

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

of the



FOR THE FISCAL YEAR ENDED
SEPTEMBER 30,
2015



Don Kyle
Mayor



Billy Jackson
District 1



Roger Anders
District 2



Gary Hammon
Council President
District 3



Charles Kirby
District 4



Chuck Ard
District 5







Government Finance Officers Association

**Certificate of
Achievement
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in Financial
Reporting**

Presented to

**City of Decatur
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

CITY OF Decatur
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2015

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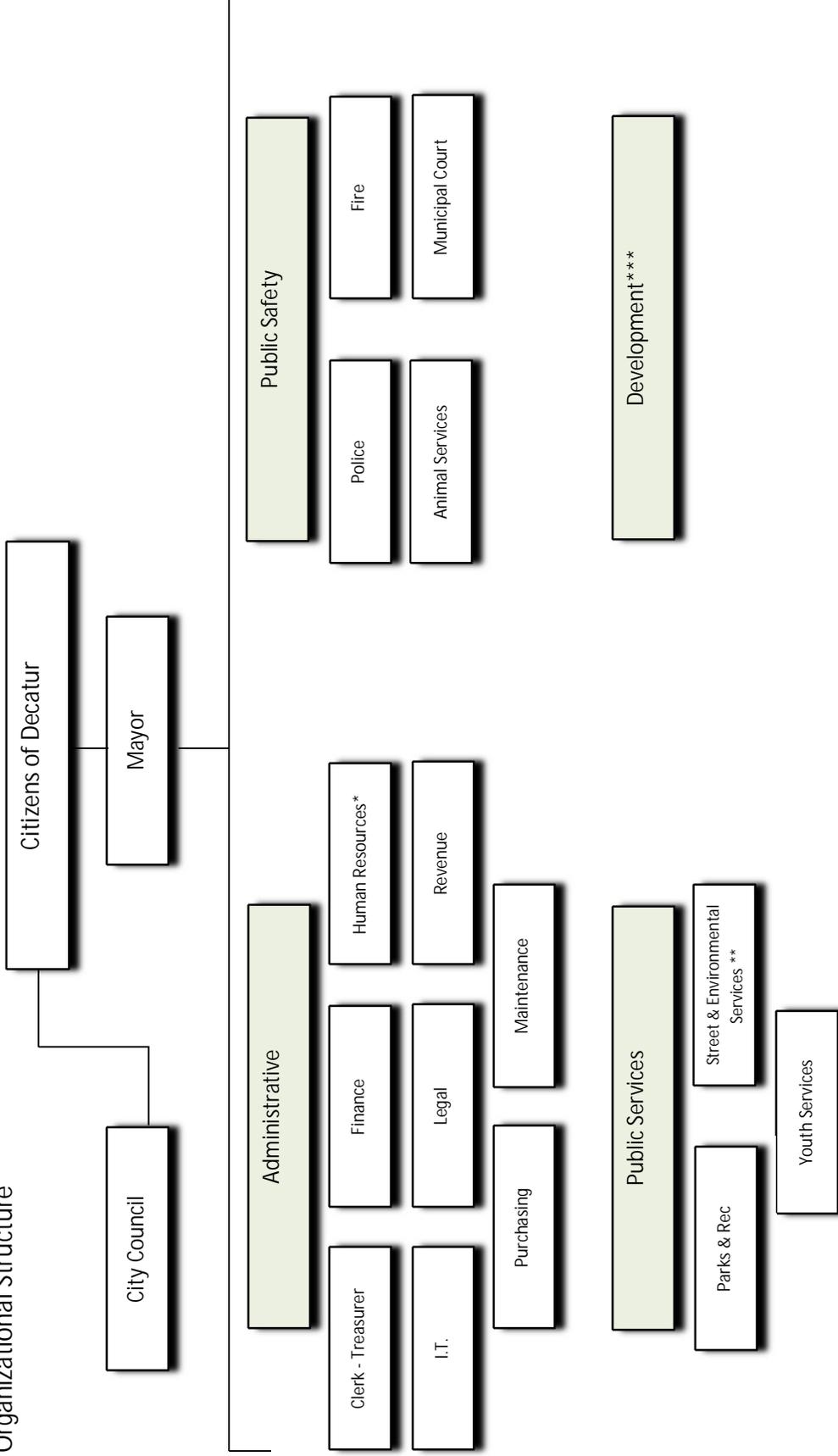
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City of Decatur, Alabama

Organizational Structure



* Human Resources work independently and answer to the Personnel Board whose members are appointed by the City Council.

** Includes former Public Works, Garage, Street, Sanitation, Landfill, and Recycling.

*** A consolidated group of departments under one Director/Manager. Areas included are Planning, Engineering, Building (Code Enforcement), And Community Development.

City of Decatur

Boards and Commissions

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

City / County Boards

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

OFFICIALS OF THE CITY OF DECATUR

MAYOR

Don Kyle

CITY COUNCIL

Gary Hammon – President

Roger Anders – President Pro Tempore
Charles Kirby

Billy Jackson
Chuck Ard

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

Danny Melson (Interim Director)
Herman Marks
Stacy Gilley
Mark Petersohn
Wally Terry
Anthony Grande
Brad Phillips
Bill Cook, Jr.
Rickey Terry
Jeff Dunlap
Richelle Sandlin
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
Charlene Brueggeman
Kurt Johnson
David Breland
Charles Booth
Emily Johnson
Tina Boyles



June 30, 2016

The Honorable Don Kyle, Mayor,
Members of the City Council
Citizens of Decatur, Alabama

The Comprehensive Annual Financial Report of the City of Decatur, AL, for the fiscal year ending September 30, 2015, is hereby presented to you. The report has been prepared to summarize the financial results of the City's operations in 2015 and to help you understand its financial condition. Responsibility for both the accuracy of the presented data and the completeness of the presentation including all disclosures is the responsibility of the City of Decatur's 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 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 was 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, 2015 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 City and 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, the second largest city in the tri-County area, is situated in northern Alabama, on the Tennessee River, midway between Nashville, Tennessee (110 miles to the north), Birmingham, Alabama (85 miles to the south), Atlanta, Georgia (200 miles to the east), and Memphis, Tennessee (200 miles to the west). Huntsville, Alabama is twenty miles east of Decatur. The City currently has a land area of 60.47 square miles, of which 6.8 square miles is water area. Current population is approximately 55,683, with a median age of 37.9.

Since October 1968, the City of Decatur has been governed by a mayor-council form of government. The mayor is chief executive officer of the city and is elected by general election to a four year term. The city council is the legislative body and consists of five (5) members, who are elected for four year terms. Prior to 1988, members of the city council were elected on an "at large" basis. In 1988, the city council established five (5) electoral districts, one of which is primarily African American in population. An election was held August 23, 1988, on a "single member district" basis to fill all five places on the city council, elections continue to be held on this basis quadrennially.

The City of Decatur provides a full range of services. These include police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, recreational facilities (26 parks, comprising 1,278 acres, 22 developed playgrounds, 46 tennis courts, 5 recreational centers, 35 ball fields, 3 pools, and 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 premier outdoor Family Park on the Tennessee River, and home of America's first wave pool. The Park features a 35 acre water park (open from May through September), an ice skating complex, championship golf course, archery park, soccer fields, camping and more. Special events and festivals are also held throughout the spring and summer.

The Local Economy

There are many factors that affect the City's financial strength and operations including the national and state economies, local economic development, and quality of education systems and effectiveness of City management in its use of resources.

Decatur and Morgan County have a strong diversified industrial base built on the areas proximity to raw materials and easy access to markets. Transportation and Decatur's riverside location have played important roles in the city'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 manufacturing jobs continue to compete nationally, according to economic indicator website Headlight Data. (Headlight Data is an online information system designed for economic and workforce development.) Decatur's unemployment rate as of 12/31/15 was 5.9%, compared to the state's overall rate of 6.3%. Average median income and housing value have remained steady in comparison with other cities of our size in Alabama.

Feralloy Corporation, which is located on Red Hat Road, will invest \$2.8 million in its facility with the purchase and installation of new equipment. The addition will allow them to cut heavier gauge steel and expand their customer base by providing additional high-quality products to the marketplace.

Vision Wheel, Inc. also announced plans to invest in their Decatur facility. The company will invest \$4.75 million in their 6th Avenue location where their corporate headquarters, retail, wholesale distribution and manufacturing operations all reside. The expansion will secure its current 70 employees and they expect to add an additional 18 new jobs.

Bunge North America announced in August 2015 an \$11.32 million expansion of its Market Street Northeast plant that will create 14 new jobs (average pay \$53,883). 30 percent of the plant's soybeans are harvested locally, while the rest are transported by rail and barge from the Midwest.

Switzerland-based RUAG announced that it will launch an Alabama manufacturing operation after forming a strategic partnership with United Launch Alliance, which produces rockets at a factory in Decatur. RUAG, one of Europe's leading suppliers of products for the space industry, said the new Alabama operation will produce carbon fiber components for ULA's Atlas V rocket and for the planned Vulcan rocket. RUAG has previously produced Atlas V components at factories in Zurich and Emmen but will move that work to Decatur. The project will create at least 100 jobs at ULA's Decatur facility, the sole production source for the Atlas V and Delta IV launch vehicles that blast critical national security, communications, GPS and research satellites into orbit.

Toray, the largest producer of polyacrylonitrile (PAN)-based carbon fiber, operates a Decatur plant that houses one of the world's biggest production lines, capable of producing 8 million pounds of carbon fiber a year. The company has invested \$511 million in Morgan County, where it also operates a fluorofibers facility.

Hexcel operates a plant in Decatur that makes a PAN precursor, which is converted into carbon fiber at other company plants, and houses a research and technology center for carbon fiber development. Hexcel's investment in its Decatur operation will reach \$691 million when an expansion announced this year is complete.

Carbon fiber composites produced by Toray and Hexcel are found in the airframes of Boeing and Airbus passenger jets, along with other uses. Decatur will be indispensable to two of the biggest and best airplane manufacturers.

Long-term financial planning

Ground breaking for the construction of the \$17M Cook Museum of Natural Science began this fall. The new facility boasts a 57,000 square foot multipurpose exhibition and visitor center and is slated to open in 2017. Work on the Old Railroad Depot is near completion, with plans for the museum buildout underway. Ongoing streetscape projects are in progress for the downtown area.

As the Spring Avenue widening project continues moving forward, the city will pay 20 percent of the project cost with federal funds through ALDOT funding 80 percent. The project will widen two miles of Spring Avenue from Cedar Lake Road to Day Road (from two to five lanes). A bike trail will also be added on the west side.

The Strategic Plan, 2015-2019 Forward Decatur, will establish extensive residential development in the downtown Decatur area. The goal is to establish a minimum of 50 residential units in the city's center over a five year period.

Decatur Utilities began their "smart meter" pilot program in late 2015. This pilot program, will allow DU to evaluate the capabilities of AMI technology and give data needed to make an informed decision about implementing the program system-wide at some point in the future. The digital meters will provide two-way communication of usage data and allow for remote meter reading and automatic reporting of outages.

Continued work at Mallard-Fox Industrial Park will prepare the park for expansion of existing plants or new industries there. An additional water line is being installed that will increase water availability which will in turn increase wastewater. Decatur Utilities is also installing a new wastewater lift station and a new sewer line at the park in addition to similar projects in other locations utilizing bond funds from a 2013 bond issue.

Construction on the addition of the Morgan County Jail that will be used to house City of Decatur inmates is well underway. The City of Decatur and Morgan County's joint venture will benefit both the city and the county financially, stabilizing inmate housing and personnel costs.

Phase One of the Beltline Sewer project was completed with an overall cost of \$2,483,292 out of the \$6.5M 2011 bond issue. 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, going west to Hwy 20 following Hwy 67. This area of Decatur has been identified by our Planning Department as the highest priority area for future revenue growth.

Financial Management

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 balance of at least 10% current year budgeted annual revenues plus committed fund balance of \$8,955,927 combine to fulfill this requirement to hold three months of budgeted expense 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 request, for General Fund departments.

The City's investment policy desires to increase our funding resources while protecting our cash assets. Currently our investments are in CD's and money market accounts.

Awards and Acknowledgment

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, 2014. This was the twenty-third 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 professional staff of the Finance Department, particularly that of retired Finance Supervisor, Joy Hill and our outstanding Information Technology Department. 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,

Charlene M. Brueggeman

Charlene M Brueggeman
Finance Supervisor

The City of Decatur Recycling Department applied for a grant from (ADEM) Alabama Department of Environmental Management and received \$116,806 for the purchases of a Max-Pak baler, 240 bundles of galvanized baling wire and 400 64-gallon carts.

Special thanks to Recycling Department Manager, Emily Johnson for a job well done.



MAX-PAK BALER

RECYCLE STATISTICS 2015	
2,256	Tons received and processed
2,130	Tons baled and sold
\$277,570	Sale of Recyclables



The City of Decatur began a new phase of recycling in February 2011, using Federal Stimulus Grant money to begin recycling operations. By recycling cardboard, magazines, newspapers, paper board, aluminum, steel and tin cans and #1 and #2 plastics, we are saving natural resources and saving the public landfill disposal cost by saving expensive air space in the landfill.

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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, 2015, 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 position, and revenues of the discretely presented component units. The Utilities Board's financial statements represent 89.5 percent, 87.7 percent, and 92.6 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.

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(256) 534-8558 Fax

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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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 3, the budgetary comparison information, on page 24, and the pension information, on pages 73 through 76, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The general fund budgetary comparison by activity on pages 77 through 85, the combining and individual nonmajor fund financial statements on pages 87 through 88, the nonmajor governmental fund budgetary comparison schedules on pages 89 through 96, the nonmajor proprietary funds combining statements on pages 97 through 99, and the schedule of expenditures of federal awards, 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 June 30, 2016, 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
June 30, 2016



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, 2015. 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.

2015 Highlights

Financial Highlights

- The total net position of the City is \$241 million. Of this amount, \$(35) million from governmental activities is considered unrestricted and is the result of the increased liability for the City's Pension Obligation and Post-Employment Benefits (OPEB) obligation. The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in FY '15 which resulted in a \$34.1 million addition to Noncurrent liabilities.
- The unrestricted net position of the business-type activities is \$5.7 million and may be used to meet the ongoing obligations of the business-type activities.
- The City's net position decreased by \$43.9 million. The governmental net position decreased \$32.6 million and business-type net position decreased by \$11.3 million.
- Governmental activities revenues increased \$764 thousand during 2015, mainly attributable to continued increases in sales tax collections which amount to \$515 thousand.
- As of September 30, 2015, governmental funds reported a combined ending fund balance of \$35.2 million, an increase of \$4.5 million from the prior year. Of that ending fund balance, \$8.7 million is unassigned and available to finance the activities of the governmental funds and \$22.1 million is committed or assigned to meet existing obligations.
- General Fund reported a fund balance of \$26.9 million, \$9.0 million of this amount is available for *general use*. This reflects a \$3.7 million increase over the prior year ending balance.
- The policy of the City is at all times to maintain a minimum reserve of 3 months (90 days) General Fund Operating Expenses and in addition maintain unassigned fund balance at a minimum of 10% of budgeted revenues. \$14.1 million of the \$17.8 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 \$9.0 million.
- The City's total debt decreased by \$6 million during 2015. Debt of governmental activities decreased by \$1.1 million with principal reduction. Business-type activities debt decreased by \$4.9 million with principal reduction.

Management's Discussion and Analysis- Continued

City Highlights

- Renovation and development of the railroad depot began in January 2015 and is scheduled to be completed in early 2016.
- In May, Magnolia River, an engineering firm with over 60 employees, opened on Bank Street. We were very active in bringing the firm to the downtown area.
- A new campaign, "Dine Downtown Decatur", began in September with the launch of the website, www.dinedowntowndecatur.com, meant to bring awareness to restaurants in the downtown area.
- Work on new residential lofts and retail at 307 2nd Avenue has begun, with completion scheduled for late 2016.
- The Alabama Center for the Arts Phase II began construction in 2015 with completion expected in early 2016. The Alabama Center for the Art's has begun talks to start Phase III
- Wheeler National Wildlife Refuge held its second annual Festival of the Cranes which was a huge success. 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.
- Construction began on a new 81 room Holiday Inn Express with an estimated cost of \$5.73M.
- The former Garden Plaza Hotel & Suites underwent a multi-million dollar renovation with new branding to become the Double Tree by Hilton Decatur Riverfront.
- Texas Roadhouse opened on the Beltline upon its completion in spring of 2015 (estimated cost \$680k).
- Switzerland based-RUAG formed a strategic partnership with United Launch Alliance, which will create over 100 jobs at the ULA facility.
- Bunge North America announced in August an \$11.32M expansion of their Market Street Northeast plant.
- On April 22, 2015, Vision Wheel Inc., a retail, wholesale, distribution and manufacturing operation, announced plans to invest in their \$4.75M in their 6th Avenue Decatur facility where their corporate headquarters are located. The expected completion date is June 1, 2016.
- Special thanks to the Recycling Dept. manager for keeping 2,256 tons of recyclable material out of the landfill for the City of Decatur.

USING THIS ANNUAL REPORT

Overview of the Financial Statements

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

Government-wide financial statements

- The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.
- The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Management's Discussion and Analysis- Continued

Government-wide financial statements, Continued

- The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).
- Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, public services, intergovernmental, community service, community development, and personnel board functions. The intergovernmental functions of the City are those activities whereby the City provides financial resources to other governmental entities, primarily the Decatur Board of Education for support of the city school system.
- The business-type activities of the City include the Municipal Utilities Board, Sanitary Landfill and Point Mallard. 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 19 through 20 of this report.
- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.
- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Fund financial statements

- Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Management's Discussion and Analysis- Continued

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

The basic governmental fund financial statements can be found on pages 21 through 23 of this report.

Proprietary funds

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

The basic proprietary fund financial statements can be found on pages 25 through 27 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 28 through 72 of this report.

Other information

- In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Because the City adopts an annual operating budget for most of its governmental funds, a comparison of budget to actual results is provided for these funds to demonstrate compliance with the budget. This information and the combining non-major funds statements referred to earlier can be found beginning on page 86 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 \$241 million at the close of the most recent fiscal year.

Management's Discussion and Analysis- Continued

Government-wide Financial Analysis, Continued

- The largest portion of the City's net position (82%) 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 (18%) represents resources that are subject to restrictions as to how they may be used, such restrictions being imposed by legal requirements other than those imposed by the City Council (e.g. state or federal law).
- The remaining balance of unrestricted net position is (\$1.9) million, which consisted of (\$35) million from governmental activities and \$33.1 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$42,636	\$38,177	\$119,897	\$121,066	\$162,533	\$159,243
Capital assets	74,731	76,931	239,400	235,237	314,131	312,168
Total assets	117,367	115,108	359,297	356,303	476,664	471,411
Deferred outflows of Resources	3,791	992	1,646	-	5,437	992
Long-term liabilities Outstanding	113,360	77,770	95,091	79,048	208,451	156,818
Other liabilities	6,754	6,799	22,868	23,978	29,622	30,777
Total liabilities	120,114	84,569	117,959	103,026	238,073	187,595
Deferred inflows of resources	2,180	24	1,000	-	3,180	24
Net position:						
Invested in capital assets, net of related debt	29,562	30,447	196,229	123,171	225,791	153,618
Restricted	4,319	3,885	40,071	47,773	44,390	51,658
Unrestricted	(35,017)	(2,825)	5,684	82,333	(29,333)	79,508
Total net position	(\$1,136)	\$31,507	\$241,984	\$253,277	\$240,848	\$284,784

Net position from governmental activities decreased \$32.6 million in fiscal year 2015 primarily due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which added \$34.1 million to non-current liabilities.

Management's Discussion and Analysis- Continued

Cash in General Fund increased \$3.5 million as General Fund's revenue and transfers-in exceeded expenditures and transfers out by \$3.7 million. Revenues for the General Fund increased by \$1.1 million or 2% and expenses decreased \$333 thousand compared to FY 2014. Transfers to other funds reduced cash in General fund by \$730 thousand. Sales tax revenues in governmental funds increased \$515 thousand or 1.4% and property taxes increased \$354 thousand or 2.8%. Net position from business-type activities decreased \$11.3 million as noncurrent liabilities increased by \$16 million and Capital assets increased by \$4.2 million, among various other decreases. These changes related mainly to Decatur Utilities as they continued to make upgrades and improvements to its Wastewater system as well as other systems in 2015 in order to more efficiently serve its rate payers.

At fiscal year-end city officials were considering a bond sale to do major infrastructure projects and to replace police and sanitation vehicles.

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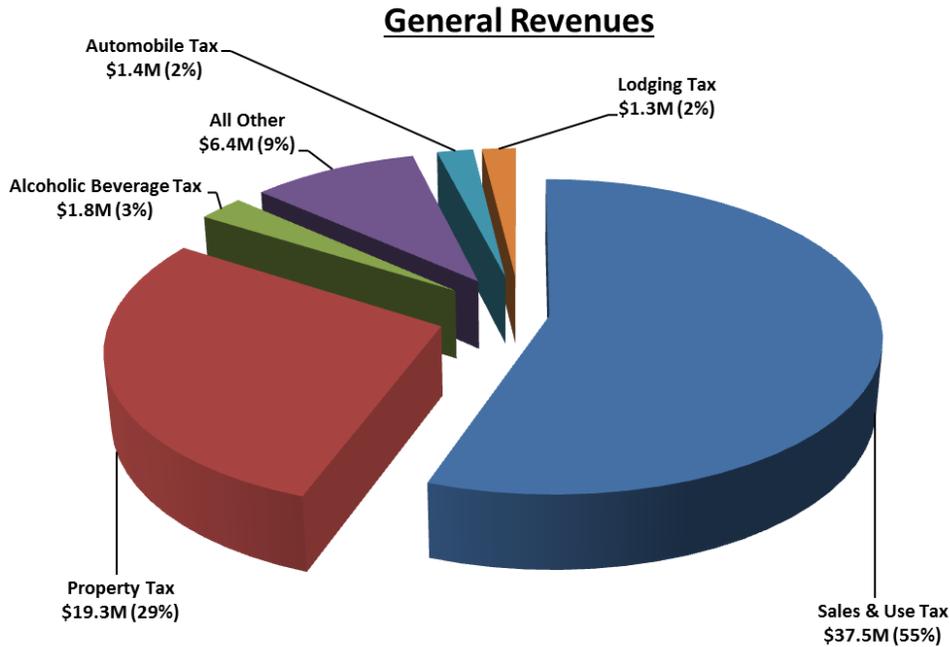
Management's Discussion and Analysis- Continued

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$13,520	\$13,114	\$152,251	\$ 157,549	\$165,771	\$ 170,663
Operating grants & contributions	1,322	2,838	-	-	1,322	2,838
Capital grants & contributions	2,206	1,060	1,206	406	3,412	1,466
General revenues:						
Sales taxes	37,490	36,975	-	-	37,490	36,975
Property taxes	19,301	19,453	-	-	19,301	19,453
Other taxes	8,894	8,692	-	-	8,894	8,692
Interest on investments	76	99	174	213	250	312
Forgiveness of Long-term debt						
Other	953	767	46	139	999	906
Total revenues	83,762	82,998	153,677	158,307	237,439	241,305
Expenses:						
General government	5,194	4,879	-	-	5,194	4,879
Public safety	23,950	22,981	-	-	23,950	22,981
Public works	8,129	10,452	-	-	8,129	10,452
Public services	9,806	8,795	-	-	9,806	8,795
Intergovernmental assistance	29,195	29,313	-	-	29,195	29,313
Community service contracts	2,239	2,349	-	-	2,239	2,349
Community development	728	1,841	-	-	728	1,841
Personnel Board	621	581	-	-	621	581
Interest on long-term debt	1,775	1,837	-	-	1,775	1,837
Unallocated depreciation	2,367	2,450	-	-	2,367	2,450
Municipal Utilities Board	-	-	134,707	141,508	134,707	141,508
Other	-	-	11,194	10,976	11,194	10,976
Total expenses	84,004	85,478	145,901	152,484	229,905	237,962
(Decrease) Increase in net position before Transfer	(242)	(2,480)	7,776	5,823	7,534	3,343
Transfers	931	(5)	(931)	5	-	-
Increase (decrease) in net position	689	(2,485)	6,845	5,828	7,534	3,343
Net position – beginning of year	31,507	33,992	253,277	247,449	284,784	281,441
Restatement, GASB 68 and 71	(33,332)	-	(18,138)	-	(51,470)	-
Net position – End of year	(\$1,136)	\$31,507	\$241,984	\$253,277	\$240,848	\$284,784

Management's Discussion and Analysis- Continued

Governmental Activities

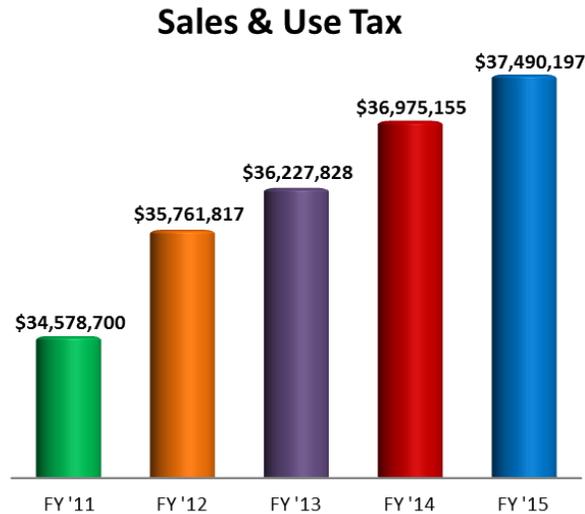


- Revenues from governmental activities increased \$764 thousand during 2015, mainly attributable to continued increases in sales tax collections which amount for a \$515 thousand increase and an overall increase in grants from federal agencies of \$370 over FY14. Revenue from property taxes increased by \$354 thousand. These increases were coupled with increases in various other tax types which are mentioned below and offset by a decrease in the amounts reported as property taxes of \$152 thousand. The property tax decrease is more attributable to a decrease in the amounts collected in-lieu rather than assessed property taxes as those taxes actually increased by 5.8%.
- Lodging taxes remained flat as renovation continued on Doubletree Riverfront until September 2015 and major street renovations around Amberley Suites significantly affected their business. Overall Lodging taxes came in at \$8 thousand below taxes collected in 2014.
- Alcoholic beverage taxes increased \$18 thousand over FY14 in spite of the fact that many communities in Morgan County have now approved the sale of alcohol.
- Capital grants and contributions increased \$1.4 million in 2015 over FY14 \$900 thousand was spent on the L & N Depot; \$307 thousand was spent on the Bank Street Streetscapes project in addition to another \$179 thousand that was spent on the Port Security Grant.
- Business license revenue increased \$318 thousand.
- Revenue from building permits increased by \$217 thousand. The City's Industry sector saw several large expansions along with the groundbreaking of the \$17 million Cook Natural Museum downtown. New contractors and support services applied for business permits to work on the various projects.

Management's Discussion and Analysis- Continued

Governmental Activities, continued

- Garbage collection charges increased in FY2015, which increased revenue \$565 thousand. Part of the additional revenue is earmarked to be reinvested in new vehicles and equipment.
- Sales taxes increased \$515 thousand or 1.4% and continues to strengthen. Local industry continued to invest in plant expansions and the overall workforce grew in FY 2015 which created consumer optimism and increased spending that we expect to continue as new retail opens.



- Revenue from fines decreased by \$206 thousand. Some people are given a choice to pay a fine or go to driving school. When the person chooses school, they pay program costs not a fine. This cost goes to the City and not the court system. DUI's and traffic tickets were down due to better Police Department enforcement. There were only 14,133 tickets written for 2015 which was down 2,329 from 2012 tickets issued.

Expenses of governmental activities

- Overall expenses for Public Works decreased by \$2.3 million. Street department expenditures decreased by \$320 thousand and Sanitation department expenditures decreased by \$340 thousand both related primarily to lower personnel costs. In addition \$1.7 million less was spent in 2015 on street resurfacing and other non-capital related projects than in 2014.

Intergovernmental expenses

- Community Development expenses decreased by \$1.1million from FY2014; the City was able to utilize grants to finance projects such as the L & N Railroad Depot restoration for \$897 thousand and Bank Street Streetscapes for \$307 thousand.

Management's Discussion and Analysis- Continued

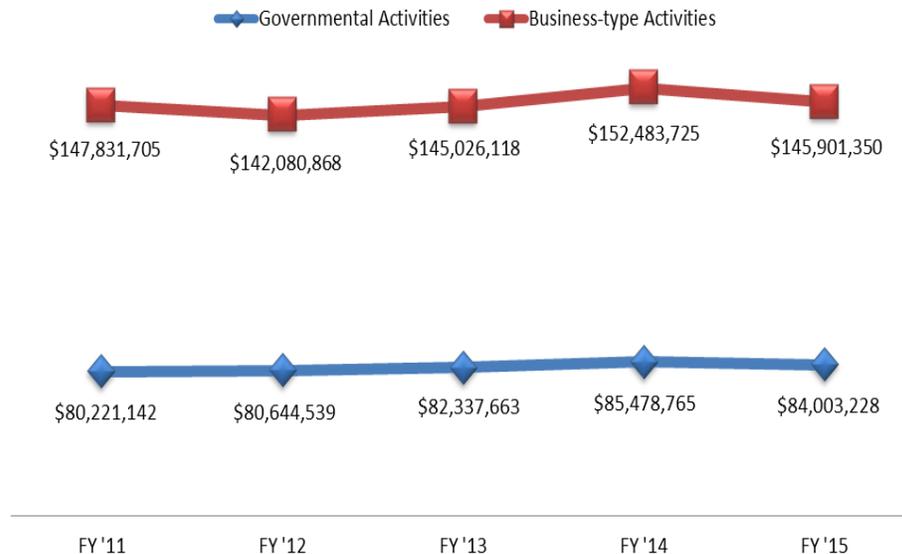
Governmental Activities, continued

- The City paid an additional \$486 thousand to the City Board of Education in FY 2015, resulting from an increase in Property Tax Revenue of \$316 thousand and \$122 thousand increase from sales tax revenue.

Business-Type Activities

- The business-type activities total net position decreased \$11.3 million over 2014 primarily attributable to the prior period adjustment for the pension liability.
- Revenues from business-type activities decreased \$4.6 million which is primarily attributable to decreases within the Municipal Utilities Board as the net revenue from nonmajor proprietary funds increased slightly. Items specifically related to the Municipal Utilities Board decrease are as follows:
 - From fiscal year 2014 to 2015 the Electric System's operating revenues decreased \$2.7 million due to lower volumes in the Residential and Industrial customer classes from the prior year. Net position decreased 8.00% from the prior year due to implementation of GASB Statement No. 68 and Statement No. 71.
 - From fiscal year 2014 to 2015, operating revenues decreased 20.48% due to the gas cost component of the rates averaging 13.7% lower than the previous year and a very mild winter. Revenues were down by \$4.3 million.
 - Operating revenues for the Water System increased \$648 thousand or 5.47% with most of the volume increase coming from the Industrial customers. Additionally, the Residential access fee increased from \$4.20 to \$9.00 per month beginning in July 2015. Net position decreased 6.41% from the prior year due to the implementation of GASB Statement No. 68 and Statement No. 71.
 - Fiscal year 2014 to 2015 Wastewater System operating revenues increased \$544 thousand or 3.45% with most of the increase coming from industrial customers. Operating expenses for Wastewater System were up due to several maintenance items during 2015. Net position increased 1.70% over the prior year.

Primary Government Expenses



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, 2015 were \$35.2 million, an increase of \$4.5 million from the 2014 fiscal year. Of this amount, \$30.8 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 \$3.7 million over 2014. Revenues increased \$1.1 million as sales taxes in general fund increased by \$337 thousand, property taxes increased by \$44 thousand and revenues from licenses and permits increased by \$542 thousand. The growth for licenses and permits was due in part that several local plants expanded in FY2015, which increased revenue for building permits and licenses for local contractors. Hexcel, Feralloy, Vision Wheel, Inc., Bunge NA, and Toray to name a few of the plants who expanded their facilities. General Fund expenditures remain stable decreasing by \$333 thousand, reduced fuel costs, stronger management and improved employee training.

Other notes to General fund Expenses

- The School Fund, which is very important to the City, has a zero fund balance as all funds are remitted directly to the Board of Education as their debt has been paid in full.
- The Room Occupancy Fund has a negative fund balance of \$2 million which is related to the internal loan balances of \$1.3 million to General Fund and \$1 million to 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 in the Capital Projects funds decreased by \$90 thousand as expenses for capital projects exceeded revenues designated for capital projects in FY 2015.
- Fund balance for the Crossings fund increased by \$379 thousand over last year's earnings.
- The General Fund is the primary operating fund of the City. The unassigned, assigned, and committed fund balance of the General Fund was \$26.9 million.

Proprietary funds

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

Management's Discussion and Analysis- Continued

Proprietary funds, Continued

- The net position of the enterprise funds decreased \$11.3 million. Decatur Utilities charges for services exceeded their expenses by \$4.5 million as operating revenues increased \$3.5 million or 3.7% with volumes increasing in all customer classes.
- Other factors concerning the finances of the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

Governmental Funds Budgetary Highlights

General Fund

- The FY15 revenue budget was \$148 thousand above FY14, due primarily to expected increases in business license fees and an increase in garbage collection fees. Sales tax represented 48.8% of the amended revenue budget, and was \$267 thousand over budget. As new retail and restaurant businesses open we expect both property and sales taxes to increase.
- Other taxes that exceeded budget were rental taxes which exceeded the amended budget by \$251 thousand and previous year rental tax receipts by \$159 thousand resulting primarily from construction related rentals.
- Lodging taxes exceeded the final budgeted amount by \$33,000 but continued to be below normal as Doubletree Riverfront (formerly the Holiday Inn), was closed until the spring of 2015. Amberly Suites closed its doors in Jan 2015 to revamp its facility into high end living for seniors.
- Franchise tax exceeded budget by \$159 thousand, partly due to Charter & AT&T expansion of their towers into the area.
- Business licenses and fees exceeded budget by \$280 thousand or 4.9% and exceeded prior year revenues by \$329.7 thousand or 5.8%. This is also in part due to area business expansions and the need for outside business owners purchasing license to do business in the City of Decatur.
- Revenue from the sale of building permits and other permits exceeded budget by \$142.8 thousand or 28.3% and exceeded 2014 revenues by \$212 thousand or 48.6%. This was due in part of several major industrial expansions during 2015.
- In lieu of property tax payments exceeded the budgeted amount by \$426.4 thousand, yet total payments fell \$534 thousand below 2014 revenue generated.
- Public works revenue exceeded the budgeted amounts by \$252.2 thousand or 6.9% as garbage collection charges exceeded budget by \$254.2 thousand or 6.9%. A fee of \$1 was added to each customer's monthly charge for capital projects such as purchasing new equipment and capital repairs for the Sanitation Department.
- Overall, revenues for FY 2015 exceeded amended budget by \$1.8 million or 3.3% and also exceeded 2014 revenues by \$1.1 million or 1.9%.

Management's Discussion and Analysis- Continued

Governmental Funds Budgetary Highlights - General Fund, Continued

- The 2015 final amended budget revenues exceeded year to date expenditures by \$1.6 million.
- One program where expenses exceeded revenues was that of Community Service Contracts. Expenses exceeded the budget by \$24,905 entirely related to the Decatur Convention and Visitors Bureau appropriation. As this appropriation is based on Lodgings taxes received, the excess of expenditures over the budgeted amount was covered by additional revenues.
- Public Safety Intergovernmental Assistance netted a savings of \$545 thousand under budgeted expenses due to strong management and fiscal diligence.
- Intergovernmental Assistance netted a savings of \$509 thousand under budgeted expenses primarily related to the City Garage which was under budget in the amount of \$92 thousand. Other savings worth noting came from the Information Services Department of \$95 thousand, insurance costs of \$78 thousand, and legal costs of \$176 thousand, all under budget for 2015.

Capital Asset and Debt Administration

- The City's investment in capital assets for governmental and business-type activities as of September 30, 2015, totals \$314 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, utility plant-in-service, park facilities, roads, curbs and gutters, streets and sidewalks, greenways, drainage and sewer systems. Total capital assets increased \$2 million in 2015. Those used for governmental activities decreased by \$2.2 million.
- Capital assets used for business-type activities increased by \$4.2 million.

Major Capital events during the fiscal year included the following

- \$272,870.03 was spent on Spring Ave. Improvements.
- \$41,887.33 was spent on Bellline Sewer Extension.
- \$339,976.42 was spent on Jack Allen Locker Rooms.
- \$53,384.57 was spent on Butch Matthews Park and Concession stand.
- \$306,861.02 was spent on Bank St. Improvements.
- \$40,605.06 was spent on the Amphitheater and finished in May.
- \$1,272,135.09 was spent on the Depot.
- \$28,104.05 was spent on the Depot parking lot.
- \$103,873.52 was spent on the Causeway Improvements.
- \$343,640.00 was spent on 11 Police Vehicles.
- \$155,679.00 was spent on Police Boat.
- \$98,192.14 was spent on Central Drainage.
- \$117,492.79 was spent on Aquadome Roof.
- \$176,239.12 was spent on Carrie Matthews Center Roof.
- \$201,420.00 was spent on restoration of 3 flume slides and Sky Pond at Pt. Mallard.
- \$86,694.00 was spent on a baler for the recycling department at Landfill.

Management's Discussion and Analysis- Continued

City of Decatur's Capital Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$10,117	\$10,117	\$4,104	\$4,107	\$14,221	\$14,224
Land improvements	12,140	11,758	-	-	12,140	11,758
Buildings and improvements	18,480	19,286	11,416	12,187	29,896	31,473
Infrastructure	23,623	25,824	-	-	23,623	25,824
Construction in process	7,199	6,349	17,607	19,620	24,806	25,969
Machinery and Equipment	3,172	3,597	2,762	3,379	5,934	6,976
Utility plant-in-service	-	-	203,511	195,944	203,511	195,944
Total	\$74,731	\$76,931	\$239,400	\$235,237	\$314,131	\$312,168

Additional information on the City's capital assets can be found in Note 4B on pages 44 through 45 of this report.

Long-term debt

- As of September 30, 2015, the City had *\$121 million* of long-term debt outstanding. Of this amount, \$50.3 million is debt backed by the full faith and credit of the City and \$70.9 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (utility system debt). Long-term debt of the governmental activities decreased by \$1.1 million or 2.1%. This reduction was attributable to the annual principal payments including \$1.68 million paid on the 2009 Series A Warrants and \$615 thousand paid on the 2012 Refunding Warrants.
- The City issued an additional \$2.5 million in General Obligation Warrant in 2015 to fund street resurfacing, the City/Morgan County Jail agreement and additional expenses related to the Railroad Depot. Long-term debt of the business-type activities decreased by \$4.9 million or 6.5%.
- Decatur Utilities and the city issue revenue bonds primarily to finance improvements to the Water and Wastewater Systems. These bonds are repaid from revenues derived by DU from operation of the Systems.
- Decatur City Board of Education long term debt as of September 30, 2015 amounted to \$202 million in capital outlay warrants, net pension obligation and capital leases. The School System's ad valorem tax payments, other local taxes and public school funds have been pledged for repayment of this debt. The Board of Education issued the Series 2015 Warrants to be primarily used to construct two new high schools in Decatur. The warrants will be repaid from proceeds of property taxes specially levied for this purpose.

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	
	2015	2014	2015	2014	2015	2014
General obligation warrants	\$50,253	\$51,318	\$ -	\$ -	\$50,253	\$51,318
Revenue warrants	-	-	70,900	75,795	70,900	75,795
Capital leases	35	45	-	-	35	45
Total	\$50,288	\$51,363	\$70,900	\$75,795	\$121,188	\$127,158

Bond Ratings

The City's general obligation bond rating:

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

Moody's Investor Services, Inc.: **Aa2** (2014 Rating)

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, 2015 the City's allocable debt outstanding was \$74.4 million less than the legal debt limit. Additional information regarding the City's long-term debt can be found in Note 4E on pages 48 through 52 of this report.

2016 Budget

The Mayor and City Council have considered many factors in the development of the fiscal year 2016 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 decrease of 1%. Department expenditures were level funded in operations to accommodate normal salary increases. Management believes revenues and expenditures will meet overall budgetary goals.

Management's Discussion and Analysis- Continued

Request for Information

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@decatur-al.gov.

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

BASIC FINANCIAL STATEMENTS

CITY OF DECATUR
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
ASSETS				
Cash & investments, at cost	\$ 36,746,937	\$ 61,563,887	\$ 98,310,824	\$ 123,378,694
Receivables (net of allowances)	4,997,392	14,907,082	19,904,474	-
Due from governmental entities	1,325,270	116,806	1,442,076	19,791,904
Inventories	21,299	1,810,711	1,832,010	190,576
Other	132,058	309,129	441,187	8,825
Internal balances	(587,271)	587,271	-	-
Restricted assets				
Cash & investments, at cost	-	40,602,491	40,602,491	3,216,289
Capital assets				
Land, collections and construction in process	17,316,000	21,710,851	39,026,851	9,896,602
Other assets, net of accum. depreciation	57,415,379	217,689,144	275,104,523	67,933,882
Total assets	117,367,064	359,297,372	476,664,436	224,416,772
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	890,823	-	890,823	-
Pension contributions subsequent to measurement date	2,900,086	1,646,019	4,546,105	5,654,232
Total deferred outflows of resources	3,790,909	1,646,019	5,436,928	5,654,232
LIABILITIES				
Accounts payable	2,270,528	11,152,187	13,422,715	751,122
Accrued liabilities	2,151,943	1,858,129	4,010,072	6,408,219
Contract retainages	110,207	-	110,207	-
Due to component units	1,799,587	-	1,799,587	-
Due to governmental entities	88,950	-	88,950	-
Customer deposits	234,873	4,812,202	5,047,075	-
Unearned revenue	-	-	-	50,859
Other	97,581	-	97,581	-
Liabilities payable from restricted assets:				
Matured warrants payable	-	5,045,000	5,045,000	-
Noncurrent liabilities				
Due within one year	3,514,355	148,871	3,663,226	2,589,461
Due in more than one year	109,845,856	94,942,659	204,788,515	199,607,747
Total liabilities	120,113,880	117,959,048	238,072,928	209,407,408
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	20,178	-	20,178	15,550,000
Net difference between projected and actual earnings on pension plan investments	2,159,719	1,000,336	3,160,055	5,952,000
Total deferred inflows of resources	2,179,897	1,000,336	3,180,233	21,502,000
NET POSITION				
Invested in capital assets, net of related debt	29,561,806	196,229,259	225,791,065	35,253,935
Restricted for:				
Highways and Streets	529,497	-	529,497	95,530,982
Debt service	-	40,071,044	40,071,044	4,627,172
Other	2,721,088	-	2,721,088	2,524,445
Perpetual care:				
Expendable	-	-	-	-
Nonexpendable	1,068,386	-	1,068,386	-
Unrestricted	(35,016,581)	5,683,704	(29,332,877)	(138,774,938)
Total net position	\$ (1,135,804)	\$ 241,984,007	\$ 240,848,203	\$ (838,404)

The accompanying notes are an integral part of this statement.

CITY OF DECATUR
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) & Changes in Net Assets			Component Units
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities								
General government	\$ 5,193,908	\$ 6,642,236	\$ -	\$ 473,008	\$ 1,921,336	\$ -	\$ 1,921,336	\$ -
Public safety	23,949,879	2,245,642	49,667	14,495	(21,640,075)	-	(21,640,075)	-
Public works	8,129,042	3,920,619	538,585	224,918	(3,444,920)	-	(3,444,920)	-
Public services	9,805,856	703,562	31,525	163,594	(8,907,175)	-	(8,907,175)	-
Intergovernmental assistance	29,195,207	-	-	-	(29,195,207)	-	(29,195,207)	-
Community service contracts	2,239,029	-	-	-	(2,239,029)	-	(2,239,029)	-
Community development	728,314	7,716	702,648	1,329,717	1,311,767	-	1,311,767	-
Personnel board	620,764	-	-	-	(620,764)	-	(620,764)	-
Interest on long-term debt	1,774,419	-	-	-	(1,774,419)	-	(1,774,419)	-
Unallocated depreciation	2,366,814	-	-	-	(2,366,814)	-	(2,366,814)	-
Total governmental activities	84,003,232	13,519,775	1,322,425	2,205,732	(66,955,300)	-	(66,955,300)	-
Business-type activities								
Municipal Utilities Board	134,707,491	141,001,444	-	1,088,996	-	7,382,949	7,382,949	-
Point Mallard	5,614,318	5,154,135	-	-	-	(460,183)	(460,183)	-
Sanitary Landfill	5,579,541	6,094,943	-	116,806	-	632,208	632,208	-
Total business-type activities	145,901,350	152,250,522	-	1,205,802	-	7,554,974	7,554,974	-
Total primary government	229,904,582	165,770,297	1,322,425	3,411,534	(66,955,300)	7,554,974	(59,400,326)	-
Component Unit								
Decatur City Board of Education	95,242,009	7,082,778	48,466,652	2,999,108	-	-	-	(36,693,471)
Total component units	\$ 95,242,009	\$ 7,082,778	\$ 48,466,652	\$ 2,999,108	-	-	-	(36,693,471)
General Revenues								
Sales & use taxes		37,490,197	-	-	37,490,197	-	37,490,197	15,703,412
Property taxes		19,300,964	-	-	19,300,964	-	19,300,964	17,246,556
Alcoholic beverage taxes		1,768,182	-	-	1,768,182	-	1,768,182	-
Gasoline taxes		762,676	-	-	762,676	-	762,676	-
Automobile taxes		1,393,212	-	-	1,393,212	-	1,393,212	-
Lodging taxes		1,290,241	-	-	1,290,241	-	1,290,241	-
Rental taxes		1,075,881	-	-	1,075,881	-	1,075,881	-
Other taxes		2,603,581	-	-	2,603,581	-	2,603,581	960,547
Interest on investments		75,454	173,935	-	249,389	-	249,389	265,734
Other		953,234	46,454	-	999,688	-	999,688	4,417,828
Transfers		930,600	(930,600)	-	-	-	-	-
Total general revenues & transfers		67,644,222	(710,211)	66,934,011	67,644,222	(710,211)	66,934,011	38,594,077
Change in net position		688,922	6,844,763	7,533,685	688,922	6,844,763	7,533,685	1,900,606
Net position, beginning		31,507,169	253,276,710	284,783,879	31,507,169	253,276,710	284,783,879	69,328,990
Prior period adjustments		(33,331,895)	(18,137,466)	(51,469,361)	(33,331,895)	(18,137,466)	(51,469,361)	(72,068,000)
Net position, ending		\$ (1,135,804)	\$ 241,984,007	\$ 240,848,203	\$ (1,135,804)	\$ 241,984,007	\$ 240,848,203	\$ (838,404)

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2015**

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & cash equivalents	\$ 23,713,658	\$ 887,550	\$ 11,621,723	\$ 36,222,931
Cash with fiscal agents	524,006	-	-	524,006
Investments, at cost	-	-	-	-
Receivables (net of allowances)				
Accounts	387,832	-	483,327	871,159
Notes	-	-	313,478	313,478
Taxes	2,923,215	776,439	113,093	3,812,747
Accrued interest	8	-	-	8
Due from other funds	2,542,488	20,101	44,522	2,607,111
Due from governmental entities	545,584	116,744	662,942	1,325,270
Deposits	62,005	-	70,053	132,058
Inventories	21,299	-	-	21,299
Total assets	30,720,095	1,800,834	13,309,138	45,830,067
DEFERRED OUTFLOWS OF RESOURCES				
	-	-	-	-
LIABILITIES				
Accounts payable	1,690,177	1,247	579,104	2,270,528
Accrued liabilities	1,557,901	-	40,114	1,598,015
Contract retainages	-	-	110,207	110,207
Due to other funds	-	-	3,194,382	3,194,382
Due to component units	-	1,799,587	-	1,799,587
Due to governmental entities	5,981	-	82,969	88,950
Customer deposits	232,079	-	2,794	234,873
Other	95,343	-	2,238	97,581
Total liabilities	3,581,481	1,800,834	4,011,808	9,394,123
DEFERRED INFLOWS OF RESOURCES				
	275,813	-	975,091	1,250,904
FUND BALANCES				
Nonspendable	21,299	-	1,068,386	1,089,685
Restricted	1,312	-	3,249,271	3,250,583
Committed	17,809,129	-	4,289,409	22,098,538
Assigned	-	-	-	-
Unassigned	9,031,061	-	(284,827)	8,746,234
Total fund balance	26,862,801	-	8,322,239	35,185,040
Total liabilities, inflows and fund balance	\$ 30,720,095	\$ 1,800,834	\$ 13,309,138	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 74,731,379
Other long-term receivables are not available for current-period expenditures and, therefore, are deferred in the funds.	1,230,726
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the funds.	(33,350,634)
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.	(25,407,654)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(53,524,661)
Net position of governmental activities	\$ (1,135,804)

CITY OF DECATUR
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2015

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
REVENUE				
Sales & use taxes	\$ 27,266,643	\$ 9,239,334	\$ 984,221	\$ 37,490,198
Property taxes	3,635,914	9,168,093	-	12,804,007
Other taxes	6,866,623	1,184,661	388,128	8,439,412
Licenses & permits	6,874,042	-	-	6,874,042
Fines & forfeitures	625,880	-	651,770	1,277,650
Revenues from money & property	218,864	-	59,377	278,241
Charges for services	5,350,291	-	-	5,350,291
Intergovernmental	5,941,528	558,682	3,736,734	10,236,944
Gifts & donations	131,580	-	24,049	155,629
Other revenues	265,135	-	560,828	825,963
Total revenues	57,176,500	20,150,770	6,405,107	83,732,377
EXPENDITURES				
Current				
General government	4,054,128	17,246	439,938	4,511,312
Public safety	21,846,729	-	1,560,229	23,406,958
Public works	7,018,558	-	1,308,378	8,326,936
Public services	8,199,723	-	1,162,668	9,362,391
Intergovernmental assistance	5,353,932	20,133,524	-	25,487,456
Community services contracts	2,239,029	-	-	2,239,029
Community development	-	-	2,311,183	2,311,183
Personnel Board	-	-	620,764	620,764
Debt service				
Principal	2,612,126	-	964,134	3,576,260
Interest and fiscal charges	1,464,355	-	270,185	1,734,540
Total expenditures	52,788,580	20,150,770	8,637,479	81,576,829
Excess (deficiency) of revenues over expenditures	4,387,920	-	(2,232,372)	2,155,548
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	2,500,000	2,500,000
Transfers in	19,472	-	729,937	749,409
Transfers (out)	(729,937)	-	(210,634)	(940,571)
Total other financing (uses) sources	(710,465)	-	3,019,303	2,308,838
Net change in fund balance	3,677,455	-	786,931	4,464,386
Fund balance, beginning	23,185,346	-	7,535,308	30,720,654
Fund balance, ending	\$ 26,862,801	\$ -	\$ 8,322,239	\$ 35,185,040

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, 2015**

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

Net change in fund balances - total governmental funds	\$ 4,464,386
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.	(2,200,060)
Revenues in the statement of activities that do not provide current financial resources	14,678
For governmental funds, the issuance of long-term debt (e.g. warrants and leases) provide current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,006,830
Other expenses reported in the Statement of Activities that do not require current financial resources.	<u>(2,596,912)</u>
Change In Net Position Of Governmental Activities	<u>\$ 688,922</u>

**CITY OF DECATUR
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET & ACTUAL
For the Year Ended September 30, 2015**

	General Fund			School Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual Amounts	Final Budget		Actual Amounts	
	Original	Final		Final Budget	Actual Amounts		
REVENUES							
Taxes and payments in lieu of taxes	\$ 37,159,500	\$ 37,159,500	\$ 37,769,180	\$ 19,746,744	\$ 20,150,770	\$ 404,026	
Licenses and permits	6,245,200	6,445,200	6,874,042	-	-	-	
Fines and forfeitures	752,731	751,731	625,880	-	-	(125,851)	
Revenues from money and property	241,335	218,335	218,864	-	-	529	
Charges for services	4,932,902	4,977,492	5,350,291	-	-	372,799	
Intergovernmental	5,604,943	5,550,155	5,941,528	-	-	391,373	
Gifts and donations	72,250	103,750	131,580	-	-	27,830	
Other revenues	47,164	136,700	265,135	-	-	128,435	
Total revenues	55,056,025	55,342,863	57,176,500	19,746,744	20,150,770	404,026	
EXPENDITURES							
Current							
General government	4,253,253	4,253,253	4,054,128	33,375	17,246	16,129	
Public safety	22,332,521	22,392,144	21,846,729	-	-	-	
Public works	7,279,647	7,279,647	7,018,558	-	-	-	
Public services	8,322,321	8,372,321	8,199,723	-	-	-	
Intergovernmental assistance	5,863,427	5,863,427	5,353,932	19,713,369	20,133,524	(420,155)	
Community services contracts	2,218,198	2,218,198	2,239,029	-	-	-	
Debt service							
Principal	2,602,047	2,602,047	2,612,126	-	-	-	
Interest	1,449,823	1,449,823	1,464,355	-	-	-	
Total expenditures	54,321,237	54,430,860	52,788,580	19,746,744	20,150,770	(404,026)	
Excess of revenues over expenditures	734,788	912,003	4,387,920	-	-	-	
OTHER FINANCING SOURCES (USES)							
Capital lease proceeds	-	-	-	-	-	-	
Transfers in	9,114	9,114	19,472	-	-	-	
Transfers out	(719,465)	(719,465)	(729,937)	-	-	-	
Total other financing sources (uses)	(710,351)	(710,351)	(710,465)	-	-	(114)	
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	24,437	201,652	3,677,455	-	-	3,475,803	
Fund balance, beginning	23,185,346	23,185,346	23,185,346	-	-	-	
Fund balance, ending	\$ 23,209,783	\$ 23,386,998	\$ 26,862,801	\$ -	\$ -	\$ -	

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2015**

	Municipal Utilities Board	Other Enterprise Funds	Totals
ASSETS			
Current assets			
Cash & cash equivalents	\$ 41,175,876	\$ 20,388,011	\$ 61,563,887
Receivables (net of allowance)			
Accounts	11,622,017	575,421	12,197,438
Other	2,709,644	-	2,709,644
Due from other funds	-	1,076,748	1,076,748
Due from governmental entities	-	116,806	116,806
Inventories, at cost	1,748,737	61,974	1,810,711
Other	309,129	-	309,129
Total current assets	57,565,403	22,218,960	79,784,363
Noncurrent assets			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	40,602,491	-	40,602,491
Deferred costs	-	-	-
Capital assets:			
Land	2,607,327	1,496,730	4,104,057
Buildings	-	9,688,124	9,688,124
Improvements other than buildings	-	21,122,869	21,122,869
Furniture & equipment	-	8,641,706	8,641,706
Utility plant in service	358,756,547	-	358,756,547
Construction work in progress	17,606,794	-	17,606,794
Less accumulated depreciation	(155,245,628)	(25,274,474)	(180,520,102)
Total capital assets (net of accumulated depreciation)	223,725,040	15,674,955	239,399,995
Total noncurrent assets	264,327,531	15,674,955	280,002,486
Total assets	321,892,934	37,893,915	359,786,849
DEFERRED OUTFLOWS OF RESOURCES	1,481,883	164,136	1,646,019
LIABILITIES			
Current liabilities			
Accounts payable	10,695,947	456,240	11,152,187
Accrued liabilities	1,814,030	44,099	1,858,129
Compensated absences	82,911	15,960	98,871
Claims payable	-	50,000	50,000
Customer deposits	4,812,202	-	4,812,202
Revenue warrants payable - current	5,045,000	-	5,045,000
Due to other funds	489,477	-	489,477
Total current liabilities	22,939,567	566,299	23,505,866
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	4,388,543	4,388,543
Revenue notes payable	65,575,808	-	65,575,808
Claims payable	-	50,000	50,000
Compensated absences	746,195	143,642	889,837
Net pension liability	16,719,534	1,839,973	18,559,507
Net other postemployment benefit obligation	4,179,463	1,299,501	5,478,964
Total noncurrent liabilities	87,221,000	7,721,659	94,942,659
Total liabilities	110,160,567	8,287,958	118,448,525
DEFERRED INFLOWS OF RESOURCES	883,771	116,565	1,000,336
NET POSITION			
Invested in capital assets, net of related debt	180,554,304	15,674,955	196,229,259
Restricted for debt service	40,071,044	-	40,071,044
Unrestricted	(8,294,869)	13,978,573	5,683,704
Total net position	\$ 212,330,479	\$ 29,653,528	\$ 241,984,007

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, 2015**

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating revenue			
Charges for services	\$141,001,444	\$ 6,094,943	\$ 147,096,387
Premiums & fees	-	5,154,135	5,154,135
	-	18,757	18,757
Total operating revenue	141,001,444	11,267,835	152,269,279
Operating expenses			
Personnel, operations & maintenance	114,766,256	7,595,195	122,361,451
Closure and postclosure costs	-	283,146	283,146
Depreciation and amortization	9,230,485	1,930,293	11,160,778
Administrative costs	8,247,760	1,385,225	9,632,985
Total operating expenses	132,244,501	11,193,859	143,438,360
Operating income	8,756,943	73,976	8,830,919
Nonoperating revenue (expenses)			
Interest income	136,657	37,278	173,935
Interest expense	(2,462,990)	-	(2,462,990)
Intergovernmental grant income	-	116,806	116,806
Gain (loss) on disposition of assets	26,997	700	27,697
Total nonoperating revenue (expenses)	(2,299,336)	154,784	(2,144,552)
Income before contributions, transfers & special items	6,457,607	228,760	6,686,367
Capital contributions	1,088,996	-	1,088,996
Transfers in	-	191,162	191,162
Transfers (out)	-	(1,121,762)	(1,121,762)
Change in net position	7,546,603	(701,840)	6,844,763
Total net position, beginning	221,122,341	32,154,369	253,276,710
Prior period adjustments	(16,338,465)	(1,799,001)	(18,137,466)
Total net position, beginning	204,783,876	30,355,368	235,139,244
Total net position, ending	\$212,330,479	\$ 29,653,528	\$ 241,984,007

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, 2015**

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating activities			
Receipts from customers and users	\$141,920,559	\$ 11,385,073	\$ 153,305,632
Other operating cash receipts	-	20,857	20,857
Payments to suppliers	(109,304,601)	(4,121,069)	(113,425,670)
Payments to employees	(14,560,066)	(4,615,936)	(19,176,002)
Payments for interfund services	-	-	-
Net cash provided by operating activities	18,055,892	2,668,925	20,724,817
Noncapital financing activities			
Advanced to other funds	-	105,444	105,444
Transfers in	-	191,162	191,162
Net cash provided by noncapital financing activities	-	296,606	296,606
Capital and related financing activities			
Acquisition and construction of capital assets	(15,169,065)	(332,844)	(15,501,909)
Proceeds from sale of capital assets	-	700	700
Proceeds from issuing warrants	-	-	-
Capital contributions	1,088,995	-	1,088,995
Principal payments on capital leases	-	-	-
Principal payments on warrants	(4,895,000)	-	(4,895,000)
Interest paid on warrants	(2,419,155)	-	(2,419,155)
Net cash (used) by capital and related financing activities	(21,394,225)	(332,144)	(21,726,369)
Investing activities			
Decrease (increase) in restricted assets	7,156,263	-	7,156,263
Miscellaneous non-operating income	23,834	-	23,834
Sale of investments	-	-	-
Interest received	136,657	37,278	173,935
Net cash provided (used) by investing activities	7,316,754	37,278	7,354,032
Net increase (decrease) in cash and cash equivalents	3,978,421	2,670,665	6,649,086
Cash and cash equivalents, beginning	37,197,455	17,717,346	54,914,801
Cash and cash equivalents, ending	\$ 41,175,876	\$ 20,388,011	\$ 61,563,887
Operating income (loss)	\$ 8,756,943	\$ 73,976	\$ 8,830,919
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	9,230,485	1,930,293	11,160,778
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	944,115	138,095	1,082,210
Accounts payable	(608,023)	7,548	(600,475)
Contract retainages	-	(5,341)	(5,341)
Claims payable	-	100,000	100,000
Inventory	(27,892)	5,434	(22,458)
Prepaid items	(134,773)	-	(134,773)
Due to (from) other funds	-	-	-
Accrued liabilities	-	(35,365)	(35,365)
Net pension liability	-	(6,600)	(6,600)
Net OPEB obligation	-	177,739	177,739
Customer deposits	80,377	-	80,377
Deferred revenue	-	-	-
Other items	(185,340)	-	(185,340)
Net cash provided by operating activities	\$ 18,055,892	\$ 2,668,925	\$ 20,553,678

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.

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

Primary Government

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Board of Education
302 Fourth Avenue Northeast
Decatur, Alabama 35601

Separate financial statements are not prepared for the Personnel Board.

B. Government-wide and Fund Financial Statements

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

- *Management's discussion and analysis* introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- *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 *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.

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, 2015, was \$501,098 due from Morgan County for various tax receivables and \$412,757 due from Alabama Department of Transportation, \$219,354 from the United States Department of Housing and Urban Development and 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 June 15th following the due date, a tax sale is required to be held. Revenue is recognized in the year when the taxes are collected. The taxes are collected by the Morgan County Revenue and License Commissioners and remitted to the City net of a collection fee ranging from 1 to 4 percent for the different taxes.

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the purchases method to account for monthly medical insurance payments. The average monthly payment is \$563,512.

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 (age 56 for certified full-time firefighter and law enforcement officer) and have 10 years of service credit are entitled to payment for one-half (1/2) of their accumulated sick leave upon retirement, not to exceed a maximum of 600 hours. The liability is calculated according to GASB Statement No. 16 using the termination payment method for governmental funds and the vesting method for proprietary funds. Vacation is accrued when incurred in proprietary funds and reported as a fund liability. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. 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- Amounts committed by ordinance or resolution by the highest level of decision-making (City Council) cannot be used for any other purpose unless the highest level of decision-making (City Council) removes or changes the specified use by taking the same type of action imposing the commitment or by its language it expires. An ordinance and a resolution are equally binding to the City.

Assigned fund balance- This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council has the authority to assign amounts with "intent" to be used for specific purposes or may designate a finance committee or official for that purpose. Currently the City has not assigned a committee or official for that purpose and therefore has not classified any fund balances as assigned.

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

Encumbrances-The City had outstanding purchase orders related to operating needs and contractual commitments as of September 30, 2015, which represent an encumbrance on resources at year-end, the most significant of which were as follows:

Other Governmental Funds	931,665
Total	\$ <u>931,665</u>

These encumbrances are already included in the classifications of net assets and fund balances in the financial statements as of September 30, 2015.

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

The City Council has set a General Fund minimum fund balance target at 25% or 3 months of budgeted expenditures and resolves to maintain unassigned fund balance at a minimum of 10% of budgeted revenues. The policy of the City is at all times to maintain a minimum reserve of 3 months (90 days) General Fund Operating Expenses and in addition maintain unassigned fund balance at a minimum of 10% of budgeted revenues. At fiscal year-end, there were sufficient funds to meet the reserve and exceed the requirement by \$9.0 million. The General Fund Operating Expense Reserve is classified as committed and can only be used in state of emergencies as declared by City Council and during revenue shortfall situations as defined by policy and determined by City Council.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. GASB Accounting Pronouncements

Pronouncements Effective for the 2015 Financial Statements:

In June 2012, GASB issued Statement 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.

GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB No. 68*, effective for fiscal periods beginning after June 15, 2014, fiscal 2015, and must be implemented simultaneously with Statement 68. The statement requires that a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. It eliminates the source of potential significant understatement of restated net position and expense in the year of implementation of Statement 68.

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

The City plans to adopt GASB No.72, *Fair Value Measurement and Application*, in the period beginning after June 15, 2015, fiscal 2016. This statement provides guidance for applying fair value to certain investments and the disclosures related to all financial measurements. Disclosures will be required to include the level of fair value hierarchy and techniques used to value the investments. The statement will improve comparability among financial statements of government entities as the more detailed guidance will allow for a consistent presentation of fair value.

The City plans to adopt GASB No.73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, Amendments for Certain Provisions of GASB Statements 67 and 68*, in the period beginning after June 15, 2015, fiscal 2016. This statement sets requirements for defined benefit and contribution pensions that are not within the scope of Statement No. 68. The Statement broadens Statement No. 68 to pension assets not administered by a trust and also clarifies certain provisions for Statement No. 67 and 68 which will improve comparability of disclosed pension information between contributing entities.

The City plans to adopt GASB No.74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in the period beginning after June 15, 2016, fiscal 2017. This statement will improve the usefulness of other postemployment benefit information included in the financial statements and replaces Statement No. 43. It includes requirements for supplemental information and notes to the financial statements. The statement also sets specific requirements for the measurement of the Net OPEB liability.

The City plans to adopt GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the period beginning after June 15, 2017, fiscal 2018. This statement will make financial information more useful for decision making as it requires recognition of the entire OPEB liability and more in depth measure of OPEB expense. New disclosure and supplemental information requirements will also improve the financial reporting surrounding OPEB.

The City plans to adopt GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, in the period beginning after June 15, 2015, fiscal 2016 with retroactive application. This statement identifies the hierarchy of generally accepted accounting principles within the context of the current governmental financial reporting environment.

The City plans to adopt GASB No 77, *Tax Abatement Disclosures*, in the period beginning after December 15, 2015, fiscal 2017. This statement improves financial reporting by providing users essential information regarding tax abatements by requiring more detailed information about the abatements and organizing the information in a consistent and comprehensive manner.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City plans to adopt GASB No 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plan*, in the period beginning after December 15, 2015, fiscal 2017. This statement amends the scope of Statement No. 68 to exclude certain pensions provided to state or local government employees if it includes benefits to non state or local government beneficiaries. It also includes new disclosure requirements.

The City plans to adopt GASB No 80, *Blending Requirements for Certain Component Units-An Amendment of GASB Statement No. 14*, in the period beginning after June 15, 2016, fiscal 2017. The statement amends blending requirements to include a component unit incorporated as a not-for-profit corporation and the primary government is the sole corporate member.

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

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

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net 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 \$53,524,661 difference are as follows:

Warrants Payable	\$ 49,691,439
Capital lease payable	34,623
Accrued interest payable	553,928
Compensated absences	2,212,981
Claims Payable	<u>1,031,690</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	<u>\$ 53,524,661</u>

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes 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 \$(2,200,060) difference are as follows:

Capital outlay	\$ 3,643,899
Depreciation expense	<u>(5,843,959)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,200,060)</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 \$1,006,830 difference are as follows:

Debt issued or incurred:	
General Obligation debt	\$ (2,500,000)
Principal repayments:	
General obligation debt	3,565,694
Capital lease	10,566
Amortization of premium, discounts, and refunding loss	<u>(69,430)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,006,830</u>

Another element of that reconciliation states that “other expenses reported in the statement of activities that do not require current financial resources.” The detail of this \$(2,596,912) difference is as follows:

Compensated absences	\$ (74,743)
Claims	(179,609)
Accrued interest	29,551
Net pension obligation	(18,739)
Other postemployment expenses	<u>(2,353,372)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,596,912)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Annually-Budgeted Governmental Funds

General Fund

Special Revenue Funds

7 Cent Gas Tax Fund
4&5 Cent Gas Tax Fund
School Fund
Personnel Board Fund
Heritage Trust Fund
Docket Fees Fund
Room Occupancy Fund
Corrections Fund

Governmental Funds Not Annually-Budgeted

Special Revenue Funds

Community Development Fund
Municipal Court Fund

Debt Service Fund

Crossings Warrant Fund

Capital Projects Funds

Capital Projects Fund
Sewer Fund
2012 Capital Improvements Fund
2015 Capital Improvements Fund

Permanent Fund

Perpetual Care Fund

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

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

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

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

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

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.

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY-CONTINUED

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

B. Excess of Expenditures over Appropriations

The following funds incurred expenditures in excess of appropriations of the following amounts for the year ended September 30, 2015:

<u>General Fund</u>		
<i>Public Services</i>		
Youth Services	\$	58,769
 <i>Community Service Contracts</i>		
	\$	20,831
 <i>Debt Service</i>		
	\$	24,611
 <i>Other Financing Uses</i>		
	\$	10,472
 <u>School Fund</u>		
Intergovernmental assistance	\$	420,155
 <u>Corrections Fund</u>		
Personnel services	\$	7,761

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

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City of Decatur
Notes to the Financial Statements
September 30, 2015

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	\$ 98,786,818
Carrying amount of deposits	524,006
Carrying amount of investments	<u>39,602,491</u>
Total	<u>\$ 138,913,315</u>
Per Governmental Funds Balance Sheet-total governmental funds	
Cash and investments	\$ 36,746,937
Per Proprietary Funds Statement of Net Assets	
Total enterprise funds	
Cash and investments	61,563,887
Restricted cash for debt service	<u>40,602,491</u>
	<u>102,166,378</u>
Total	<u>\$ 138,913,315</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	\$ 38,185,190
Carrying amount of deposits	<u>85,193,504</u>
Total Cash and investments	<u>\$ 123,378,694</u>

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Investments

Statutes authorize the Board to invest in obligations of the U. S. Treasury, obligations of any state of the United States, general obligations of any Alabama county or city board of education secured by pledge of the three-mill school tax and other obligations as outlined in the Code of Alabama 1975, Section 19-3-120 and Section 19-3-120.1. As of September 30, 2015, the Board had the following investments and maturities:

Investment Type	Fair Value	Maturity	Rating
Progress Financial Services - Cash Portfolio	\$ 10,203,772	N/A	N/A
U.S. Treasury Note	1,991,068	08/31/16	AAA
Federal National Mortgage Association, Note	1,864,818	09/28/16	AAA
U.S. Treasury Note	2,379,476	10/31/16	AAA
U.S. Treasury Note	2,985,058	11/30/16	AAA
U.S. Treasury Note	3,136,166	12/31/16	AAA
Federal National Mortgage Association, Note	3,523,329	01/30/17	N/A
U.S. Treasury Note	3,181,395	02/28/17	AAA
U.S. Treasury Note	4,664,207	03/31/17	AAA
U.S. Treasury Note	4,683,300	04/30/17	AAA
Federal Home Loan Bank, Bond	4,960,496	05/30/17	AAA
U.S. Treasury Note	5,404,822	06/30/17	AAA
U.S. Treasury Note	6,279,375	07/15/17	AAA
U.S. Treasury Note	5,909,764	08/31/17	AAA
Federal Home Loan Bank, Bond	4,875,974	09/27/17	AAA
Federal National Mortgage Association, Note	3,560,650	10/26/17	AAA
U.S. Treasury Note	2,555,341	11/30/17	AAA
Federal National Mortgage Association, Note	2,300,806	12/20/17	AAA
Federal Home Loan Mortgage Corp, Note	1,943,366	01/12/18	AAA
Federal National Mortgage Association, Note	2,132,013	02/28/18	AAA
Federal Home Loan Bank, Bond	1,211,423	03/29/18	AAA
Federal Home Loan Bank, Bond	644,346	04/25/18	AAA
Federal National Mortgage Association, Note	4,800,118	05/21/18	AAA
	<u>\$ 85,191,083</u>		

State law limits the kinds of investments that Alabama municipalities can make to: (1) accounts and certificates of deposits with banks or saving associations that are qualified public depositories; (2) direct obligations of the U.S. Department of the Treasury and certain federal agencies (collectively referred in this note as “USTO”); (3) certain qualified obligations of any state and their agencies; (4) common trust funds, collective investment funds maintained by qualified institutions, or any registered mutual funds, all of which must hold a prescribed amount of obligations meeting the requirements of 1 – 3 above; and (5) for post-employment benefit trusts, a broad investment portfolio is permitted, including government and corporate bonds, and corporate stocks.

Interest rate risk

The City entities manage their exposure to declines in fair values of investments due to market interest rate changes by limiting the maturity of their directly-held investments to less than one year, or by only purchasing obligations that it intends to hold to maturity.

The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

Credit risk

As described above, state law limit the kind of investments that City entities can make. The City has made no further laws in addition to state law related to investments allowed. The City has held no investments other than certificates of deposit in the past and currently hold no deposits or other investments.

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The Board of Education has funds invested in United States Treasury, Federal National Mortgage Association, and Federal Home Loan Bank, which each have a credit risk rating of Aaa from Moody's Investors Service.

Custodial credit risk

The City requires all bank deposits, which includes USTO money market funds held by banks, be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE Program, which was the case for all bank deposits as of September 30, 2015, except for minor cash deposits and cash on hand. The SAFE Program is administered by the State Treasurer according to State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law. Also, the deposits with banks complied with state investment policies.

The Board of Education has several small investments totaling \$2,421 in certificates of deposits. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

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City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

B. Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	Balance September 30, 2014	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30, 2015
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 10,117,057	\$ 200	\$ -	\$ -	10,117,257
Construction in progress	6,348,838	2,371,500	-	(1,521,595)	7,198,743
Total capital assets, not being depreciated	16,465,895	2,371,700	-	(1,521,595)	17,316,000
Capital assets, being depreciated:					
Buildings and improvements	42,284,672	361,190	-	38,834	42,684,696
Land improvements	23,949,520	347,466	-	1,108,403	25,405,389
Furniture, equipment and other	26,466,195	563,543	(729,450)	208,377	26,508,665
Infrastructure	96,879,833	-	-	165,981	97,045,814
Total capital assets, being depreciated	189,580,220	1,272,199	(729,450)	1,521,595	191,644,564
Less accumulated depreciation for:					
Buildings and improvements	(22,998,495)	(1,205,781)	-	-	(24,204,276)
Land improvements	(12,191,544)	(1,074,331)	-	-	(13,265,875)
Furniture, equipment and other	(22,869,135)	(1,197,030)	729,450	-	(23,336,715)
Infrastructure	(71,055,502)	(2,366,817)	-	-	(73,422,319)
Total accumulated depreciation	(129,114,676)	(5,843,959)	729,450	-	(134,229,185)
Total capital assets, being depreciated, net	60,465,544	(4,571,760)	-	1,521,595	57,415,379
Governmental activities capital assets, net	\$ 76,931,439	\$ (2,200,060)	\$ -	\$ -	\$ 74,731,379
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 4,107,362	\$ -	\$ (3,305)	\$ -	4,104,057
Construction in progress	19,619,749	1,190,667	(2,989,325)	(214,297)	17,606,794
Total capital assets, not being depreciated	23,727,111	1,190,667	(2,992,630)	(214,297)	21,710,851
Capital assets, being depreciated:					
Buildings and improvements	30,616,428	201,417	(221,150)	214,297	30,810,992
Furniture, equipment and other	8,602,451	126,693	(87,438)	-	8,641,706
Utility plant-in-service	344,390,250	16,909,610	(2,543,312)	-	358,756,548
Total capital assets, being depreciated	383,609,129	17,237,720	(2,851,900)	214,297	398,209,246
Less accumulated depreciation for:					
Buildings and improvements	(18,429,226)	(1,186,928)	221,150	-	(19,395,004)
Furniture, equipment and other	(5,223,544)	(743,335)	87,437	-	(5,879,442)
Utility plant-in-service	(148,446,521)	(9,230,515)	2,431,380	-	(155,245,656)
Total accumulated depreciation	(172,099,291)	(11,160,778)	2,739,967	-	(180,520,102)
Total capital assets, being depreciated, net	211,509,838	6,076,942	(111,933)	-	217,689,144
Business-type activities capital assets, net	\$ 235,236,949	\$ 7,267,609	\$ (3,104,563)	\$ -	\$ 239,399,995

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Depreciation expense of \$2,366,816 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	\$ 594,834
Public Safety	907,888
Public Works	309,420
Public Services	1,615,152
Intergovernmental	<u>49,849</u>
Total allocated depreciation expense – governmental activities	3,477,143
Total unallocated depreciation expense- governmental activities	<u>2,366,816</u>
Total depreciation expense-governmental activities	<u>\$ 5,843,959</u>

Business-type activities:

Municipal Utilities Board Fund	\$ 9,230,485
Sanitary Landfill Fund	1,203,827
Point Mallard Fund	<u>726,466</u>
Total depreciation expense – business-type activities	<u>\$ 11,160,778</u>

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2015 was as follows:

	September 30, 2014	Additions/ Reclassifications	Deletions/ Reclassifications	September 30, 2015
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,476,997	\$ 1,685,185	\$ 284,909	\$ 7,877,273
Construction in progress	3,738,310	2,706,446	4,425,427	2,019,329
Total capital assets, not being depreciated	<u>10,215,307</u>	<u>4,391,631</u>	<u>4,710,336</u>	<u>9,896,602</u>
Capital assets, being depreciated:				
Buildings and improvements	113,166,758	4,001,725	4,441,079	112,727,404
Furniture, equipment and other	9,315,367	1,106,895	315,854	10,106,408
Total capital assets, being depreciated	<u>122,482,125</u>	<u>5,108,620</u>	<u>4,756,933</u>	<u>122,833,812</u>
Less accumulated depreciation	<u>54,362,728</u>	<u>3,664,044</u>	<u>3,126,842</u>	<u>54,899,930</u>
Total capital assets, being depreciated, net	<u>68,119,397</u>	<u>1,444,576</u>	<u>1,630,091</u>	<u>67,933,882</u>
Total governmental activities capital assets, net	<u>\$ 78,334,704</u>	<u>\$ 5,836,207</u>	<u>\$ 6,340,427</u>	<u>\$ 77,830,484</u>

City of Decatur
Notes to the Financial Statements
September 30, 2015

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, 2015 is as follows:

Transfers From:	General Fund	Decatur Utilities	Non-major Government	Non-major Enterprise	Total In
Transfers To:					
General Fund	\$ -	\$ -	\$ 19,472	\$ -	\$ 19,472
Non-major Government	729,937	-	-	-	729,937
Non-major Enterprise	-	-	191,162	-	191,162
Total Out	<u>\$ 729,937</u>	<u>\$ -</u>	<u>\$ 210,634</u>	<u>\$ -</u>	<u>\$ 940,571</u>

There are additional transfers out of non-major proprietary funds related to shifting of long-term liabilities from governmental activities to the respective funds to which these liabilities will ultimately be paid from. The net of these transfers from non-major proprietary funds to governmental activities amounted to \$1,121,762 and are not represented by transfers in within fund statements but rather within the total transfers for governmental activities.

Due To/From Other Funds:

Due To:	General Fund	School Fund	Non-major Government	Non-major Enterprise	Total In
Due From:					
Municipal Utilities Board	\$ 424,854	\$ 20,101	\$ 44,522	\$ -	\$ 489,477
Non-major Government	<u>2,117,634</u>	<u>-</u>	<u>-</u>	<u>1,076,748</u>	<u>3,194,382</u>
Total Out	<u>\$ 2,542,488</u>	<u>\$ 20,101</u>	<u>\$ 44,522</u>	<u>\$ 1,076,748</u>	<u>\$ 3,683,859</u>

Due To/From Primary Government and Component Units:

Due To:	Component Unit- Board of Education	Total In
Due From:		
Primary Government- School Fund	<u>1,799,587</u>	<u>1,799,587</u>
Total Out	<u>\$ 1,799,587</u>	<u>\$ 1,799,587</u>

\$1,345,935 of the balance due to the general fund and \$1,076,748 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, 2015

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

During 2013, the City entered into two non-cancelable operating leases for golf carts. Lease expense related to the leases was \$54,856 for the year ended September 30, 2015. The future minimum lease payments for these leases are as follow:

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

Capital Leases

The City entered into a lease agreement as lessee for financing the acquisition of computer equipment during 2014. The lease agreement is treated as capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the basic financial statements.

The asset acquired through capital lease is as follows:

	Governmental Activities
Computer equipment	\$ 54,600
Less: accumulated amortization	<u>(19,977)</u>
Total	<u>\$ 34,623</u>

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

Year Ending September 30	Governmental Activities
2016	\$ 11,823
2017	11,823
2018	11,823
2019	<u>932</u>
Total minimum lease payments	36,401
Less amount representing interest	<u>(1,778)</u>
Total minimum lease payments	<u>\$ 34,623</u>

The future debt service requirements of the governmental activities leases at September 30, 2015 are primarily to be provided by the General Fund.

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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, 2015 are as follows:

Year Ending September 30	Governmental Activities
2016	\$ 540,726
2017	280,195
Total minimum lease payments	820,921
Less amount representing interest	(39,546)
Present value of minimum lease payments	<u>\$ 781,375</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:

Type of Debt	Paid From	Resources Provided By
<u>Governmental Activities:</u>		
G.O. warrants - major capital facilities	General Fund Crossings Warrant Fund	General Fund Crossings Warrant Fund
G.O. warrants - 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

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Governmental-Type Activities

Board of Education

2010 QSCB	1,050	2010	9/1/2027	5.15	1,050	1,050	-
2011QZAB	5,000	2011	5/1/2026	4.60	5,000	5,000	-
2013 BRAC	1,830	2013	6/1/2033	3.25-5	64-591	1,704	64
Series 2013	30,325	2013	2/1/2035	2.75-5	1,030-3,380	30,325	1,030
Series 2015	<u>87,750</u>	2012	2/1/2045	2.00-5	825-6,535	<u>87,750</u>	<u>825</u>
	<u>125,955</u>					<u>125,829</u>	<u>1,919</u>

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

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2015 are shown below. There is \$1,511,016 available in the Crossings Debt Service Fund to service general obligation debt and \$40,071,044 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, 2015 were \$3,190,000 with final maturity in 2031 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, 2015 were \$8,970,000 and \$790,000 with final maturity in 2031 and 2033, respectively.

PRIMARY GOVERNMENT	(thousands)	
	G.O. Warrants	
<u>Governmental Activities:</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 3,216	\$ 1,621
2017	3,333	1,533
2018	5,944	1,433
2019	3,527	1,330
2020	3,470	1,225
2021 – 2025	16,318	4,190
2026 – 2030	11,150	1,325
2031 – 2033	<u>3,295</u>	<u>204</u>
Total governmental activities	<u>\$ 50,253</u>	<u>\$ 12,861</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

<u>Business-Type Activities</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 5,045	\$ 2,279
2017	5,215	2,127
2018	5,190	1,965
2019	5,370	1,790
2020	4,045	1,610
2021 – 2025	16,205	6,475
2026 – 2030	18,895	3,778
2031 - 2033	10,935	732
Total business-type activities	<u>\$ 70,900</u>	<u>\$ 20,756</u>

COMPONENT UNITS

<u>Governmental Activities: Board of Education</u>	<u>Capital Outlay Warrants</u>	
	<u>Principal</u>	<u>Interest</u>
2016	1,919	5,291
2017	1,978	5,236
2018	2,046	5,164
2019	2,134	5,079
2020	2,218	4,992
2021-2025	12,828	23,231
2026-2030	23,104	19,085
2031-2035	20,897	15,257
2036-2040	26,030	10,123
2041-2045	32,675	3,481
Total Governmental Activities	<u>\$ 125,829</u>	<u>\$ 96,939</u>

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City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2015, 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	\$ 51,318	\$ 2,500	\$ (3,565)	\$ 50,253	\$ 3,216
Less amounts deferred for: Issue discounts & premiums	362	-	(33)	329	
Total warrant, bonds, & notes	51,680	2,500	(3,598)	50,582	3,216
Capitalized leases	45	-	(10)	35	12
Compensated absences	2,138	74	-	2,212	221
Claims payable	852	508	(328)	1,032	65
Net pension obligation	36,225	10,273	(12,407)	34,091	-
Other post-employment benefits	23,054	4,174	(1,820)	25,408	-
Governmental Activities Long-Term Liabilities	<u>\$ 113,994</u>	<u>\$ 17,529</u>	<u>\$ (18,163)</u>	<u>\$ 113,360</u>	<u>\$ 3,514</u>
<u>Business-Type Activities:</u>					
Revenue warrants	\$ 75,795	\$ -	\$ (4,895)	\$ 70,900	\$ 5,045
Less amounts deferred for: Issue discounts & premiums	(359)	-	79	(280)	-
Total warrants	75,436	-	(4,816)	70,620	5,045
Landfill closure and postclosure	4,105	284	-	4,389	-
Compensated absences	972	541	(524)	989	98
Claims payable	-	100	-	100	50
Net pension obligation	19,733	4,826	(5,999)	18,560	-
Other post-employment benefits	3,430	3,519	(1,470)	5,479	-
Business-Type Activities Long-Term Liabilities	<u>\$ 103,676</u>	<u>\$ 9,270</u>	<u>\$ (12,809)</u>	<u>\$ 100,137</u>	<u>\$ 5,193</u>

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	\$ 62,559	\$ 87,750	\$ (24,480)	\$ 125,829	\$ 1,919
Issue discounts & premiums	1,168	3,202	(159)	4,211	159
Capitalized Leases	1,337	-	(556)	781	511
Net Pension Liability	-	-	-	71,376	-
Total Board of Education Long-Term Liabilities	<u>\$ 65,064</u>	<u>\$ 90,952</u>	<u>\$ (25,195)</u>	<u>\$ 202,197</u>	<u>\$ 2,589</u>

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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, 2015, there were six series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the six outstanding issues was approximately \$85,696,676. The original issue amounts of these series totaled \$486,340,000.

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
Fund Balances:				
Nonspendable:				
Inventory	\$ 21,299	\$ -	\$ -	\$ 21,299
Permanent Fund	-	-	1,068,386	1,068,386
Total Nonspendable	21,299	-	1,068,386	1,089,685
Restricted:				
Special Revenues	-	-	3,170,830	3,170,830
MPO Dues	-	-	28,811	28,811
Tri-Centennial	1,312	-	-	1,312
Grant Funds	-	-	49,630	49,630
Total Restricted	1,312	-	3,249,271	3,250,583
Committed:				
OPEB Reserve	1,676,036	-	-	1,676,036
Repairs/Maintenance	33,984	-	-	33,984
Reserve Policy	14,140,987	-	-	14,140,987
Personnel Board	-	-	151,245	151,245
Sewer Extension	-	-	4,526,780	4,526,780
Hwy 31 Grant	-	-	13,797	13,797
Misc Capital Projects	-	-	317	317
Other	1,958,122	-	(402,730)	1,555,392
Total Committed	17,809,129	-	4,289,409	22,098,538
Unassigned:	9,031,061	-	(284,827)	8,746,234
Total Fund Balance:	<u>\$ 26,862,801</u>	<u>\$ -</u>	<u>\$ 8,322,239</u>	<u>\$ 35,185,040</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

H. Tax Equivalents

The Municipal Utilities Board Fund is required to pay to the City a tax equivalent which is determined by applying the current property tax rates to the Utilities' net plant in service at the end of the preceding year. The amount of tax equivalents paid to the City by the Municipal Utilities Board Fund during 2015 was \$1,686,102 by the Electric System, \$165,447 by the Natural Gas System, \$372,795 by the Water System and \$80,495 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.

I. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will only be paid near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The total amount of \$4,388,543 reported for landfill closure and postclosure care liability at September 30, 2015 within the proprietary statement of net assets, represents the cumulative amount reported to date based on the use of 45.00 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$5,363,719 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, 2015. 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, 2015, 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, 2015. 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 \$2,095,203 and the outstanding balance due to TVA for collection of the loans was also \$2,095,203.

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, 2015, contract commitments total \$1,123,064 for fiscal year 2016 and \$11,600 for fiscal year 2017. At September 30, 2015, no purchase commitments extended beyond December 2017. Additional outstanding commitments were \$835,100 for fiscal year 2016, \$502,900 for fiscal year 2017 and \$87,600 for fiscal year 2018.

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 \$750,000, \$275,000 and \$50,000 of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund and the Sanitary Landfill Fund, a nonmajor proprietary fund, respectively at September 30, 2015. \$425,000 of the the remaining portion has been reported in the government-wide statement of net assets as noncurrent liabilities due in more than one year, with \$375,000 and \$50,000 being represented in the Governmental Activities and Business-Type Activities columns, respectively.

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

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, 2015.

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 \$23,450 in appropriations during the fiscal year ending September 30, 2015.

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

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 \$427,525 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.

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

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

C. Related Organizations

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

D. Pension Plans

Plan Description

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

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

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

NOTE 5 – OTHER INFORMATION - CONTINUED

Benefits provided

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method. Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits	21,691
Terminated employees entitled to but not yet receiving benefits	1,252
Terminated employees no entitled to a benefit	5,048
Active Members	<u>55,883</u>
Total	<u>83,874</u>

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

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

NOTE 5 – OTHER INFORMATION - CONTINUED

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2015, the City's active employee contribution rate was 5.39% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 12.11% of covered employee payroll.

City's contractually required contribution rate for the year ended September 30, 2015 was 12.61% of pensionable pay for Tier 1 employees, and 10.31% of pensionable pay for Tier 2 employees,. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$3,064,022 for the year ended September 30, 2015.

Net Pension Liability

The City's and Municipal Utility Board's (the "Board") net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2013 rolled forward to September 30, 2014 using standard roll-forward techniques as shown in the following table:

	<u>City of Decatur</u>	<u>Municipal Utilities Board</u>
Total Pension Liability		
<i>as of September 30, 2013 (a)</i>	\$ 110,722,571	\$ 45,827,625
Entry Age Normal Cost for		
<i>October 1, 2013 - September 30, 2014 (b)</i>	\$ 2,211,718	\$ 719,118
Actual Benefit Payments and Refunds for		
<i>October 1, 2013 - September 30, 2014 (c)</i>	\$ 7,256,603	\$ 2,858,415
Total Pension Liability		
<i>as of September 30, 2014</i>		
<i>[(a) x (1.08)] + (b) - [(c) x (1.04)]</i>	\$ 114,245,228	\$ 47,240,201

Actuarial assumptions

The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75% - 7.25%
Investment rate of return*	8.00%

*Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2013 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 5 – OTHER INFORMATION - CONTINUED

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

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	<u>100.00%</u>	

* Includes assumed rate of inflation at 2.50%

Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability - City of Decatur

	Increase (Decrease)		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at 9/30/2013	\$ 110,722,571	\$ 72,542,294	\$ 38,180,277
Changes for the year:			
Service cost	2,211,718	-	2,211,718
Interest	8,567,542	-	8,567,542
Changes of assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions - employer	-	3,049,380	(3,049,380)
Contributions - employee	-	1,488,936	(1,488,936)
Net investment income	-	8,538,093	(8,538,093)
Benefit payments, including refunds of employee contributions	(7,256,603)	(7,256,603)	-
Administrative expense	-	-	-
Transfers among Employers	-	(47,845)	47,845
Net changes	<u>3,522,657</u>	<u>5,771,961</u>	<u>(2,249,304)</u>
Balances at 9/30/2014	<u>\$ 114,245,228</u>	<u>\$ 78,314,255</u>	<u>\$ 35,930,973</u>

NOTE 5 – OTHER INFORMATION - CONTINUED

Benefits provided-Continued

Changes in Net Pension Liability - Municipal Utilities Board

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 9/30/2013	\$ 45,827,625	\$ 28,049,480	\$ 17,778,145
Changes for the year:			
Service cost	719,118	-	719,118
Interest	3,551,873	-	3,551,873
Changes of assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,439,683	(1,439,683)
Contributions - employee	-	478,274	(478,274)
Net investment income	-	3,314,923	(3,314,923)
Benefit payments, including refunds of employee contributions	(2,858,415)	(2,858,415)	-
Administrative expense	-	-	-
Transfers among Employers	-	96,722	(96,722)
Net changes	<u>1,412,576</u>	<u>2,471,187</u>	<u>(1,058,611)</u>
Balances at 9/30/2014	<u>\$ 47,240,201</u>	<u>\$ 30,520,667</u>	<u>\$ 16,719,534</u>

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

The following table presents the City independent of the Board (as the Board is reported separately) and the Board's net pension liability calculated using the discount rate of 8%, as well as what the City's and the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increases (9.00%)
City's net pension liability	\$ 49,274,024	\$ 35,930,973	\$ 24,681,725
Board's net pension liability	\$ 21,709,801	\$ 16,719,534	\$ 12,459,294

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2014. The auditor's report dated June 3, 2015 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 5 – OTHER INFORMATION - CONTINUED

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

For the year ended September 30, 2015, the City and Board recognized pension expense of \$3,049,380 and \$1,264,842, respectively. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,276,284
Employer contributions subsequent to the measurement date	3,064,222	-
Total	<u>\$ 3,064,222</u>	<u>\$ 2,276,284</u>

At September 30, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	883,771
Employer contributions subsequent to the measurement date	1,481,883	-
Total	<u>\$ 1,481,883</u>	<u>\$ 883,771</u>

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

	<u>City of Decatur</u>	<u>Municipal Utilities Board</u>
Year ended September 30:		
2016	\$ 569,071	\$ 220,943
2017	569,071	220,943
2018	569,071	220,943
2019	569,071	220,943
2020	-	-
Thereafter	-	-

Component Unit

Plan Description

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

NOTE 5 – OTHER INFORMATION - CONTINUED

Benefits provided

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

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

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

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

Participating employers' contractually required contribution rate for the year ended September 30, 2014 was 11.71% of annual pay for Tier 1 members and 11.08% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$5,654,232 for the year ended September 30, 2015.

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

At September 30, 2015 the System reported a liability of \$71,376,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2013. The System's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2014 the System's proportion was .785686%, which was an increase (decrease) of (.007684%) from its proportion measured as of September 30, 2013.

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 5 – OTHER INFORMATION - CONTINUED

For the year ended September 30, 2015, the System recognized pension expense of \$5,260,000. At September 30, 2015 the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,352,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	600,000
Employer contributions subsequent to the measurement date	<u>5,654,232</u>	<u>-</u>
Total	<u>\$ 5,654,232</u>	<u>\$ 5,952,000</u>

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

Year ended September 30:	
2016	\$ (1,477,000)
2017	(1,477,000)
2018	(1,477,000)
2019	(1,477,000)
2020	(44,000)
Thereafter	-

Actuarial assumptions

The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Projected Salary increases	3.5% - 8.25%
Investment rate of return*	8.00%

**Net of pension plan investment expense*

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2013 valuation were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

NOTE 5 – OTHER INFORMATION - CONTINUED

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

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	<u>100.00%</u>	

* Includes assumed rate of inflation at 2.50%

Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increases (9.00%)</u>
System's proportionate share of collective net pension liability	\$ 97,236,000	\$ 71,376,000	\$ 49,458,000

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2014. The auditor's report dated May 1, 2015 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of September 30, 2014 along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 5 – OTHER INFORMATION - CONTINUED

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 8.58% (for individuals not yet reaching the age of retirement) and 13.48% (for those over the age of 65) of the total cost to the City as of September 30, 2015 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.

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. A \$25,407,654 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.

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 5 – OTHER INFORMATION - CONTINUED

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 2015, the required contribution was determined as part of the September 30, 2014 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 26.80%.

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	6,179,508
Interest on net OPEB obligation	922,171
Adjustment to annual required contribution	<u>(1,702,737)</u>
Annual OPEB cost (expense)	5,398,942
Contributions made	<u>1,923,808</u>
Increase in net OPEB obligation	3,475,134
Net OPEB obligation-beginning of year	<u>23,054,282</u>
Net OPEB obligation-end of year	<u>\$ 26,529,416</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, 2015 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>
9/30/15	\$5,576,681	34.5%	\$26,707,155
9/30/14	\$6,216,413	26.8%	\$23,054,282
9/30/13	\$6,052,028	21.0%	\$18,502,585

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 5 – OTHER INFORMATION – CONTINUED

The funded status of the plan as of September 30, 2014, the date of the latest actuarial valuations, 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
9/30/14	\$0	\$68,128,013	\$68,128,013	0%	\$19,566,916	348.18%
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, 2015 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 2015, the required contribution of the Board was determined as part of the October 1, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 4.0% discount rate; (b) 3.0% 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, 2015

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, 2015 are as follows:

Annual Required Contribution:

	<u>2014</u>	<u>2015</u>
Normal Cost	\$ 528,918	\$ 555,364
Amortization	1,116,867	1,027,987
Interest	<u>32,593</u>	<u>31,357</u>
Total ARC	\$ 1,678,378	\$ 1,614,708

Net OPEB Obligation:

Net OPEB obligation- October 1	\$ 2,551,206	\$ 3,430,247
Annual Required Contribution	1,678,378	1,614,708
Interest	<u>102,048</u>	<u>137,210</u>
Adjustment to annual required contribution	<u>(104,479)</u>	<u>(142,044)</u>
Annual OPEB cost	<u>1,675,947</u>	<u>1,609,874</u>
Annual required contribution	<u>(796,906)</u>	<u>(860,658)</u>
Net OPEB Obligation	<u>\$ 3,430,247</u>	<u>\$ 4,179,463</u>

Present Value of Future Benefits as of October 1, 2013:

Active Employees	\$ 16,453,922	\$ 17,112,079
Retirees	<u>12,531,256</u>	<u>12,203,724</u>
Total	<u>\$ 28,985,178</u>	<u>\$ 29,315,803</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
2013-2014	\$0	\$22,316,324	\$22,316,324	0%	\$8,714,949	256.1%
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%

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 Educations Employees' Health Insurance Plan website, <http://www.rsa-al.gov/PEEHIP/peehip.html> under the Trust Fund Financial tab.

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:

	2015
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	\$ 700.00
Surviving Spouse – Non-Medicare Eligible and Dependent Non-Medicare Eligible	\$ 934.00
Surviving Spouse – Non-Medicare Eligible and Dependent Medicare Eligible	\$ 907.00
Surviving Spouse – Medicare Eligible	\$ 354.00
Surviving Spouse – Medicare Eligible and Dependent Non-Medicare Eligible	\$ 595.00
Surviving Spouse – Medicare Eligible and Dependent Medicare Eligible	\$ 568.00

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.

Optional Plans (Hospital Indemnity, Cancer, Dental, Vision) – up to two optional plans can be taken by retirees at no cost if the retiree is not also taking on of the Hospital Medical Plans. Otherwise, retirees can purchase the Optional Plans at the normal monthly rate of \$38.00 or \$45.00 for family dental.

Members who retired on or after October 1, 2005, and before January 1, 2012, pay two percent of the employer premium for each year under 25 years of service, and for each year over 25 years of service, the retiree premium is reduced by two percent. Employees who retire on or after January 1, 2012, with less than 25 years of service, are required to pay 4% for each year under 25 years of service. Additionally, non-Medicare eligible employees who retire on or after January 1, 2012 are required to pay 1% more for each year less than age 65 (age premium) and to pay the net difference between the active employee subsidy and the non-Medicare eligible retiree subsidy (subsidy premium). When the retiree becomes Medicare eligible, the age and subsidy premium will no longer apply. However, the years of service premium (if applicable to the retiree) will continue to be applied throughout retirement. These changes are being phased in over a five year period.

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 5 – OTHER INFORMATION – CONTINUED

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,	2015	2014	2013
Active Health Insurance Premiums Paid by the Board	\$ 780.00	\$ 714.00	\$ 714.00
Amount of Premium Attributable to Retirees	\$ 180.76	\$ 220.09	\$ 216.90
Percentage of Active Employee Premiums Attributable to Retirees	23.17%	30.83%	30.38%
Percentage of Required Amount Contributed	100.00%	100.00%	100.00%
Total Amount Paid Attributable to Retirees	\$ 2,390,282.00	\$ 3,053,976.00	\$ 3,089,054.00

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 Board accounts for "on-behalf" payments made by the federal government for retiree drug subsidy programs as offsetting revenues and expenditures. The amount recognized in the 2015 financial statements for these payments is \$606,971.

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, 2015 is insignificant and immaterial to the City's statements as a whole.

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

Anticipated legal claims are estimated by the City's legal counsel. All legal claims estimated to possibly be paid within the next fiscal year, even if not reported to the City until after September 30, 2015, are recorded as a liability within the General Fund and likewise, as liabilities due within one year under governmental activities on the government-wide statement of net position. The portion of estimated legal claims expected to be paid beyond the next fiscal year have been included as a noncurrent liability due in more than one year within the governmental activities of the government-wide statement of net position.

Changes in the balance of claims liability (net of anticipated insurance coverage) for the year ended September 30, 2015 are as follows:

	<u>Workers Compensation</u>		<u>Legal Claims</u>		<u>Total</u>	
	2015	2014	2015	2014	2015	2014
Unpaid claims, beginning of year	477,081	484,133	375,000	250,000	852,081	734,133
Incurred claims	480,646	111,692	213,951	268,997	694,597	380,689
Less claim payments	(276,899)	(118,744)	(163,951)	(143,997)	(440,850)	(262,741)
Unpaid claims, end of year	<u>680,828</u>	<u>477,081</u>	<u>425,000</u>	<u>375,000</u>	<u>1,105,828</u>	<u>852,081</u>

City of Decatur
Notes to the Financial Statements
September 30, 2015

NOTE 5 – OTHER INFORMATION – CONTINUED

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

As discussed in Note 1E above, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB No. 68* effective October 1, 2014. The result of this was a prior-year adjustment to the net position of Governmental Activities, Business-Type Activities and proprietary funds as shown below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position, September 30, 2014, as previously stated	\$ 31,507,165	\$ 253,276,710	\$ 284,783,875
Cumulative effect of implementing GASB Statements 68 and 71	<u>(33,331,895)</u>	<u>(18,137,466)</u>	<u>(51,469,361)</u>
Net Position, September 30, 2014, restated	<u>\$ (1,824,730)</u>	<u>\$ 235,139,244</u>	<u>\$ 233,314,514</u>

	<u>Municipal Utilities Board</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Net Position, September 30, 2014, as previously stated	\$ 221,122,341	\$ 32,154,369	\$ 253,276,710
Cumulative effect of implementing GASB Statements 68 and 71	<u>(16,338,465)</u>	<u>(1,799,001)</u>	<u>(18,137,466)</u>
Net Position, September 30, 2014, restated	<u>\$ 204,783,876</u>	<u>\$ 30,355,368</u>	<u>\$ 235,139,244</u>

Component Unit

	<u>Decatur City - Board of Education</u>
Net Position, September 30, 2014, as previously stated	\$ 69,328,990
Cumulative effect of implementing GASB Statements 68 and 71	<u>(72,068,000)</u>
Net Position, September 30, 2014, restated	<u>\$ (2,739,010)</u>

H. Subsequent Events

The Company has evaluated subsequent events through June 30, 2016, the date on which the financial statements were available for issue.

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REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF DECATUR
SCHEDULE OF CHANGES IN NET POSITION LIABILITY
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA**

	City of Decatur	Municipal Utilities Board
Total pension liability		
Service cost	\$ 2,211,718	\$ 719,118
Interest	8,567,542	3,551,873
Changes in benefit terms	-	-
Differences between actual & expected experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(7,256,603)	(2,858,415)
Net change in total pension liability	3,522,657	1,412,576
Total pension liability-beginning	110,722,571	45,827,625
Total pension liability-ending (a)	<u>114,245,228</u>	<u>47,240,201</u>
 Plan fiduciary net position		
Contribution-employer	3,049,380	1,439,683
Contribution-employee	1,488,936	478,274
Net investment income	8,538,093	3,314,923
Benefit payments, including refunds of employee contributions	(7,256,603)	(2,858,415)
Administrative expense	(47,845)	96,722
Net change in plan fiduciary net position-beginning	5,771,961	2,471,187
Plan fiduciary net position-beginning	72,542,294	28,049,480
Plan fiduciary net position-ending (b)	<u>78,314,255</u>	<u>30,520,667</u>
 Net pension liability (asset)- ending (a)-(b)	35,930,973.00	16,719,534
 Plan fiduciary net position as a percentage of total pension liability	68.55%	64.61%
 Covered- employee payroll	25,172,255	9,655,596
 Net pension liability (asset) as a percentage of covered-employee payroll	142.74%	173.16%

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

**CITY OF DECATUR
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA**

	<u>City of Decatur</u>	<u>Municipal Utilities Board</u>
Actuarially determined contribution	\$ 3,049,380	\$ 1,439,683
Contributions in relation to the actuarially determined contribution	<u>\$ 3,049,380</u>	<u>1,439,683</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 25,172,255.00	\$ 9,655,596.00
Contributions as a percentage of covered-employee payroll	12.11%	14.91%

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

**CITY OF DECATUR
BOARD OF EDUCATION
SCHEDULE OF SYSTEM'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEMS OF ALABAMA
September 30, 2015**

System's proportion of the net pension liability	0.785686%
System's proportionate share of the net pension liability	71,376,000
System's covered-employee payroll	49,729,459
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	143.53%
Plan fiduciary net position as a percentage of the total pension liability	71.01%

**CITY OF DECATUR
BOARD OF EDUCATION SCHEDULE OF SYSTEM CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEMS OF ALABAMA
September 30, 2015**

Contractually Required Contribution	\$ 5,654,232
Contributions in relation to the contractually required contribution	<u>\$ 5,654,232</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
System's covered-employee payroll	\$ 47,934,304.00
Contributions as a percentage of covered-employee payroll	11.80%

SUPPLEMENTAL INFORMATION

**CITY OF DECATUR
GENERAL FUND
BALANCE SHEET
September 30, 2015**

ASSETS

Cash & cash equivalents	\$ 23,713,658
Cash with fiscal agent	524,006
Receivables (net of allowances):	
Accounts	387,832
Taxes	2,923,215
Accrued interest	8
Due from other funds	2,542,488
Due from other governmental entities	545,584
Deposits	62,005
Inventories	21,299

Total assets \$ 30,720,095

DEFERRED OUTFLOWS OF RESOURCES -

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,690,177
Accrued liabilities	1,557,901
Due to other governmental entities	5,981
Customer deposits	232,079
Other	95,343

Total liabilities 3,581,481

DEFERRED INFLOWS OF RESOURCES 275,813

FUND BALANCE

Nonspendable	21,299
Restricted	1,312
Committed	17,809,129
Assigned	-
Unassigned	9,031,061

Total fund balance 26,862,801

Total liabilities, deferred resources and fund balance \$ 30,720,095

**CITY OF DECATUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET & ACTUAL
September 30, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and payments in lieu of taxes	\$ 37,159,500	\$ 37,159,500	\$ 37,769,180	\$ 609,680
Licenses and permits	6,245,200	6,445,200	6,874,042	428,842
Fines and forfeitures	752,731	751,731	625,880	(125,851)
Revenues from money and property	241,335	218,335	218,864	529
Charges for services	4,932,902	4,977,492	5,350,291	372,799
Intergovernmental	5,604,943	5,550,155	5,941,528	391,373
Gifts and donations	72,250	103,750	131,580	27,830
Other revenues	47,164	136,700	265,135	128,435
Total revenues	55,056,025	55,342,863	57,176,500	1,833,637
EXPENDITURES				
Current				
General government	4,253,253	4,253,253	4,054,128	199,125
Public safety	22,332,521	22,392,144	21,846,729	545,415
Public works	7,279,647	7,279,647	7,018,558	261,089
Public services	8,322,321	8,372,321	8,199,723	172,598
Intergovernmental assistance	5,863,427	5,863,427	5,353,932	509,495
Community services contracts	2,218,198	2,218,198	2,239,029	(20,831)
Debt service:				
Principal	2,602,047	2,602,047	2,612,126	(10,079)
Interest and fiscal charges	1,449,823	1,449,823	1,464,355	(14,532)
Total expenditures	54,321,237	54,430,860	52,788,580	1,642,280
Excess of revenues over expenditures	734,788	912,003	4,387,920	3,475,917
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	-	-
Operating transfers in	9,114	9,114	19,472	10,358
Operating transfers out	(719,465)	(719,465)	(729,937)	(10,472)
Total other financing sources (uses)	(710,351)	(710,351)	(710,465)	(114)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	24,437	201,652	3,677,455	3,475,803
Fund balance, beginning	23,185,346	23,185,346	23,185,346	-
Fund balance, ending	\$ 23,209,783	\$ 23,386,998	\$ 26,862,801	\$ 3,475,803

**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, 2015**

Page 1 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and payments in lieu of taxes				
Sales and use	\$ 27,000,000	\$ 27,000,000	\$ 27,266,643	\$ 266,643
Ad valorem	3,590,000	3,590,000	3,635,914	45,914
Other	6,569,500	6,569,500	6,866,623	297,123
Total	37,159,500	37,159,500	37,769,180	609,680
Licenses and permits				
Motor Vehicle	175,000	175,000	180,032	5,032
Business Licenses and Permits	5,666,000	5,766,000	6,046,938	280,938
Building Permits and Inspection Fees	404,200	504,200	647,072	142,872
Total	6,245,200	6,445,200	6,874,042	428,842
Fines and forfeitures	752,731	751,731	625,880	(125,851)
Revenues from money and property				
Interest	91,000	68,000	63,635	(4,365)
Other	150,335	150,335	155,229	4,894
Total	241,335	218,335	218,864	529
Charges for current services				
Recreation	496,300	521,800	549,746	27,946
Animal shelter	37,000	29,000	30,226	1,226
General government	462,200	457,200	464,336	7,136
Public safety	205,500	228,500	308,271	79,771
Public works	3,669,302	3,668,392	3,920,619	252,227
Cemetery	50,100	50,100	48,650	(1,450)
Old bank	1,400	1,400	1,412	12
Youth services	11,100	21,100	27,031	5,931
Total	4,932,902	4,977,492	5,350,291	372,799
Intergovernmental				
Tax equivalents	5,252,693	5,209,257	5,635,674	426,417
State Grants	30,000	18,648	31,526	12,878
State Shared Taxes	322,250	322,250	274,328	(47,922)
State contributions	-	-	-	-
Total	5,604,943	5,550,155	5,941,528	391,373
Gifts & donations	72,250	103,750	131,580	27,830
Other revenues	47,164	136,700	265,135	128,435
TOTAL REVENUES	55,056,025	55,342,863	57,176,500	1,833,637

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, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current Expenditures				
General Government				
Mayor and Council				
Personal services	289,532	289,532	291,016	(1,484)
Operating expenses	130,100	130,100	121,878	8,222
Total	419,632	419,632	412,894	6,738
Legal Services				
Personal services	382,453	382,453	384,207	(1,754)
Operating expenses	61,950	61,950	48,475	13,475
Total	444,403	444,403	432,682	11,721
Municipal Court				
Personal services	425,821	425,821	424,809	1,012
Operating expenses	15,500	15,500	16,378	(878)
Total	441,321	441,321	441,187	134
City Clerk				
Personal services	436,686	450,286	440,783	9,503
Operating expenses	76,290	62,690	43,428	19,262
Total	512,976	512,976	484,211	28,765
Revenue department				
Personal services	227,002	247,002	248,496	(1,494)
Operating expenses	64,850	72,850	59,367	13,483
Total	291,852	319,852	307,863	11,989
Finance department				
Personal services	624,865	596,865	546,210	50,655
Operating expenses	21,700	21,700	10,125	11,575
Total	646,565	618,565	556,335	62,230
Public building				
Personal services	100,183	100,183	104,492	(4,309)
Operating expenses	577,800	577,800	538,481	39,319
Total	677,983	677,983	642,973	35,010
Community development				
Personal services	665,409	665,409	653,538	11,871
Operating expenses	153,112	153,112	122,445	30,667
Total	818,521	818,521	775,983	42,538
Total general government	4,253,253	4,253,253	4,054,128	199,125

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, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety				
Fire				
Personal services	8,636,317	8,605,317	8,463,688	141,629
Operating expenses	781,400	872,023	780,308	91,715
Total	9,417,717	9,477,340	9,243,996	233,344
Inspection				
Personal services	690,472	719,497	673,273	46,224
Operating expenses	52,611	23,586	42,787	(19,201)
Total	743,083	743,083	716,060	27,023
Police				
Personal services	10,713,921	10,571,921	10,385,819	186,102
Operating expenses	1,457,800	1,599,800	1,500,854	98,946
Total	12,171,721	12,171,721	11,886,673	285,048
Total public safety	22,332,521	22,392,144	21,846,729	545,415
Public Works				
Director				
Personal services	460,143	460,143	470,359	(10,216)
Operating expenses	92,670	92,670	74,136	18,534
Total	552,813	552,813	544,495	8,318
Streets				
Personal services	1,932,658	1,932,658	1,755,909	176,749
Operating expenses	969,615	969,615	937,799	31,816
Total	2,902,273	2,902,273	2,693,708	208,565
Engineering				
Personal services	192,180	192,180	182,607	9,573
Operating expenses	10,600	10,600	8,770	1,830
Total	202,780	202,780	191,377	11,403
Sanitation				
Personal services	1,937,097	1,937,097	1,840,997	96,100
Operating expenses	1,684,684	1,684,684	1,747,981	(63,297)
Total	3,621,781	3,621,781	3,588,978	32,803
Total public works	7,279,647	7,279,647	7,018,558	261,089

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, 2015

Page 4 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Services				
Animal Shelter				
Personal services	594,685	594,085	468,477	125,608
Operating expenses	130,590	131,190	130,075	1,115
Total	725,275	725,275	598,552	126,723
Park and recreation				
Personal services	4,025,373	4,059,373	3,923,256	136,117
Operating expenses	2,621,500	2,637,500	2,699,056	(61,556)
Total	6,646,873	6,696,873	6,622,312	74,561
Cemetery				
Personal services	87,376	87,376	86,529	847
Operating expenses	97,898	97,898	80,910	16,988
Total	185,274	185,274	167,439	17,835
Youth services				
Personal services	469,046	469,046	532,342	(63,296)
Operating expenses	194,274	194,274	189,747	4,527
Total	663,320	663,320	722,089	(58,769)
Culture				
Old Bank	101,579	101,579	89,331	12,248
Historic Preservation Commission	-	-	-	-
Total	101,579	101,579	89,331	12,248
Total public services	8,322,321	8,372,321	8,199,723	172,598

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, 2015

Page 5 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Intergovernmental assistance</i>				
Garage				
Personal services	343,649	343,649	248,607	95,042
Operating expenses	54,450	54,450	57,075	(2,625)
Total	398,099	398,099	305,682	92,417
Purchasing				
Personal services	149,955	156,455	162,680	(6,225)
Operating expenses	39,300	32,800	14,082	18,718
Total	189,255	189,255	176,762	12,493
Information services				
Personal services	736,955	736,955	706,257	30,698
Operating expenses	889,151	889,151	824,664	64,487
Total	1,626,106	1,626,106	1,530,921	95,185
Miscellaneous				
Workman's compensation	500,000	500,000	471,475	28,525
Insurance	407,100	407,100	329,586	77,514
Other	2,383,349	2,383,349	2,235,769	147,580
Total	3,290,449	3,290,449	3,036,830	253,619
Planning department				
Personal services	266,418	266,418	267,871	(1,453)
Operating expenses	82,100	82,100	30,266	51,834
Total	348,518	348,518	298,137	50,381
Safety				
Operating expenses	11,000	11,000	5,600	5,400
Total	11,000	11,000	5,600	5,400
<i>Total Intergovernmental assistance</i>	5,863,427	5,863,427	5,353,932	509,495

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, 2015

Page 6 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Service Contracts				
Wheeler Basin Regional Library Board	360,000	360,000	360,000	-
Morgan County Emergency Management Dist.	427,525	427,525	427,525	-
Decatur-Morgan County Emergency Mgt. Agency	23,450	23,450	23,450	-
Economic Development Association	64,900	64,900	64,900	-
Morgan County Health Department	120,560	120,560	120,560	-
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	8,000	8,000	8,000	-
Decatur-Morgan County Seniors' Council, Inc.	56,000	56,000	56,000	-
Decatur Convention and Visitors' Bureau	555,000	555,000	579,906	(24,906)
Chamber of Commerce:				
Community Business Development Board	25,000	25,000	25,000	-
Morgan County Rescue Squad	12,000	12,000	12,000	-
American Red Cross	4,075	4,075	-	4,075
Pryor Field Airport Authority	30,000	30,000	30,000	-
Volunteer Center	8,000	8,000	8,000	-
Carnegie Visual Arts	20,000	20,000	20,000	-
Free Health Clinic	59,280	59,280	59,280	-
Morgan County Child Advocacy Center	21,000	21,000	21,000	-
Downtown Redevelopment Authority	74,100	74,100	74,100	-
Decatur Youth Symphony	13,500	13,500	13,500	-
Princess Theatre	80,000	80,000	80,000	-
C/C One Vision, One Voice	40,000	40,000	40,000	-
Starting Strong Pre-K	50,000	50,000	50,000	-
Total Community Services Contract	2,218,198	2,218,198	2,239,029	(20,831)
Debt Service Expenditures				
Principal	2,602,047	2,602,047	2,612,126	(10,079)
Interest and fiscal charges	1,449,823	1,449,823	1,464,355	(14,532)
Total Debt Service Expenditures	4,051,870	4,051,870	4,076,481	(24,611)
TOTAL EXPENDITURES	54,321,237	54,430,860	52,788,580	1,642,280
Excess (deficiency) of revenues over expenditures	734,788	912,003	4,387,920	3,475,917

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, 2015

Page 7 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Operating transfers in	9,114	9,114	19,472	10,358
Operating transfers out	(719,465)	(719,465)	(729,937)	(10,472)
Total other financing sources (uses)	(710,351)	(710,351)	(710,465)	(114)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	24,437	201,652	3,677,455	3,475,803
Fund balance, beginning	23,185,346	23,185,346	23,185,346	-
Fund balance, ending	\$ 23,209,783	\$ 23,386,998	\$ 26,862,801	\$ 3,475,803

OTHER GOVERNMENTAL FUNDS

The City maintains these governmental funds that are considered non-major funds.

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

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

Community Development Special Revenue Fund - to account for majority of Federal and State grant activity of the City, the largest of which is related to the development of viable urban communities, including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Financing is provided by federal community development grants under Title I of the Housing and Community Development Act of 1974, as amended. Such grants provide for payment of the City's Community Development program costs and may be used only for that purpose.

Personnel Board Special Revenue Fund - to account for the activity of the specially appointed personnel board which carries out the human resource functions of the City.

Municipal Court Special Revenue Fund - to account for fines collected and dispersed each month to the State, City (General Fund), Corrections and Docket Fee Funds.

Correction Special Revenue Fund - to account for funds that may be used for construction, operation, or maintenance of municipal jail, juvenile center, or court complex, or other correctional facilities.

Docket Fees Special Revenue Fund - to account for docket fee funds which can be used by municipal court for training and equipment for a multitude of enhancements for the court system.

Drug Seizure Special Revenue Fund - to account for funds received from the sale of transferred property from illegal drug operations. Funds are to be used for police activities related to drug operations.

Room Occupancy Special Revenue Fund - to account for tax levies on rooms per night in the City and Police Jurisdiction limits which are restricted for use for tourism product development.

Crossings Warrant Debt Service Fund - to account for the accumulation of sales tax specified for debt related to the Crossings development and payment of debt.

Perpetual Care Permanent Fund - to account for the collection of cemetery revenues earmarked by local ordinance for the long-term care of the City-owned cemetery.

Sewer Capital Improvement Fund - to account for the construction of capital sewer improvements along Beltline Road for economic development and payment of related debt to service construction.

Capital Improvements Fund - to account for construction of various road projects and economic development projects which are financed from special allocations of intergovernmental revenue and shared projects with the State of Alabama.

2012 Capital Improvements Fund - to account for the cost of constructing road projects and economic development projects which are shared projects with the State of Alabama.

2015 Capital Improvements Fund - to account for the cost of constructing road projects and economic development projects which are financed by general obligation warrants.

CITY OF DECATUR
NON-MAJOR GOVERNMENTAL FUNDS (by fund type)
COMBINING BALANCE SHEET
September 30, 2015

	Special Revenue Funds											Capital Projects					Total Nonmajor Governmental Funds
	Debt Service Fund					Permanent Fund					Fund						
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Community Development	Personnel Board	Municipal Court	Heritage Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Crossings Warrant Fund	Paratral Care	Sewer Fund	Capital Improvements Fund	2012 Capital Improvements Fund	2015 Capital Improvements Fund	
ASSETS																	
Cash & investments, at cost	\$ 300,579	\$ 116,511	\$ 45,165	\$ 190,333	\$ 146,757	\$ 1,698,520	\$ 280,928	\$ 40,482	\$ 254,827	\$ 375,452	\$ 1,432,237	\$ 1,068,386	\$ 4,482,257	\$ -	\$ 219,321	\$ 603,638	\$ 11,621,723
Receivables (net of allowances)	-	-	352,368	-	49,408	-	23,683	7,868	-	-	-	-	-	-	-	-	483,327
Accounts	-	-	315,476	-	-	-	-	-	-	-	-	-	-	-	-	-	115,093
Notes	-	-	-	-	-	-	-	-	-	34,314	78,779	-	44,522	-	-	-	153,615
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,522
Due from governmental entities	29,408	29,390	248,655	-	-	-	-	-	-	-	-	-	-	-	-	-	662,942
Deposits	70,053	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70,053
Total assets	\$ 400,040	\$ 147,901	\$ 959,656	\$ 190,333	\$ 196,165	\$ 1,698,520	\$ 304,611	\$ 412,690	\$ 254,827	\$ 409,766	\$ 1,511,016	\$ 1,068,386	\$ 4,526,779	\$ -	\$ 219,321	\$ 603,638	\$ 13,309,198
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIABILITIES																	
Accounts payable	13,383	2,676	102,340	3,863	91,305	11,019	11,104	3,880	552	-	-	-	-	-	-	-	256,659
Accrued liabilities	-	-	2,297	15,402	19,653	-	1,686	1,076	-	-	-	-	-	-	-	-	40,114
Due to other funds	-	-	-	-	-	-	-	-	-	2,422,683	-	-	-	-	-	-	2,422,683
Due to other governmental entities	-	-	340,069	19,822	-	-	-	-	-	-	-	-	-	-	-	-	359,891
Customer deposits	-	-	-	-	82,969	-	-	-	-	-	-	-	-	-	-	-	82,969
Other	-	-	2,794	-	2,238	-	-	-	-	-	-	-	-	-	-	-	2,794
Total liabilities	13,383	2,676	447,500	39,087	196,165	11,019	12,790	4,956	552	2,422,683	-	-	527,544	-	-	333,453	4,011,898
DEFERRED INFLOWS OF RESOURCES	2,363	-	704,428	-	-	-	-	-	-	-	-	-	268,280	-	-	-	975,091
FUND BALANCES																	
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	384,274	145,225	78,441	-	-	1,687,501	291,821	407,794	254,275	-	-	1,068,386	-	-	-	-	1,068,386
Committed	-	-	14,114	151,246	-	-	-	-	-	(2,012,917)	1,511,016	-	4,526,779	(390,335)	219,321	270,185	3,228,705
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,288,409
Unassigned	-	-	(284,827)	-	-	-	-	-	-	-	-	-	-	-	-	-	(284,827)
Total fund balance (deficit)	384,274	145,225	(192,272)	151,246	-	1,687,501	291,821	407,794	254,275	(2,012,917)	1,511,016	1,068,386	4,526,779	(390,335)	219,321	270,185	8,322,239
Total liabilities, deferred inflows and fund balance	\$ 400,040	\$ 147,901	\$ 959,656	\$ 190,333	\$ 196,165	\$ 1,698,520	\$ 304,611	\$ 412,690	\$ 254,827	\$ 409,766	\$ 1,511,016	\$ 1,068,386	\$ 4,526,779	\$ 405,489	\$ 219,321	\$ 603,638	\$ 13,309,198

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, 2015

	Special Revenue Funds										Capital Projects Funds				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	Crossings Warrant Fund	Perpetual Care	Sewer Fund	2012 Capital Improvements Fund	
REVENUE															
Sales & use taxes	-	-	-	-	-	-	-	-	-	984,221	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	388,128	-	-	-	-	-	-
Fines & forfeitures	450	101	5	-	-	437,625	214,145	503	-	-	48,584	6,821	535	1,745	59,377
Revenues from money & property	220,753	317,280	2,010,276	-	-	473,008	-	48,354	-	-	-	667,063	-	-	3,736,734
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	24,049	-	-	24,049
Gifts & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	29,800	129	-	-	-	809	-	-	-	530,090	-	-	560,828
Total revenues	221,203	317,381	2,040,081	129	-	473,008	438,145	49,666	388,128	984,221	48,584	536,911	535	1,745	6,405,107
EXPENDITURES															
Current															
General government	-	-	-	-	-	-	229,779	205,159	-	-	-	-	-	5,000	439,938
Public safety	-	-	-	-	-	-	179,101	39,374	-	-	-	-	-	1,000,000	1,560,229
Public works	58,849	81,956	-	-	-	109,097	-	-	-	-	-	42,862	54,590	685,528	1,308,378
Public services	-	-	-	-	-	427,725	-	-	-	-	-	-	-	354,362	1,162,668
Community development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,311,183
Personnel board	-	-	-	620,764	-	-	-	-	-	-	-	-	-	-	620,764
Debt service	-	-	-	-	-	-	-	-	70,000	589,134	-	305,000	-	-	964,134
Principal	-	-	-	-	-	-	-	-	55,594	15,678	-	198,913	-	-	270,185
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	58,849	81,956	2,311,183	620,764	-	536,822	408,880	39,374	125,594	604,812	48,584	546,875	54,590	2,044,890	8,637,479
Excess (deficiency) of revenues over expenditures	162,354	235,425	(271,102)	(620,635)	-	(63,814)	29,265	8,886	10,292	262,534	379,409	(9,964)	(54,055)	(2,043,145)	(2,232,372)
OTHER FINANCING SOURCES (USES)															
Long-term debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500,000	2,500,000
Discount on debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	135,672	594,265	-	-	-	-	-	-	-	-	-	-	729,937
Transfers (out)	-	-	(11,772)	-	-	-	-	-	(10,108)	-	(2,084)	-	-	(186,670)	(210,634)
Total other financing sources (uses)	-	-	123,900	594,265	-	-	-	-	(10,108)	-	(2,084)	-	-	2,313,330	3,019,303
Net change in fund balance	162,354	235,425	(147,202)	(26,370)	-	(63,814)	29,265	8,886	10,292	252,426	379,409	(9,964)	(54,055)	270,185	786,931
Fund balance (deficit), beginning	221,920	(90,200)	(45,070)	177,616	-	1,751,315	262,556	398,748	(2,265,343)	1,131,607	1,021,886	4,536,743	273,376	-	7,535,308
Fund balance (deficit), ending	\$ 384,274	\$ 145,225	\$ (192,272)	\$ 151,246	\$ -	\$ 1,687,501	\$ 291,821	\$ 407,734	\$ 254,275	\$ (2,012,917)	\$ 1,511,016	\$ 1,068,386	\$ 4,526,779	\$ 270,185	\$ 8,322,239

**CITY OF DECATUR
7 CENT GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 202,336	\$ 202,336	\$ 220,753	\$ 18,417
Revenues from money and property	500	500	450	(50)
Total revenues	<u>202,836</u>	<u>202,836</u>	<u>221,203</u>	<u>18,367</u>
Expenditures				
Operating expenses	<u>167,848</u>	<u>167,848</u>	<u>58,849</u>	<u>108,999</u>
Total expenditures	<u>167,848</u>	<u>167,848</u>	<u>58,849</u>	<u>108,999</u>
Excess (deficiency) of revenues over expenditures	<u>34,988</u>	<u>34,988</u>	<u>162,354</u>	<u>127,366</u>
Net change in fund balance	<u>34,988</u>	<u>34,988</u>	<u>162,354</u>	<u>127,366</u>
Fund balance, beginning	<u>221,920</u>	<u>221,920</u>	<u>221,920</u>	<u>-</u>
Fund balance, ending	<u>\$ 256,908</u>	<u>\$ 256,908</u>	<u>\$ 384,274</u>	<u>127,366</u>

**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, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 307,000	\$ 307,000	\$ 317,280	\$ 10,280
Revenues from money and property	1,000	1,000	101	(899)
Total revenues	<u>308,000</u>	<u>308,000</u>	<u>317,381</u>	<u>9,381</u>
Expenditures				
Operating expenses	<u>1,396,000</u>	<u>1,396,000</u>	<u>81,956</u>	<u>1,314,044</u>
Total expenditures	<u>1,396,000</u>	<u>1,396,000</u>	<u>81,956</u>	<u>1,314,044</u>
Excess (deficiency) of revenues over expenditures	<u>(1,088,000)</u>	<u>(1,088,000)</u>	<u>235,425</u>	<u>1,323,425</u>
Net change in fund balance	<u>(1,088,000)</u>	<u>(1,088,000)</u>	<u>235,425</u>	<u>1,323,425</u>
Fund balance, beginning	<u>(90,200)</u>	<u>(90,200)</u>	<u>(90,200)</u>	<u>-</u>
Fund balance, ending	<u>\$ (1,178,200)</u>	<u>\$ (1,178,200)</u>	<u>\$ 145,225</u>	<u>\$ 1,323,425</u>

**CITY OF DECATUR
PERSONNEL BOARD FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ -	\$ -	\$ 129	\$ 129
Total revenues	-	-	129	129
Expenditures				
Personnel services	495,365	495,368	489,546	5,822
Operating expenses	182,900	182,897	131,218	51,679
Total expenditures	678,265	678,265	620,764	57,501
Excess (deficiency) of revenues over expenditures	(678,265)	(678,265)	(620,635)	57,630
Other financing sources				
Operating transfers in	594,265	594,265	594,265	-
Total other financing sources (uses)	594,265	594,265	594,265	-
Net change in fund balance	(84,000)	(84,000)	(26,370)	57,630
Fund balance, beginning	177,616	177,616	177,616	-
Fund balance, ending	\$ 93,616	\$ 93,616	\$ 151,246	\$ 57,630

**CITY OF DECATUR
HERITAGE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 473,007	\$ 473,007	\$ 473,008	\$ 1
Total revenues	473,007	473,007	473,008	1
Expenditures				
Capital outlay	713,891	713,891	536,822	177,069
Total expenditures	713,891	713,891	536,822	177,069
Excess (deficiency) of revenues over expenditures	(240,884)	(240,884)	(63,814)	177,070
Net change in fund balance	(240,884)	(240,884)	(63,814)	177,070
Fund balance, beginning	1,751,315	1,751,315	1,751,315	-
Fund balance, ending	\$ 1,510,431	\$ 1,510,431	\$ 1,687,501	\$ 177,070

**CITY OF DECATUR
CORRECTIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$ 383,700	\$ 383,700	\$ 437,625	\$ 53,925
Revenues from money and property	500	500	520	20
Total revenues	<u>384,200</u>	<u>384,200</u>	<u>438,145</u>	<u>53,945</u>
Expenditures				
Personnel services	222,018	222,018	229,779	(7,761)
Operating expenses	255,400	255,400	179,101	76,299
Total expenditures	<u>477,418</u>	<u>477,418</u>	<u>408,880</u>	<u>68,538</u>
Excess (deficiency) of revenues over expenditures	<u>(93,218)</u>	<u>(93,218)</u>	<u>29,265</u>	<u>122,483</u>
Net change in fund balance	<u>(93,218)</u>	<u>(93,218)</u>	<u>29,265</u>	<u>122,483</u>
Fund balance, beginning	262,556	262,556	262,556	-
Fund balance, ending	<u>\$ 169,338</u>	<u>\$ 169,338</u>	<u>\$ 291,821</u>	<u>\$ 122,483</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, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$ 194,700	\$ 194,700	\$ 214,145	\$ 19,445
Total revenues	194,700	194,700	214,145	19,445
Expenditures				
Personnel services	119,089	121,089	131,903	(10,814)
Operating expenses	133,800	131,800	73,256	58,544
Total expenditures	252,889	252,889	205,159	47,730
Net change in fund balance	(58,189)	(58,189)	8,986	67,175
Fund balance, beginning	398,748	398,748	398,748	-
Fund balance, ending	<u>\$ 340,559</u>	<u>\$ 340,559</u>	<u>\$ 407,734</u>	<u>\$ 67,175</u>

**CITY OF DECATUR
DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 48,354	\$ 8,354
Revenues from money and property	750	750	503	(247)
Other	-	-	809	809
Total revenues	40,750	40,750	49,666	8,916
Expenditures				
Operating expenses	123,500	123,500	35,040	88,460
Capital outlay	25,000	25,000	4,334	20,666
Total expenditures	148,500	148,500	39,374	109,126
Excess (deficiency) of revenues over expenditures	(107,750)	(107,750)	10,292	118,042
Other financing sources (uses)				
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(107,750)	(107,750)	10,292	118,042
Fund balance, beginning	243,983	243,983	243,983	-
Fund balance, ending	\$ 136,233	\$ 136,233	\$ 254,275	\$ 118,042

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, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and Payments in lieu of taxes	\$ 410,000	\$ 410,000	\$ 388,128	\$ (21,872)
Total revenues	410,000	410,000	388,128	(21,872)
Expenditures				
Debt service				
Principal	70,000	70,000	70,000	-
Interest	55,594	55,594	55,594	-
Total expenditures	125,594	125,594	125,594	-
Excess (deficiency) of revenues over expenditures	284,406	284,406	262,534	(21,872)
Other financing sources				
Operating transfers (out)	(10,109)	(10,109)	(10,108)	1
Total other financing sources	(10,109)	(10,109)	(10,108)	1
Net change in fund balance	274,297	274,297	252,426	(21,871)
Fund balance, beginning	(2,265,343)	(2,265,343)	(2,265,343)	-
Fund balance, ending	<u>\$ (1,991,046)</u>	<u>\$ (1,991,046)</u>	<u>\$(2,012,917)</u>	<u>\$ (21,871)</u>

**CITY OF DECATUR
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2015**

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
ASSETS			
Current assets			
Cash & investments, at cost	\$ 675,274	\$ 19,712,737	\$20,388,011
Receivables (net of allowance)			
Accounts	54,580	520,841	575,421
Due from other funds	-	1,076,748	1,076,748
Due from governmental entities	-	116,806	116,806
Inventories, at cost	54,249	7,725	61,974
Total current assets	784,103	21,434,857	22,218,960
Noncurrent assets			
Capital assets:			
Land	254,931	1,241,799	1,496,730
Buildings	7,322,728	2,365,396	9,688,124
Improvements other than buildings	9,940,434	11,182,435	21,122,869
Furniture & equipment	1,215,900	7,425,806	8,641,706
Construction work in progress	-	-	-
Less accumulated depreciation	(11,680,993)	(13,593,481)	(25,274,474)
Total capital assets (net of accumulated depreciation)	7,053,000	8,621,955	15,674,955
Total noncurrent assets	7,053,000	8,621,955	15,674,955
Total assets	7,837,103	30,056,812	37,893,915
DEFERRED OUTFLOWS OF RESOURCES	50,159	113,977	164,136
LIABILITIES			
Current liabilities			
Accounts payable	268,158	188,082	456,240
Accrued liabilities	14,802	29,297	44,099
Compensated absences	3,279	12,681	15,960
Claims payable	-	50,000	50,000
Total current liabilities	286,239	280,060	566,299
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	4,388,543	4,388,543
Compensated absences	29,511	114,131	143,642
Claims payable	-	50,000	50,000
Net pension liability	595,442	1,244,531	1,839,973
Net other postemployment benefit obligation	887,871	411,630	1,299,501
Total noncurrent liabilities	1,512,824	6,208,835	7,721,659
Total liabilities	1,799,063	6,488,895	8,287,958
DEFERRED INFLOWS OF RESOURCES	37,722	78,843	116,565
NET POSITION			
Invested in capital assets, net of related debt	7,053,000	8,621,955	15,674,955
Unrestricted	(1,002,523)	14,981,096	13,978,573
Total net position	\$ 6,050,477	\$ 23,603,051	\$ 29,653,528

**CITY OF DECATUR
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2015**

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
Operating revenue			
Charges for services	\$ -	\$ 6,094,943	\$ 6,094,943
Premiums & fees	5,154,135	-	5,154,135
	-	18,757	18,757
Total operating revenue	5,154,135	6,113,700	11,267,835
Operating expenses			
Personnel, operations & maintenance	4,177,175	3,418,020	7,595,195
Closure and postclosure costs	-	283,146	283,146
Depreciation and amortization	726,466	1,203,827	1,930,293
Administrative costs	710,677	674,548	1,385,225
Total operating expenses	5,614,318	5,579,541	11,193,859
Operating income (loss)	(460,183)	534,159	73,976
Nonoperating revenue (expenses)			
Interest income	-	37,278	37,278
Intergovernmental grant income	-	116,806	116,806
Gain on disposition of assets	700	-	700
Total nonoperating revenue	700	154,084	154,784
Income (loss) before contributions, transfers & special items	(459,483)	688,243	228,760
Transfers in	186,670	4,492	191,162
Transfers (out)	(766,432)	(355,330)	(1,121,762)
Change in net position	(1,039,245)	337,405	(701,840)
Total net position, beginning	7,671,905	24,482,464	32,154,369
Restatement of net position - GASB Statement Nos. 68 and 71	(582,183)	(1,216,818)	(1,799,001)
Total net position, ending	\$ 6,050,477	\$ 23,603,051	\$ 29,653,528

**CITY OF DECATUR
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2015**

	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
Operating activities			
Receipts from customers and users	\$ 5,101,373	\$ 6,283,700	\$ 11,385,073
Other operating cash receipts	2,100	18,757	20,857
Receipts from interfund services provided	-	-	-
Payments to suppliers	(798,197)	(3,322,872)	(4,121,069)
Payments to employees	(3,918,054)	(697,882)	(4,615,936)
Payments for legal settlement	-	-	-
Payments for interfund services	-	-	-
Non-operating cash receipts	-	-	-
Net cash provided (used) by operating activities	387,222	2,281,703	2,668,925
Noncapital financing activities			
Advances to other funds	-	105,444	105,444
Operating transfers in	186,670	4,492	191,162
Operating transfers (out)	-	-	-
Net cash provided (used) by noncapital financing activities	186,670	109,936	296,606
Capital and related financing activities			
Acquisition and construction of capital assets	(241,420)	(91,424)	(332,844)
Proceeds from sale of capital assets	700	-	700
Intergovernmental grants	-	-	-
Net cash used by capital and related financing activities	(240,720)	(91,424)	(332,144)
Investing activities			
Purchase of investments	-	-	-
Interest received	-	37,278	37,278
Net cash provided by investing activities	-	37,278	37,278
Net increase in cash and cash equivalents	333,172	2,337,493	2,670,665
Cash and cash equivalents, beginning	342,102	17,375,244	17,717,346
Cash and cash equivalents, ending	\$ 675,274	\$ 19,712,737	\$ 20,388,011
Operating income (loss)	\$ (460,183)	\$ 534,159	\$ 73,976
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	726,466	1,203,827	1,930,293
Landfill postclosure costs	-	283,146	283,146
Miscellaneous items	-	-	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	(50,662)	188,757	138,095
Accounts payable	45,095	(37,547)	7,548
Contract retainages	-	(5,341)	(5,341)
Claims payable	-	100,000	100,000
Inventory	5,434	-	5,434
Accrued liabilities	(1,189)	(34,176)	(35,365)
Net pension liability	822	(7,422)	(6,600)
Net OPEB obligation	121,439	56,300	177,739
Net cash provided (used) by operating activities	\$ 387,222	\$ 2,281,703	\$ 2,668,925
Supplemental information			
Noncash activities			
Acquisition of capital assets through contributions from other funds	\$ -	\$ -	\$ -
Borrowing under capital lease	\$0	\$0	\$0

SINGLE AUDIT SECTION



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Decatur, Alabama's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Huntsville, Alabama
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Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above.

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

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

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

The purpose of this report on internal control is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Beason : Held, Inc." The signature is written in black ink and is positioned above the printed name.

Huntsville, Alabama

June 30, 2016



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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama (“the City”) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 30, 2016. Our report includes reference to other auditors who audited the financial statements of the City of Decatur’s Board of Education (“Board of Education”), which is a component unit of the City, and the Municipal Utilities Board Enterprise Fund (“Utilities Board”), and enterprise fund, as described in our report on the City’s financial statements. This report includes our consideration of the results of other auditors’ testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Huntsville, Alabama

June 30, 2016

City of Decatur, Alabama
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2015

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or Pass-Through Grantor's Number	Grant Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grant	14.218	B-10-MC-O1-0011	1,225
		B-12-MC-O1-0011	22,630
		B-13-MC-O1-0011	30,568
		B-14-MC-O1-0011	209,206
		B-15-MC-O1-0011	66,384
			330,013
<u>U.S. Department of Justice</u>			
Direct Programs:			
2014 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DX-BX-0216	21,459
2013 Bulletproof Vest Partnership	16.707	2013BUBX13065770	3,160
			24,619
<u>U.S. Department of Transportation</u>			
Passed Through North Alabama Highway Safety Office:			
State and Highway Community Safety (402 Step GHSP)	20.600	15-SP-PT-001	8,607
State and Highway Community Safety (Alcohol Impaired Driving Countermeasures Incentive Grants I)	20.601	15-HS-M5-001	2,595
			11,202
Passed Through Alabama Department of Transportation:			
Highway Planning and Construction - Bank Street Streetscapes	20.205	STPTE-TE10	210,366
Metropolitan Planning Organization	20.205	PLM45M 100062936	136,753
Highway Planning and Construction - Vine Street Depot	20.205	STPTE-TE09(989)	720,000
Highway Planning and Construction - Highway 31 Causeway	20.205	STPTE-TE10(904)	80,219
			1,147,338

City of Decatur, Alabama
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2015

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or Pass-Through Grantor's Number	Grant Expenditures
<u>U.S. Department of Interior National Park Service</u>			
Passed Through ADECA:			
US Geological Survey – Research and Data			
Collection	15.916	12 LW 975	6,000
			6,000
<u>Executive Office of the President</u>			
Passed Through Gulf Coast HIDTA:			
ONDCP Gulf Coast HIDTA Grant			
	95.001	G12GC0002A	16,140
			16,140
<u>U.S. Environmental Protection Agency Office of Solid Waste and Emergency Response</u>			
Direct Program:			
ARRA-Brownfields Assessment and Cleanup Cooperative			
	66.818	95497812	142,444
			142,444
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Port Security Grant Program			
	97.056	EMW-2014-PU- 00106-S01	178,514
			178,514
Total Federal Awards			\$ 1,856,270

City of Decatur, Alabama
Notes to Schedule of Expenditures of Federal Awards
For the year ended September 30, 2015

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation

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

Note 2 - Entity Definition

For the purposes of this schedule, the entity is defined as the City of Decatur; therefore, this schedule does not include the grant activities of the City of Decatur's Board of Education ("Board of Education), a component unit of the City described in the notes to the general-purpose financial statements. This entity is subject to and has undergone a separate single audit as needed to comply with OMB Circular A-133.

City of Decatur, Alabama
Schedule of Findings and Questioned Costs
For the year ended September 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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

Noncompliance material to financial statements
noted? _____yes no

Federal Awards

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218 20.205	Community Development Block Grant Highway Planning and Construction – Bank Street Streetscapes Decatur Metropolitan Planning Organization Highway Planning and Construction – Vine Street Depot Highway Planning and Construction – Highway 31 Causeway
97.056 66.818	Port Security Grant Program ARRA-Brownfields Assessment and Cleanup Cooperative

Dollar threshold used to distinguish
between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? _____ Yes No

City of Decatur, Alabama
Schedule of Findings and Questioned Costs - Continued
For the year ended September 30, 2015

Section II - Financial Statement Findings

None noted.

City of Decatur, Alabama
Schedule of Findings and Questioned Costs - Continued
For the year ended September 30, 2015

Section III - Federal Award Findings and Questioned Costs
None noted.

City of Decatur, Alabama
Summary Schedule of Prior Year Audit Findings
For the year ended September 30, 2015

Financial Statement Findings

None noted.

City of Decatur, Alabama
Summary Schedule of Prior Year Audit Findings - Continued
For the year ended September 30, 2015

None noted.

**STATISTICAL SECTION
(Unaudited)**

Statistical Section

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

Contents

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

Source:

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

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Invested in capital assets, net of related debt	\$ 29,561,806	\$ 30,447,007	\$ 33,080,019	\$ 33,975,719	\$ 35,365,812	\$ 32,000,473	\$ 33,454,568	\$ 26,700,022	\$ 19,978,084	\$ 24,122,151
Restricted	4,318,971	3,885,349	3,145,307	5,659,061	2,382,802	2,325,232	3,401,527	4,459,535	5,417,757	(2,385,360)
Unrestricted	(35,016,581)	(2,825,187)	(2,232,953)	(2,153,233)	2,372,206	9,250,203	11,924,579	18,838,999	24,266,429	24,343,072
Total governmental activities net assets	(1,135,804)	31,507,169	33,992,373	37,481,547	40,120,820	43,575,908	48,780,674	49,998,556	49,662,270	46,079,863
Business-type activities										
Invested in capital assets, net of related debt	196,229,259	123,170,516	141,972,809	187,342,637	174,056,977	164,005,708	173,451,387	167,520,564	165,133,023	163,020,598
Restricted	40,071,044	47,773,019	58,288,930	8,838,606	5,667,314	16,836,846	5,059,388	5,185,299	5,050,864	4,980,645
Unrestricted	5,683,704	82,333,175	47,187,185	44,934,480	41,638,502	35,277,505	33,731,687	37,692,763	37,098,632	33,733,133
Total business-type activities net assets	241,984,007	253,276,710	247,448,924	241,115,723	221,362,793	216,120,059	212,242,462	210,398,626	207,282,519	201,734,376
Primary government										
Invested in capital assets, net of related debt	225,791,065	153,617,523	175,052,828	221,318,356	209,422,789	196,006,181	206,905,955	194,220,586	185,111,107	187,142,749
Restricted	44,390,015	51,658,368	61,434,237	14,497,667	8,050,116	19,162,078	8,460,915	9,644,834	10,468,621	2,595,285
Unrestricted	(29,332,877)	79,507,988	44,954,232	42,781,247	44,010,708	44,527,708	45,656,266	56,531,762	61,365,061	58,076,205
Total primary government net assets	\$ 240,848,203	\$ 284,783,879	\$ 281,441,297	\$ 278,597,270	\$ 261,483,613	\$ 259,695,967	\$ 261,023,136	\$ 260,397,182	\$ 256,944,789	\$ 247,814,239

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

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General Government	\$ 5,193,908	\$ 4,878,951	\$ 4,954,798	\$ 5,044,332	\$ 5,010,588	\$ 5,005,446	\$ 5,175,066	\$ 4,421,245	\$ 4,499,566	\$ 9,639,735
Public safety	23,949,879	22,981,334	22,958,877	21,943,955	21,414,691	21,236,517	21,631,775	20,949,207	19,883,381	18,468,401
Public works	8,129,042	10,452,310	8,129,190	7,609,409	8,522,763	7,619,663	7,913,537	9,238,083	7,428,328	7,066,626
Public services	9,805,856	8,795,026	10,164,983	10,437,085	9,555,143	10,198,141	10,273,746	11,436,422	9,939,516	9,425,623
Intergovernmental assistance	29,195,207	29,312,427	27,710,626	25,839,587	25,313,985	24,544,626	22,613,644	19,601,360	18,271,003	18,146,194
Community service contracts	2,239,029	2,349,354	2,401,418	2,739,907	3,083,825	3,062,672	2,831,805	2,973,892	2,840,387	2,555,873
Community development	728,314	1,841,519	1,026,452	1,750,619	1,734,467	1,099,361	1,449,526	1,315,544	1,647,028	1,633,891
Personnel board	620,764	580,781	573,625	594,999	534,424	559,696	525,530	537,308	540,514	498,392
Interest on long-term debt	1,774,419	1,837,110	1,910,582	2,147,487	2,342,822	2,581,851	2,675,197	3,227,317	3,411,694	2,680,090
Unallocated depreciation	2,366,814	2,449,953	2,507,112	2,575,465	2,735,488	2,906,451	2,994,155	3,114,842	3,294,946	3,395,762
Total governmental activities expense	84,003,232	85,478,765	82,337,663	80,682,845	80,248,196	78,814,424	78,083,981	76,815,220	71,756,363	73,510,587
Business-type activities:										
Municipal Utilities Board	134,707,491	141,507,769	134,132,114	132,446,082	138,399,838	134,497,905	143,021,311	146,138,993	133,900,304	134,770,313
Point Mallard	5,614,318	5,382,914	5,311,189	4,674,328	4,317,541	4,231,449	4,252,309	4,731,723	4,031,207	3,652,042
Sanitary Landfill	5,579,541	5,593,042	5,582,815	5,600,555	5,114,326	3,961,936	3,509,975	3,561,336	3,319,933	3,177,301
Total business-type activities expenses	145,901,350	152,483,725	145,026,118	142,720,965	147,831,705	142,691,290	150,783,595	154,432,052	141,251,444	141,599,656
Total primary government expenses	229,904,582	237,962,490	227,363,781	223,403,810	228,079,901	221,505,714	228,867,576	231,247,272	213,007,807	215,110,243
Program Revenues										
Governmental activities:										
Charges for services:										
General government	6,642,236	6,546,578	6,118,428	6,356,657	5,713,461	5,130,679	6,064,711	5,723,572	3,197,582	5,012,310
Public safety	2,245,642	2,213,545	2,279,815	2,544,045	2,392,923	2,538,534	2,625,851	2,669,455	2,411,482	2,247,078
Public works	3,920,619	3,358,806	3,295,403	3,221,422	3,126,217	3,026,586	2,718,167	2,793,431	2,667,469	2,248,765
Public services	703,562	714,905	777,107	683,828	532,171	569,653	563,471	605,347	509,251	569,054
Intergovernmental assistance	-	264,600	288,963	217,231	96,792	97,363	199,744	208,539	907,140	885,765
Community Development	7,716	15,068	-	-	-	-	-	-	-	-
Operating grants and contributions	1,322,425	2,837,884	1,571,696	1,603,384	2,041,789	1,208,121	1,413,881	986,048	1,264,494	1,162,794
Capital grants and contributions	2,205,732	1,060,037	1,413,023	2,529,386	529,706	992,144	3,671,862	643,104	875,826	2,456,521
Total governmental activities program revenues	17,047,932	17,011,423	15,744,435	17,155,953	14,433,059	13,563,080	17,257,687	13,629,496	11,833,244	14,582,287
Business-type activities										
Charges for services:										
Municipal Utilities Board	141,001,444	146,862,667	138,618,004	139,093,646	141,928,757	135,751,956	141,266,120	145,442,999	136,260,625	136,117,615
Point Mallard	5,154,135	4,760,368	4,658,432	4,106,134	3,632,355	3,756,443	3,560,994	3,708,573	3,231,385	2,838,530
Sanitary Landfill	6,094,943	5,926,274	5,853,244	6,178,169	5,858,038	5,481,697	5,089,116	5,127,222	4,920,629	4,166,182
Operating grants and contributions	-	405,913	740,348	985,813	414,573	1,058,497	1,954,787	952,638	1,577,854	1,663,669
Capital grants and contributions	153,456,324	157,955,222	149,870,028	150,363,762	151,833,723	146,048,593	151,881,017	155,231,432	145,990,493	144,785,996
Total business-type activities program revenues	170,504,256	174,966,645	165,614,463	167,519,715	166,266,782	159,611,673	169,138,704	168,860,928	157,823,737	159,368,283
Net (Expense)/Revenue										
Governmental activities	(66,955,300)	(68,467,342)	(66,593,228)	(63,526,892)	(65,815,137)	(65,251,344)	(60,826,294)	(63,185,724)	(59,923,119)	(68,928,300)
Business-type activities	7,554,974	5,471,497	4,843,910	7,642,797	4,002,018	3,357,303	1,097,422	799,380	4,739,049	3,186,340
Total primary government net expense	(59,400,326)	(62,995,845)	(61,749,318)	(55,884,095)	(61,813,119)	(61,894,041)	(59,728,872)	(62,386,344)	(55,184,070)	(65,741,960)

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

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Sales & use taxes	37,490,197	36,975,155	36,227,828	35,761,817	34,578,700	33,346,132	32,326,864	36,339,971	35,529,035	34,171,298
Property taxes	19,300,964	19,453,927	18,203,180	18,203,215	18,339,161	18,293,847	17,890,492	16,954,012	16,596,910	14,124,454
Alcoholic beverage taxes	1,768,182	1,750,197	1,785,189	1,815,900	1,889,725	2,058,897	2,079,989	2,178,344	2,096,980	1,959,620
Gasoline taxes	762,676	762,635	841,873	849,450	826,571	817,274	854,729	866,383	908,017	881,061
Automobile taxes	1,393,212	1,385,352	1,397,678	1,335,785	1,258,968	1,256,066	1,316,502	1,386,524	1,422,446	1,345,890
Lodging taxes	1,290,241	1,298,503	1,494,547	1,564,045	1,469,788	1,210,713	1,219,763	1,480,525	1,270,831	1,139,526
Rental taxes	1,075,881	1,061,858	1,016,323	1,121,628	1,085,585	1,062,431	1,433,785	1,393,968	1,237,542	1,099,616
Other taxes	2,603,581	2,433,363	2,473,382	2,315,731	2,082,928	1,947,147	2,188,989	2,032,363	2,319,190	2,502,758
Interest on investments	75,454	99,328	134,835	125,155	220,673	272,408	382,714	1,035,330	1,930,389	1,416,270
Other	953,234	766,711	748,981	905,614	930,989	42,752	270,146	375,869	618,759	278,875
Transfers	930,600	(4,891)	(1,219,764)	(3,091,348)	(332,725)	(261,069)	(355,561)	(521,279)	(424,573)	(640,061)
Total governmental activities	67,644,222	65,982,138	63,104,052	60,906,992	62,350,363	60,046,578	59,608,412	63,522,010	63,505,526	58,279,307
Business-type activities:										
Interest on investments	173,935	212,843	208,518	221,019	229,545	259,204	390,853	1,795,448	2,579,834	1,995,733
Forgiveness of Long-term debt				8,797,766						
Other	46,454	138,555	61,011							
Transfers	(930,600)	4,891	1,219,764	3,091,348	332,725	261,069	355,561	521,279	493,633	640,061
Total business-type activities	(710,211)	356,289	1,489,293	12,110,133	562,270	520,293	746,414	2,316,727	3,073,467	2,635,794
Total primary government	66,934,011	66,338,427	64,593,345	73,017,125	62,912,633	60,566,871	60,354,826	65,838,737	66,578,993	60,915,101
Change in Net Position										
Governmental activities	688,922	(2,485,204)	(3,489,176)	(2,619,900)	(3,464,774)	(5,204,766)	(1,217,882)	336,286	3,582,407	(648,993)
Business-type activities	6,844,763	5,827,786	6,333,203	19,752,930	4,564,288	3,877,596	1,843,836	3,116,107	7,812,516	5,822,134
Total primary government	\$ 7,533,685	\$ 3,342,582	\$ 2,844,027	\$ 17,133,030	\$ 1,099,514	\$ (1,327,170)	\$ 625,954	\$ 3,452,393	\$ 11,394,923	\$ 5,173,141

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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Nonspendable	\$ 21,299	\$ 21,549	\$ 13,545	\$ 33,486	\$ 24,092	\$ 589,640	\$ 623,643	\$ 620,606	\$ 56,368	\$ 20,298
Restricted	1,312	1,311	0	0	0	19,591,466	20,507,843	23,136,284	23,219,368	20,873,265
Committed	17,809,129	17,009,274	10,871,653	14,444,242	16,427,815					
Assigned	-	-	751,791	653,402	778,556					
Unassigned	9,031,061	6,153,212	9,365,011	4,929,105	3,707,793					
Total general fund	26,862,801	23,185,346	21,002,000	20,060,235	20,938,256	20,181,106	21,131,486	23,756,890	23,275,726	20,893,563
All Other Governmental Funds										
Nonspendable	1,068,386	1,021,886	985,086	940,236	886,196	2,025,447	1,451,421	2,493,068	2,474,867	3,222,378
Restricted	3,249,271	2,862,151	827,177	2,089,301	66,004					
Committed	4,289,409	4,283,113	7,369,361	10,340,213	2,368,053					
Assigned	-	-	-	1,090,523	6,186,691	2,905,305	3,610,185	2,590,092	4,187,649	-
Unassigned	(284,827)	(631,842)	(531,029)	(3,226,317)	(591,464)	1,484,186	2,601,381	3,278,650	3,006,657	1,430,568
Total all other governmental funds	\$ 8,322,239	\$ 7,535,308	\$ 8,650,595	\$ 11,233,956	\$ 8,915,480	\$ 6,414,938	\$ 7,662,987	\$ 8,361,810	\$ 14,241,493	\$ 1,442,489

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										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues											
Sales & use taxes	\$ 37,490,198	\$ 36,975,156	\$ 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
Property taxes	12,804,007	12,449,851	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
Other taxes	8,439,412	8,194,022	8,481,566	8,511,059	8,179,629	8,004,948	8,506,615	8,939,531	8,527,677	7,979,983	7,846,184
Licenses & permits	6,874,042	6,332,105	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
Fines & forfeitures	1,277,650	1,483,398	1,294,427	1,158,209	1,397,745	1,566,624	1,653,106	1,537,289	1,164,807	1,209,951	1,353,878
Revenues from money & property	278,241	295,724	331,552	335,715	437,777	461,205	547,055	1,224,431	2,047,717	1,638,407	997,734
Charges for services	5,350,291	4,791,185	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
Intergovernmental	10,236,944	11,472,765	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
Gifts & donations	155,629	108,180	79,115	190,764	7,600	50,500	81,383	171,487	250,030	10,000	928,267
Other revenues	825,963	640,298	762,753	772,327	940,355	44,972	155,030	219,020	466,313	489,283	-
Total revenues	83,732,377	82,742,684	80,020,235	80,207,896	77,288,175	73,572,756	74,098,851	77,656,136	78,270,550	71,795,242	68,118,391
Expenditures											
General Government	4,511,312	4,456,127	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
Public safety	23,406,958	22,038,762	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
Public works	8,326,936	11,542,923	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
Public services	9,362,391	8,948,313	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
Intergovernmental assistance	25,487,456	24,699,081	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
Community service contracts	2,239,029	2,349,354	2,401,419	2,739,907	3,083,825	3,062,672	2,831,805	2,973,892	2,780,387	2,555,873	2,425,783
Community development	2,311,163	1,841,519	1,465,521	3,399,597	1,734,467	1,089,361	1,635,289	1,315,546	1,647,028	2,028,470	1,503,289
Personnel board	620,764	580,781	573,625	594,999	534,424	559,696	525,530	537,308	540,514	498,392	530,389
Debt Service: Principal	3,576,260	3,469,657	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
Interest and fiscal charges	1,734,540	1,797,817	1,866,179	2,194,321	2,289,325	2,387,670	2,983,520	3,233,231	3,063,770	2,653,381	2,839,686
Debt issuance costs	-	-	-	157,790	124,206	-	482,284	1,310	271,303	79,613	-
Capital projects construction and outlay	-	-	-	-	-	-	-	319,116	197,031	-	4,257,550
Total expenditures	81,576,829	81,724,334	80,442,069	83,097,562	80,243,908	76,085,013	78,367,541	82,533,376	78,810,751	79,205,331	70,467,823
Excess (deficiency) of revenues over expenditures	2,155,548	1,018,350	(421,834)	(2,889,666)	(2,955,733)	(2,512,257)	(4,268,690)	(4,877,240)	(640,201)	(7,410,089)	(2,349,432)
Other Financing Sources (Uses)											
Long-term debt issued	2,500,000	-	-	23,101,500	6,500,000	-	21,945,000	-	16,215,000	5,280,000	-
Premium on debt issue	-	-	-	261,492	46,149	-	325,960	-	-	-	-
Discount on debt issue	-	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	54,600	-	-	-	574,929	614,474	-	-	-	-
Payment to escrow agent	-	-	-	(15,941,523)	-	-	(21,585,422)	-	-	-	-
Transfers in	749,409	849,219	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
Transfers (out)	(940,571)	(854,110)	(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)
Total other financing sources (uses)	2,308,838	49,709	(1,219,764)	4,330,121	6,213,424	313,840	944,451	(521,279)	15,721,368	4,639,939	(291,130)
Net change in fund balance	\$ 4,464,386	\$ 1,068,059	\$ (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)
Debt service as a percentage of noncapital expenditures	6.8%	6.7%	6.7%	8.1%	11.5%	9.6%	9.6%	12.1%	12.9%	11.4%	13.9%

** 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
2006	174,695,180	444,945,640	11,698,340	69,509,840	561,830,320	18.6 Mills	3,566,407,567	15.75%
2007	183,386,980	468,889,460	9,371,980	187,962,620	473,685,800	18.6 Mills	3,184,231,733	14.88%
2008	195,464,700	493,699,740	9,130,580	173,096,040	525,198,980	18.6 Mills	3,492,218,167	15.04%
2009	200,069,940	534,383,300	8,777,200	207,876,920	535,353,520	18.6 Mills	3,564,183,133	15.02%
2010	201,477,560	561,757,560	9,239,000	209,795,900	562,678,220	18.6 Mills	3,696,595,567	15.22%
2011	203,965,920	548,823,220	9,374,540	220,558,700	541,604,980	18.6 Mills	3,586,547,067	15.10%
2012	201,541,160	555,002,400	9,316,980	204,461,620	561,398,920	18.6 Mills	3,676,450,300	15.27%
2013	200,898,580	605,860,720	9,258,020	190,522,460	625,494,860	18.6 Mills	3,991,799,167	15.67%
2014	199,699,520	627,784,140	9,382,520	210,588,960	626,277,220	18.6 Mills	3,981,836,067	15.73%
2015	198,796,920	645,795,960	9,039,260	230,243,280	623,388,860	18.6 Mills	3,961,013,167	15.74%

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)

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
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
2014	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2015	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills

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	2006			2007			2008			2009			2010		
	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	\$ -			\$ 83,485,960	1	17.62%	\$ -			\$ -			\$ -		
Bunge Corporation	10,525,220	2	2.35%	11,061,040	2	2.34%	8,702,100	3	1.66%	10,263,540	3	1.92%	10,583,820	3	1.88%
BellSouth	8,633,700	4	1.93%	8,642,900	5	1.82%	8,469,400	4	1.62%	9,442,740	4	1.76%	7,337,600	4	1.30%
Hexel Corporation	4,350,360	9	0.97%	9,923,320	3	2.09%	13,997,040	2	2.67%	22,905,500	2	4.28%	35,580,040	2	6.32%
Goodyear Tire & Rubber	4,632,580	8	1.04%	*			*			*			*		
General Electric Appliances	4,864,380	7	1.09%	4,603,620	8	0.97%	4,242,200	7	0.81%	4,543,620	7	0.85%	6,044,220	5	1.07%
Colonial Realty Limited	5,281,800	6	1.18%	5,304,720	7	1.12%	*			*			*		
National Healthcare	3,689,460	10	0.87%	3,678,740	9	0.82%	2,674,800	9	0.51%	*			2,761,420	10	0.49%
Nucor Steel	76,363,620	1	17.06%	*			95,310,360	1	18.15%	128,517,280	1	24.01%	135,048,680	1	24.00%
O.C.I. Chemical Corp	6,282,120	5	1.41%	6,074,000	6	1.28%	8,657,940	6	1.65%	5,299,680	9	0.99%	8,784,220	6	1.56%
Meow Mix	9,300,180	3	2.08%	8,949,320	4	1.89%	*			8,644,500	6	1.61%	*		
Charter Communications	*			3,238,860	10	0.68%	*			*			*		
Hyosung USA, Inc.	*			*			5,232,860	5	1.00%	5,189,300	5	0.97%	3,430,800	9	0.61%
First Republic Group Realty	*			*			2,500,980	8	0.48%	*			4,780,840	7	0.85%
Marine Terminals of Ala	*			*			2,777,740	10	0.53%	*			*		
ITW Saxon	*			*			*			*			*		
ITC-ALL LLC	*			*			*			7,188,780	8	1.34%	7,321,540	8	1.30%
Conagra Inc	*			*			*			4,550,000	10	0.85%	*		
Coyote Garrison Decatur LLC	*			*			*			*			*		
Polyplex USA, LLC	*			*			*			*			*		
Total	\$ 134,133,620		30.00%	\$ 145,162,480		30.65%	\$ 152,595,420		29.05%	\$ 206,544,940		38.58%	\$ 221,673,180		39.40%
Net City Taxable Assessed Value	447,105,560			473,685,600			525,198,980			535,363,520			562,676,220		

Source:
Revenue Commissioner of Morgan County

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

Numbers have been revised in 2006 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	2011			2012			2013			2014			2015		
	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value
Worthington Steel	\$ -			\$ -			\$ -			\$ -			\$ -		
Bunge Corporation	10,583,820	3	1.95%	11,674,840	3	2.08%	22,273,940	3	3.56%	18,185,860	3	2.90%	19,230,040	3	3.08%
BellSouth	7,337,600	4	1.35%	6,949,400	4	1.24%	6,721,200	6	1.07%	6,887,200	6	1.10%	6,918,000	6	1.11%
Hexel Corporation	35,580,040	2	6.57%	39,485,680	2	7.03%	58,219,400	2	9.31%	73,919,400	2	11.80%	80,968,860	2	12.99%
Goodyear Tire & Rubber	*			*			*			*			*		
General Electric Appliances	6,044,220	5	1.12%	6,468,900	5	1.15%	8,286,840	5	1.32%	9,210,420	5	1.47%	17,694,600	5	2.84%
Colonial Realty Limited	3,830,960	9	0.71%	*			*			*			*		
National Healthcare	136,048,680	1	24.93%	125,141,860	1	22.29%	119,504,540	1	19.11%	110,906,620	1	17.71%	108,511,480	1	17.41%
Nucor Steel	*			4,872,960	8	0.87%	5,116,740	10	0.82%	4,392,840	10	0.70%	4,248,060	9	0.68%
O.C.I. Chemical Corp	8,784,220	6	1.62%	8,356,000	6	1.49%	7,018,020	7	1.12%	6,151,880	7	0.98%	5,960,260	7	0.96%
Meow Mix	*			2,949,640	10	0.53%	*			*			*		
Charter Communications	3,430,800	10	0.63%	*			*			*			*		
Hyosung USA, Inc.	4,780,840	7	0.88%	*			*			*			*		
First Republic Group Realty	*			*			*			*			*		
Marine Terminals of Ala	*			*			*			*			*		
ITW Sexton	7,321,540	8	1.35%	5,054,000	7	0.90%	9,713,600	8	1.55%	9,109,400	8	1.45%	8,646,880	8	1.39%
ITC-ALL LLC	*			3,693,320	9	0.66%	4,992,080	9	0.80%	5,769,920	9	0.92%	3,571,720	10	0.57%
Conagra Inc	*			*			*			*			*		
Coyote Garrison Decatur LLC	*			*			11,052,460	4	1.77%	20,117,180	4	3.21%	19,955,600	4	3.20%
Polyplex USA, LLC	*			*			\$ 252,898,820		40.43%	\$ 264,630,720		42.25%	\$ 275,705,500		44.23%
Total	\$ 222,742,720		41.13%	\$ 214,646,600		38.23%	\$ 252,898,820		40.43%	\$ 264,630,720		42.25%	\$ 275,705,500		44.23%
Net City Taxable Assessed Value	541,604,980			551,398,920			625,494,860			626,277,220			623,388,860		

Source:
Revenue Commissioner of Morgan County

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

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
2005	14,304,430	14,174,242	99.09%	149,521	14,323,763	100.0%
2006	15,040,466	14,887,346	98.98%	2,052	14,889,398	99.0%
2007	16,004,314	15,839,439	98.97%	55	15,839,494	99.0%
2008	17,059,718	16,850,721	98.77%	32,161	16,882,882	99.0%
2009	17,845,697	17,842,973	99.98%	9,698	17,852,671	100.0%
2010	18,613,467	18,346,672	98.57%	1,443	18,348,115	98.6%
2011	18,214,808	18,047,311	99.08%	1,965	18,049,277	99.1%
2012	18,382,932	18,311,608	99.61%	1,459	18,313,067	99.6%
2013	19,709,515	19,414,409	98.50%	423	19,414,832	98.5%
2014	20,014,092	19,942,029	99.64%	2048	19,944,077	99.7%
2015**	20,345,222					

Source:
Morgan County Revenue Commissioner

** FY 15 revenue collected amounts will not be available until mid-July 2016
FY 14 collections in subsequent years will not be available until mid-July 2016

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

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

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

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

Category Description	Calendar Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Apparel	\$ 62,724	\$ 61,670	\$ 61,993	\$ 57,589	\$ 52,534	\$ 54,923	\$ 63,494	\$ 66,241	\$ 67,976	\$ 60,049
Multi-Line Retail	\$ 170,418	\$ 169,766	\$ 173,710	\$ 173,354	\$ 150,440	\$ 167,912	\$ 135,093	\$ 194,174	\$ 184,170	\$ 140,837
Restaurants	\$ 138,512	\$ 129,213	\$ 124,740	\$ 128,813	\$ 95,124	\$ 84,534	\$ 88,955	\$ 95,996	\$ 90,931	\$ 86,759
Grocery Stores	\$ 78,899	\$ 74,277	\$ 75,415	\$ 78,959	\$ 67,321	\$ 66,760	\$ 77,044	\$ 80,101	\$ 74,071	\$ 56,265
Building Materials	\$ 63,561	\$ 60,476	\$ 58,530	\$ 59,790	\$ 46,877	\$ 48,784	\$ 74,413	\$ 115,558	\$ 113,975	\$ 79,993
Automobile Dealers	\$ 230,500	\$ 217,491	\$ 201,947	\$ 189,072	\$ 115,422	\$ 57,844	\$ 150,216	\$ 280,506	\$ 393,859	\$ 227,712
Household Furnishings	\$ 26,665	\$ 24,961	\$ 18,203	\$ 16,654	\$ 14,205	\$ 14,908	\$ 12,277	\$ 16,557	\$ 17,912	\$ 16,706
Convenience Stores	\$ 33,510	\$ 32,371	\$ 28,268	\$ 31,453	\$ 29,235	\$ 32,519	\$ 65,220	\$ 107,623	\$ 102,031	\$ 33,581
All other outlets	\$ 477,803	\$ 494,117	\$ 440,491	\$ 447,227	\$ 381,307	\$ 334,197	\$ 211,402	\$ 169,134	\$ 138,176	\$ 319,057
Total	\$ 1,282,591	\$ 1,264,342	\$ 1,183,297	\$ 1,182,911	\$ 952,465	\$ 862,381	\$ 878,114	\$ 1,125,890	\$ 1,183,101	\$ 1,020,959

Source:
 City Revenue Department

Notes:
 City direct sales tax rate is 4%
 Information prior to 2010 did not include refunds

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

Fiscal Year	City Direct Rate	Morgan County	State of Alabama
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%
2014	4.00%	1.00%	4.00%
2015	4.00%	1.00%	4.00%

Source:
 City revenue department

Notes:
 Tax rates indicated are the general rate.

**City of Decatur
Principal Sales Tax Remitters,
Last 10 Calendar Years (Unaudited)**

Tax Remitter Description	Calendar Year 2015			Calendar Year 2014			Calendar Year 2013		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,708,054	1	9.75%	\$ 3,587,180	1	9.59%	\$ 3,413,220	1	9.27%
Manufacturer	1,880,011	2	4.95%	2,100,098	2	5.61%	1,375,066	2	3.74%
Grocery store	1,224,425	3	3.22%	1,136,174	3	3.04%	1,112,742	3	3.02%
Multi-line retailer	875,168	5	2.30%	867,320	5	2.32%	909,758	5	2.47%
Building materials /hard line	1,040,212	4	2.74%	994,952	4	2.66%	954,004	4	2.59%
Multi-line retailer	698,811	7	1.84%	689,663	7	1.84%	730,711	7	1.99%
Grocery store	832,716	6	2.19%	754,482	6	2.02%	765,625	6	2.08%
Apparel Store	638,815	10	1.68%	661,069	8	1.77%	692,994	8	1.88%
Building materials /hard line	693,029	8	1.82%	660,209	9	1.76%	635,330	9	1.73%
Automobile dealer	639,662	9	1.68%	577,733	10	1.54%	*	*	
Apparel Store							*	*	
Multi-line retailer							615,354	10	1.67%
Manufacturer							*		
Grocery store							*		
Total	\$ 12,230,903		32.18%	\$ 12,028,879		32.15%	\$ 11,204,804		30.44%

Tax Remitter Description	Calendar Year 2012			Calendar Year 2011			Calendar Year 2010		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,143,958	1	8.76%	\$ 3,155,015	1	9.01%	\$ 3,267,680	1	10.17%
Manufacturer	1,657,104	2	4.62%	1,593,683	2	4.55%	1,488,051	2	4.63%
Grocery store	1,113,659	3	3.10%	1,087,599	3	3.11%	943,588	4	2.94%
Multi-line retailer	960,704	4	2.68%	963,404	4	2.75%	960,358	3	2.99%
Building materials /hard line	946,466	5	2.64%	892,307	5	2.55%	902,975	5	2.81%
Multi-line retailer	800,484	6	2.23%	740,366	6	2.11%	677,686	6	2.11%
Grocery store	727,061	7	2.03%	686,460	7	1.96%	655,050	7	2.04%
Apparel Store	664,751	8	1.85%	598,786	9	1.71%	525,665	10	1.64%
Building materials /hard line	600,205	9	1.67%	610,317	8	1.74%	587,857	8	1.83%
Automobile dealer	532,527	10	1.48%	560,643	10	1.60%	554,647	9	1.73%
Apparel Store	*			*			*		
Multi-line retailer	*			*			*		
Manufacturer	*			*			*		
Grocery store	*			*			*		
Total	\$ 11,146,919		31.06%	\$ 10,888,581		31.09%	\$ 10,563,557		32.89%

Source:
City Revenue Department
Notes:
Confidentiality requirements prohibit disclosure of tax remitter business names.
Information based on total sales tax collections.

City of Decatur
Principal Sales Tax Remitters,
Last 10 Calendar Years (Unaudited), Continued

Tax Remitter Description	Calendar Year 2009			Calendar Year 2008			Calendar Year 2007		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,332,677	1	10.31%	\$ 3,432,359	1	9.64%	\$ 3,398,590	1	9.62%
Manufacturer	1,215,992	2	3.76%	2,164,933	2	6.08%	2,099,335	2	5.94%
Grocery store	881,470	4	2.73%	908,885	4	2.55%	895,524	4	2.53%
Multi-line retailer	929,286	3	2.87%	885,335	5	2.49%	407,697	10	1.15%
Building materials /hard line	876,426	5	2.71%	1,152,320	3	3.24%	1,055,579	3	2.99%
Multi-line retailer	*			*			*		
Grocery store	630,738	7	1.95%	590,565	7	1.66%	563,720	7	1.60%
Apparel Store	496,031	8	1.53%	458,425	9	1.29%	492,186	8	1.39%
Building materials /hard line	664,293	6	2.05%	680,106	6	1.91%	689,525	5	1.95%
Automobile dealer	*			503,718	8	1.41%	622,068	6	1.76%
Apparel Store	327,451	9	1.01%	354,459	10	1.00%	445,485	9	1.26%
Multi-line retailer	324,700	10	1.00%	*			*		*
Manufacturer	*			*			*		*
Grocery store	*			*			*		*
Total	\$ 9,679,064		29.93%	\$ 11,131,105		31.26%	\$ 10,669,709		30.19%

Tax Remitter Description	Calendar Year 2006		
	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,467,513	1	10.20%
Manufacturer	2,410,858	2	7.09%
Grocery store	719,608	4	2.12%
Multi-line retailer	*		
Building materials /hard line	1,085,172	3	3.19%
Multi-line retailer	*		
Grocery store	510,791	8	1.50%
Apparel Store	433,099	10	1.27%
Building materials /hard line	684,218	5	2.01%
Automobile dealer	570,183	7	1.68%
Apparel Store	456,211	9	1.34%
Multi-line retailer	*		*
Manufacturer	609,641	6	1.79%
Grocery store	*		*
Total	\$ 10,947,294		32.19%

Source:
City Revenue Department
Notes:
Confidentiality requirements prohibit disclosure of tax remitter business names.
Information based on total sales tax collections.

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

<u>Fiscal Year</u>	<u>Electric</u>	<u>Gas</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
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
2014	98,306,039	20,956,097	11,841,254	15,759,277	146,862,667
2015	95,544,700	16,663,591	12,489,561	16,303,592	141,001,444

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 Revenue Warrants		Wastewater Revenue Warrants		Water Notes Payable					Wastewater Notes Payable	
	Obligation Warrants	Notes Payable	Capital Leases		Water Revenue Warrants	Water Notes Payable	Wastewater Revenue Warrants	Wastewater Notes Payable	Water Notes Payable	Wastewater Notes Payable				Capital Leases	
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
2014	51,318	-	45		23,300		52,495	-	-	-	-	-	127,158	9.37%	2,254
2015	50,253	-	34		21,370		49,530	-	-	-	-	-	121,187	8.80%	2,161

Sources:

Estimates from the Morgan County Economic Development Association
See Schedule 19 (E-1) for personal income and per capita data

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

Notes:

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

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
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
2014	51,318,049	1.29%	910
2015	50,252,354	1.27%	896

Sources:

Morgan County Economic Development Association for 2006 through 2011 population estimates

**City of Decatur
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2015 (Unaudited)**

Governmental Unit	Debt Outstanding	Percent Applicable to City	City's Share of Direct and Overlapping Debt
Debt repaid with property taxes			
City of Decatur general obligation bonds & warrants	\$ 50,252,354	100.00%	\$ 50,252,354
Total Direct Debt			50,252,354
* City of Decatur Board of Education Morgan County	125,828,702	100.00%	125,828,702
Morgan County Board of Education	29,080,000	49.16%	14,295,728
Total Overlapping Debt	42,081,525	49.16%	20,687,278
Total direct and overlapping debt			\$ 211,064,062

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2015 net assessed valuation of all taxable property in the City (\$623,388,860 - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County (\$1,268,198,060).

*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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 89,421,112	\$ 94,737,160	\$ 105,039,796	\$ 107,070,704	\$ 112,535,644	\$ 108,320,996	\$ 112,279,784	\$ 125,098,972	\$ 125,255,444	\$ 124,677,772
Total net debt applicable to limit	47,485,000	60,240,000	56,997,969	55,330,038	52,555,819	58,877,645	59,725,534	54,778,295	51,318,049	50,252,354
Legal debt margin	41,936,112	34,497,160	48,041,827	51,740,666	59,979,825	49,443,351	52,554,250	70,320,677	73,937,395	74,425,418
Total net debt applicable to the limit as a percentage of debt limit	53.10%	63.59%	54.26%	51.68%	46.70%	54.35%	53.19%	43.79%	40.97%	40.31%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 853,632,140
Less tax exempt property	(230,243,280)
Net Assessed Value	623,388,860
Debt limit (20% of net assessed value)	124,677,772
Debt applicable to limit:	
General obligation bonds	50,252,354
Less: School	-
Total net debt applicable to limit	50,252,354
Legal debt margin	\$ 74,425,418

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)**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service	Coverage
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%
2014	147,026,063	129,276,053	17,750,010	7,398,849	2.40%
2015	141,138,101	123,318,615	17,819,486	7,548,849	2.36%

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

Fiscal Year	Population	Personal Income <i>Thousands of dollars</i>	Per Capita Personal Income	Median Age	Graduated	School Enrollment	Unemployment Rate
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%
2014	56,416	1,356,861	24,051	37.4	557	8,476	6.1%
2015	56,068	1,376,638	24,553	37.8	546	8,693	5.7%

Sources:
Morgan County Economic Development Association for 2006 through 2015 population, personal income, median age and unemployment rate.

Decatur City Schools for graduated and school enrollment

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

Employer	2015			2014			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,449	1	5.24%	1,449	1	4.32%	1,449	1	4.62%
General Electric	1,338	2	4.84%	1,300	2	3.88%	1,298	2	4.14%
Decatur City Schools	1,200	3	4.34%	1,200	3	3.58%	1,200	3	3.83%
Decatur General Hospital				*			*		
United Launch Alliance	808	7	2.92%	849	5	2.53%	849	5	2.71%
3M Company	850	6	3.07%	850	4	2.53%	887	4	2.83%
Wayne Farms Fresh	871	5	3.15%	795	6	2.37%	795	6	2.54%
Nucor Steel	721	8	2.61%	715	7	2.13%	710	7	2.26%
City of Decatur	665	10	2.40%	670	9	2.00%	693	9	2.21%
Wayne Farms East/West	942	4	3.41%	696	8	2.08%	696	8	2.22%
Parkway Medical Center	*			*			*		
BP America				444	10	1.32%	467	10	1.49%
Gemstone Foods, LLC	570	9	2.06%						
Total	9,414		34.04%	8,968		26.74%	9,044		28.85%

Employer	2012			2011			2010		
	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	4.30%	*			*		
General Electric	1,250	2	3.71%	1,250	1	4.07%	1,250	1	3.98%
Decatur City Schools	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	854	4	2.53%	760	6	2.47%	654	7	2.08%
3M Company	815	5	2.42%	880	4	2.86%	760	5	2.42%
Wayne Farms Fresh	800	6	2.37%	826	5	2.69%	858	4	2.73%
Nucor Steel	710	7	2.11%	719	7	2.34%	713	6	2.27%
City of Decatur	693	8	2.06%	680	8	2.21%	675	8	2.15%
Wayne Farms East/West	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				*			*		
Gemstone Foods, LLC	457	10	1.36%						
Total	8,796		26.09%	8,302		27.00%	7,973		25.39%

Source:
Morgan County Economic Development Association

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

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

Employer	2009			2008			2007		
	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%
Decatur City Schools	1,205	2	3.52%	1,205	2	3.35%	1,205	2	3.55%
Decatur General Hospital	1,000	3	2.92%	1,200	3	3.33%	1,200	3	3.54%
United Launch Alliance	654	6	1.91%	684	6	1.90%	638	6	1.88%
3M Company	760	4	2.22%	830	4	2.31%	895	4	2.64%
Wayne Farms Fresh	858	5	2.51%	799	5	2.22%	813	5	2.39%
Nucor Steel	700	8	2.05%	710	8	1.97%	630	8	1.85%
City of Decatur	675	7	1.97%	673	7	1.87%	671	7	1.97%
Wayne Farms East/West	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				*			*		
Goodyear Tire & Rubber				*			*		
Total	7,992		23.36%	8,355		23.22%	8,313		24.48%

Employer	2006		
	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	*		
General Electric	1,390	1	3.68%
Decatur City Schools	1,205	2	3.19%
Decatur General Hospital	1,200	3	3.18%
United Launch Alliance	650	6	1.72%
3M Company	828	4	2.19%
Wayne Farms Fresh	813	5	2.15%
Nucor Steel	630	8	1.67%
City of Decatur	681	7	1.80%
Wayne Farms East/West	*		
Parkway Medical Center	*		
BP America	525	9	1.39%
Wolverine Tube	408	10	1.08%
Goodyear Tire & Rubber			
Total	8,330		22.05%

Source:
Morgan County Economic Development Association

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

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

Function/Program	Full-Time-Equivalent Employees as of September 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government	46	45	46	44	42	43	41	44	44	43
Public safety	275	276	282	288	284	275	272	263	276	283
Public works	64	74	81	79	76	76	81	81	82	77 *
Public services	63	63	72	71	71	77	72	78	71	73 *
Intergovernmental assistance	21	23	20	18 **	16	18	19	19	20	20
Municipal Utilities Board	166	162	163	163	164	163	165	163	157	160
Point Mallard	9	8	10	10	9	9	11	10	8	12
Sanitary Landfill	21	19	19	20	18	14	14	13	13	13
Total	665	670	693	693	680	675	675	671	671	681

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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government										
Building permits issued	3,039	5,319	3,090	3,225	3,132	2,910	3,703	3,133	4,778	5,449
Building inspections conducted	5,476	8,758	5,084	4,026	6,096	6,751	5,487	8,004	9,955	8,365
Police										
Adult arrests	4,635	5,325	4,770	5,264	5,594	5,428	6,291	6,500	6,141	10,808
Traffic citations	14,133	16,943	16,462	11,490	15,204	15,948	16,022	16,695	13,946	12,154
Fire										
Inspections	172	108	101	168	93	182	154	91	69	52
Emergency medical responses	5,709	5,937	4,183	3,800	3,872	5,281	3,917	3,885	2,900	3,059
Fire and/or Hazmat responses	1,558	1,479	901	857	930	1,467	1,291	1,004	888	906
Refuse collections										
Recyclables collected in tons	2,926	2,563	2,180	2,052	1,301	1,416	1,381	1,488	1,532	1,509
Garbage and trash collected	33,755	36,042	34,142	34,108	37,287	38,164	39,608	36,384	34,536	43,252
Municipal Utilities Board										
Electrical connections	26,525	26,487	26,515	26,618	26,513	26,453	26,403	26,595	26,439	26,105
Water connections	25,340	25,295	25,260	25,194	25,244	25,144	25,155	25,154	24,990	24,532
Wastewater connections	20,388	20,319	20,297	20,245	20,327	20,293	20,308	20,338	20,233	19,895
Gas connections	13,661	13,613	13,690	13,640	13,691	13,793	13,785	13,861	13,824	13,835

Source:
Various city departments

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Stations	3	4	3	3	3	3	3	3	4	4
Vehicles	166	166	167	161	153	135	136	137	142	122
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Pumper Fire trucks	9	10	10	12	10	10	13	13	14	12
Special Response Vehicle	5	5	5	3	3	3	4	4	4	4
Sanitation										
Garbage collection trucks	17	16	16	17	17	17	17	17	17	19
Other public works										
Paved streets (miles)	336	336	336	335	335	335	334	333	333	333
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)	145	145	144	143	143	143	143	143	143	143
Parks and Recreation										
Number of parks*	26	26	26	26	26	26	26	26	26	26
Acres of Parks	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278
Golf courses (public & private)	4	4	4	4	4	4	4	4	4	4
Tennis courts	46	46	46	46	46	46	46	46	46	46
Recreations centers	5	5	5	5	4	4	4	4	4	4
Senior citizen centers	2	2	2	2	2	2	2	2	2	2
Ball fields in use	35	35	35	35	35	35	35	35	35	34
Enclosed swimming pool	1	1	1	1	1	1	1	1	1	1
Open air swimming pools	2	2	2	2	2	2	2	2	2	2
Soccer facilities (acres)	62	62	62	62	62	62	62	62	62	62
Ice rinks	1	1	1	1	1	1	1	1	1	1
Marina/boat launch	2	2	2	2	2	2	2	2	2	2
Campgrounds	1	1	1	1	1	1	1	1	1	1
Municiple Utilities Board										
Water mains (miles)	487	484	484	484	481	480	480	478	476	474
Gas mains (miles)	420	418	418	415	414	414	413	412	411	409
Electric lines (miles)	593	593	593	593	592	592	592	592	588	586
Sanitary sewers (miles)	348	342	342	341	340	340	340	337	337	334
Fire hydrants in service	2032	2028	2026	2,019	2,011	2,009	2,019	2,003	1,985	1,958

Sources:
Various city departments and capital assets records