

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

of the



FOR THE FISCAL YEAR ENDED
SEPTEMBER 30,
2014



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Decatur
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

CITY OF Decatur
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 SEPTEMBER 30, 2014

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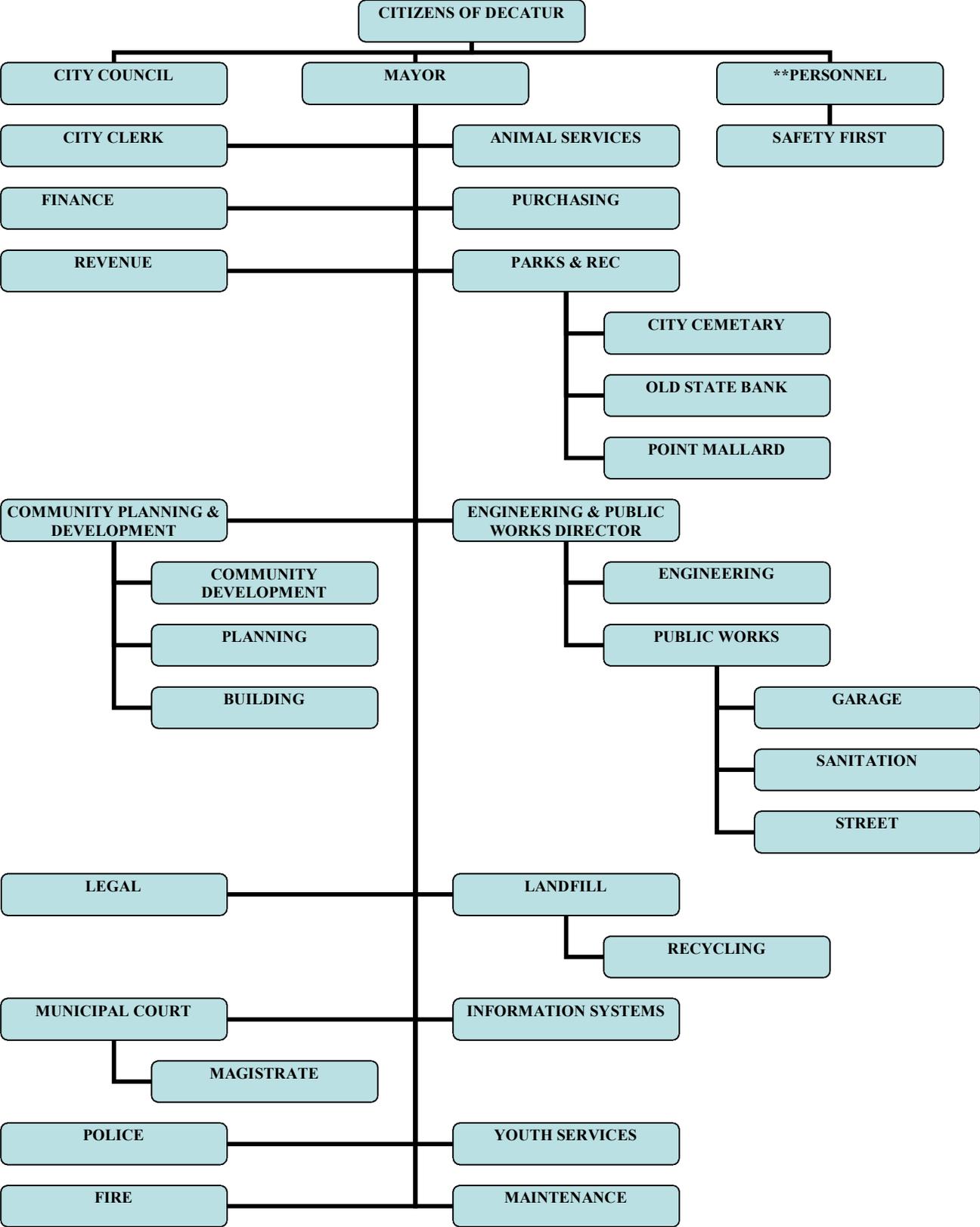
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2014 Organizational Chart



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

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

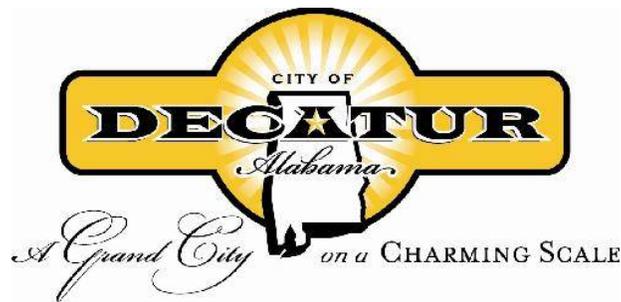
Animal Shelter
City Attorney
City Clerk
City Engineer/Public Works Director
Community Planning & Development
Fire Chief
Information Systems
Municipal Judge
Landfill
Parks & Recreation
Personnel
Police Chief
Youth Services

Danny Melson (Interim Director)
Herman Marks
Stacy Gilley
Mark Petersohn
Wally Terry
Anthony Grande
Brad Phillips
Bill Cook, Jr.
Rickey Terry
Jeff Dunlap
Ken Smith
Ed Taylor
Bruce Jones

OTHER KEY PERSONNEL

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

Jessica Hayes
Vacant
Kurt Johnson
David Breland
Charles Booth
Emily Johnson
Tina Boyles



March 20, 2015

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

The Comprehensive Annual Financial Report of the City of Decatur, Alabama, for the fiscal year ending September 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. This report including the exhibits and statistical data contained herein, has been prepared by the Finance Department of the City of Decatur in conformity with the standards established by the Governmental Accounting Standards Board and complies with accounting principles generally accepted in the United States of America (GAAP). We believe the data as presented is accurate in all material aspects, and that it is presented in a manner to fairly set forth the financial position and results of operations of the City.

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

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

Alabama state law requires an annual audit to be made, in accordance with generally accepted auditing standards, of all books and accounts of the City by independent certified public accountants. This requirement has been complied with and the report of Beason & Nalley, Inc., Certified Public Accountants, for the fiscal year ended September 30, 2014 is included in this report.

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

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

Profile of the Government

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

Decatur, the county seat of Morgan County, is situated in northern Alabama, on the Tennessee River, midway between Nashville, Tennessee (110 miles to the north), Birmingham, Alabama (85 miles to the south), Atlanta, Georgia (200 miles to the east), and Memphis, Tennessee (200 miles to the west). Huntsville, Alabama is twenty miles east of Decatur.

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

The City of Decatur provides a full range of services. These include police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, recreational facilities (26 parks comprising 1,278 acres, 22 developed playgrounds, 46 tennis courts, 5 recreation centers, 35 ball fields, 3 pools, 4 golf courses both public & private, 62 acres of soccer fields), cultural events, community services, and general administrative services. Utility services are provided through a separate Municipal Utilities Board, which is a major proprietary fund included in the City’s financial statements.

The city operates Point Mallard Park, a 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 May through September) an ice skating complex, championship golf course, archery park, soccer fields, camping and more. The Park also holds special events and festivals throughout the spring and summer. The City continues to make investments in the park to attract visitors to the area as well as serve the citizens of Decatur.

The City maintains budgetary controls to ensure compliance with legal provisions in the annually appropriated budgets adopted by the City Council. Activities of the general fund and special revenue funds are included in the budget process. Project length financial plans are adopted for all capital project funds. A formal budget is not adopted for the debt service funds because effective control is achieved through the related debt’s indenture provisions. Although not legally required, the City Council also approves operating budgets for the Point Mallard and Landfill enterprise funds and the Cemetery permanent fund. The legal level of budgetary control is the department level. A formal amendment to the original budget is adopted after the Council reviews and approves changes at mid-year. All annual appropriations lapse at year-end.

Local economy

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

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

New and expanding industry investment numbers for Decatur & Morgan County continued to be strong during the current fiscal year. Fifteen companies announced expansions or equipment upgrades in 2014 for a total investment of \$121,477,000 and 310 new jobs. This continued growth helped the unemployment rate for Decatur fall to 6.1% at fiscal year-end, the lowest level since 2008.

Decatur ranked Number 6 for 2013 economic development among U. S. metro areas with populations of less than 200,000 according to the March, 2014 issue of Site Selection magazine. Alabama was one of four states in 2013 to receive the Area Development magazine’s “Golden Shovel” award with a Number 4 ranking in a list of “Top 10 states for doing business.”

Decatur is proud to be the location for the 800-employee manufacturing, assembly, and integration location of United Launch Alliance’s (ULA) Delta and Atlas rockets. ULA remains the key to America’s access to space. In December 2014, a Delta IV Heavy rocket made by ULA was used for the historic test launch of Orion – NASA’s new exploration spacecraft designed to carry astronauts to destinations in deep space, including Mars. This was just one example of the long list of successful launches made by the ULA Team since they began making rockets in Decatur.

3M Company located on State Docks Road in Decatur announced that the chemical facility is getting an \$11.2 million upgrade as part of plans for expanded operations that will create 13 new jobs with an average annual salary of \$58,750. Construction is underway, the plant is being refurbished and new equipment will be installed. The expansion will be used to produce “fine chemicals.” The Decatur plant mostly produces adhesives in batches ranging from 3000 to 6000 gallons. The new process will yield 300 gallon batches of fine chemicals.

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

Construction is ready to begin on Phase III of an Entrepreneurial and Paint Dispensing Center, a \$6 million expansion, at Alabama Robotics Technology Park, a Calhoun partnership with AIDT. The planned 50,000 square-foot building is designed to let employees of companies train on new equipment and software before a company installs it in a factory. Once the Phase III expansion is complete, the RTP's three facilities will have a total investment topping \$73 million. About 75 employees sent for training by companies such as Honda, Navistar, Toyota and many other auto suppliers, use the park in a typical month. They attend classes on safety, maintenance, welding or operating robots and programmable controllers.

Following the July, 2014 groundbreaking, Phase II of the Alabama Center for the Arts, a partnership of Calhoun Community College and Athens State University, began construction on the \$13.5 million music and drama building in downtown Decatur, creating a "destination" program for students from Alabama and neighboring states. It will also serve as an additional economic development engine that will continue to drive the revitalization of our city center. The 44,000 square foot performing arts facility will open in the fall of 2016 and will add curriculum to the existing visual arts offerings.

Plans were finalized in August, 2014 to build a \$19 million museum in downtown Decatur. This regional attraction is projected to draw more than 200,000 visitors annually, not including school tours. This new 57,000 square foot multi-purpose exhibition and visitors' center will be transformational for downtown Decatur and will create incredible economic development opportunities for our citizens and local businesses.

Early in 2014, the Decatur City School Board made the decision to build two new high schools. They will replace the existing Decatur and Austin schools at a cost of \$80 million. This investment will completely change the perception of the community's commitment to education and will help make our community competitive in the recruitment of business and residents to our city. These projects are in addition to ongoing building projects within the County school system, as well as at Decatur Heritage Christian Academy.

Long-term financial planning

City, state and local investments as well as federal grants are transforming our downtown. The relocated Cook Museum of Natural Science, the city's purchase of the Old Railroad Depot, the ongoing streetscape projects on Bank Street and 2nd Avenue and construction of an amphitheater at Founder's Park are continuing to invigorate our downtown area.

The Spring Avenue widening project began moving forward in 2014 with state approval to begin appraisals of property needed to achieve the widening. The city will pay 20 percent of the project cost with federal funds through ALDOT funding 80%. The project will widen two miles of Spring Avenue from Cedar Lake Road to Day Road (from two to five lanes), and add a bike and walking trail on the west side. This much needed project will alleviate travel difficulties during heavy traffic periods.

Decatur Utilities will spend \$21 million in improvements at Mallard-Fox Industrial Park that will prepare the park for expansion of existing plants or new industries locating there. According to management, industrial growth has increased water demand which has caused an increase in water capacity needs also. An additional water line is being installed that will increase water availability which will in turn increase wastewater. DU is also installing a new wastewater lift station and a new sewer line at the park in addition to similar projects in other locations, using bond funds from a 2013 bond issue.

Decatur Utilities received approval to begin a "smart meter" pilot program in late 2014. This pilot program, which is expected to take place in the 2nd quarter of 2015, 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.

Construction began on the expansion of the county jail in April, 2014. Both the City of Decatur and Morgan County will benefit from this cooperation, as the city will close its jail and move inmates to the county jail when it is complete. The agreement will allow the City to stabilize inmate housing costs and personnel expenses related to the operation of the jail. This will save both the county and the city money over the next 20 to 25 years.

Phase one of the Beltline Sewer project was completed during the fiscal year. \$2.44 million of the \$6.5 million 2011 bond issue has been spent. Decatur's long range plan calls for the annexation of property in the area around the intersection of Hwy 67 (Beltline Road) and Gordon Terry Parkway and going west to Hwy 20 following Hwy 67. This area was identified by our Planning department as the highest priority area due to its potential for producing future revenues.

Relevant financial policies

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Decatur for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013. This was the twenty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report is possible because of the efficient and dedicated service of the entire staff of the Finance Department, particularly that of retired Finance Supervisor, Joy Hill. We wish to express our appreciation to our independent auditors, especially Jeremy Jefferys, CPA and Casi Poslajko, CPA. We would also like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a sound and responsible manner.

Respectfully submitted,



Stacy Gilley
City Clerk

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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, 2014, 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 89.6 percent, 87.3 percent, and 93.2 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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Huntsville, Alabama
35801-4829

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

www.beasonnalley.com

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and The Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The general fund budgetary comparison by activity on pages 64 through 71, the combining and individual nonmajor fund financial statements on pages 72 through 73, the nonmajor governmental fund budgetary comparison schedules on pages 74 through 81, and the nonmajor proprietary funds combining statements on pages 82 through 84, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

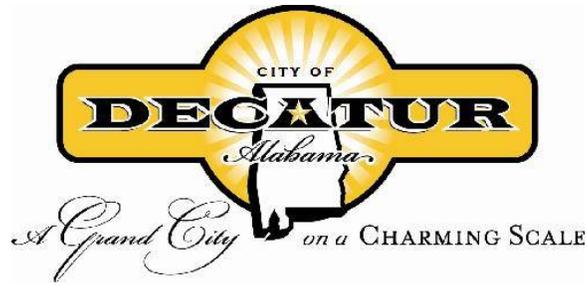
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015, on our consideration of the City of Decatur, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Decatur, Alabama
March 20, 2015



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, 2014. 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.

2014 Highlights

Financial Highlights

- The total net position of the City is \$284.8 million. Of this amount, \$(2.8) million from governmental activities is considered unrestricted and is the result of increased liability for additional post employment benefits (OPEB) obligation.
- The unrestricted net position of the business-type activities is \$45.7 million and may be used to meet the ongoing obligations of the business-type activities.
- The City's net position increased by \$3.3 million (or 1.2%). The governmental net position decreased \$2.5 million (or 7.3%) and business-type net position increased by \$5.8 million (or 2.3%).
- The governmental activities revenues increased \$2.9 million (or 3.7%) due in large part to federal operating grants for street related work and a capital grant for Bank Street Streetscapes. Property tax revenue increased .9 million as property values are assessed. Total expenses of governmental activities increased \$3.1 million or 3.8% due in part to the \$4.5 million increase in the OPEB liability and the \$1.3 million increase in expenditures for street projects related to federal grants.
- As of September 30, 2014, the governmental funds reported a combined ending fund balance of \$30.7 million, an increase of \$1.1 million from the prior year. Of the ending fund balance, \$5.5 million is unassigned and available to finance the activities of the governmental funds and \$21.3 million committed or assigned to meet existing obligations.
- The General Fund reported a fund balance of \$23.2 million and \$6.2 million of this amount is available for any purpose. The fund balance increased \$2.2 million from the prior year.
- The policy of the City is to at all times maintain a minimum reserve of 3 months (90 days) General Fund operating expenses. This policy includes 10% unassigned budgeted revenues. \$13.7 of the \$17 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 \$6.1 million.
- The City's total debt decreased by \$10.7 million during 2014. Debt of governmental activities decreased by \$3.4 million with principal reduction. Business-type activities debt decreased by \$7.3 million with principal reduction.

Management's Discussion and Analysis- Continued

City Highlights

- Decatur Utilities will spend \$21 million on improvements at Mallard Fox Industrial Park that will prepare it for expansion by existing plants or new industries locating there.
- Fifteen companies announced expansions or equipment upgrades within the City and Morgan County in 2014 for a total investment of \$121,477,000 and 310 new jobs.
- Plans were finalized in 2014 to build a \$19 million museum in downtown Decatur. An expanded Cook Museum of Natural Science will move to downtown and will include a café, a classroom and a 5,000 square foot space for events and traveling exhibits.
- General Electric, one of the largest employers in the City with 1300 employees, announced they had entered into an agreement with Electrolux, a Swedish appliance-maker, to sell its appliance division.
- A \$6 million expansion at Alabama Robotics Technology Park, a Calhoun partnership with AIDT was announced in 2014. Once this Phase III expansion is complete, RTP's three facilities will have a total investment topping \$73 million. Construction is scheduled to begin in early 2015.
- A Gordon Drive Bridge project was approved at a cost of \$1.35 million. The 50 year old bridge will receive a face-lift with the City picking up \$345 thousand of the cost with the remainder of the funding being secured through the Alabama Transportation Rehabilitation and Improvement Program.
- The Decatur City Council committed \$449,000 in payment to the Decatur Downtown Redevelopment Authority over the next six years for downtown maintenance, the creation of Casa Grande Park, and other ongoing projects.
- BP Amoco Chemical announced a 95 million investment in their Decatur plant located on Finley Island Road. The three year expansion will help retain existing jobs and will generate approximately \$292,000 in additional property tax revenue for Decatur & Morgan County's schools in 2016 and \$2.2 million through 2025.
- Garden Plaza Hotel & Suites began undergoing a major facelift and will become the Double Tree by Hilton Decatur Riverfront. Phase one of the renovations will cost more than \$1 million. In addition, construction of a Holiday Inn Express began early in 2014 and is expected to encourage other business development on that area of the Beltline.
- The five day USA Archery Outdoor Nationals tournament will be held next summer at the Jack Allen Recreational Complex in Decatur and could attract 1,500 people and result in the booking of 3,500 room nights.
- Decatur's Parks and Recreation hosted the thirty-seventh Alabama Jubilee Hot-Air Balloon Classic, transforming Point Mallard's Spirit of America Field into a rainbow quilt. Sixty balloons from Kansas to North Carolina to Florida participated in the event that drew more than 20,000 participants and spectators.

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 deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Management's Discussion and Analysis- Continued

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

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

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains seventeen individual governmental funds:

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

Management's Discussion and Analysis- Continued

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

The basic governmental fund financial statements can be found on pages 17 through 19 of this report.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 60 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. Overall, the City's assets and deferred outflows of revenues exceeded liabilities and deferred inflows of resources by \$284.8 million at the close of the most recent fiscal year.

The largest portion of the City's net position (53.9 percent) reflects its investment in capital assets (e.g. Land, buildings, improvements other than buildings, infrastructure, and other), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (17.1 percent) represents resources that are subject to restrictions as to how they may be used, such restrictions being imposed by legal requirements other than those imposed by the City Council (e.g. state or federal law).

The remaining balance of unrestricted net position is \$79.5 million, which consisted of \$(2.8) million from governmental activities and \$82.3 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.

Management's Discussion and Analysis- Continued

City of Decatur's Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 38,177	\$ 36,523	\$ 121,066	\$ 129,491	\$ 159,243	\$ 166,014
Capital assets	76,931	79,613	235,237	222,080	312,168	301,693
Total assets	115,108	116,136	356,303	351,571	471,411	467,707
Deferred outflows of resources	992	1,097	-	-	992	1,097
Long-term liabilities Outstanding	77,770	76,741	79,048	84,886	156,818	161,627
Other liabilities	6,799	6,499	23,978	19,236	30,777	25,735
Total liabilities	84,569	83,240	103,026	104,122	187,595	187,362
Deferred inflows of resources	24	1	-	-	24	1
Net position:						
Invested in capital assets, net of related debt	30,447	33,080	123,171	141,973	153,618	175,053
Restricted	3,885	3,145	47,773	58,289	51,658	61,434
Unrestricted	(2,825)	(2,233)	82,333	47,187	79,508	44,954
Total net position	\$ 31,507	\$ 33,992	\$ 253,277	\$ 247,449	\$ 284,784	\$ 281,441

Net position from governmental activities decreased \$2.5 million in fiscal year 2014 primarily due to aging capital assets and additional OPEB liabilities. At fiscal year-end city officials were considering a bond sale to fund major infrastructure projects and to replace police and sanitation vehicles. Cash in General Fund increased \$1.8 million and General Fund's revenue, lease proceeds and transfers-in exceeded expenditures and transfers out by \$2.2 million. Revenues for the General Fund increased by \$1.1 million or 2% and expenses increased \$81 thousand compared to FY 2013. Transfers to other funds reduced cash in General fund by \$828 thousand. Sales tax revenues in governmental funds increased \$747 thousand or 2% and property taxes increased 881 thousand or 8%. Net position from business-type activities increased \$5.8 million as debt decreased by \$1.1 million. Decatur Utilities continued to make upgrades and improvements to its Wastewater system as well as other systems in 2014 in order to more efficiently serve its rate payers

Management's Discussion and Analysis- Continued

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	21,295	\$21,368	157,549	\$ 149,130	\$178,844	\$ 170,498
Operating grants & contributions	2,368	1,132	-	-	2,368	1,132
Capital grants & contributions	850	396	406	740	1,256	1,136
General revenues:						
Sales taxes	36,975	36,228	-	-	36,975	36,228
Property taxes	12,450	11,568	-	-	12,450	11,568
Other taxes	8,194	8,492	-	-	8,194	8,492
Interest on investments	99	135	213	209	312	344
Forgiveness of Long-term debt	-	-	-	-	-	-
Other	767	749	139	61	906	810
Total revenues	82,998	80,068	158,307	150,140	241,305	230,208
Expenses:						
General government	4,879	4,955	-	-	4,879	4,955
Public safety	22,981	22,959	-	-	22,981	22,959
Public works	10,452	8,129	-	-	10,452	8,129
Public services	8,795	10,165	-	-	8,795	10,165
Intergovernmental assistance	29,352	27,711	-	-	29,352	27,711
Community service contracts	2,349	2,401	-	-	2,349	2,401
Community development	1,841	1,026	-	-	1,841	1,026
Personnel Board	581	574	-	-	581	574
Interest on long-term debt	1,798	1,911	-	-	1,798	1,911
Unallocated depreciation	2,450	2,507	-	-	2,450	2,507
Municipal Utilities Board	-	-	141,508	134,134	141,508	134,134
Other	-	-	10,976	10,894	10,976	10,894
Total expenses	85,478	82,338	152,484	145,028	237,962	227,366
Increase in net position before Transfers	(2,480)	(2,270)	5,823	5,112	3,343	2,842
Transfers	(5)	(1,220)	5	1,220	-	-
Increase in net position	(2,485)	(3,490)	5,828	6,332	3,343	2,842
Net position - beginning of year	33,992	37,482	247,449	241,117	281,441	278,599
Prior period adjustments						
Net position - end of year	\$ 31,507	\$ 33,992	\$253,277	\$ 247,449	\$ 284,784	281,441

Management's Discussion and Analysis- Continued

Governmental Activities. Revenues from governmental activities increased \$2.9 million (3.6) percent during 2014. Operating grants increased \$1.2 million over 2013 due primarily to federal grants for street projects. Other changes which were of significance as the local economy continues to stabilize with expanding industry and new retail are noted below:

- Sales taxes increased \$747 thousand or 2 percent and continues to strengthen. Local industry continued to invest in plant expansions and the overall workforce grew in FY 2014 which created consumer optimism and increased spending that we expect to continue as new retail opens.
- Property taxes increased \$882 thousand or 7.6 percent due to annual property value re-appraisals that reflect prior year values and some industrial property abatements that ended.
- Lodging taxes decreased \$196 thousand or 13% compared to 2013 due to a number of specific events. Amberley Suites Hotel in downtown Decatur was closed for 9 months of FY 2014 for repair and renovation and Garden Plaza Hotel was under renovation with some areas closed. International Paper, one of the largest industrial users of Decatur's hotel facilities closed in early 2014 also contributing to the decline in the City's lodging taxes.
- Alcoholic beverage taxes decreased \$35 thousand or 1.9% as other municipalities in the county continued to approve alcohol sales. This continued to decrease alcohol sales in Decatur as it was the closest city where alcohol could be purchased prior to these changes.
- Capital grants and contributions increased \$454 thousand in 2014 compared to 2013 due to the \$659 thousand spent on the Bank Street Streetscape project as other previous awards fluctuated only slightly upward or downward.

Expenses of governmental activities increased \$3.1 million or 3.8% over 2013. \$2.3 million of this increase was in Public Works and \$1.8 million of this amount was related to street improvement projects partially funded by federal funds through the Alabama Department of Transportation. These projects included \$1.2 million spent on the Gordon Drive Bridge project and \$510 thousand spent on the Church Street project. The remaining increase in Public works expenditures related to department operating costs and street resurfacing. Intergovernmental expenses increased \$1.6 million or 5.9% in 2014. The city paid \$1.4 million more to the City Board of Education in FY 2014 than in FY 2013 due to an increase of \$524 thousand in their property tax revenue and \$260 thousand in their portion of the sales tax revenue. In addition, all City related Education debt paid off in FY 2013 which increased their contribution by \$720 thousand. Community Development expenses increased by \$815 thousand or 79.4% over 2013 primarily due to the \$659 thousand spent on Bank Street Streetscapes in FY 2014.

Business-Type Activities. The Business Type Activities total net position increased \$5.8 million or 2.4% over 2013 primarily attributable to Municipal Utilities Board revenues exceeding expenses. Revenues from business-type activities increased \$8.2 million (5.4 percent) which is attributable to increases within the Municipal Utilities Board. From fiscal year 2013 to 2014 the Electric System's operating revenues increased \$3.6 million or 3.73% with volumes increasing in all customer classes and operating expenses increased \$164 thousand or 1.9%. Additionally purchased power expenses increased \$3.2 million or 3.8% for the Electric System. Purchased gas expense increased \$2.3 million or 17% for Gas System and Gas Systems operating revenues increased \$3.1 million or 17.49% due to the extremely cold winter. Operating revenues increased 8.29% for the Water System with most of the increase coming from industrial customers. The Water System's operating expenses increased by \$92 thousand or 1.4% and water treatment expenses increased \$435 thousand or 11%. From fiscal year 2013 to 2014 Wastewater System operating revenues increased 4.5% with most of the increase coming from industrial customers. Operating expenses for Wastewater System were down \$119 thousand or 1.8% and water treatment expense were up \$17 thousand or .5%. Wastewater System expenses were down due to several maintenance items being postponed until 2015.

Financial Analysis of the Governments Funds

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

Management's Discussion and Analysis- Continued

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the 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, 2014 were \$30.7 million, which were an increase of \$1.1 million from the 2013 fiscal year. Of this amount, \$26.9 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 \$2.2 million over 2013. Revenues increased \$1.1 million as sales taxes in general fund increased by \$518 thousand, property taxes increased by \$358 thousand and intergovernmental revenues increased by \$408 thousand. General Fund expenditures remained stable in 2014. Transfers to other funds decreased by \$133,000 due to Point Mallard Fund, a city proprietary fund, having adequate 2014 revenue to cover their operating expenses for the first time since FY 2010. The School Fund has a zero fund balance as all funds are now remitted directly to the Board of Education as their debt has been paid in full. The two Gas Tax funds' fund balances have decreased by \$794 thousand as the city continues its resurfacing projects and preliminary engineering for other major street projects related to a federal rehabilitation and improvement program. The Room Occupancy Fund has a negative fund balance of \$2.3 million which is related to the internal loan balances of \$1.5 million to General Fund and \$1.2 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 fund decreased by \$1.1 million as expenses for capital projects increased over revenues designated for capital projects in FY 2014.

The General Fund is the primary operating fund of the City. The unassigned, assigned, and committed fund balance of the General Fund was \$23.2 million, but \$1.6 million of this amount has been earmarked by management for special purposes.

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

The net position of the enterprise funds increased \$5.8 million. Decatur Utilities charges for services exceeded their expenses by \$5.5 million as operating revenues increased \$8.2 million or 6% 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.

Management's Discussion and Analysis- Continued

Governmental Funds Budgetary Highlights

General Fund. The FY14 revenue budget was \$433 thousand above FY13, due primarily to expected sales tax growth and increases in property taxes related to new retail businesses opening during the year. Sales tax represented 49% of the amended revenue budget, and was \$71 thousand below 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 \$162 thousand and the previous year rental tax receipts by \$45 thousand resulting primarily from construction related rentals. The franchise tax for new 4G service towers installed during the year exceeded its original budget by \$115 thousand. The budget for lodging tax was decreased by \$160,000 or 17.8% in 2014 due to repair and renovations to two hotels in the city. Amberley Suites closed completely for 9 months because of water damage. The Garden Plaza Hotel was under renovation during all of 2014 and operated with reduced room inventory. In addition to these reductions, International Paper, one of the top 5 corporate renters in Decatur closed during 2014. Lodging taxes did, however, exceed the final budgeted amount by \$29,000. Franchise tax exceeded budget by \$114.7 thousand or 15.3% as new 4G service towers were installed. The budget was increased by \$90,000 or 2.6% for Property taxes and revenues slightly exceeded the amended amount. In addition, revenue for property taxes exceeded 2013 collections by 11%. Business licenses and fees exceeded budget by \$55.7 thousand or 1% and exceeded prior year revenues by \$92.5 thousand or 1.6%. State government shared revenues exceeded budget by \$106 thousand or 50% due to the amount received from the State of Alabama for Financial Institute excise taxes. The budget for TVA in lieu of property tax revenue was reduced by \$250,000 or 6.7% and actual receipts were \$110,000 or 2.9% below 2013. Public safety revenues exceeded budget by \$87.4 thousand or 42.5% as the Driving School revenue exceeded budget by \$51.3 thousand or 51%. Revenue received for Public Services exceeded budget by \$66.6 thousand or 11.6% due primarily to receipts for services at Jack Allen soccer fields which exceeded budget by \$43.8 thousand or 29.2% and Ingalls Pavilion rental revenues which exceeded budget by \$15.4 thousand or 18.1%. Revenues for Public Services were down \$55.1 thousand or 7.7% primarily due to decreased income from tournaments of \$68 thousand at Jack Allen Recreation Center. Overall, revenues for FY 2014 exceeded amended budget by \$928.4 thousand or 1.7% and also exceeded 2013 revenues by \$1.2 million or 2.2%.

Expenditures were slightly below budget for most departments due to good management by the Department Directors. Exceptions of significance were the Sanitation Department which was \$334 thousand over budget due to repair expense for their aging fleet, increased fuel costs, and landfill dumping fees. Youth Services department exceeded budget by \$40.7 thousand due to costs related to their temporary employees. Tuition reimbursement exceeded budget by \$10 thousand as more employees took advantage of education opportunities. The contract with the Convention and Visitors Bureau is based on 75% of the 6% lodgings tax and exceeded its projected budget by \$20 thousand. The Convention and Visitors Bureau budget was reduced by \$120,000 in anticipation of reduced revenues because of Amberley Suites closing for nine months of 2014 and Garden Plaza Hotel's reduced room availability because of renovations. Parks and Recreation remained within budget by decreasing personnel costs by \$152 thousand or 4.7% and by closing certain recreation facilities during times when use was low. Overall General Fund expenditures were below budget as budgeted expenditure amounts exceeded expenditures by \$1.2 million or 2.3%

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of September 30, 2014, totals \$312 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 \$10.5 million in 2014. Those used for governmental activities decreased by \$2.7 million. Capital assets used for business-type activities increased by \$13.2 million.

Management's Discussion and Analysis- Continued

Major Capital events during the fiscal year included the following:

- \$120 thousand was spent on Spring/ Cedar Lake/ Day Road Improvements
- Sanitation Department paid \$921.5 thousand for Motor Vehicles & Equipment.
- \$131.4 thousand was spent on the Bellline Sewer Extension
- \$362 thousand was spent on improvements at Jack Allen Soccer Complex
- \$296 thousand in improvements were made at Butch Matthews Ball Park
- \$659 thousand was spent on Bank Street Streetscapes
- \$100 thousand was paid for partial construction of Founders Park Amphitheater
- \$219 thousand in additional funds were used for the historic Vine Street railroad depot rehab
- \$46 thousand was used in improvements to the historic Old Bank Building
- \$92 thousand was spent on equipment for Information Systems Department
- \$68 thousand was spent to replace the cooling tower at City Hall
- \$420 thousand was spent on a ground water interceptor at the Landfill

City of Decatur's Capital Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$10,117	\$10,117	\$4,107	\$4,099	\$14,224	\$14,216
Land improvements	11,758	12,447	-	-	11,758	12,447
Buildings and improvements	19,286	20,321	12,187	12,331	31,473	32,652
Infrastructure	25,824	27,570	-	-	25,824	27,570
Construction in process	6,349	5,135	19,620	4,596	25,969	9,731
Machinery and Equipment	3,597	4,022	3,379	2,591	6,976	6,613
Utility plant-in-service	-	-	195,944	198,463	195,944	198,463
Total	\$76,931	\$79,612	\$235,237	\$222,080	\$312,168	\$301,692

Additional information on the City's capital assets can be found in Note 4B on pages 38 through 39 of this report.

Long-term debt. As of September 30, 2014, the City had \$127 million of long-term debt outstanding. Of this amount, \$51.3 million is debt backed by the full faith and credit of the City and \$75.8 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 \$3.42 million or 7%. This reduction was attributable to the annual principal payments including \$1.08 million paid on the 2009 Series B Warrants which paid off in FY 2014. Long-term debt of the business-type activities decreased by \$4.8 million or 5.9% which was attributable to normal scheduled principal payments.

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. Additionally, the School System has debt of \$62.6 million in capital outlay warrants, for which the School System's ad valorem tax payments, other local taxes and public school funds are pledged. There was no new debt issued in FY 2014 by the City or The Board of Education.

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	
	2014	2013	2014	2013	2014	2013
General obligation warrants	\$51,318	\$54,779	\$ -	\$ -	\$51,318	\$54,779
Revenue warrants	-	-	75,795	80,545	75,795	80,545
Capital leases	45	-	-	-	45	-
Total	\$51,363	\$54,779	\$75,795	\$80,545	\$127,158	\$135,324

The City's general obligation bond rating by Standard & Poor's Corporation and Moody's Investor Services, Inc. are "AA" and "Aa2", respectively.

Other than debt paid from proprietary fund revenue sources (e.g. revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to twenty percent of the assessed value of real and personal property. As of September 30, 2014 the City's allocable debt outstanding was \$73.9 million less than the legal debt limit. Additional information regarding the City's long-term debt can be found in Note 4E on pages 43 through 48 of this report.

2015 Budget

The Mayor and City Council have considered many factors in the development of the fiscal year 2015 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.

Request for Information

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

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BASIC FINANCIAL STATEMENTS

CITY OF DECATUR
STATEMENT OF NET POSITION
September 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
ASSETS				
Cash & investments, at cost	\$ 32,511,367	\$ 54,914,801	\$ 87,426,168	\$ 29,214,866
Receivables (net of allowances)	4,609,526	15,602,864	20,212,390	-
Due from governmental entities	1,317,733	-	1,317,733	19,390,010
Inventories	21,550	1,788,253	1,809,803	212,460
Prepaid items	-	-	-	-
Other	134,809	569,032	703,841	-
Unavailable costs	-	-	-	-
Internal balances	(417,963)	417,963	-	-
Restricted assets				
Cash & investments, at cost	-	47,773,019	47,773,019	29,926,173
Capital assets				
Land, collections and construction in process	16,465,895	23,727,111	40,193,006	10,215,307
Other assets, net of accum. depreciation	60,465,544	211,509,838	271,975,382	68,119,397
Total assets	115,108,461	356,302,881	471,411,342	157,078,213
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	992,211	-	992,211	-
LIABILITIES				
Accounts payable	2,449,020	14,052,363	16,501,383	752,499
Accrued liabilities	2,120,153	627,706	2,747,859	6,838,445
Contract retainages	69,194	5,341	74,535	-
Due to component units	1,740,765	-	1,740,765	-
Due to governmental entities	85,563	-	85,563	-
Customer deposits	256,032	4,397,592	4,653,624	-
Unearned revenue	-	-	-	53,854
Other	78,512	-	78,512	-
Liabilities payable from restricted assets:				
Matured warrants payable	-	4,895,000	4,895,000	-
Noncurrent liabilities				
Due within one year	3,811,574	97,116	3,908,690	25,091,503
Due in more than one year	73,958,131	78,951,053	152,909,184	39,972,922
Total liabilities	84,568,944	103,026,171	187,595,115	72,709,223
DEFERRED INFLOWS OF RESOURCES				
	24,559	-	24,559	15,040,000
NET POSITION				
Invested in capital assets, net of related debt	30,447,007	123,170,516	153,617,523	40,118,569
Restricted for:				
Highways and Streets	131,718	-	131,718	7,932,142
Debt service	-	47,773,019	47,773,019	3,229,417
Other	2,731,745	-	2,731,745	2,773,638
Perpetual care:				
Expendable	-	-	-	-
Nonexpendable	1,021,886	-	1,021,886	-
Unrestricted	(2,825,187)	82,333,175	79,507,988	15,275,224
Total net position	\$ 31,507,169	\$ 253,276,710	\$ 284,783,879	\$ 69,328,990

The accompanying notes are an integral part of this statement.

CITY OF DECATUR
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

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	\$ 4,878,951	\$ 6,546,578	\$ -	\$ -	\$ 1,667,627	\$ -	\$ 1,667,627	\$ -
Public safety	22,981,334	2,213,545	-	10,768	(20,757,021)	-	(20,757,021)	-
Public works	10,452,310	3,358,806	1,365,390	-	(5,728,114)	-	(5,728,114)	-
Public services	8,795,026	714,905	167,806	-	(7,912,315)	-	(7,912,315)	-
Intergovernmental assistance	29,312,427	8,445,963	-	-	(20,866,464)	-	(20,866,464)	-
Community service contracts	2,349,354	-	-	-	(2,349,354)	-	(2,349,354)	-
Community development	1,841,519	15,068	1,002,508	672,048	(151,895)	-	(151,895)	-
Personnel board	580,781	-	-	-	(580,781)	-	(580,781)	-
Interest on long-term debt	1,837,110	-	-	-	(1,837,110)	-	(1,837,110)	-
Unallocated depreciation	2,449,953	-	-	-	(2,449,953)	-	(2,449,953)	-
Total governmental activities	85,478,765	21,294,865	2,367,898	850,622	(60,965,380)	-	(60,965,380)	-
Business-type activities								
Municipal Utilities Board	141,507,769	146,862,667	-	405,913	-	5,760,811	5,760,811	-
Point Mallard	5,382,914	4,760,368	-	-	(622,546)	-	(622,546)	-
Sanitary Landfill	5,593,042	5,926,274	-	-	333,232	-	333,232	-
Total business-type activities	152,483,725	157,549,309	-	405,913	-	5,471,497	5,471,497	-
Total primary government	237,962,490	178,844,174	2,367,898	1,256,535	(60,965,380)	5,471,497	(55,493,883)	-
Component Unit	95,273,673	7,283,895	47,258,576	2,562,967	-	-	(38,168,235)	-
Decatur City Board of Education	\$ 95,273,673	\$ 7,283,895	\$ 47,258,576	\$ 2,562,967	-	-	(38,168,235)	-
Total component units	\$ 95,273,673	\$ 7,283,895	\$ 47,258,576	\$ 2,562,967	-	-	(38,168,235)	-
General Revenues								
Sales & use taxes		36,975,155					36,975,155	15,295,259
Property taxes		12,449,851					12,449,851	16,699,811
Alcoholic beverage taxes		1,750,197					1,750,197	-
Gasoline taxes		762,635					762,635	-
Automobile taxes		1,385,352					1,385,352	-
Lodging taxes		1,298,503					1,298,503	-
Rental taxes		1,061,858					1,061,858	-
Other taxes		1,935,477					1,935,477	937,385
Interest on investments		99,328			212,843		312,171	151,303
Other		766,711			138,555		905,266	4,692,043
Transfers		(4,891)			4,891		-	-
Total general revenues & transfers		58,480,176			356,289		58,836,465	37,775,801
Change in net position		(2,485,204)			5,827,786		3,342,582	(392,434)
Net position, beginning		33,992,373			247,448,924		281,441,297	69,721,424
Prior period adjustments		-			-		-	-
Net position, ending		\$ 31,507,169			\$ 253,276,710		\$ 284,783,879	\$ 69,328,990

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2014**

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & cash equivalents	\$ 20,258,289	\$ 869,914	\$ 10,867,261	\$ 31,995,464
Cash with fiscal agents	515,903	-	-	515,903
Investments, at cost	-	-	-	-
Receivables (net of allowances)				
Accounts	389,589	738,084	274,872	1,402,545
Notes	-	-	318,791	318,791
Taxes	2,780,925	-	107,257	2,888,182
Accrued interest	8	-	-	8
Due from other funds	2,319,065	21,076	42,828	2,382,969
Due from governmental entities	546,418	116,402	654,913	1,317,733
Deposits	62,005	-	72,804	134,809
Inventories	21,550	-	-	21,550
Total assets	26,893,752	1,745,476	12,338,726	40,977,954
DEFERRED OUTFLOWS OF RESOURCES				
	-	-	-	-
LIABILITIES				
Accounts payable	1,624,634	4,711	819,675	2,449,020
Accrued liabilities	1,489,101	-	47,578	1,536,679
Contract retainages	-	-	69,194	69,194
Due to other funds	-	-	2,800,932	2,800,932
Due to component units	-	1,740,765	-	1,740,765
Due to governmental entities	-	-	85,563	85,563
Customer deposits	255,238	-	794	256,032
Other	77,731	-	781	78,512
Total liabilities	3,446,704	1,745,476	3,824,517	9,016,697
DEFERRED INFLOWS OF RESOURCES				
	261,702	-	978,901	1,240,603
FUND BALANCES				
Nonspendable	21,549	-	1,021,886	1,043,435
Restricted	1,311	-	2,862,151	2,863,462
Committed	17,009,274	-	4,283,113	21,292,387
Assigned	-	-	-	-
Unassigned	6,153,212	-	(631,842)	5,521,370
Total fund balance	23,185,346	-	7,535,308	30,720,654
Total liabilities, inflows and fund balance	\$ 26,893,752	\$ 1,745,476	\$ 12,338,726	

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.	\$ 76,931,439
Other long-term receivables are not available for current-period expenditures and, therefore, are deferred in the funds.	1,216,044
The net other post retirement obligation resulting from the amount of annual required contribution in excess of contributions are not current financial obligations and therefore are not reported in the funds.	(23,054,282)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(54,306,686)

Net position of governmental activities \$ 31,507,169

CITY OF DECATUR
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2014

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
REVENUE				
Sales & use taxes	\$ 26,929,187	\$ 9,107,667	\$ 938,302	\$ 36,975,156
Property taxes	3,592,329	8,857,522	-	12,449,851
Other taxes	6,652,942	1,139,542	401,538	8,194,022
Licenses & permits	6,332,105	-	-	6,332,105
Fines & forfeitures	795,462	-	687,936	1,483,398
Revenues from money & property	232,187	-	55,106	287,293
Charges for services	4,791,185	-	-	4,791,185
Intergovernmental	6,543,115	569,768	4,359,882	11,472,765
Gifts & donations	90,180	-	18,000	108,180
Other revenues	99,682	-	549,047	648,729
Total revenues	56,058,374	19,674,499	7,009,811	82,742,684
EXPENDITURES				
Current				
General government	3,994,570	27,313	434,244	4,456,127
Public safety	21,771,020	-	267,742	22,038,762
Public works	7,684,449	-	3,858,474	11,542,923
Public services	8,286,263	-	662,050	8,948,313
Intergovernmental assistance	5,017,798	19,647,186	34,097	24,699,081
Community services contracts	2,349,354	-	-	2,349,354
Community development	-	-	1,841,519	1,841,519
Personnel Board	-	-	580,781	580,781
Principal	2,503,623	-	966,034	3,469,657
Interest and fiscal charges	1,514,062	-	283,755	1,797,817
Total expenditures	53,121,139	19,674,499	8,928,696	81,724,334
Excess (deficiency) of revenues over expenditures	2,937,235	-	(1,918,885)	1,018,350
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	54,600	-	-	54,600
Transfers in	19,715	-	829,504	849,219
Transfers (out)	(828,204)	-	(25,906)	(854,110)
Total other financing (uses) sources	(753,889)	-	803,598	49,709
Net change in fund balance	2,183,346	-	(1,115,287)	1,068,059
Fund balance, beginning	21,002,000	-	8,650,595	29,652,595
Fund balance, ending	\$ 23,185,346	\$ -	\$ 7,535,308	\$ 30,720,654

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, 2014**

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

Net change in fund balances - total governmental funds	\$ 1,068,059
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.	(2,676,891)
Governmental funds report the sales of capital assets as revenues and unlike the Statement of Activities, do not recognize the effect of the cost of those assets and their related depreciation. This is the amount by which the cost of assets sold, minus their accumulated depreciation, was exceeded by the proceeds from the sales. This amount is included in Other revenue in the Statement of Activities.	(4,371)
Revenues in the statement of activities that do not provide current financial resources	245,000
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.	3,358,853
Other expenses reported in the Statement of Activities that do not require current financial resources.	<u>(4,475,854)</u>
Change In Net Position Of Governmental Activities	<u>\$ (2,485,204)</u>

**CITY OF DECATUR
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET & ACTUAL
For the Year Ended September 30, 2014**

	General Fund				School Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	
	Original	Final						
REVENUES								
Taxes and payments in lieu of taxes	\$ 37,154,500	\$ 37,084,500	\$ 37,174,458	\$ 89,958	\$ 19,493,053	\$ 19,493,053	\$ 19,674,499	\$ 181,446
Licenses and permits	6,355,200	6,355,200	6,332,105	(23,095)	-	-	-	-
Fines and forfeitures	752,731	752,731	795,462	42,731	-	-	-	-
Revenues from money and property	241,335	241,335	232,187	(9,148)	-	-	-	-
Charges for services	4,620,343	4,645,343	4,791,185	145,842	-	-	-	-
Intergovernmental	6,120,737	5,955,737	6,543,115	587,378	-	-	-	-
Gifts and donations	57,250	62,750	90,180	27,430	-	-	-	-
Other revenues	20,000	32,164	99,682	67,518	-	-	-	-
Total revenues	55,322,096	55,129,760	56,058,374	928,614	19,493,053	19,493,053	19,674,499	181,446
EXPENDITURES								
Current								
General government	4,350,422	4,295,130	3,994,570	300,560	37,500	37,500	27,313	10,187
Public safety	22,843,158	22,523,927	21,771,020	752,907	-	-	-	-
Public works	7,503,508	7,503,508	7,684,449	(180,941)	-	-	-	-
Public services	8,294,515	8,410,547	8,286,263	124,284	-	-	-	-
Intergovernmental assistance	5,043,542	5,264,297	5,017,798	246,499	19,455,553	19,455,553	19,647,186	(191,633)
Community services contracts	2,429,405	2,329,405	2,349,354	(19,949)	-	-	-	-
Debt service								
Principal	2,494,017	2,503,429	2,503,623	(194)	-	-	-	-
Interest	1,512,885	1,514,259	1,514,062	197	-	-	-	-
Total expenditures	54,471,452	54,344,502	53,121,139	1,223,363	19,493,053	19,493,053	19,674,499	(181,446)
Excess of revenues over expenditures	850,644	785,258	2,937,235	2,151,977	-	-	-	-
OTHER FINANCING SOURCES (USES)								
Capital lease proceeds	-	54,600	54,600	-	-	-	-	-
Transfers in	9,114	19,900	19,715	(185)	-	-	-	-
Transfers out	(856,340)	(856,340)	(828,204)	28,136	-	-	-	-
Total other financing sources (uses)	(847,226)	(781,840)	(753,889)	27,951	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	3,418	3,418	2,183,346	2,179,928	-	-	-	-
Fund balance, beginning	21,002,000	17,074,906	21,002,000	-	-	-	-	-
Fund balance, ending	\$ 21,005,418	\$ 17,078,324	\$ 23,185,346	\$ 2,179,928	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 September 30, 2014**

	Municipal Utilities Board	Other Enterprise Funds	Totals
ASSETS			
Current assets			
Cash & cash equivalents	\$ 37,197,455	\$ 17,717,346	\$ 54,914,801
Investments, at cost	-	-	-
Receivables (net of allowance)			
Accounts	12,067,979	713,515	12,781,494
Accrued interest	-	-	-
Other	2,821,370	-	2,821,370
Due from other funds	-	1,182,192	1,182,192
Inventories, at cost	1,720,845	67,408	1,788,253
Other	124,700	-	124,700
Total current assets	53,932,349	19,680,461	73,612,810
Noncurrent assets			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	47,773,019	-	47,773,019
Deferred costs	444,332	-	444,332
Capital assets:			
Land	2,610,632	1,496,730	4,107,362
Buildings	-	9,688,124	9,688,124
Improvements other than buildings	-	20,928,302	20,928,302
Furniture & equipment	-	8,602,450	8,602,450
Utility plant in service	344,390,246	-	344,390,246
Construction work in progress	19,410,182	209,567	19,619,749
Less accumulated depreciation	(148,446,515)	(23,652,769)	(172,099,284)
Total capital assets (net of accumulated depreciation)	217,964,545	17,272,404	235,236,949
Total noncurrent assets	266,181,896	17,272,404	283,454,300
Total assets	320,114,245	36,952,865	357,067,110
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Current liabilities			
	13,603,671	448,692	14,052,363
Accrued liabilities	567,055	60,651	627,706
Contract retainages	-	5,341	5,341
Compensated absences	79,274	17,842	97,116
Customer deposits	4,397,592	-	4,397,592
Revenue warrants payable - current	4,895,000	-	4,895,000
Due to other funds	764,229	-	764,229
Total current liabilities	24,306,821	532,526	24,839,347
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	4,105,397	4,105,397
Revenue notes payable	70,541,365	-	70,541,365
Compensated absences	713,472	160,573	874,045
Net other postemployment benefit obligation	3,430,246	-	3,430,246
Total noncurrent liabilities	74,685,083	4,265,970	78,951,053
Total liabilities	98,991,904	4,798,496	103,790,400
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	105,898,113	17,272,403	123,170,516
Restricted for debt service	47,773,019	-	47,773,019
Unrestricted	67,451,209	14,881,966	82,333,175
Total net position	\$ 221,122,341	\$ 32,154,369	\$ 253,276,710

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, 2014**

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating revenue			
Charges for services	\$ 146,862,667	\$ 5,926,274	\$ 152,788,941
Premiums & fees	-	4,760,368	4,760,368
Total operating revenue	<u>146,862,667</u>	<u>10,686,642</u>	<u>157,549,309</u>
Operating expenses			
Personnel, operations & maintenance	129,276,053	7,642,943	136,918,996
Closure and postclosure costs	-	258,231	258,231
Depreciation and amortization	9,648,294	1,854,059	11,502,353
Administrative costs	-	1,220,723	1,220,723
Total operating expenses	<u>138,924,347</u>	<u>10,975,956</u>	<u>149,900,303</u>
Operating income	<u>7,938,320</u>	<u>(289,314)</u>	<u>7,649,006</u>
Nonoperating revenue (expenses)			
Interest income	163,396	49,447	212,843
Interest expense	(2,583,440)	-	(2,583,440)
Gain (loss) on disposition of assets	-	92,083	92,083
Miscellaneous revenue (expense)	18	46,472	46,490
Total nonoperating revenue (expenses)	<u>(2,420,026)</u>	<u>188,002</u>	<u>(2,232,024)</u>
Income before contributions, transfers & special items	<u>5,518,294</u>	<u>(101,312)</u>	<u>5,416,982</u>
Capital contributions	405,913	-	405,913
Transfers in	-	4,891	4,891
Change in net position	<u>5,924,207</u>	<u>(96,421)</u>	<u>5,827,786</u>
Total net position, beginning	<u>215,198,134</u>	<u>32,250,790</u>	<u>247,448,924</u>
Prior period adjustments	-	-	-
Total net position, beginning	<u>215,198,134</u>	<u>32,250,790</u>	<u>247,448,924</u>
Total net position, ending	<u>\$ 221,122,341</u>	<u>\$ 32,154,369</u>	<u>\$ 253,276,710</u>

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, 2014**

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating activities			
Receipts from customers and users	\$148,804,818	\$ 10,582,505	\$ 159,387,323
Other operating cash receipts	-	47,080	47,080
Payments to suppliers	(115,289,797)	(4,089,518)	(119,379,315)
Payments to employees	(12,828,642)	(4,763,087)	(17,591,729)
Payments for interfund services	-	-	-
Net cash provided by operating activities	20,686,379	1,776,980	22,463,359
Noncapital financing activities			
Advanced to other funds	-	105,048	105,048
Transfers in	-	4,892	4,892
Net cash provided by noncapital financing activities	-	109,940	109,940
Capital and related financing activities			
Acquisition and construction of capital assets	(22,144,782)	(2,168,037)	(24,312,819)
Proceeds from sale of capital assets	-	91,474	91,474
Proceeds from issuing warrants	-	-	-
Capital contributions	405,913	-	405,913
Principal payments on capital leases	-	-	-
Principal payments on warrants	(4,750,000)	-	(4,750,000)
Interest paid on warrants	(2,538,320)	-	(2,538,320)
Net cash (used) by capital and related financing activities	(29,027,189)	(2,076,563)	(31,103,752)
Investing activities			
Decrease (increase) in restricted assets	10,515,909	-	10,515,909
Miscellaneous non-operating income	18	-	18
Sale of investments	-	-	-
Interest received	163,396	49,447	212,843
Net cash provided (used) by investing activities	10,679,323	49,447	10,728,770
Net increase (decrease) in cash and cash equivalents	2,338,513	(140,196)	2,198,317
Cash and cash equivalents, beginning	34,858,942	17,857,542	52,716,484
Cash and cash equivalents, ending	\$ 37,197,455	\$ 17,717,346	\$ 54,914,801
Operating income (loss)	\$ 7,938,320	\$ (289,314)	\$ 7,649,006
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	9,648,294	1,854,059	11,502,353
Miscellaneous item	-	47,080	47,080
Prior period adjustments	-	-	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	(42,940)	(104,137)	(147,077)
Accounts payable	3,011,416	(15,571)	2,995,845
Contract retainages	-	(6,226)	(6,226)
Inventory	(73,784)	(2,061)	(75,845)
Prepaid items	17,977	-	17,977
Due to (from) other funds	-	-	-
Accrued liabilities	-	34,919	34,919
Customer deposits	35,082	-	35,082
Deferred revenue	-	-	-
Other items	152,014	-	152,014
Net cash provided by operating activities	\$ 20,686,379	\$ 1,776,980	\$ 22,463,359

The accompanying notes are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The City complies with Accounting Principles Generally Accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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

Primary Government

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

- Community Preservation Board
- Board of Examination and Appeals for Construction Industries
- Board of 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Decatur Utilities enterprise fund are charges to customers for services and fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

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

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

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

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

Receivables and Payables

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

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

Amounts receivable and payable from federal, state, county, and local governments are classified as "due from/to other governmental entities." The only individually significant amounts due from any single entity as of September 30, 2014, was \$672,637 due from Morgan County for various tax receivables and \$503,329 due from Alabama Department of Transportation, \$88,127 from the United States Department of Housing and Urban Development and other federal grantors and \$466,535 from TVA.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Non-current portions of long-term receivables due to Governmental Funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate however, that they should not be considered “available spendable resources,” since they do not represent net current assets. Recognition of Governmental Fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

Property taxes are levied in May for the following year beginning October 1, at which time a lien is attached. These taxes are due and payable on October 1 and delinquent after December 31 in each year (except with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by the June 15 following the due date, a tax sale is required to be held. Revenue is recognized in the year when the taxes are collected. The taxes are collected by the Morgan County Revenue and License Commissioners and remitted to the City net of a collection fee ranging from 1 to 4 percent for the different taxes.

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the purchases method to account for monthly medical insurance payments. The average monthly payment is \$550,665.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets tangible in nature, with an initial individual cost of more than \$7,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. When capital assets are disposed, the cost and related accumulated depreciation are removed, and any gain or loss arising from the disposal is credited or charged to operations.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Compensated Absences

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

Deferred Outflows/Inflows of Resources

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Equity

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

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

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

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

Assigned fund balance- This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council 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, 2014, which represent an encumbrance on resources at year-end, the most significant of which were as follows:

Other Governmental Funds	1,163,850
Total	\$ <u><u>1,163,850</u></u>

These encumbrances are already included in the classifications of net assets and fund balances in the financial statements as of September 30, 2014.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. GASB Accounting Pronouncements

Pronouncements Effective for the 2014 Financial Statements:

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

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

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

The City plans to adopt GASB 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. Statement 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.

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.

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 \$(54,306,686) difference are as follows:

Warrants Payable	\$ (50,687,704)
Capital lease payable	(45,189)
Accrued interest payable	(583,474)
Compensated absences	(2,138,238)
Claims Payable	<u>(852,081)</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	<u>\$ (54,306,686)</u>

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 \$(2,676,891) difference are as follows:

Capital outlay	\$ 3,316,552
Depreciation expense	<u>(5,993,443)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,676,891)</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 \$3,358,853 difference are as follows:

Debt issued or incurred:	
Capital lease	\$ (54,600)
Principal repayments:	
General obligation debt	3,460,246
Capital lease	9,411
Amortization of premium, discounts, and refunding loss	<u>(56,204)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,358,853</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 \$(4,475,854) difference is as follows:

Compensated absences	\$ 176,880
Claims	(117,948)
Accrued interest	16,911
Other postemployment expenses	<u>(4,551,697)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (4,475,854)</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

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, 2014:

General Fund

General Government:

Municipal Court	\$	604
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Public Works

Sanitation	\$	334,028
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Public Services

Landscape and Beautification	\$	1,658
Youth Services		40,760

School Fund

Intergovernmental assistance	\$	191,633
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7 Cent Gas Tax Fund

Operating expenses	\$	1,124,521
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4 & 5 Cent Gas Tax Fund

Operating expenses	\$	74,085
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Corrections Fund

Operating expenses	\$	41,601
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Docket Fees Fund

Operating expenses	\$	11,733
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Room Occupancy Fund

Capital Outlay	\$	2,724
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The excess expenditures were provided by available fund balance in the related funds.

City of Decatur
Notes to the Financial Statements
September 30, 2014

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	\$ 87,910,265
Carrying amount of deposits	515,903
Carrying amount of investments	<u>46,773,019</u>
Total	<u>\$ 135,199,187</u>
Per Governmental Funds Balance Sheet-total governmental funds	
Cash and investments	\$ 32,511,367
Per Proprietary Funds Statement of Net Assets	
Total enterprise funds	
Cash and investments	54,914,801
Restricted cash for debt service	<u>47,773,019</u>
	<u>102,687,820</u>
Total	<u>\$ 135,199,187</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	\$ 29,212,445
Carrying amount of deposits	<u>2,421</u>
Total Cash and investments	<u>\$ 29,214,866</u>

City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

B. Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance September 30, 2013	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30, 2014
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 10,117,057	\$ -	\$ -	\$ -	10,117,057
Construction in progress	5,135,068	2,203,466	-	(989,696)	6,348,838
Total capital assets, not being depreciated	15,252,125	2,203,466	-	(989,696)	16,465,895
Capital assets, being depreciated:					
Buildings and improvements	42,116,689	133,007	(8,143)	43,119	42,284,672
Land improvements	23,589,214	108,807	-	251,499	23,949,520
Furniture, equipment and other	26,476,828	862,903	(873,536)	-	26,466,195
Infrastructure	96,176,387	8,368	-	695,078	96,879,833
Total capital assets, being depreciated	188,359,118	1,113,085	(881,679)	989,696	189,580,220
Less accumulated depreciation for:					
Buildings and improvements	(21,796,795)	(1,205,473)	3,773	-	(22,998,495)
Land improvements	(11,141,830)	(1,049,714)	-	-	(12,191,544)
Furniture, equipment and other	(22,454,369)	(1,288,302)	873,536	-	(22,869,135)
Infrastructure	(68,605,548)	(2,449,954)	-	-	(71,055,502)
Total accumulated depreciation	(123,998,542)	(5,993,443)	877,309	-	(129,114,676)
Total capital assets, being depreciated, net	64,360,576	(4,880,358)	(4,370)	989,696	60,465,544
Governmental activities capital assets, net	\$ 79,612,701	\$ (2,676,892)	\$ (4,370)	\$ -	\$ 76,931,439
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 4,098,862	\$ 8,500	\$ -	\$ -	4,107,362
Construction in progress	4,595,933	15,996,117	-	(972,301)	19,619,749
Total capital assets, not being depreciated	8,694,795	16,004,617	-	(972,301)	23,727,111
Capital assets, being depreciated:					
Buildings and improvements	29,641,821	14,887	-	959,720	30,616,428
Furniture, equipment and other	8,369,609	1,511,449	(1,291,188)	12,581	8,602,451
Utility plant-in-service	339,424,187	6,783,012	(1,816,949)	-	344,390,250
Total capital assets, being depreciated	377,435,617	8,309,348	(3,108,137)	972,301	383,609,129
Less accumulated depreciation for:					
Buildings and improvements	(17,311,320)	(1,117,906)	-	-	(18,429,226)
Furniture, equipment and other	(5,778,578)	(736,153)	1,291,187	-	(5,223,544)
Utility plant-in-service	(140,960,932)	(9,648,294)	2,162,705	-	(148,446,521)
Total accumulated depreciation	(164,050,830)	(11,502,353)	3,453,892	-	(172,099,291)
Total capital assets, being depreciated, net	213,384,787	(3,193,005)	345,755	-	211,509,838
Business-type activities capital assets, net	\$ 222,079,582	\$ 12,811,612	\$ 345,755	\$ -	\$ 235,236,949

City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Depreciation expense of \$2,449,953 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	\$ 585,653
Public Safety	1,078,786
Public Works	209,590
Public Services	1,630,355
Intergovernmental	<u>39,106</u>
Total allocated depreciation expense – governmental activities	3,543,490
Total unallocated depreciation expense- governmental activities	<u>2,449,953</u>
Total depreciation expense-governmental activities	<u>\$ 5,993,443</u>

Business-type activities:

Municipal Utilities Board Fund	\$ 9,648,294
Sanitary Landfill Fund	1,137,851
Point Mallard Fund	<u>716,208</u>
Total depreciation expense – business-type activities	<u>\$ 11,502,353</u>

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2014 was as follows:

	September 30, 2013	Additions/ Reclassifications	Deletions/ Reclassifications	September 30, 2014
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,476,997	\$ -	\$ -	\$ 6,476,997
Construction in progress	2,086,314	4,503,847	2,851,851	3,738,310
Total capital assets, not being depreciated	<u>8,563,311</u>	<u>4,503,847</u>	<u>2,851,851</u>	<u>10,215,307</u>
Capital assets, being depreciated:				
Buildings and improvements	110,484,914	2,851,851	170,007	113,166,758
Furniture, equipment and other	8,464,075	1,074,535	223,243	9,315,367
Total capital assets, being depreciated	<u>118,948,989</u>	<u>3,926,386</u>	<u>393,250</u>	<u>122,482,125</u>
Less accumulated depreciation	<u>50,982,659</u>	<u>3,618,506</u>	<u>238,437</u>	<u>54,362,728</u>
Total capital assets, being depreciated, net	<u>67,966,330</u>	<u>307,880</u>	<u>154,813</u>	<u>68,119,397</u>
Total governmental activities capital assets, net	<u>\$ 76,529,641</u>	<u>\$ 4,811,727</u>	<u>\$ 3,006,664</u>	<u>\$ 78,334,704</u>

City of Decatur
Notes to the Financial Statements
September 30, 2014

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, 2014 is as follows:

Transfers From:	General Fund	Decatur Utilities	Non-major Government	Non-major Enterprise	Total In
Transfers To:					
General Fund	\$ -	\$ -	\$ 828,204	\$ -	\$ 828,204
Non-major Government	19,714	-	1,300	4,892	25,906
Non-major Enterprise	-	-	-	-	-
Total Out	<u>\$ 19,714</u>	<u>\$ -</u>	<u>\$ 829,504</u>	<u>\$ 4,892</u>	<u>\$ 854,110</u>

Due To/From Other Funds:

Due To:	General Fund	School Fund	Non-major Government	Non-major Enterprise	Total In
Due From:					
Decatur Utilities	\$ 700,325	\$ 21,076	\$ 42,828	\$ -	\$ 764,229
Non-major Government	<u>1,618,738</u>	<u>-</u>	<u>-</u>	<u>1,182,194</u>	<u>2,800,932</u>
Total Out	<u>\$ 2,319,063</u>	<u>\$ 21,076</u>	<u>\$ 42,828</u>	<u>\$ 1,182,194</u>	<u>\$ 3,565,161</u>

Due To/From Primary Government and Component Units:

Due To:	Component Unit- Board of Education	Total In
Due From:		
Component Unit- Board of Education	\$ -	\$ -
Primary Government- School Fund	<u>1,740,765</u>	<u>1,740,765</u>
Total Out	<u>\$ 1,740,765</u>	<u>\$ 1,740,765</u>

\$1,477,742 of the balance due to the general fund and \$1,182,194 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, 2014

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, 2014. The future minimum lease payments for these leases are as follow:

Year Ending September 30	Business-Type Activities Point Mallard
2015	54,856
2016	54,856
Total minimum lease payments	<u>\$ 109,712</u>

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of computer equipment. 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>(9,411)</u>
Total	<u>\$ 45,189</u>

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

Year Ending September 30	Governmental Activities
2015	\$ 11,766
2016	11,766
2017	11,766
2018	11,766
2019	<u>981</u>
Total minimum lease payments	48,045
Less amount representing interest	<u>(2,856)</u>
Total minimum lease payments	<u>\$ 45,189</u>

The future debt service requirements of the governmental activities leases at September 30, 2014 are primarily to be provided by the General Fund.

City of Decatur
Notes to the Financial Statements
September 30, 2014

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, 2014 are as follows:

Year Ending September 30	Governmental Activities
2015	\$ 607,207
2016	540,726
2017	280,195
Total minimum lease payments	1,428,128
Less amount representing interest	(91,141)
Present value of minimum lease payments	<u>\$ 1,336,987</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, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Outstanding Debt

The amount of debt outstanding at September 30, 2014, and information related to it was as follows:

Series	Face Amount (thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance (thousands)	Amount Due Within One Year (thousands)
PRIMARY GOVERNMENT							
<u>Governmental Activities</u>							
<i>G.O. Warrants - general purposes</i>							
2006-Capital Improvement	16,215	10/11/2006	10/1/2026	4.0 - 4.375	175 -2,360	14,390	180
2009-A	13,170	6/1/2009	7/1/2020	2.0 - 4.0	190-2,015	11,015	1,680
2009-B	8,775	6/1/2009	6/1/2014	1.2 - 2.5	1,080-2,290	-	-
2011-Sewer	6,500	6/1/2011	6/1/2029	2.0-4.0	295-480	5,610	305
2012 General Obligation	17,760	7/1/2012	7/1/2033	2-3.125	650-1,145	16,440	685
2012-B	1,238	8/7/2012	8/7/2015	1.05	408-413	382	382
2012-C	1,354	8/7/2012	8/7/2015	1.45	185-199	966	191
2012-D	2,750	8/7/2012	8/7/2015	2.11	112-1,645	2,515	116
	<u>71,537</u>					<u>51,318</u>	<u>3,539</u>
Total Governmental Activities	<u>\$ 71,537</u>					<u>\$ 51,318</u>	<u>\$ 3,539</u>

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City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Outstanding Debt - Continued

Series	Face Amount (thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance (thousand)	Amount Due Within One Year
<i>Business-Type Activities</i>							
<i>Water System Revenue Warrants</i>							
2009	\$ 12,980	6/1/2009	6/1/2019	2.0 - 4.0	1,690 -2,050	\$ 9,555	\$ 1,785
2009 SRF/ARRA	3,100				115-220	2,865	125
2012	490		8/15/2033		20-30	470	20
2013	<u>10,410</u>	11/1/2013	5/1/2033	3.0-3.5	605-905	<u>10,410</u>	-
	<u>26,980</u>					<u>23,300</u>	<u>1,930</u>
<i>Wastewater System Revenue Warrants</i>							
1997	\$ 2,850	11/1/1996	8/15/2017	3.95	135 - 200	\$ 580	\$ 185
2004	9,645	04/21/2004	8/15/2013	2.85	910 - 1,125	-	-
2009 SRF/ARRA	10,530				385 - 720	9,380	410
2010	15,590	12/22/1999	8/15/2020	3.85	720 - 1,095	5,985	905
2012	855		8/15/2033		30-55	825	35
2013	<u>37,125</u>	8/15/2013	8/15/2033	2.0-3.5	1,400-2,370	<u>35,725</u>	<u>1,430</u>
	<u>76,595</u>					<u>52,495</u>	<u>2,965</u>
Total Business-Type Activities	<u>\$ 103,575</u>					<u>\$ 75,795</u>	<u>\$ 4,895</u>
Total Primary Government	<u>\$ 175,112</u>					<u>\$ 127,113</u>	<u>\$ 8,434</u>

COMPONENT UNITS

Governmental-Type Activities
Board of Education

Series 2005	\$ 25,730	2005	2/1/2030	4.0 - 4.5	270 – 9,625	\$ 24,415	\$ 24,415
2010	1,050	2010	9/1/2027	5.15	1,050	1,050	-
2011	5,000	2011	5/1/2026	4.60	5,000	5,000	-
2013	-	2013	6/1/1933	3.25-5	61-591	1,769	65
Series 2013	<u>-</u>	2013	2/1/1935	2.75-5	1,030-3,380	<u>30,325</u>	<u>-</u>
Total Component Units	<u>\$ 31,780</u>					<u>\$ 62,559</u>	<u>\$ 24,480</u>

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

City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2014 are shown below. There is \$1,131,607 available in the Crossings Debt Service Fund to service obligation debt and \$44,323,005 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, 2014 were \$3,335,000 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, 2014 were \$9,380,000 and \$825,000 with final maturity in 2031 and 2033.

PRIMARY GOVERNMENT

(thousands)

G.O. Warrants

<u>Governmental Activities:</u>	Principal	Interest
2015	\$ 3,540	\$ 1,717
2016	3,242	1,626
2017	3,333	1,533
2018	3,444	1,433
2019	3,527	1,330
2020 – 2024	16,357	4,909
2025 – 2029	13,565	1,800
2030 – 2033	4,310	336
Total governmental activities	<u>\$ 51,318</u>	<u>\$ 14,684</u>

<u>Business-Type Activities</u>	Principal	Interest
2015	4,895	2,412
2016	5,045	2,279
2017	5,215	2,127
2018	5,190	1,965
2019	5,370	1,791
2020 – 2024	16,805	6,991
2025 – 2029	18,315	4,360
2030 - 2033	14,960	1,243
Total business-type activities	<u>\$ 75,795</u>	<u>\$ 23,168</u>

City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

<u>Governmental Activities: Board of Education</u>	Capital Outlay 2005 Warrants		Capital Outlay 2013 Warrant	
	Principal	Interest	Principal	Interest
2015	24,415	21,600	-	1,080
2016	-	-	1,030	1,064
2017	-	-	1,065	1,033
2018	-	-	1,105	995
2019	-	-	1,150	950
2020-2024	-	-	6,665	3,897
2025-2029	-	-	8,255	2,444
2030-2034	-	-	9,755	1,043
2035-2039	-	-	1,300	22
Total Governmental Activities	\$ 24,415	\$ 21,600	\$ 30,325	\$ 12,528

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2014, 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	\$ 54,779	\$ -	\$ (3,461)	\$ 51,318	\$ 3,539
Less amounts deferred for: Issue discounts & premiums	410	-	(48)	362	-
Total warrant, bonds, & notes	55,189	-	(3,509)	51,680	3,539
Capitalized leases	-	55	(10)	45	11
Compensated absences	2,315	-	(177)	2,138	214
Claims payable	734	125	(7)	852	48
Other post-employment benefits	18,503	4,553	(2)	23,054	-
Governmental Activities Long-Term Liabilities	\$ 76,741	\$ 4,733	\$ (3,705)	\$ 77,769	\$ 3,812
<u>Business-Type Activities:</u>					
Revenue warrants	\$ 80,545	\$ -	\$ (4,750)	\$ 75,795	\$ 4,895
Less amounts deferred for: Issue discounts & premiums	(438)	-	79	(359)	-
Total warrants	80,107	-	(4,671)	75,436	4,895
Landfill closure and postclosure	3,847	258	-	4,105	-
Compensated absences	932	40	-	972	97
Compensated absences	-	3,430	-	3,430	-
Business-Type Activities Long-Term Liabilities	\$ 84,886	\$ 3,728	\$ (4,671)	\$ 83,943	\$ 4,992

City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS-BOARD OF EDUCATION

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business-Type Activities – Board of Education</u>					
Revenue warrants	\$ 63,660	\$ -	\$ (1,101)	\$ 62,559	\$ 24,480
Issue discounts & premiums	1,224	-	(56)	1,168	56
Capitalized Leases	567	1,418	(648)	1,337	556
Total Board of Education					
Long-Term Liabilities	\$ 65,451	\$ 1,418	\$ (1,805)	\$ 65,064	\$ 25,092

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, 2014, there were six series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the six outstanding issues was approximately \$376,978,188. The original issue amounts of these series totaled \$486,340,000.

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City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

G. Fund Balance Constraints

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

	General Fund	School Fund	Other Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Inventory	\$ 21,549	\$ -	\$ -	\$ 21,549
Permanent Fund	-	-	1,021,886	1,021,886
Total Nonspendable	21,549	-	1,021,886	1,043,435
Restricted:				
Special Revenues	-	-	2,788,322	2,788,322
MPO Dues	-	-	24,199	24,199
Tri-Centennial	1,312	-	-	1,312
Grant Funds	-	-	49,628	49,628
Total Restricted	1,312	-	2,862,149	2,863,461
Committed:				
OPEB Reserve	1,474,893	-	-	1,474,893
Repairs/Maintenance	33,984	-	-	33,984
Tri-Centennial	-	-	-	-
Reserve Policy	8,651,935	-	-	8,651,935
Personnel Board	-	-	177,616	177,616
Sewer Extension	-	-	4,536,743	4,536,743
Hwy 31 Grant	-	-	32,111	32,111
Bike Trail Project	-	-	11,772	11,772
Vine Street Train Depot	-	-	89,427	89,427
Misc Capital Projects	-	-	-	-
Other	6,848,461	-	(564,556)	6,283,905
Total Committed	17,009,273	-	4,283,113	21,292,386
Assigned:				
Historic Preservations	-	-	-	-
Other Purposes	-	-	-	-
Total Assigned	-	-	-	-
Unassigned:	6,153,210	-	(631,842)	5,521,368
Total Fund Balance:	\$ 23,185,344	\$ -	\$ 7,535,306	\$ 30,720,650

H. Tax Equivalents

The Municipal Utilities Board Fund is required to pay to the City a tax equivalent which is determined by applying the current property tax rates to the Utilities' net plant in service at the end of the preceding year. The amount of tax equivalents paid to the City by the Municipal Utilities Board Fund during 2013 was \$1,662,525 by the Electric System, \$754,475 by the Natural Gas System, \$399,392 by the Water System and \$79,408 by the Wastewater System. These amounts are reported as intergovernmental revenue in the General Fund and the School Fund of the City and as operating expenses in the financial statements of the Municipal Utility Board Enterprise Fund.

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

I. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will only be paid near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The total amount of \$4,105,397 reported for landfill closure and postclosure care liability at September 30, 2014 within the proprietary statement of net assets, represents the cumulative amount reported to date based on the use of 43.36 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$5,362,819 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, 2014. 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, 2014, 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, 2014. The unfulfilled balance of these contracts that relate to the non-major governmental funds operations are included in the “Committed” fund balance classification as described more fully in Note 4G.

Purchase Commitments

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

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

NOTE 5 – OTHER INFORMATION - CONTINUED

Litigation

The City is a defendant in a number of claims and lawsuits. The outcome of these matters is uncertain as of the date of this report. The City Attorney estimates the total liability with respect to these claims and lawsuits that are not covered by insurance will not exceed \$650,000, \$275,000 of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund at September 30, 2014. The remaining portion has been reported in the government-wide statement of net assets as noncurrent liabilities due in more than one year.

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

B. Jointly Governed Organizations

Joint Ventures

The City of Decatur is involved in three joint ventures:

Decatur- Morgan County Port Authority was incorporated in 1982 for the purpose of developing the port and industrial park located in Morgan County on the Tennessee River. The Authority has a five-member board, of which two members are appointed by the City and a third in conjunction with the County. There are no financial assets, liabilities or ongoing activity related to the authority during the year or at September 30, 2014.

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, 2014.

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 \$435,932 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

The City of Decatur's defined benefit pension plan provides retirement, disability benefits and death benefits to plan members and beneficiaries. The City is affiliated with the Employees' Retirement System of Alabama (the System), an agent multiple-employer pension plan administered by the Retirement Systems of Alabama. The Retirement Systems of Alabama assigns the authority to establish and amend the benefit provisions of the plans that participate in the System to the respective employer entities. For the City of Decatur, that authority rests with the City Council with the exception of the Municipal Utilities Board Enterprise Fund, for which the Board has the authority. The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Retirement Systems of Alabama, PO Box 302150, Montgomery, Alabama, 36130-2150 or by calling (334) 517-7000.

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

City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 5 – OTHER INFORMATION - CONTINUED

State correctional officers, certified full-time firefighters, and certified full-time law enforcement officers employed prior to January 1, 2013, or Tier 1 employees, are required to contribute 6% of their annual covered salary to the plan. Those hired after January 1, 2013, or Tier 2 employees, are required to contribute 7% of their annual covered salary to the plan. All other System members employed prior to January 1, 2013, or Tier 1 employees, are required by the State of Alabama to contribute 5% of their annual covered salary to the plan. Those hired after January 1, 2013, or Tier 2 employees, are required by the State of Alabama to contribute 6% of their annual covered salary to the plan. The City is required to contribute at actuarially determined rates. The rate as a percentage of annual covered payroll for the City (including both Tier 1 and Tier 2 employees) is 11.46%, with the exception of the Municipal Utilities Board Fund, for which the rate is 14.95%. The contribution requirements of plan members are established and may be amended by the Employee's Retirement System of Alabama.

For 2014, the City of Decatur's annual pension cost was equal to their actual required contributions. The required contribution was determined as part of the September 30, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.75% to 7.25% per year, and (c) 0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of the system's assets was determined using market values of instruments at September 30, 2012 for the City, and using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period in the years prior to September 30, 2012 and September 30, 2011, respectively. The System's unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on an open basis.

The remaining amortization period at September 30, 2014 was 26 and 30 for the Board and the City, respectively.

Trend Information for the System (1)

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
City of Decatur	9/30/13	2,897,048	100%
	9/30/12	2,877,466	100%
	9/30/11	3,052,681	100%
	9/30/10	2,793,064	100%
	9/30/09	2,770,883	100%
Municipal Utilities Board	9/30/13	1,450,652	100%
	9/30/12	1,345,599	100%
	9/30/11	1,545,500	100%
	9/30/10	1,524,475	100%
	9/30/09	1,473,229	100%

(1) Trend information for the year ended September 30, 2014 was not yet available from the System.

City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 5 – OTHER INFORMATION - CONTINUED

Schedule of Funding Progress for the System

Department	Actuarial Valuation Date(1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
City of Decatur	9/30/13	69,110,625	106,788,199	37,677,574	64.7%	25,172,255	149.7%
	9/30/12	65,688,795	102,012,679	36,323,884	64.4%	24,440,693	148.6%
	9/30/11	67,322,510	102,408,218	35,085,708	65.7%	23,674,710	148.2%
	9/30/10	69,102,121	101,509,109	32,405,988	68.1%	23,962,799	135.2%
	9/30/09	70,643,974	100,531,710	29,887,736	70.3%	23,818,576	125.5%
Municipal Utilities Board	9/30/13	26,742,883	44,275,998	17,533,115	60.4%	9,334,632	187.83%
	9/30/12	25,265,153	41,580,326	16,315,173	60.76%	8,339,323	195.64%
	9/30/11	25,839,783	43,315,003	17,475,220	59.7%	8,897,976	196.4%
	9/30/10	26,546,448	42,658,743	16,112,295	62.2%	8,998,596	179.1%
	9/30/09	26,035,764	41,029,331	14,993,567	63.5%	8,597,323	174.4%

(1) Trend information for the year ended September 30, 2014 was not yet available from the System.

Component Unit

City Board of Education

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

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

The Teachers' Retirement System was established October 1, 1941, under the provisions of Act Number 419, of the Legislature of 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently fourteen members). Benefit provisions are established by the Code of Alabama 1975, Section 16-25-1 through Section 16-25-170, as amended, and Section 36-27B-1 through Section 36-27B-5, as amended.

NOTE 5 – OTHER INFORMATION - CONTINUED

Employees of the Board are required to contribute 7.50% percent for Tier I members or 6.00% for Tier II members, of their salary to the Teachers' Retirement System. The Board is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Alabama Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriations bill. The percentages of the contributions and the amount of contributions made by the Board and the Board's employees equal the required contributions for each year as follows:

	Fiscal Year Ended September 30,		
	2014	2013	2012
Total percentage of payroll	19.21%	17.58%	17.25%
Contributions:			
Percentage contributed by the Board	11.71%/11.08%	10.08%/9.44%	10.00%
Percentage contributed by employees	7.50%/6.00%	7.50%/6.00%	7.25%
Amount contributed by the Board	\$ 5,815,034	\$ 5,004,840	\$ 4,921,183
Amount contributed by employees	3,710,084	3,723,839	3,567,858
Total Contributions	<u>\$ 9,525,118</u>	<u>\$ 8,728,679</u>	<u>\$ 8,489,041</u>

E. Post-Retirement Health Plan

Plan Description

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

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

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

Funding Policy

Retirees with family coverage are required to pay premiums for a portion of the benefits in an amount established by City Ordinance, which is \$100 or 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, 2014 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.

NOTE 5 – OTHER INFORMATION - CONTINUED

The City is required to pay the remaining premiums and has funded the plan on a projected pay-as-you-go basis in the current year. A \$1,655,100 reserve of fund balance has been created for OPEB liabilities as of year-end, but the City will continue to fund the plan on a projected pay-as-you-go basis until after the next valuation. At that time, the City plans to begin contributing the remaining cost of benefits at a rate determined by an actuarial valuation that is prepared in accordance with certain parameters.

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

Annual OPEB Cost and Net OPEB Obligation

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

For 2014, the required contribution was determined as part of the September 30, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.25% inflation rate (b) 4.0% investment rate of return; (c) a 4.5% medical cost trend rate; (d) a 3.5% cost trend for dental and vision care, respectively; (e) 100% participation rate by retirees and 80.0% participation rate by spouses of participating retirees; (f) retirement rates consistent with the City’s pension plan actuarial valuation; and (g) a thirty-year amortization period of the actuarial liability as a level percentage of projected payroll on an open basis. The actuarially determined rate as a percentage of annual covered payroll was 28.42%.

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

Annual required contribution	6,216,776
Interest on net OPEB obligation	550,428
Adjustment to annual required contribution	<u>(550,791)</u>
Annual OPEB cost (expense)	6,216,413
Contributions made	<u>1,664,716</u>
Increase in net OPEB obligation	4,551,697
Net OPEB obligation-beginning of year	<u>18,502,585</u>
Net OPEB obligation-end of year	<u><u>\$ 23,054,282</u></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, 2014 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/14	\$ 6,216,413	26.8%	\$23,054,282
9/30/13	\$ 6,052,028	21.0%	\$18,502,585
9/30/12	\$ 4,898,623	28.7%	\$13,760,702

City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 5 – OTHER INFORMATION – CONTINUED

The funded status of the plan as of September 30, 2012, 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
9/30/12	\$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, 2014 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 2014, 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, 2014

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, 2014 are as follows:

Annual Required Contribution:

	<u>2013</u>	<u>2014</u>
Normal Cost	\$ 503,731	\$ 528,918
Amortization	912,423	1,116,867
Interest	<u>28,045</u>	<u>32,593</u>
Total ARC	\$ 1,444,199	\$ 1,678,378

Net OPEB Obligation:

Net OPEB obligation- October 1	\$ 1,845,712	\$ 2,551,206
Annual Required Contribution	1,444,199	1,678,378
Interest	<u>73,828</u>	<u>102,048</u>
Adjustment to annual required contribution	<u>(88,107)</u>	<u>(89,712)</u>
Annual OPEB cost	<u>1,429,920</u>	<u>1,690,714</u>
Annual required contribution	<u>(737,876)</u>	<u>(796,906)</u>
Net OPEB Obligation	<u>\$ 2,537,756</u>	<u>\$ 3,445,014</u>

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

Active Employees	\$ 15,821,079	\$ 16,453,922
Retirees	<u>12,787,160</u>	<u>12,531,256</u>
Total	<u>\$ 28,608,239</u>	<u>\$ 28,985,178</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.

City of Decatur
Notes to the Financial Statements
September 30, 2014

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:

	2014
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	\$ 679.00
Surviving Spouse – Non-Medicare Eligible and Dependent Non-Medicare Eligible	\$ 870.00
Surviving Spouse – Non-Medicare Eligible and Dependent Medicare Eligible	\$ 829.00
Surviving Spouse – Medicare Eligible	\$ 317.00
Surviving Spouse – Medicare Eligible and Dependent Non-Medicare Eligible	\$ 516.00
Surviving Spouse – Medicare Eligible and Dependent Medicare Eligible	\$ 485.00

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

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

Fiscal Year Ended September, 30,	2014	2013	2012
Active Health Insurance Premiums Paid by the Board	\$ 714.00	\$ 714.00	\$ 714.00
Amount of Premium Attributable to Retirees	\$ 220.09	\$ 216.90	\$ 228.85
Percentage of Active Employee Premiums Attributable to Retirees	30.83%	30.38%	32.05%
Percentage of Required Amount Contributed	100.00%	100.00%	100.00%
Total Amount Paid Attributable to Retirees	\$ 3,053,976.00	\$ 3,089,054.00	\$ 3,226,460.00

City of Decatur
Notes to the Financial Statements
September 30, 2014

NOTE 5 – OTHER INFORMATION – CONTINUED

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

F. Risk Financing Programs

The City elected to retain risk related to the employees' health and dental insurance for the first time beginning December 1, 1999. Then, on January 1, 2002 the City elected to no longer retain the health insurance risk and purchased health insurance. The City currently pays premiums to the State Employee Insurance Board. However, the City still retains the risk for the period under the health self-insurance. The amount of outstanding claims liability remaining as of September 30, 2014 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, 2014, 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, 2014 are as follows:

	Workers' Compensation		Legal Claims		Total	
	2014	2013	2014	2013	2014	2013
Unpaid claims, beginning of year	484,133	513,364	250,000	250,000	734,133	763,364
Incurred claims	111,692	134,331	268,997	138,532	380,689	272,863
Less claim payments	(118,744)	(163,562)	(143,997)	(138,532)	(262,741)	(302,094)
Unpaid claims, end of year	<u>477,081</u>	<u>484,133</u>	<u>375,000</u>	<u>250,000</u>	<u>852,081</u>	<u>734,133</u>

The Electric, Water and Gas systems of the Utilities are also self-insured for general liability, health insurance and workers' compensation insurance. Reinsurance has been purchased to limit the exposure to catastrophic loss for health insurance and workers' compensation insurance claims.

G. Subsequent Events

The Company has evaluated subsequent events through March 20, 2015, the date on which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

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**CITY OF DECATUR
GENERAL FUND
BALANCE SHEET
September 30, 2014**

ASSETS

Cash & cash equivalents	\$ 20,258,289
Cash with fiscal agent	515,903
Receivables (net of allowances):	
Accounts	389,589
Notes	-
Taxes	2,780,925
Accrued interest	8
Due from other funds	2,319,065
Due from other governmental entities	546,418
Deposits	62,005
Inventories	21,550

Total assets \$ 26,893,752

DEFERRED OUTFLOWS OF RESOURCES -

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,624,634
Accrued liabilities	1,489,101
Customer deposits	255,238
Other	77,731

Total liabilities 3,446,704

DEFERRED INFLOWS OF RESOURCES 261,702

FUND BALANCE

Nonspendable	21,549
Restricted	1,311
Committed	17,009,274
Assigned	-
Unassigned	6,153,212

Total fund balance 23,185,346

Total liabilities, deferred resources and fund balance \$ 26,893,752

**CITY OF DECATUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET & ACTUAL
September 30, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and payments in lieu of taxes	\$ 37,154,500	\$ 37,084,500	\$ 37,174,458	\$ 89,958
Licenses and permits	6,355,200	6,355,200	6,332,105	(23,095)
Fines and forfeitures	752,731	752,731	795,462	42,731
Revenues from money and property	241,335	241,335	232,187	(9,148)
Charges for services	4,620,343	4,645,343	4,791,185	145,842
Intergovernmental	6,120,737	5,955,737	6,543,115	587,378
Gifts and donations	57,250	62,750	90,180	27,430
Other revenues	20,000	32,164	99,682	67,518
Total revenues	55,322,096	55,129,760	56,058,374	928,614
EXPENDITURES				
Current				
General government	4,350,422	4,295,130	3,994,570	300,560
Public safety	22,843,158	22,523,927	21,771,020	752,907
Public works	7,503,508	7,503,508	7,684,449	(180,941)
Public services	8,294,515	8,410,547	8,286,263	124,284
Intergovernmental assistance	5,043,542	5,264,297	5,017,798	246,499
Community services contracts	2,429,405	2,329,405	2,349,354	(19,949)
Debt service:				
Principal	2,494,017	2,503,429	2,503,623	(194)
Interest and fiscal charges	1,512,885	1,514,259	1,514,062	197
Total expenditures	54,471,452	54,344,502	53,121,139	1,223,363
Excess of revenues over expenditures	850,644	785,258	2,937,235	2,151,977
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	54,600	54,600	-
Operating transfers in	9,114	19,900	19,715	(185)
Operating transfers out	(856,340)	(856,340)	(828,204)	28,136
Total other financing sources (uses)	(847,226)	(781,840)	(753,889)	27,951
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	3,418	3,418	2,183,346	2,179,928
Fund balance, beginning	21,002,000	21,002,000	21,002,000	-
Fund balance, ending	\$ 21,005,418	\$ 21,005,418	\$ 23,185,346	\$ 2,179,928

**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, 2014**

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	\$ 26,929,187	\$ (70,813)
Ad valorem	3,500,000	3,590,000	3,592,329	2,329
Other	6,654,500	6,494,500	6,652,942	158,442
Total	37,154,500	37,084,500	37,174,458	89,958
Licenses and permits				
Motor Vehicle	175,000	175,000	179,481	4,481
Business Licenses and Permits	5,666,000	5,666,000	5,717,203	51,203
Building Permits and Inspection Fees	514,200	514,200	435,421	(78,779)
Total	6,355,200	6,355,200	6,332,105	(23,095)
Fines and forfeitures	752,731	752,731	795,462	42,731
Revenues from money and property				
Interest	91,000	91,000	81,047	(9,953)
Other	150,335	150,335	151,140	805
Total	241,335	241,335	232,187	(9,148)
Charges for current services				
Recreation	485,400	510,400	576,147	65,747
Animal shelter	37,000	37,000	33,286	(3,714)
General government	462,200	462,200	461,367	(833)
Public safety	205,500	205,500	292,908	87,408
Public works	3,368,143	3,368,143	3,358,806	(9,337)
Cemetery	50,100	50,100	52,925	2,825
Old bank	900	900	2,608	1,708
Youth services	11,100	11,100	13,138	2,038
Total	4,620,343	4,645,343	4,791,185	145,842
Intergovernmental				
Tax equivalents	5,908,487	5,658,487	6,169,710	511,223
State Grants	-	85,000	55,000	(30,000)
State Shared Taxes	212,250	212,250	318,405	106,155
State contributions	-	-	-	-
Total	6,120,737	5,955,737	6,543,115	587,378
Gifts & donations	57,250	62,750	90,180	27,430
Other revenues	20,000	32,164	99,682	67,518
TOTAL REVENUES	55,322,096	55,129,760	56,058,374	928,614

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, 2014

Page 2 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current Expenditures				
General Government				
Mayor and Council				
Personal services	294,825	289,533	290,007	(474)
Operating expenses	135,100	135,100	79,568	55,532
Total	429,925	424,633	369,575	55,058
Legal Services				
Personal services	380,068	380,068	380,334	(266)
Operating expenses	106,362	56,362	45,959	10,403
Total	486,430	436,430	426,293	10,137
Municipal Court				
Personal services	467,243	467,243	466,309	934
Operating expenses	15,500	15,500	17,038	(1,538)
Total	482,743	482,743	483,347	(604)
City Clerk				
Personal services	409,762	410,623	412,321	(1,698)
Operating expenses	77,950	77,089	61,368	15,721
Total	487,712	487,712	473,689	14,023
Revenue department				
Personal services	224,438	224,438	224,364	74
Operating expenses	65,550	65,550	55,117	10,433
Total	289,988	289,988	279,481	10,507
Finance department				
Personal services	615,466	615,466	583,441	32,025
Operating expenses	19,725	19,725	12,226	7,499
Total	635,191	635,191	595,667	39,524
Public building				
Personal services	121,299	121,299	111,419	9,880
Operating expenses	606,767	606,767	497,883	108,884
Total	728,066	728,066	609,302	118,764
Community development				
Personal services	659,255	659,255	643,208	16,047
Operating expenses	151,112	151,112	114,008	37,104
Total	810,367	810,367	757,216	53,151
Total general government	4,350,422	4,295,130	3,994,570	300,560

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, 2014

Page 3 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety				
Fire				
Personal services	9,226,146	8,862,675	8,442,192	420,483
Operating expenses	806,528	897,915	766,480	131,435
Total	10,032,674	9,760,590	9,208,672	551,918
Inspection				
Personal services	719,497	719,497	690,308	29,189
Operating expenses	78,044	50,782	40,834	9,948
Total	797,541	770,279	731,142	39,137
Police				
Personal services	10,622,643	10,554,477	10,472,548	81,929
Operating expenses	1,390,300	1,438,581	1,358,658	79,923
Total	12,012,943	11,993,058	11,831,206	161,852
Total public safety	22,843,158	22,523,927	21,771,020	752,907
Public Works				
Director				
Personal services	460,145	460,145	460,451	(306)
Operating expenses	93,230	93,230	79,453	13,777
Total	553,375	553,375	539,904	13,471
Streets				
Personal services	2,168,798	2,168,798	2,038,184	130,614
Operating expenses	979,760	979,760	975,335	4,425
Total	3,148,558	3,148,558	3,013,519	135,039
Engineering				
Personal services	195,543	195,543	186,672	8,871
Operating expenses	10,600	10,600	14,894	(4,294)
Total	206,143	206,143	201,566	4,577
Sanitation				
Personal services	1,922,182	1,922,182	1,925,974	(3,792)
Operating expenses	1,673,250	1,673,250	2,003,486	(330,236)
Total	3,595,432	3,595,432	3,929,460	(334,028)
Total public works	7,503,508	7,503,508	7,684,449	(180,941)

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, 2014

Page 4 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Services				
Animal Shelter				
Personal services	561,056	566,249	536,064	30,185
Operating expenses	126,211	124,558	122,221	2,337
Total	687,267	690,807	658,285	32,522
Park and recreation				
Personal services	3,781,271	4,069,536	3,921,951	147,585
Operating expenses	2,709,100	2,505,835	2,557,734	(51,899)
Total	6,490,371	6,575,371	6,479,685	95,686
Landscape and beautification				
Personal services	120,255	127,055	129,395	(2,340)
Operating expenses	80,250	86,750	86,068	682
Total	200,505	213,805	215,463	(1,658)
Cemetery				
Personal services	86,896	92,188	82,774	9,414
Operating expenses	95,150	95,150	73,558	21,592
Total	182,046	187,338	156,332	31,006
Youth services				
Personal services	452,734	452,734	508,090	(55,356)
Operating expenses	188,668	188,668	174,072	14,596
Total	641,402	641,402	682,162	(40,760)
Culture				
Old Bank	90,124	99,024	94,336	4,688
Historic Preservation Commission	2,800	2,800	-	2,800
Total	92,924	101,824	94,336	7,488
Total public services	8,294,515	8,410,547	8,286,263	124,284

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, 2014

Page 5 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Intergovernmental assistance</i>				
Garage				
Personal services	282,294	282,294	241,525	40,769
Operating expenses	54,450	54,450	59,063	(4,613)
Total	336,744	336,744	300,588	36,156
Purchasing				
Personal services	143,582	125,832	115,747	10,085
Operating expenses	62,469	46,219	35,489	10,730
Total	206,051	172,051	151,236	20,815
Information services				
Personal services	625,509	633,069	606,220	26,849
Operating expenses	599,004	689,329	615,328	74,001
Total	1,224,513	1,322,398	1,221,548	100,850
Miscellaneous				
Workman's compensation	500,000	500,000	437,194	62,806
Insurance	304,276	410,146	410,146	-
Other	2,173,945	2,213,945	2,211,722	2,223
Total	2,978,221	3,124,091	3,059,062	65,029
Planning department				
Personal services	269,823	269,823	264,498	5,325
Operating expenses	28,190	28,190	15,506	12,684
Total	298,013	298,013	280,004	18,009
Safety				
Operating expenses	-	11,000	5,360	5,640
Total	-	11,000	5,360	5,640
<i>Total Intergovernmental assistance</i>	5,043,542	5,264,297	5,017,798	246,499

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, 2014

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.	435,932	435,932	435,932	-
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	118,560	118,560	118,560	-
Morgan County Commission	150,000	150,000	150,000	-
Community Action and Community Development Agency of North Alabama:				
Meals on Wheels	15,808	15,808	15,808	-
Foster Grandparents	8,000	8,000	8,000	-
Decatur-Morgan County Seniors' Council, Inc.	56,000	56,000	56,000	-
Decatur Convention and Visitors' Bureau	675,000	555,000	574,949	(19,949)
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	-
System of Services	4,800	4,800	4,800	-
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	-
Entrepreneurial Center	100,000	100,000	100,000	-
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	2,429,405	2,329,405	2,349,354	(19,949)
Debt Service Expenditures				
Principal	2,494,017	2,503,429	2,503,623	(194)
Interest and fiscal charges	1,512,885	1,514,259	1,514,062	197
Total Debt Service Expenditures	4,006,902	4,017,688	4,017,685	3
TOTAL EXPENDITURES	54,471,452	54,344,502	53,121,139	1,223,363
Excess (deficiency) of revenues over expenditures	850,644	785,258	2,937,235	2,151,977

**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, 2014**

Page 7 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	54,600	54,600	-
Operating transfers in	9,114	19,900	19,715	(185)
Operating transfers out	(856,340)	(856,340)	(828,204)	28,136
Total other financing sources (uses)	(847,226)	(781,840)	(753,889)	27,951
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	3,418	3,418	2,183,346	2,179,928
Fund balance, beginning	21,002,000	21,002,000	21,002,000	-
Fund balance, ending	\$ 21,005,418	\$ 21,005,418	\$ 23,185,346	\$ 2,179,928

CITY OF DECATUR
NON-MAJOR GOVERNMENTAL FUNDS (by fund type)
COMBINING BALANCE SHEET
September 30, 2014

	Special Revenue Funds											Debt Service Fund			Permanent Fund			Capital Projects Fund			Total	
	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	Capital Improvements Fund	Capital Improvements Fund	2012 Capital Improvements Fund	Nonmajor Governmental Funds	Total				
																			Capital Improvements Fund	Capital Improvements Fund	Capital Improvements Fund	
ASSETS																						
Cash & investments, at cost	\$ 149,965	\$ -	\$ -	\$ 214,250	\$ 141,408	\$ 1,822,521	\$ 239,778	\$ 398,159	\$ 247,652	\$ 362,528	\$ 1,056,415	\$ 1,021,886	\$ 4,536,288	\$ 403,025	\$ -	\$ 273,376	\$ 10,867,261					
Investments, at cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Receivables (net of allowances)	-	-	155,969	-	77,847	-	30,243	10,813	-	-	-	-	-	-	-	-	-	274,872				
Accounts	-	-	318,791	-	-	-	-	-	-	-	-	-	-	-	-	-	-	318,791				
Notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Accrued interest	-	-	-	-	-	-	-	-	-	-	75,192	-	-	-	-	-	-	-				
Taxes	-	-	-	-	-	-	-	-	-	32,065	-	-	-	-	-	-	-	107,257				
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	42,828	-	-	-	-	42,828				
Due from governmental entities	79,987	27,002	270,101	-	-	-	-	-	-	-	-	-	-	277,823	-	-	-	654,913				
Deposits	72,804	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,804				
Total assets	\$ 302,756	\$ 27,002	\$ 744,861	\$ 214,250	\$ 219,255	\$ 1,822,521	\$ 270,021	\$ 408,972	\$ 247,652	\$ 394,593	\$ 1,131,607	\$ 1,021,886	\$ 4,579,126	\$ 680,848	\$ -	\$ 273,376	\$ 12,338,726					
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
LIABILITIES																						
Accounts payable	\$ 13,174.00	\$ 5,061.00	\$ 66,667.00	\$ 8,010.00	\$ 104,884.00	\$ 71,206.00	\$ 6,360.00	\$ 9,679.00	\$ 3,669.00	\$ -	\$ -	\$ -	\$ 4,944.00	\$ 526,021.00	\$ -	\$ -	\$ -	\$ 819,675.00				
Accrued liabilities	-	-	1,286	16,615	28,027	-	1,105	545	-	-	-	-	-	-	-	-	-	47,578				
Contract retainages	-	-	31,755	-	-	-	-	-	-	-	-	-	37,439	-	-	-	-	69,194				
Due to other funds	-	112,141	16,846	12,009	-	-	-	-	-	2,659,936	-	-	-	-	-	-	-	2,800,932				
Due to other governmental entities	-	-	-	-	85,563	-	-	-	-	-	-	-	-	-	-	-	-	85,563				
Customer deposits	-	-	794	-	-	-	-	-	-	-	-	-	-	-	-	-	-	794				
Other	-	-	-	-	781	-	-	-	-	-	-	-	-	-	-	-	-	781				
Total liabilities	13,174	117,202	117,348	36,634	219,255	71,206	7,465	10,224	3,669	2,659,936	-	-	42,383	526,021	-	-	3,824,517					
DEFERRED INFLOWS OF RESOURCES	67,662	-	672,563	-	-	-	-	-	-	-	-	-	-	238,656	-	-	-	978,901				
FUND BALANCES																						
Noncurrent notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,021,886				
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,021,886				
Restricted	221,920	(90,200)	73,829	-	-	1,751,315	262,556	398,748	243,983	-	-	-	4,536,743	(83,829)	-	273,376	2,862,151					
Committed	-	-	512,943	177,616	-	-	-	-	-	(2,265,343)	1,131,607	-	-	-	-	-	-	4,283,113				
Unassigned	-	-	(631,842)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(631,842)				
Total fund balance (deficit)	221,920	(90,200)	(45,070)	177,616	-	1,751,315	262,556	398,748	243,983	(2,265,343)	1,131,607	-	4,536,743	(83,829)	-	273,376	7,535,308					
Total liabilities, deferred inflows and fund balance	\$ 302,756	\$ 27,002	\$ 744,861	\$ 214,250	\$ 219,255	\$ 1,822,521	\$ 270,021	\$ 408,972	\$ 247,652	\$ 394,593	\$ 1,131,607	\$ 1,021,886	\$ 4,579,126	\$ 680,848	\$ -	\$ 273,376	\$ 12,338,726					

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, 2014

	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	Capital Improvements Fund		2012 Capital Improvements Fund
REVENUE																
Sales & use taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses & permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines & forfeitures	822	1,566	23	-	-	462,466	225,470	656	-	-	39,614	8,491	2,491	-	834	687,936
Revenues from money & property	1,502,198	306,467	1,673,085	-	-	474,014	-	27,712	-	-	-	-	177,406	-	-	55,106
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,359,882
Gifts & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,000
Other revenues	-	-	16,515	1,168	-	-	-	8,431	-	-	-	522,933	-	-	-	549,047
Total revenues	1,503,020	307,023	1,689,623	1,168	-	474,014	463,085	36,799	401,538	938,302	39,614	531,424	397,897	-	834	7,009,811
EXPENDITURES																
Current																
General government	-	-	-	-	-	67,738	218,787	-	-	-	-	-	-	-	-	434,244
Public safety	-	-	-	-	-	16,456	210,154	20,078	-	-	-	-	37,510	-	-	267,742
Public works	1,704,335	899,320	-	-	-	293,636	-	-	2,724	-	-	133,328	1,081,251	-	23,784	3,858,474
Intergovernmental assistance	-	-	-	-	-	-	-	-	-	-	-	-	365,690	-	-	662,050
Community development	-	-	1,841,519	-	-	-	-	-	-	-	-	-	34,097	-	-	1,841,519
Personnel board	-	-	-	590,781	-	-	-	-	-	-	-	-	-	-	-	590,781
Debt service	-	-	-	-	-	-	-	-	65,000	601,034	-	300,000	-	-	-	966,034
Principal	-	-	-	-	-	-	-	-	56,894	21,948	-	204,913	-	-	-	283,755
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,704,335	899,320	1,841,519	590,781	-	377,830	428,941	20,078	124,618	622,982	-	638,241	1,518,548	23,784	-	8,928,696
Excess (deficiency) of revenues over expenditures	(201,315)	(592,297)	(151,896)	(579,613)	-	96,184	34,144	16,721	276,920	315,320	39,614	(106,817)	(1,120,651)	(22,950)	-	(1,918,885)
OTHER FINANCING SOURCES (USES)																
Long-term debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discount on debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	178,364	651,140	-	-	-	-	-	-	-	-	-	-	-	829,504
Transfers (out)	-	-	-	-	-	-	-	(1,300)	(11,006)	-	(2,814)	-	(10,786)	-	-	(25,906)
Total other financing sources (uses)	-	-	178,364	651,140	-	-	-	(1,300)	(11,006)	-	(2,814)	-	(10,786)	-	-	803,598
Net change in fund balance	(201,315)	(592,297)	26,468	71,527	-	96,184	34,144	15,421	265,914	315,320	36,800	(106,817)	(1,131,437)	(22,950)	-	(1,115,287)
Fund balance (deficit), beginning	423,235	502,097	(71,538)	106,089	-	1,655,131	228,412	228,562	(2,531,257)	816,287	985,086	4,643,560	1,047,608	296,326	-	8,650,595
Fund balance (deficit), ending	\$ 221,920	\$ (90,200)	\$ (45,070)	\$ 177,616	\$ -	\$ 1,751,315	\$ 262,556	\$ 243,983	\$ (2,265,343)	\$ 1,131,607	\$ 1,021,886	\$ 4,536,743	\$ (83,829)	\$ 273,376	\$ -	\$ 7,535,308

**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, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 1,502,198	\$ 1,362,198
Revenues from money and property	1,500	1,500	822	(678)
Total revenues	141,500	141,500	1,503,020	1,361,520
Expenditures				
Operating expenses	579,814	579,814	1,704,335	(1,124,521)
Total expenditures	579,814	579,814	1,704,335	(1,124,521)
Excess (deficiency) of revenues over expenditures	(438,314)	(438,314)	(201,315)	236,999
Net change in fund balance	(438,314)	(438,314)	(201,315)	236,999
Fund balance, beginning	423,235	423,235	423,235	-
Fund balance, ending	\$ (15,079)	\$ (15,079)	\$ 221,920	236,999

**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, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 313,000	\$ 313,000	\$ 305,467	\$ (7,533)
Revenues from money and property	1,000	1,000	1,556	556
Total revenues	<u>314,000</u>	<u>314,000</u>	<u>307,023</u>	<u>(6,977)</u>
Expenditures				
Operating expenses	<u>825,235</u>	<u>825,235</u>	<u>899,320</u>	<u>(74,085)</u>
Total expenditures	<u>825,235</u>	<u>825,235</u>	<u>899,320</u>	<u>(74,085)</u>
Excess (deficiency) of revenues over expenditures	<u>(511,235)</u>	<u>(511,235)</u>	<u>(592,297)</u>	<u>(81,062)</u>
Net change in fund balance	<u>(511,235)</u>	<u>(511,235)</u>	<u>(592,297)</u>	<u>(81,062)</u>
Fund balance, beginning	<u>502,097</u>	<u>502,097</u>	<u>502,097</u>	<u>-</u>
Fund balance, ending	<u>\$ (9,138)</u>	<u>\$ (9,138)</u>	<u>\$ (90,200)</u>	<u>\$ (81,062)</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, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ -	\$ -	\$ 1,168	\$ 1,168
Total revenues	-	-	1,168	1,168
Expenditures				
Personal services	495,367	495,367	489,546	5,821
Operating expenses	155,773	155,773	91,235	64,538
Total expenditures	651,140	651,140	580,781	70,359
Excess (deficiency) of revenues over expenditures	(651,140)	(651,140)	(579,613)	71,527
Other financing sources				
Operating transfers in	651,140	651,140	651,140	-
Total other financing sources (uses)	651,140	651,140	651,140	-
Net change in fund balance	-	-	71,527	71,527
Fund balance, beginning	106,089	106,089	106,089	-
Fund balance, ending	\$ 106,089	\$ 106,089	\$ 177,616	\$ 71,527

**CITY OF DECATUR
HERITAGE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 474,014	\$ 124,014
Total revenues	350,000	350,000	474,014	124,014
Expenditures				
Capital outlay	783,729	856,729	377,830	478,899
Total expenditures	783,729	856,729	377,830	478,899
Excess (deficiency) of revenues over expenditures	(433,729)	(506,729)	96,184	602,913
Net change in fund balance	(433,729)	(506,729)	96,184	602,913
Fund balance, beginning	1,655,131	1,655,131	1,655,131	-
Fund balance, ending	\$ 1,221,402	\$ 1,148,402	\$ 1,751,315	\$ 602,913

**CITY OF DECATUR
CORRECTIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$ 350,000	\$ 350,000	\$ 462,466	\$ 112,466
Revenues from money and property	500	500	619	119
Total revenues	<u>350,500</u>	<u>350,500</u>	<u>463,085</u>	<u>112,585</u>
Expenditures				
Personal services	224,621	269,621	176,940	92,681
Operating expenses	<u>255,400</u>	<u>210,400</u>	<u>252,001</u>	<u>(41,601)</u>
Total expenditures	<u>480,021</u>	<u>480,021</u>	<u>428,941</u>	<u>51,080</u>
Excess (deficiency) of revenues over expenditures	<u>(129,521)</u>	<u>(129,521)</u>	<u>34,144</u>	<u>163,665</u>
Net change in fund balance	<u>(129,521)</u>	<u>(129,521)</u>	<u>34,144</u>	<u>163,665</u>
Fund balance, beginning	<u>228,412</u>	<u>228,412</u>	<u>228,412</u>	<u>-</u>
Fund balance, ending	<u>\$ 98,891</u>	<u>\$ 98,891</u>	<u>\$ 262,556</u>	<u>\$ 163,665</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, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$ 146,800	\$ 146,800	\$ 225,470	\$ 78,670
Total revenues	146,800	146,800	225,470	78,670
Expenditures				
Personal services	75,092	75,092	9,686	65,406
Operating expenses	126,300	126,300	138,033	(11,733)
Total expenditures	201,392	201,392	147,719	53,673
Net change in fund balance	(54,592)	(54,592)	77,751	132,343
Fund balance, beginning	320,997	320,997	320,997	-
Fund balance, ending	\$ 266,405	\$ 266,405	\$ 398,748	\$ 132,343

**CITY OF DECATUR
DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2014**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 27,712	\$ (22,288)
Revenues from money and property	1,000	1,000	656	(344)
Other	-	-	8,431	8,431
Total revenues	51,000	51,000	36,799	(14,201)
Expenditures				
Operating expenses	100,000	100,000	4,789	95,211
Capital outlay	50,000	50,000	15,289	34,711
Total expenditures	150,000	150,000	20,078	129,922
Excess (deficiency) of revenues over expenditures	(99,000)	(99,000)	16,721	115,721
Other financing sources (uses)				
Operating transfers (out)	-	-	(1,300)	(1,300)
Total other financing sources (uses)	-	-	(1,300)	(1,300)
Net change in fund balance	(99,000)	(99,000)	15,421	114,421
Fund balance, beginning	228,562	228,562	228,562	-
Fund balance, ending	\$ 129,562	\$ 129,562	\$ 243,983	\$ 114,421

**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, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and Payments in lieu of taxes	\$ 450,000	\$ 450,000	\$ 401,538	\$ (48,462)
Total revenues	450,000	450,000	401,538	(48,462)
Expenditures				
Capital outlay	-	-	2,724	(2,724)
Debt service				
Principal	65,000	65,000	65,000	-
Interest	56,894	56,894	56,894	-
Total expenditures	121,894	121,894	124,618	(2,724)
Excess (deficiency) of revenues over expenditures	328,106	328,106	276,920	(51,186)
Other financing sources				
Operating transfers (out)	11,006	11,006	(11,006)	(22,012)
Total other financing sources	11,006	11,006	(11,006)	(22,012)
Net change in fund balance	339,112	339,112	265,914	(73,198)
Fund balance, beginning	(2,531,257)	(2,531,257)	(2,531,257)	-
Fund balance, ending	\$ (2,192,145)	\$ (2,192,145)	\$(2,265,343)	\$ (73,198)

**CITY OF DECATUR
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2014**

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
ASSETS			
Current assets			
Cash & investments, at cost	\$ 342,102	\$ 17,375,244	\$17,717,346
Accounts	3,918	709,597	713,515
Due from other funds	-	1,182,192	1,182,192
Inventories, at cost	59,683	7,725	67,408
Total current assets	405,703	19,274,758	19,680,461
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	9,960,164	10,968,138	20,928,302
Furniture & equipment	1,191,126	7,411,324	8,602,450
Construction work in progress	-	209,567	209,567
Less accumulated depreciation	(11,190,903)	(12,461,866)	(23,652,769)
Total capital assets (net of accumulated depreciation)	7,538,046	9,734,358	17,272,404
Total noncurrent assets	7,538,046	9,734,358	17,272,404
Total assets	7,943,749	29,009,116	36,952,865
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Current liabilities			
Accounts payable	223,063	225,629	448,692
Accrued liabilities	22,403	38,248	60,651
Contract retainages	-	5,341	5,341
Compensated absences	2,638	15,204	17,842
Due to other funds	-	-	-
Total current liabilities	248,104	284,422	532,526
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	4,105,397	4,105,397
Compensated absences	23,740	136,833	160,573
Total noncurrent liabilities	23,740	4,242,230	4,265,970
Total liabilities	271,844	4,526,652	4,798,496
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	7,538,046	9,734,357	17,272,403
Unrestricted	133,859	14,748,107	14,881,966
Total net position	\$ 7,671,905	\$ 24,482,464	\$ 32,154,369

**CITY OF DECATUR
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2014**

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
Operating revenue			
Charges for services	\$ -	\$ 5,926,274	\$ 5,926,274
Premiums & fees	4,760,368	-	4,760,368
Total operating revenue	4,760,368	5,926,274	10,686,642
Operating expenses			
Personnel, operations & maintenance	4,039,645	3,603,298	7,642,943
Closure and postclosure costs	-	258,231	258,231
Depreciation and amortization	716,208	1,137,851	1,854,059
Administrative costs	627,061	593,662	1,220,723
Total operating expenses	5,382,914	5,593,042	10,975,956
Operating income (loss)	(622,546)	333,232	(289,314)
Nonoperating revenue (expenses)			
Interest income	-	49,447	49,447
Gain on disposition of assets	609	91,474	92,083
Miscellaneous revenue	3,954	42,518	46,472
Total nonoperating revenue	4,563	183,439	188,002
Income (loss) before contributions, transfers & special items	(617,983)	516,671	(101,312)
Transfers in	-	4,891	4,891
Change in net position	(617,983)	521,562	(96,421)
Total net position, beginning	8,289,888	23,960,902	32,250,790
Total net position, ending	\$ 7,671,905	\$ 24,482,464	\$ 32,154,369

**CITY OF DECATUR
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2014**

	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
Operating activities			
Receipts from customers and users	\$ 4,790,915	\$ 5,791,590	\$ 10,582,505
Other operating cash receipts	4,563	42,517	47,080
Receipts from interfund services provided	-	-	-
Payments to suppliers	(646,587)	(3,442,931)	(4,089,518)
Payments to employees	(4,033,372)	(729,715)	(4,763,087)
Payments for legal settlement	-	-	-
Payments for interfund services	-	-	-
Non-operating cash receipts	-	-	-
Net cash provided (used) by operating activities	115,519	1,661,461	1,776,980
Noncapital financing activities			
Advances to other funds	-	105,048	105,048
Operating transfers in	-	4,892	4,892
Operating transfers (out)	-	-	-
Net cash provided (used) by noncapital financing activities	-	109,940	109,940
Capital and related financing activities			
Acquisition and construction of capital assets	(30,582)	(2,137,455)	(2,168,037)
Proceeds from sale of capital assets	-	91,474	91,474
Intergovernmental grants	-	-	-
Net cash used by capital and related financing activities	(30,582)	(2,045,981)	(2,076,563)
Investing activities			
Purchase of investments	-	-	-
Interest received	-	49,447	49,447
Net cash provided by investing activities	-	49,447	49,447
Net increase in cash and cash equivalents	84,937	(225,133)	(140,196)
Cash and cash equivalents, beginning	257,165	17,600,377	17,857,542
Cash and cash equivalents, ending	\$ 342,102	\$ 17,375,244	\$ 17,717,346
Operating income (loss)	\$ (622,546)	\$ 333,232	\$ (289,314)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	716,208	1,137,851	1,854,059
Landfill postclosure costs	-	258,231	258,231
Miscellaneous items	4,563	42,517	47,080
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	30,547	(134,684)	(104,137)
Accounts payable	(5,379)	(10,192)	(15,571)
Contract retainages	(11,567)	5,341	(6,226)
Inventory	(2,061)	-	(2,061)
Accrued liabilities	5,754	29,165	34,919
Net cash provided (used) by operating activities	\$ 115,519	\$ 1,661,461	\$ 1,776,980
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, 2014. 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 laws, regulations, contracts, and grants 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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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, 2014.

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 OMB Circular A-133, 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 compliance with the types of 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.



Huntsville, Alabama

June 30, 2015



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, 2014, 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, 2015. 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.

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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, 2015

City of Decatur, Alabama
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2014

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or Pass-Through Grantor's Number	Grant Expenditures
<u>U.S. Department of Agriculture</u>			
Passed Through Alabama Department of Education:			
Summer Food Service Program	10.559	AGQ-000	\$ 92,571
Child and Adult Care Food Program	10.558	AGQ-001	<u>23,733</u>
			116,304
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grant	14.218	B-10-MC-O1-0011	882
		B-11-MC-O1-0011	73,938
		B-12-MC-O1-0011	107,830
		B-13-MC-O1-0011	199,550
		B-14-MC-O1-0011	<u>50,962</u>
			433,162
<u>U.S. Department of Justice</u>			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0606	19,942
ARRA – Cops Hiring Recovery Grant	16.710	2009-RK-WX-0045	25,934
Bullet Proof Vest Partnership Grant Program	16.607	2012BUBX12061931	2,910
		2013BUBX13065770	<u>4,636</u>
			53,422
<u>U.S. Department of Transportation</u>			
Passed Through North Alabama Highway Safety Office:			
State and Highway Community Safety (402 Step GHSP)	20.600	12-SP-PT-003	13,340

City of Decatur, Alabama
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2014

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or Pass-Through Grantor's Number	Grant Expenditures
Passed Through Alabama Department of Transportation:			
Highway Planning and Construction - Bank Street Streetscapes	20.205	STPTE-TE10	526,101
Metropolitan Planning Organization	20.505	K-12-0873	131,358
Bike Trail Phase 3	20.205	STPTE-TE03(932)	29,500
Highway Planning and Construction - Vine Street Depot	20.205	STPTE-TE09(989)	2,291
Highway Planning and Construction - Highway 31 Causeway	20.205	STPTE-TE10(904)	9,274
			711,864
<u>U.S. Department of Interior National Park Service</u>			
Passed Through ADECA:			
Land and Water Conservation Grant	15.916	12 LW 975	50,000
			50,000
<u>Executive Office of the President</u>			
Passed Through Gulf Coast HIDTA:			
ONDCP Gulf Coast HIDTA Grant	95.001	G12GC0002A	9,511
			9,511
<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	214,373
			214,373
Total Federal Awards			\$ 1,588,636

City of Decatur, Alabama
Notes to Schedule of Expenditures of Federal Awards
For the year ended September 30, 2014

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation

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

Note 2 - Entity Definition

For the purposes of this schedule, the entity is defined as the City of Decatur; therefore, this schedule does not include the grant activities of the City's component units described in the notes to the general-purpose financial statements.

City of Decatur, Alabama
Schedule of Findings and Questioned Costs
 For the year ended September 30, 2014

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	Community Development Block Grant
20.205	Highway Planning and Construction – Bank Street Streetscapes
	Highway Planning and Construction – Vine Street Depot
	Highway Planning and Construction – Highway 31 Causeway

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, 2014

Section II - Financial Statement Findings

None noted.

City of Decatur, Alabama
Schedule of Findings and Questioned Costs - Continued
For the year ended September 30, 2014

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, 2014

Financial Statement Findings

None noted.

City of Decatur, Alabama
Summary Schedule of Prior Year Audit Findings - Continued
For the year ended September 30, 2014

Federal Award Findings and Questioned Costs

13-01 Eligibility

U.S. Department of Agriculture
Summer Food Service Program CFDA# 10.559

Criteria/Specific Requirement: Improper expenditures charged to program

Condition: During review of support for the Summer Food Program Service and notification from the State of Alabama Department of Education, it was noted that expenditures were submitted for reimbursement for meals served to an adult day program. The Summer Food Service Program allows for meals served to low income children at approved sites at approved times. Therefore, these costs, totaling \$13,092, were not allowable under the grant.

Cause/Effect: Resulted in a disallowance of the related expenditures and a required reimbursement of previously received funds by the City and could also result in a disallowance of further participation in the program.

Recommendation: We recommend that the City establish procedures to ensure the program only services approved sites with internal monitoring of the prior approval of sites along with expenditures to be submitted for reimbursement.

Management's Response: The City concurs with the findings and is establishing procedures to ensure the Summer Food Service Program only services approved sites.

13-02 Allowability of Costs

U.S. Department of Agriculture
Summer Food Service Program CFDA# 10.559

Criteria/Specific Requirement: Meals served outside of approved times.

Condition: During review of support for the Summer Food Program Service and notification from the State of Alabama Department of Education, it was noted that expenditures were submitted for meals served outside the approved times at approved sites. Therefore, these costs were not allowable under the grant.

Cause/Effect: Resulted in a disallowance of the related expenditures and a required reimbursement of previously received funds by the City and could also result in decreasing of future funds or disallowance of further participation in the program.

Recommendation: We recommend that the City establish procedures to ensure compliance with approved times which could consist of monitoring by individuals independent of serving meals as well as increasing education regarding compliance requirements for those involved in grant administration.

Management's Response: The City concurs with the findings and is establishing procedures to ensure compliance with the approved times for food to be served.

City of Decatur, Alabama
Summary Schedule of Prior Year Audit Findings - Continued
For the year ended September 30, 2014

13-03 Allowability of Costs

U.S. Department of Transportation
Metropolitan Planning Organization CFDA# 20.505

Criteria/Specific Requirement: Improper documentation of payroll costs charged to program

Condition: During review of support for the Metropolitan Planning Organization Program, it was noted that payroll expenditures related to accounting and administrative staff required to accumulate costs, submit reimbursement requests, and account for grant activity were not properly documented through time cards to allow for proper verification of hours charged. These were estimated based on average time spent on the project on a monthly basis and allocated on this basis rather than actual time spent each month.

Cause/Effect: Could result in disallowance of the related expenditures.

Recommendation: We recommend that the City establish procedures to ensure proper documentation of time spent on any grant projects through a detailed time card reporting system to allow for segregation of hours spent on grant awards and those spent on other City projects.

Management's Response: Management agrees with the findings above and has implemented procedures starting with the January 2014 request for reimbursement to correct this issue. Finance department staff providing accounting and administrative services in relation to the grant program maintain a detail of the hours spent on grant administration including detailed descriptions of tasks performed. These are provided to the Finance Supervisor for review prior to being submitted within the monthly invoice.

13-04 Allowability of Costs

U.S. Department of Transportation
Metropolitan Planning Organization CFDA# 20.505

Criteria/Specific Requirement: Improper allocation of costs charged to program

Condition: During review of support for the Metropolitan Planning Organization Program, it was noted that an error existed in the allocation of phone expenditures to the grant. Telephone charges are allocated to departments of the City based on usage, which is an adequate and reasonable allocation basis. However, upon recalculation of these type of expenditures, it was noted that some cells within the spreadsheet had remained static and therefore, calculated the allocation to several departments, including those where costs were accumulated for the Metropolitan Planning Organization Program, incorrectly.

Cause/Effect: Amounts were overcharged to the grant during the year. The total of these known charges were less than \$1,000 and appear to be isolated to the types of charges noted above.

Recommendation: We recommend that the City establish procedures to ensure proper review of allocations on an ongoing basis by an individual independent of the preparation of the spreadsheet in order to ensure that calculations are accurate and unbiased.

Management's Response: Management agrees with the finding above and has made corrections to the spreadsheet noted above and implemented procedures to ensure adequate review and recalculation to mitigate the risk of these type of errors in the future. Also, the full amount of recalculated overage, \$931, has been corrected through a reduction of reimbursement requests in 2014.

**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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 21,969,172
Restricted	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)	1,368,157
Unrestricted	(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	23,391,527
Total governmental activities net assets	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	46,728,856
Business-type activities										
Invested in capital assets, net of related debt	159,800,583	141,972,809	187,342,637	174,056,977	164,005,708	173,451,387	167,520,564	165,133,023	163,020,598	162,954,372
Restricted	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	4,825,400
Unrestricted	45,703,108	47,187,185	44,934,480	41,638,502	35,277,505	33,731,687	37,692,763	37,098,632	33,733,133	28,132,562
Total business-type activities net assets	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	195,912,334
Primary government										
Invested in capital assets, net of related debt	190,247,590	175,052,828	221,318,356	209,422,789	196,006,181	206,905,955	194,220,586	185,111,107	187,142,749	184,923,544
Restricted	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	6,193,557
Unrestricted	42,877,921	44,954,232	42,781,247	44,010,708	44,527,708	45,656,266	56,531,762	61,365,061	58,076,205	51,524,089
Total primary government net assets	\$ 284,783,879	\$ 281,441,297	\$ 278,597,270	\$ 261,483,613	\$ 259,695,967	\$ 261,023,136	\$ 260,397,182	\$ 256,944,789	\$ 247,914,239	\$ 242,641,190

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General Government	\$ 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	\$ 4,043,503
Public safety	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	18,735,909
Public works	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	7,864,825
Public services	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	7,496,941
Intergovernmental assistance	29,312,427	27,710,626	25,939,587	25,313,985	24,544,626	22,613,644	19,601,360	18,271,003	18,146,194	17,335,424
Community service contracts	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	2,425,783
Community development	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	720,867
Personnel board	580,781	573,625	594,999	534,424	559,696	525,530	537,308	540,514	498,392	530,389
Interest on long-term debt	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	2,877,155
Unallocated depreciation	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	3,457,256
Total governmental activities expense	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	65,488,052
Business-type activities:										
Municipal Utilities Board (a)	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	116,460,704
Point Mallard	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	3,276,086
Sanitary Landfill	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	3,011,682
Total business-type activities expenses	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	122,748,472
Total primary government expenses	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	188,236,524
Program Revenues										
Governmental activities:										
Charges for services:										
General government	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	4,682,502
Public safety	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	2,482,336
Public works	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	1,991,888
Public services	714,905	777,107	683,828	532,171	569,653	563,471	605,347	509,251	569,054	570,640
Intergovernmental assistance	8,445,963	8,897,954	8,172,228	7,971,208	8,255,815	8,821,683	8,273,255	9,514,493	7,692,435	5,655,455
Community Development	15,068									
Operating grants and contributions	2,367,898	1,131,772	1,150,674	1,365,315	625,182	985,777	549,862	785,689	685,272	473,856
Capital grants and contributions	850,622	396,166	2,295,332	418,216	840,028	3,216,221	430,745	661,390	2,273,151	2,068,497
Total governmental activities program revenues	24,513,385	22,896,645	24,424,166	21,519,511	20,986,477	24,995,881	21,045,667	19,747,356	20,728,065	17,925,174
Business-type activities										
Charges for services:										
Municipal Utilities Board	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	117,869,302
Point Mallard	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	2,615,778
Sanitary Landfill	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	3,840,554
Capital grants and contributions	405,913	740,348	985,813	414,573	1,058,497	1,964,787	952,638	1,577,854	1,663,669	1,674,920
Total business-type activities program revenues	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	126,000,554
Total primary government program revenues	182,468,607	172,766,673	174,787,948	173,353,234	167,035,070	176,876,898	176,277,099	165,737,849	165,514,061	143,925,728
Net (Expense)/Revenue										
Governmental activities	(60,965,380)	(59,441,018)	(56,258,659)	(58,728,685)	(57,827,947)	(53,088,100)	(55,769,553)	(52,009,007)	(52,782,522)	(47,562,878)
Business-type activities	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	3,252,082
Total primary government net expense	(55,493,883)	(54,597,108)	(48,615,862)	(54,726,667)	(54,470,644)	(51,990,678)	(54,970,173)	(47,269,958)	(49,596,182)	(44,310,796)

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

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Sales & use taxes	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	31,822,887
Property taxes	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
Alcoholic beverage taxes	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	1,899,066
Gasoline taxes	762,635	841,873	849,450	826,571	817,274	854,729	866,383	908,017	881,061	1,324,890
Automobile taxes	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	1,280,830
Lodging taxes	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	1,101,824
Rental taxes	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	1,101,615
Other taxes	1,935,477	1,955,953	1,824,251	1,648,995	1,599,568	1,601,848	1,633,787	1,591,861	1,554,270	2,019,036
Interest on investments	99,328	134,835	125,155	220,673	272,408	382,714	1,035,330	1,930,389	1,416,270	829,131
Other	766,711	748,981	905,614	930,989	42,752	270,146	375,869	618,759	278,875	1,874,267
Transfers	(4,891)	(1,219,764)	(3,091,348)	(332,725)	(261,089)	(355,561)	(621,279)	(424,573)	(640,061)	(1,304,539)
Total governmental activities	58,480,176	55,951,842	53,638,759	55,263,911	52,623,181	51,870,218	56,105,839	55,591,414	52,133,529	50,455,532
Business-type activities:										
Interest on investments	212,843	208,518	221,019	229,545	259,204	390,853	1,795,448	2,579,834	1,995,733	1,017,206
Forgiveness of Long-term debt	-	-	8,797,766	-	-	-	-	-	-	-
Other	138,555	61,011	-	-	-	-	-	-	-	-
Transfers	4,891	1,219,764	3,091,348	332,725	261,089	355,561	521,279	493,633	640,061	1,304,539
Total business-type activities	356,289	1,489,293	12,110,133	562,270	520,293	746,414	2,316,727	3,073,467	2,635,794	2,321,745
Total primary government	58,836,465	57,441,135	65,748,892	55,826,181	53,143,474	52,616,632	58,422,566	58,664,881	54,769,323	52,777,277
Change in Net Assets										
Governmental activities	(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)	2,892,654
Business-type activities	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	5,573,827
Total primary government	\$ 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	\$ 8,466,481

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

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 21,549	\$ 13,545	\$ 33,486	\$ 24,092	\$ 589,640	\$ 623,643	\$ 620,606	\$ 56,368	\$ 20,298	\$ 37,677
Restricted	1,311	0	0	0	19,591,466	20,507,843	23,136,284	23,219,358	20,873,265	19,717,342
Committed	17,009,274	10,871,653	14,444,242	16,427,815						
Assigned	-	751,791	653,402	778,556						
Unassigned	6,153,212	9,365,011	4,929,105	3,707,793						
Total general fund	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	19,755,019
All Other Governmental Funds										
Nonspendable	1,021,886	985,086	940,236	886,196	2,025,447	1,451,421	2,493,068	2,474,867	3,222,378	2,352,645
Restricted	2,862,151	827,177	2,089,301	66,004	-	-	-	4,187,649	-	-
Committed	4,283,113	7,369,361	10,340,213	2,368,053	2,905,305	3,610,185	2,590,092	3,006,657	1,430,568	2,439,265
Assigned	-	-	1,090,523	6,186,691	1,484,186	2,601,381	3,278,650	4,572,320	(3,210,457)	559,273
Unassigned	(631,842)	(531,029)	(3,226,317)	(591,464)	1,484,186	2,601,381	3,278,650	4,572,320	(3,210,457)	559,273
Total all other governmental funds	\$ 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	\$ 5,351,183

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Sales & use taxes	\$ 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	12,449,851	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	8,194,022	8,491,566	8,511,059	8,179,629	8,004,948	8,506,615	8,939,531	8,527,677	7,979,983	7,846,184
Licenses & permits	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	1,483,398	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	295,724	331,552	335,715	437,777	481,205	547,055	1,224,431	2,047,717	1,638,407	997,734
Charges for services	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	11,472,765	10,122,422	10,950,800	9,751,238	9,323,451	10,138,379	9,231,663	11,342,347	8,663,754	8,548,765
Gifts & donations	108,180	79,115	190,764	7,600	50,500	81,383	171,487	250,030	10,000	928,267
Other revenues	640,298	762,753	772,327	940,355	44,972	155,030	219,020	466,313	489,283	-
Total revenues	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	4,456,127	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	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	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	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	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	2,349,354	2,401,419	2,739,907	3,083,825	3,062,672	2,831,805	2,973,892	2,760,367	2,555,873	2,425,783
Community development	1,841,519	1,465,521	3,399,597	1,734,467	1,099,361	1,635,289	1,315,546	1,647,028	2,028,470	1,503,289
Personnel board	580,781	573,625	594,999	534,424	559,696	525,530	537,308	540,514	498,392	530,389
Debt Service: Principal	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	1,797,817	1,856,179	2,194,321	2,259,325	2,387,670	2,983,520	3,233,231	3,063,770	2,653,381	2,839,686
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	81,724,334	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	1,018,350	(421,834)	(2,889,666)	(2,955,733)	(2,512,257)	(4,268,690)	(4,877,240)	(540,201)	(7,410,089)	(2,349,432)
Other Financing Sources (Uses)										
Long-term debt issued	-	-	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	-	(15,941,523)	-	574,929	614,474	-	-	-	-
Payment to escrow agent	-	-	-	-	-	(21,585,422)	-	-	-	-
Transfers in	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)	(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)	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	\$ 1,068,059	\$ (1,641,596)	\$ 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	6.7%	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
2005	163,761,540	418,926,480	12,852,320	172,319,760	423,220,580	18.6 Mills	3,773,231,885	11.22%
2006	174,696,180	444,945,640	11,698,340	184,234,600	447,105,560	18.6 Mills	4,008,747,002	11.15%
2007	183,386,980	466,603,380	11,658,060	187,962,620	473,685,800	18.6 Mills	4,103,768,107	11.54%
2008	195,464,700	491,616,620	11,213,700	173,096,040	525,198,980	18.6 Mills	3,488,043,600	15.06%
2009	200,069,940	534,383,300	8,777,200	207,876,920	535,353,520	18.6 Mills	3,563,382,733	15.02%
2010	201,477,560	561,757,560	9,239,000	209,795,900	562,678,220	18.6 Mills	3,695,450,367	15.23%
2011	203,965,920	548,823,220	9,374,540	220,558,700	541,604,980	18.6 Mills	3,586,655,267	15.10%
2012	201,541,160	555,002,400	9,316,980	204,461,620	561,398,920	18.6 Mills	3,676,450,300	15.27%
2013	200,898,580	605,860,720	9,258,020	190,522,460	625,494,860	18.6 Mills	3,991,979,367	15.67%
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%

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
2005	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2006	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2007	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2008	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2009	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2010	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2011	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2012	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2013	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2014	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	2005			2006			2007			2008			2009		
	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	\$ -	2	2.53%	\$ -	2	2.35%	\$ 83,485,960	1	17.62%	\$ -	-	-	\$ -	-	-
Bunge Corporation	10,699,380	4	2.10%	10,525,220	4	1.93%	11,061,040	2	2.34%	8,702,100	3	1.66%	10,263,540	3	1.92%
BellSouth	8,883,200	9	0.90%	8,633,700	9	0.97%	8,642,900	5	1.82%	8,499,400	4	1.62%	9,442,740	4	1.76%
Hexel Corporation	3,794,280	8	1.03%	4,350,360	8	1.04%	9,923,320	3	2.09%	13,997,940	2	2.67%	22,905,500	2	4.28%
Goodyear Tire & Rubber	4,348,720	7	1.06%	4,632,560	7	1.09%	4,603,620	8	0.97%	4,242,200	7	0.81%	4,543,620	7	0.85%
General Electric Appliances	4,483,180	6	1.18%	5,281,800	6	1.18%	5,304,720	7	1.12%	2,674,800	9	0.51%	*	*	*
Colonial Realty Limited	5,014,740	5	1.22%	3,899,460	10	0.87%	3,876,740	9	0.82%	2,674,800	9	0.51%	*	*	*
National Healthcare	67,380,360	1	15.92%	76,363,820	1	17.08%	6,074,000	6	1.28%	95,310,960	1	18.15%	128,517,280	1	24.01%
Nucor Steel	5,182,780	3	2.18%	6,282,120	5	1.41%	8,949,320	4	1.89%	8,657,940	6	1.65%	5,299,680	9	0.99%
O.C.I. Chemical Corp	9,214,840	3	2.18%	9,300,180	3	2.08%	*	*	*	*	*	*	8,644,500	6	1.61%
Meow Mix	3,090,380	10	0.73%	*	*	*	3,238,860	10	0.68%	*	*	*	*	*	*
Charter Communications	*	*	*	*	*	*	*	*	*	5,232,860	5	1.00%	5,189,300	5	0.97%
Hyosung USA, Inc.	*	*	*	*	*	*	*	*	*	2,500,980	8	0.48%	*	*	*
First Republic Group Realty	*	*	*	*	*	*	*	*	*	2,777,740	10	0.53%	*	*	*
Marine Terminals of Ala	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
ITW Sexton	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
ITC-ALL LLC	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Conagra Inc	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Coyote Garrison Decatur LLC	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Polplex USA, LLC	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Total	\$ 122,091,860		28.85%	\$ 134,133,620		30.00%	\$ 145,162,480		30.65%	\$ 152,596,420		29.05%	\$ 206,544,940		38.58%

Net City Taxable Assessed Value 423,220,560 447,105,560 473,685,900 525,198,980 535,363,520

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	2010			2011			2012			2013			2014		
	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	1.88%	10,583,820	3	2.08%	11,674,840	3	2.08%	22,273,940	3	3.56%	18,185,860	3	2.90%
BellSouth	7,337,600	4	1.30%	7,337,600	4	1.35%	6,949,400	4	1.24%	6,721,200	6	1.07%	6,867,200	6	1.10%
Hexel Corporation	35,580,040	2	6.32%	35,580,040	2	6.57%	39,485,680	2	7.03%	58,219,400	2	9.31%	73,919,400	2	11.80%
Goodyear Tire & Rubber	*			*			*			*			*		
General Electric Appliances	6,044,220	5	1.07%	6,044,220	5	1.12%	6,468,900	5	1.15%	8,266,840	5	1.32%	9,210,420	5	1.47%
Colonial Realty Limited	*			*			*			*			*		
National Healthcare	2,761,420	10	0.49%	3,630,960	9	0.71%	125,141,860	1	22.29%	119,504,540	1	19.11%	110,906,620	1	17.71%
Nucor Steel	135,048,680	1	24.00%	135,048,680	1	24.93%	4,872,960	8	0.87%	5,116,740	10	0.82%	4,392,840	10	0.70%
O.C.I. Chemical Corp	*			*			8,784,220	6	1.62%	8,356,000	6	1.49%	7,018,020	7	1.12%
Meow Mix	8,784,220	6	1.56%	8,784,220	6	1.62%	2,949,640	10	0.53%	*			*		
Charter Communications	*			*			*			*			*		
Hyosung USA, Inc.	3,430,800	9	0.61%	3,430,800	10	0.63%	*			*			*		
First Republic Group Realty	4,780,840	7	0.85%	4,780,840	7	0.88%	*			*			*		
Maine Terminals of Ala	*			*			*			*			*		
ITW Sexton	*			*			*			*			*		
ITC-ALL LLC	7,321,540	8	1.30%	7,321,540	8	1.35%	5,054,000	7	0.90%	9,713,600	8	1.55%	9,108,400	8	1.45%
Conagra Inc	*			*			3,693,320	9	0.66%	4,992,080	9	0.80%	5,769,920	9	0.92%
Coyote Garrison Decatur LLC	*			*			*			*			*		
Polyplex USA, LLC	*			*			*			*			*		
Total	\$ 221,673,180		39.40%	\$ 222,742,720		41.13%	\$ 214,646,600		38.23%	\$ 252,898,820		40.43%	\$ 264,630,720		42.25%
Net City Taxable Assessed Value	562,676,220			541,604,980			561,396,920			625,494,860			626,277,220		

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%	1,121	18,347,793	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%	1,303	18,312,911	99.6%
2013	19,709,515	19,414,409	98.50%			
2014**	20,014,092					

Source:
Morgan County Revenue Commissioner

** FY 14 revenue collected amounts will not be available until mid-July 2015.
FY 13 collections in subsequent years will not be available until mid-July 2015.

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Apparel	\$ 61,670	\$ 61,993	\$ 57,589	\$ 52,534	\$ 54,923	\$ 63,494	\$ 66,241	\$ 67,976	\$ 60,049	\$ 59,159
Multi-Line Retail	169,766	173,710	173,354	150,440	167,912	135,093	194,174	184,170	140,837	136,207
Restaurants	129,213	124,740	128,813	95,124	84,534	88,955	95,996	90,931	86,759	77,867
Grocery Stores	74,277	75,415	78,959	67,321	66,760	77,044	80,101	74,071	56,265	52,101
Building Materials	60,476	58,530	59,790	46,877	48,784	74,413	115,558	113,975	79,993	73,812
Automobile Dealers	217,491	201,947	189,072	115,422	57,844	150,216	280,506	393,859	227,712	214,032
Household Furnishings	24,961	18,203	16,654	14,205	14,908	12,277	16,557	17,912	16,706	15,979
Convenience Stores	32,371	28,268	31,453	29,235	32,519	65,220	107,623	102,031	33,581	31,523
All other outlets	494,117	440,491	447,227	381,307	334,197	211,402	169,134	138,176	319,057	297,844
Total	\$ 1,264,342	\$ 1,183,297	\$ 1,182,911	\$ 952,465	\$ 862,381	\$ 878,114	\$ 1,125,890	\$ 1,183,101	\$ 1,020,959	\$ 958,524

Source:
 City Revenue Department

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

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

Fiscal Year	City Direct Rate	Morgan County	State of Alabama
2005	4.00%	1.00%	4.00%
2006	4.00%	1.00%	4.00%
2007	4.00%	1.00%	4.00%
2008	4.00%	1.00%	4.00%
2009	4.00%	1.00%	4.00%
2010	4.00%	1.00%	4.00%
2011	4.00%	1.00%	4.00%
2012	4.00%	1.00%	4.00%
2013	4.00%	1.00%	4.00%
2014	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 2014			Calendar Year 2013			Calendar Year 2012		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,587,180	1	9.59%	\$ 3,413,220	1	9.27%	\$ 3,143,958	1	8.76%
Manufacturer	2,100,098	2	5.61%	1,375,066	2	3.74%	1,657,104	2	4.62%
Grocery store	1,136,174	3	3.04%	1,112,742	3	3.02%	1,113,659	3	3.10%
Multi-line retailer	867,320	5	2.32%	909,758	5	2.47%	960,704	4	2.68%
Building materials /hard line	994,952	4	2.66%	954,004	4	2.59%	946,466	5	2.64%
Multi-line retailer	689,663	7	1.84%	730,711	7	1.99%	800,484	6	2.23%
Grocery store	754,482	6	2.02%	765,625	6	2.08%	727,061	7	2.03%
Apparel Store	661,069	8	1.77%	692,994	8	1.88%	664,751	8	1.85%
Building materials /hard line	660,209	9	1.76%	635,330	9	1.73%	600,205	9	1.67%
Automobile dealer	577,733	10	1.54%	*			532,527	10	1.48%
Apparel Store	*			*			*		
Multi-line retailer	*			*			*		
Manufacturer	*			615,354	10	1.67%	*		
Grocery store	*			*			*		
Total	\$ 12,028,879		32.15%	\$ 11,204,804		30.44%	\$ 11,146,919		31.06%

Tax Remitter Description	Calendar Year 2011			Calendar Year 2010			Calendar Year 2009		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,155,015	1	9.01%	\$ 3,267,680	1	10.17%	\$ 3,332,677	1	10.31%
Manufacturer	1,593,683	2	4.55%	1,488,051	2	4.63%	1,215,992	2	3.76%
Grocery store	1,087,599	3	3.11%	943,588	4	2.94%	881,470	4	2.73%
Multi-line retailer	963,404	4	2.75%	960,358	3	2.99%	929,286	3	2.87%
Building materials /hard line	892,307	5	2.55%	902,975	5	2.81%	876,426	5	2.71%
Multi-line retailer	740,366	6	2.11%	677,686	6	2.11%	*		
Grocery store	686,460	7	1.96%	655,050	7	2.04%	630,738	7	1.95%
Apparel Store	598,786	9	1.71%	525,665	10	1.64%	496,031	8	1.53%
Building materials /hard line	610,317	8	1.74%	587,857	8	1.83%	664,293	6	2.05%
Automobile dealer	560,643	10	1.60%	554,647	9	1.73%	*		
Apparel Store	*			*			327,451	9	1.01%
Multi-line retailer	*			*			324,700	10	1.00%
Manufacturer	*			*			*		
Grocery store	*			*			*		
Total	\$ 10,888,581		31.09%	\$ 10,563,557		32.89%	\$ 9,679,064		29.93%

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 2008			Calendar Year 2007			Calendar Year 2006		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,432,359	1	9.64%	\$ 3,398,590	1	9.62%	\$ 3,467,513	1	10.20%
Manufacturer	2,164,933	2	6.08%	2,099,335	2	5.94%	2,410,858	2	7.09%
Grocery store	908,885	4	2.55%	895,524	4	2.53%	719,608	4	2.12%
Multi-line retailer	885,335	5	2.49%	407,697	10	1.15%	*		
Building materials /hard line	1,152,320	3	3.24%	1,055,579	3	2.99%	1,085,172	3	3.19%
Multi-line retailer	*			*			*		
Grocery store	590,565	7	1.66%	563,720	7	1.60%	510,791	8	1.50%
Apparel Store	458,425	9	1.29%	492,186	8	1.39%	433,099	10	1.27%
Building materials /hard line	680,106	6	1.91%	689,525	5	1.95%	684,218	5	2.01%
Automobile dealer	503,718	8	1.41%	622,068	6	1.76%	570,183	7	1.68%
Apparel Store	354,459	10	1.00%	445,485	9	1.26%	456,211	9	1.34%
Multi-line retailer	*			*			*		*
Manufacturer	*			*			*		*
Grocery store	*			*			*		*
Total	\$ 11,131,105		31.26%	\$ 10,669,709		30.19%	\$ 10,947,294		32.19%

Tax Remitter Description	Calendar Year 2005		
	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,538,724	1	11.09%
Manufacturer	2,122,806	2	6.65%
Grocery store	497,428	7	1.56%
Multi-line retailer	*		
Building materials /hard line	994,399	3	3.12%
Multi-line retailer	*		
Grocery store	459,897	9	1.44%
Apparel Store	509,379	6	1.60%
Building materials /hard line	713,414	4	2.24%
Automobile dealer	586,306	5	1.84%
Apparel Store	471,869	8	1.48%
Multi-line retailer	*		*
Manufacturer	*		*
Grocery store	407,787	10	1.28%
Total	\$ 10,302,009		32.27%

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>
2005	74,388,148	26,684,990	7,901,111	8,895,053	117,869,302
2006	83,688,511	34,999,393	8,490,576	8,939,135	136,117,615
2007	86,367,173	30,715,823	9,063,331	10,114,298	136,260,625
2008	92,242,668	34,360,009	8,604,599	10,235,723	145,442,999
2009	98,913,684	24,628,903	8,084,517	9,639,016	141,266,120
2010	93,571,114	21,495,060	9,266,433	11,419,349	135,751,956
2011	97,869,957	19,456,250	10,260,760	14,341,790	141,928,757
2012	96,544,683	15,701,341	11,512,382	15,335,240	139,093,646
2013	94,768,138	17,835,792	10,935,251	15,078,823	138,618,004
2014	98,306,039	20,956,097	11,841,254	15,759,277	146,862,667

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

Fiscal Year	Governmental Activities				Business-type Activities						Total Primary Government	*Percentage of Personal Income	Total Debt per Capita	
	General		Capital Leases		Water		Wastewater		Wastewater Notes Payable					Capital Leases
	Obligation Warrants	Notes Payable	Revenue Warrants	Notes Payable	Revenue Warrants	Notes Payable	Notes Payable	Notes Payable						
2005	57,935	630	299	22,140	22,680	-	-	-	-	-	45	103,729	9.72%	1,824
2006	57,970	630	154	20,995	21,030	-	-	-	-	-	-	100,779	8.40%	1,886
2007	68,575	-	29	19,795	19,320	-	-	-	-	-	-	107,719	9.20%	2,010
2008	63,273	-	-	18,545	17,545	-	-	-	-	-	-	99,363	6.78%	1,799
2009	59,542	-	401	17,915	15,700	-	-	-	-	-	-	93,558	7.71%	1,750
2010	55,352	-	579	16,245	13,790	-	-	-	-	-	-	85,966	6.44%	1,546
2011	57,498	-	191	14,630	11,810	6,877	15,665	-	-	-	**	106,671	8.24%	1,881
2012	59,028	-	-	16,080	19,915	-	-	-	-	-	-	95,023	6.82%	1,693
2013	54,778	-	-	25,175	55,370	-	-	-	-	-	-	135,323	9.87%	2,402
2014	51,318	-	45	23,300	52,495	-	-	-	-	-	-	127,158	9.37%	2,254

Sources:

2006 through 2014 are estimates from the Morgan County Economic Development Association

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

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

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

Notes:

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

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2005	57,126,116	1.51%	1,005
2006	57,144,903	1.43%	1,069
2007	67,729,563	1.65%	1,264
2008	62,855,830	1.80%	1,138
2009	59,542,038	1.67%	1,114
2010	55,351,670	1.50%	996
2011	57,366,976	1.60%	1,012
2012	59,028,296	1.61%	1,052
2013	54,778,295	1.37%	972
2014	51,318,049	1.29%	910

Sources:

Morgan County Economic Development Association for 2006 through 2011 population estimates

Notes:

FY 2005 is based on 2000 U.S. census population information

**City of Decatur
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2014 (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	\$ 51,318,049	100.00%	\$ 51,318,049
Total Direct Debt			51,318,049
* City of Decatur Board of Education	62,558,952	100.00%	62,558,952
Morgan County	30,735,000	49.37%	15,173,870
Morgan County Board of Education	45,024,566	49.37%	22,228,628
Total Overlapping Debt			99,961,449
Total direct and overlapping debt			\$ 151,279,498

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2014 net assessed valuation of all taxable property in the City (\$626,277,220) - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County (\$1,268,662,280).

*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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 84,644,116	\$ 89,421,112	\$ 94,737,160	\$ 105,039,796	\$ 107,070,704	\$ 112,535,644	\$ 108,320,996	\$ 112,279,784	\$ 125,098,972	\$ 125,255,444
Total net debt applicable to limit	45,485,000	47,485,000	60,240,000	56,997,969	55,330,038	52,555,819	58,877,645	59,725,534	54,778,295	51,318,049
Legal debt margin	39,159,116	41,936,112	34,497,160	48,041,827	51,740,666	59,979,825	49,443,351	52,554,250	70,320,677	73,937,395
Total net debt applicable to the limit as a percentage of debt limit	53.74%	53.10%	63.59%	54.26%	51.68%	46.70%	54.35%	53.19%	43.79%	40.97%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 836,866,180
Less tax exempt property	(210,588,960)
Net Assessed Value	626,277,220
Debt limit (20% of net assessed value)	125,255,444
Debt applicable to limit:	
General obligation bonds	51,318,049
Less: School	-
Total net debt applicable to limit	51,318,049
Legal debt margin	\$ 73,937,395

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
2005	118,591,409	107,151,729	11,439,680	5,159,606	2.22%
2006	137,591,436	125,146,933	12,444,503	4,774,913	2.61%
2007	138,236,912	125,022,901	13,214,011	4,875,660	2.71%
2008	146,806,157	136,753,211	10,052,946	4,823,628	2.08%
2009	141,472,819	133,607,497	7,865,322	5,064,336	1.55%
2010	135,864,145	124,879,664	10,984,481	4,657,987	2.36%
2011	142,061,998	128,939,530	13,122,468	4,579,979	2.87%
2012	139,253,683	122,587,716	16,665,967	5,523,435	3.02%
2013	138,764,202	123,584,281	15,179,921	6,570,620	2.31%
2014	147,026,063	129,276,053	17,750,010	7,398,849	2.40%

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

Calendar Year	Population	Personal Income <i>Thousands of dollars</i>	Per Capita Personal Income	Median Age	Graduated	School Enrollment	Unemployment Rate
2005	56,866			38.1	442	8,815	3.9%
2006	53,442	1,192,879	22,321	38.3	483	8,831	3.1%
2007	53,581	1,170,477	21,845	38.8	437	8,812	3.3%
2008	55,233	1,465,608	26,535	38.4	521	8,873	4.9%
2009	53,465	1,213,549	22,698	38.9	536	8,812	10.6%
2010	55,588	1,335,335	24,022	39.4	498	8,723	9.0%
2011	56,696	1,293,803	22,820	40.4	500	8,545	9.9%
2012	56,114	1,392,918	24,823	37.0	605	8,516	6.8%
2013	56,342	1,371,195	24,337	37.3	499	8,312	6.4%
2014	56,416	1,356,861	24,051	37.4	557	8,476	6.1%

Sources:
Morgan County Economic Development Association for 2006 through 2014 population, personal income, median age and unemployment rate.
City Planning department for population estimate prior to 2006

Decatur City Schools for graduated and school enrollment

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

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

Employer	2014			2013			2012		
	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	4.32%	1,449	1	4.62%	1,449	1	4.30%
General Electric	1,300	2	3.88%	1,298	2	4.14%	1,250	2	3.71%
Decatur City Schools	1,200	3	3.58%	1,200	3	3.83%	1,200	3	3.56%
Decatur General Hospital	*			*			*		
United Launch Alliance	849	5	2.53%	849	5	2.71%	854	4	2.53%
3M Company	850	4	2.53%	887	4	2.83%	815	5	2.42%
Wayne Farms Fresh	795	6	2.37%	795	6	2.54%	800	6	2.37%
Nucor Steel	715	7	2.13%	710	7	2.26%	710	7	2.11%
City of Decatur	565	9	1.68%	693	9	2.21%	693	8	2.06%
Wayne Farms East/West	696	8	2.08%	696	8	2.22%	588	9	1.68%
Parkway Medical Center	*			*			*		
BP America	444	10	1.32%	467	10	1.49%	457	10	1.36%
Total	8,863		26.42%	9,044		28.85%	8,796		26.09%

Employer	2011			2010			2009		
	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	4.07%	1,250	1	3.98%	1,250	1	3.65%
Decatur City Schools	1,205	2	3.92%	1,205	2	3.84%	1,205	2	3.52%
Decatur General Hospital	1,000	3	3.25%	1,000	3	3.19%	1,000	3	2.92%
United Launch Alliance	760	6	2.47%	654	7	2.08%	654	6	1.91%
3M Company	880	4	2.86%	760	5	2.42%	760	4	2.22%
Wayne Farms Fresh	826	5	2.69%	888	4	2.73%	888	5	2.51%
Nucor Steel	719	7	2.34%	713	6	2.27%	700	8	2.05%
City of Decatur	680	8	2.21%	675	8	2.15%	675	7	1.97%
Wayne Farms East/West	568	9	1.85%	444	9	1.41%	444	10	1.30%
Parkway Medical Center	414	10	1.35%	414	10	1.32%	*		
BP America	*			*			446	9	1.30%
Total	8,302		27.00%	7,973		25.39%	7,992		23.36%

Source:
Morgan County Economic Development Association

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

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

Employer	2008			2007			2006		
	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	1,390	1	3.86%	1,390	1	4.10%	1,390	1	3.68%
Decatur City Schools	1,205	2	3.35%	1,205	2	3.55%	1,205	2	3.19%
Decatur General Hospital	1,200	3	3.33%	1,200	3	3.54%	1,200	3	3.18%
United Launch Alliance	684	6	1.90%	638	6	1.88%	650	6	1.72%
3M Company	830	4	2.31%	895	4	2.64%	828	4	2.19%
Wayne Farms Fresh	799	5	2.22%	813	5	2.39%	813	5	2.15%
Nucor Steel	710	8	1.97%	630	8	1.85%	630	8	1.67%
City of Decatur	673	7	1.87%	671	7	1.97%	681	7	1.80%
Wayne Farms East/West	418	10	1.16%	* 418	10	1.23%	*		
Parkway Medical Center	*			*			*		
BP America	446	9	1.24%	453	9	1.33%	525	9	1.39%
Wolverine Tube	*			*			408	10	1.08%
Goodyear Tire & Rubber	*			*			*		
Total	8,355		23.22%	8,313		24.48%	8,330		22.05%

Source:
Morgan County Economic Development Association

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

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

Function/Program	Full-Time-Equivalent Employees as of September 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government	45	46	44	42	43	41	44	44	43	44
Public safety	276	282	288	284	275	272	263	276	283	266
Public works	74	81	79	76	76	81	81	82	77	74 *
Public services	63	72	71	71	77	72	78	71	73	73 *
Intergovernmental assistance	23	20	18 **	16	18	19	19	20	20	23
Municipal Utilities Board	162	163	163	164	163	165	163	157	160	170
Point Mallard	8	10	10	9	9	11	10	8	12	25
Sanitary Landfill	19	19	20	18	14	14	13	13	13	13
Total	670	693	693	680	675	675	671	671	681	688

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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Building permits issued	5,319	3,090	3,225	3,132	2,910	3,703	3,133	4,778	5,449	3,969
Building inspections conducted	8,758	5,084	4,026	6,096	6,751	5,487	8,004	9,955	8,365	9,155
Police										
Adult arrests	5,325	4,770	5,264	5,594	5,428	6,291	6,500	6,141	10,808	11,386
Traffic citations	16,943	16,462	11,490	15,204	15,948	16,022	16,695	13,946	12,154	12,662
Fire										
Inspections	108	101	168	93	182	154	91	69	52	37
Emergency medical responses	5,937	4,183	3,800	3,872	5,281	3,917	3,885	2,900	3,059	3,461
Fire and/or Hazmat responses	1,479	901	857	930	1,467	1,291	1,004	888	906	889
Refuse collections										
Recyclables collected in tons	2,563	2,180	2,052	1,301	1,416	1,381	1,488	1,532	1,509	1,447
Garbage and trash collected	36,042	34,142	34,108	37,287	38,164	39,608	36,384	34,536	43,252	41,990
Municipal Utilities Board										
Electrical connections	26,487	26,515	26,618	26,513	26,453	26,403	26,595	26,439	26,105	26,348
Water connections	25,295	25,260	25,194	25,244	25,144	25,155	25,154	24,990	24,532	24,495
Wastewater connections	20,319	20,297	20,245	20,327	20,293	20,308	20,338	20,233	19,895	19,900
Gas connections	13,613	13,690	13,640	13,691	13,793	13,785	13,861	13,824	13,835	13,925

Source:
Various city departments

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

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Stations	4	3	3	3	3	3	3	4	4	3
Vehicles	166	167	161	153	135	135	137	142	122	102
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Pumper Fire trucks	10	10	12	10	10	13	13	14	12	11
Special Response Vehicle	5	5	3	3	3	4	4	4	4	2
Sanitation										
Garbage collection trucks	16	16	17	17	17	17	17	17	19	19
Other public works										
Paved streets (miles)	336	336	335	335	335	334	333	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	144	143	143	143	143	143	143	143	143
Parks and Recreation										
Number of parks*	26	26	26	26	26	26	26	26	26	24
Acres of Parks	1278	1278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,263
Golf courses (public & private)	4	4	4	4	4	4	4	4	4	4
Tennis courts	46	46	46	46	46	46	46	46	46	34
Recreations centers	5	5	5	4	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	34	32
Enclosed swimming pool	1	1	1	1	1	1	1	1	1	1
Open air swimming pools	2	2	2	2	2	2	2	2	2	3
Soccer facilities (acres)	62	62	62	62	62	62	62	62	62	62
Ice rinks	1	1	1	1	1	1	1	1	1	1
Marina/boat launch	2	2	2	2	2	2	2	2	2	2
Campgrounds	1	1	1	1	1	1	1	1	1	1
Municiple Utilities Board										
Water mains (miles)	484	484	484	481	480	480	478	476	474	472
Gas mains (miles)	418	418	415	414	414	413	412	411	409	407
Electric lines (miles)	593	593	593	592	592	592	592	588	586	585
Sanitary sewers (miles)	342	342	341	340	340	340	337	337	334	331
Fire hydrants in service	2028	2026	2,019	2,011	2,009	2,019	2,003	1,985	1,958	1,939

Sources:
Various city departments and capital assets records