

OFFICIAL STATEMENT

New Issue--Book Entry System

**Ratings: Moody's: Aa2
Standard & Poor's: AA**

In the opinion of Bradley Arant Boult Cummings LLP, Bond Counsel to the City, and assuming continuing compliance by the City with certain conditions imposed by the Internal Revenue Code of 1986, as amended, referred to herein under "TAX MATTERS," interest on the Warrants is presently excludable from gross income for federal income taxation under Section 103 of the Code, regulations and rulings of the Commissioner of Internal Revenue issued or pertinent thereunder, and court decisions heretofore rendered. Bond Counsel is also of the opinion that interest on the Warrants is exempt from Alabama income taxation. See "TAX MATTERS" herein.

**\$32,745,000
CITY OF DECATUR, ALABAMA
GENERAL OBLIGATION WARRANTS
SERIES 2023**

Dated: the date of delivery

Due: As shown on inside cover

Principal will be payable at the designated corporate trust office of Regions Bank, Birmingham, Alabama, registrar and paying agent. The Warrants which are issuable only as fully registered warrants without coupons, in the denomination of \$5,000 or authorized integral multiples thereof, will constitute general obligations of the City of Decatur, Alabama, for payment of which the full faith and credit of said City are irrevocably pledged. Certain of the Warrants will be subject to redemption prior to their respective maturities as described herein.

The Warrants are initially issuable as fully registered warrants without coupons in denominations of \$5,000 and any integral multiple thereof, pursuant to a book-entry system to be administered by The Depository Trust Company, New York, New York, or any successor or assign thereof or substitute therefor as such securities depository (the "Securities Depository"), and, when issued, will be registered in the name of and held by Cede & Co., as nominee. During the period in which such book-entry system is in effect, purchases and transfers of ownership of beneficial interests in the Warrants will be evidenced by book-entry only, and all payments of principal of and interest on the Warrants will be made by Regions Bank, Birmingham, Alabama, as registrar and paying agent (the "Paying Agent"), to the Securities Depository for disbursement by it to the Direct Participants and for subsequent disbursement by the Direct Participants (and, where appropriate, by the Indirect Participants) to the owners of beneficial interests in the Warrants, as more particularly provided in the Authorizing Ordinance (referred to herein) and as described herein. In the event the said book-entry system is discontinued, Warrants in certificated form will be distributed to the owners of beneficial interests in the Warrants; the principal of the Warrants shall be payable only upon presentation and surrender of the Warrants at the designated corporate trust office of Regions Bank, in Birmingham, Alabama; and interest on the Warrants shall be remitted by the aforesaid Bank to the then registered owners of the Warrants at the addresses thereof shown on the registration books of such Bank pertaining to the Warrants. The Warrants are offered when, as and if issued, subject to the approval of the validity thereof by Bradley Arant Boult Cummings LLP, Bond Counsel for the City. It is expected that the Warrants will be available for delivery in definitive form on or about May 4, 2023.

FRAZER LANIER

April 13, 2023

Series 2023 Warrants

Dated: the date of delivery

Principal Due: April 1
Interest Due: April 1 and October 1
First Interest Due: October 1, 2023

<u>Year</u>	<u>Maturity</u>	<u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Maturity</u>	<u>Rate</u>	<u>Yield</u>
2028	\$930,000	5.000%	2.430%	2035	\$1,305,000	5.000%	2.880%
2029	975,000	5.000	2.480	2036	1,375,000	5.000	3.060
2030	1,025,000	5.000	2.490	2037	1,440,000	5.000	3.220
2031	1,075,000	5.000	2.530	2038	1,515,000	5.000	3.320
2032	1,130,000	5.000	2.570	2039	1,590,000	5.000	3.380
2033	1,185,000	5.000	2.630	2040	1,670,000	5.000	3.500
2034	1,245,000	5.000	2.730	2041	1,750,000	5.000	3.550

\$9,965,000 4.000% Term Warrants Due April 1, 2046 Priced to Yield 4.070%
\$4,570,000 4.000% Term Warrants Due April 1, 2048 Priced to Yield 4.100%

CITY OF DECATUR, ALABAMA

Mayor

Tab Bowling

City Council

Billy Jackson, District 1
Kyle Dukes Pike, District 2
Carlton McMasters, District 3
Hunter Pepper, District 4
Jacob Ladner, Council President, District 5

City Clerk-Treasurer

Stephanie Simon

Chief Financial Officer

Kyle Demeester

City Attorney

Herman H. Marks, Jr.

Bond Counsel

Bradley Arant Boult Cummings LLP
Birmingham, Alabama

Underwriter

The Frazer Lanier Company Incorporated
Montgomery, Alabama

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE CITY AND THE PURCHASERS OR HOLDERS OF ANY OF THE WARRANTS. ALL QUOTATIONS FROM AND SUMMARIES AND EXPLANATIONS OF PROVISIONS OF LAWS AND DOCUMENTS HEREIN DO NOT PURPORT TO BE COMPLETE, AND REFERENCE IS MADE TO SUCH LAWS AND DOCUMENTS FOR FULL AND COMPLETE STATEMENTS OF THEIR PROVISIONS. ANY STATEMENTS MADE IN THIS OFFICIAL STATEMENT INVOLVING ESTIMATES OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED MERELY AS ESTIMATES OR OPINIONS AND NOT AS REPRESENTATIONS OF FACT. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE OF THE WARRANTS SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES AS OF WHICH INFORMATION IS GIVEN HEREIN. NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OF DECATUR, ALABAMA TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE CITY OR ITS WARRANTS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE EITHER AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF, ANY OF THE AFORESAID WARRANTS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION, BY THE UNDERWRITER. THE DELIVERY OF THIS OFFICIAL STATEMENT AT ANY TIME DOES NOT IMPLY THAT ANY INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

INTRODUCTION	1
DEFINITIONS.....	1
THE WARRANTS	2
SECURITY; SOURCE OF PAYMENT.....	4
DEBT SERVICE REQUIREMENTS.....	4
SOURCES AND USES	5
SUMMARY OF THE AUTHORIZING ORDINANCE.....	6
THE CITY	8
DEBT MANAGEMENT	16
AD VALOREM TAXES	17
RATINGS	21
LITIGATION.....	24
FORWARD LOOKING STATEMENTS	25
SPECIAL FACTORS	26
CONTINUING DISCLOSURE UNDERTAKING	30
LEGAL MATTERS.....	31
ACCOUNTING MATTERS	32
UNDERWRITER	32
MISCELLANEOUS	32

Appendix A - Certain Economic and Demographic Information of the City

Appendix B – Proposed Form of Opinion of Bond Counsel

Appendix C – 2022 Audited Financial Report

Appendix D – 2023 Budget

INTRODUCTION

This Official Statement of the City of Decatur, Alabama (the “City”), which includes the cover page and appendices hereto, is being furnished to provide certain information concerning the City’s \$32,745,000 principal amount of General Obligation Warrants, Series 2023, to be dated the date of delivery (the “Warrants” or the “Series 2023 Warrants”), issued pursuant to the provisions of the ordinance adopted by the City Council (the “Authorizing Ordinance”). The Warrants will be general obligations of the City secured by a pledge of its full faith and credit.

The Series 2023 Warrants are being issued for the purposes of (1) acquiring, constructing, and equipping certain capital public recreational facilities within the City (collectively the “Series 2023 Improvements”), and (2) paying issuance expenses.

DEFINITIONS

For purposes of this Official Statement the following terms have the following meanings:

Authorized Denomination means with respect to all Warrants the amount of \$5,000 and any integral multiple thereof for each maturity.

Beneficial Owners means the registered owners of beneficial interests in the Warrants.

Book-Entry System means a book-entry system of evidence of purchase and transfer of beneficial ownership interests in the Warrants.

Business Day shall mean a day, other than a Saturday or a Sunday, on which commercial banking institutions are open for business in the state where the designated corporate office of the Paying Agent is located and a day on which the payment system of the Federal Reserve System is operational.

City means the City of Decatur, an Alabama municipality, and any successor to its functions.

Direct Participant means securities brokers and dealers, banks, trust companies, clearing corporations and other financial institutions which have access to the Book-Entry System.

Indirect Participant means a broker, dealer, bank or other financial institution for which the Securities Depository holds Warrants as securities depository through a Direct Participant.

Letter of Representation shall mean and include (i) the Letter of Representation with respect to the Warrants by the City to the Securities Depository and (ii) any other or subsequent agreement by whatever name or identification with respect to the Warrants by said parties from time to time in effect.

Paying Agent means Regions Bank, which is the paying agent, registrar and depository bank with respect to the Warrants.

Record Date means, with respect to the Warrants, that date which is 15 calendar days before any date on which interest is due and payable on the Warrants.

Securities Depository means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and the successors and assigns thereof, and any substitute securities depository therefor that maintains a Book-Entry System for the Warrants.

Securities Depository Nominee means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Warrant Register the Warrants to be delivered to such Securities Depository during the period in which the Warrants are held pursuant to the Book-Entry System.

Warrant Register means the register for the registration and transfer of Warrants maintained by the Paying Agent.

THE WARRANTS

General

The Warrants are being issued pursuant to the provisions of Section 11-47-2 of the Code of Alabama 1975, as amended, and the Authorizing Ordinance. The Warrants will be dated the date of delivery and issued as fully registered warrants without coupons, in the denomination of \$5,000 each or any authorized integral multiple thereof and will be appropriately numbered. The Warrants will mature annually in the years and principal amounts set forth on the inside cover page hereof.

Interest on the Warrants from the date of delivery will be payable at the rates established at the public sale for the Warrants. Interest will be payable on the Warrants on each April 1 and October 1, first interest payable on October 1, 2023. Overdue installments of principal of and interest on the Warrants will, to the extent permitted by law, bear interest from their respective due dates until paid at the rate of 5% per annum or the maximum rate permitted by applicable law, whichever is less.

The Warrants will be initially issued pursuant to a book-entry system to be administered by The Depository Trust Company, New York, New York (“DTC”) and registered in the name of and held by Cede & Co., as nominee of DTC. During the period in which Cede & Co. is the registered owner of the Warrants, purchases and transfers of ownership of beneficial interests in the Warrants will be evidenced by book-entry only and all payments of principal of and interest on the Warrants will be made by the Paying Agent to Cede & Co. (as registered owner) for DTC for disbursement by DTC to the Direct Participants of DTC and for subsequent disbursement by the Direct Participants (and, where appropriate, by the Indirect Participants) to the owners of beneficial interests in the Warrants, as more particularly provided in the Authorizing Ordinance and described herein under “**BOOK-ENTRY SYSTEM**.” In the event the book-entry system for the Warrants is discontinued, Warrants in certificated form in authorized denominations will be physically distributed to the owners of the beneficial interests in the Warrants, the Warrants will be registered in the names of the owners thereof on the Warrant Register, the Paying Agent shall make payments of principal of, premium (if any) and interest on the Warrants to the registered owners thereof as provided in the Warrants and the Authorizing Ordinance, and the provisions of the Warrants and of the Authorizing Ordinance with respect to registration, transfer and exchange of Warrants by the registered owners thereof shall apply.

Payment

The principal of the Warrants will be payable at the designated corporate trust office of Regions Bank, Birmingham, Alabama, which bank is also the registrar and transfer agent for the Warrants and in such capacity is herein called “the Paying Agent.” Interest on the Warrants will be payable as required by the Letter of Representation and the Book-Entry System. If such Book-Entry System is discontinued, interest on the Warrants will then be payable by check or draft mailed or otherwise delivered by the Paying Agent to the persons who are on the respective due dates of such interest registered holders of the Warrants, at their respective addresses as they appear on the registry books of the Paying Agent pertaining to the Warrants.

Optional Redemption

Those of the Series 2023 Warrants having stated maturities on April 1, 2034 and thereafter will be redeemable prior to their respective maturities, at the option of the City, as a whole or in part, on April 1, 2033, and on any date thereafter [but if in part, only in installments of \$5,000 or any integral multiple thereof and in such order and amount as the City may determine in its sole discretion], and if less than all such Series 2023 Warrants of a single maturity are to be redeemed, those (or portions of the principal thereof) to be redeemed to be selected as set forth in the Authorizing Ordinance, at and for a redemption price, with respect to each such Series 2023 Warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium or penalty.

Mandatory Redemption

(a) The Series 2023 Warrants with a stated maturity on April 1, 2046 (the "2046 Term Warrants") are required to be redeemed on April 1, 2042 and on each April 1 thereafter in the following principal amounts (with those to be redeemed to be selected by the Paying Agent) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without any premium or penalty:

<u>Year</u>	<u>Principal Amount to Be Mandatorily Redeemed</u>
2042	\$1,840,000
2043	1,915,000
2044	1,990,000
2045	2,070,000

The remainder of the 2046 Term Warrants in principal amount of \$2,150,000 will mature on April 1, 2046.

(b) The Series 2023 Warrants with a stated maturity on April 1, 2048 (the "2048 Term Warrants") are required to be redeemed on April 1, 2047 in the principal amount of \$2,240,000 (with those to be redeemed to be selected by the Paying Agent) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2048 Term Warrants in principal amount of \$2,330,000 will mature on April 1, 2048.

Selection for Redemption; Notice. If less than all of the Warrants are to be optionally redeemed during a period in which the Book-Entry System is in effect for the Warrants, the City shall designate the order and amount of maturities of the Warrants (or portions thereof) to be redeemed not less than 45 nor more than 60 days prior to the redemption date for the Warrants which have not previously been called for redemption. If less than all of the Warrants of a maturity are to be redeemed, then, in accordance with the Letter of Representation, the Securities Depository may determine the amount of the interest of each Direct Participant in those Warrants to be redeemed, on the basis of the smallest Authorized Denomination of such Warrants, by lot or by such other method as the Securities Depository shall deem fair and appropriate.

If less than all of the Warrants are to be redeemed during a period in which the Book-Entry System is not in effect for the Warrants, the City shall designate the order and amount of maturities of the Warrants (or portions thereof) to be redeemed not less than 45 nor more than 60 days prior to the redemption date from the Warrants which have not previously been called for redemption, on the basis of the smallest Authorized Denomination of such Warrants, and the Paying Agent shall select, by lot or by such method as

the Paying Agent shall deem fair and appropriate, the order and amount of Warrants to be redeemed within a maturity. The City and the Paying Agent shall so select Warrants for redemption in such manner so as to assure that after such redemption no Holder shall retain Warrants in an aggregate amount less than an Authorized Denomination.

During a period in which the Book-Entry System is in effect for the Warrants, the recordation and evidence of any reduction in the aggregate principal amount of the Warrants as a result of the redemption of a portion thereof shall be made in accordance with the Letter of Representation and the rules and procedures of the Securities Depository with respect thereto from time to time in effect.

During a period in which the Book-Entry System is not in effect for the Warrants, unless otherwise provided herein, any warrant which is to be redeemed only in part shall be surrendered at the designated corporate office of the Paying Agent (with, if the City or the Paying Agent requires, due endorsement by, or a written instrument of assignment or transfer in form satisfactory to the City and the Paying Agent duly executed by the Holder thereof or his attorney duly authorized in writing) and the City shall execute and the Paying Agent shall authenticate and deliver to the Holder of such warrant, without service charge, a new warrant or warrants of any Authorized Denomination as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the warrant so surrendered.

SECURITY; SOURCE OF PAYMENT

The Warrants are general obligations of the City and the full faith and credit of the City have been pledged to the payment of the Warrants.

DEBT SERVICE REQUIREMENTS

The debt service requirements for the Warrants and the City's other outstanding long-term general obligation indebtedness are as follows:

Period Ending	General Obligation Warrants, Series 2023	Series 2016-A	Series 2016-B	Taxable Series 2021	Series 2021-2021-B	Series 2021-C	Aggregate Debt Service
9/30/2023				1,546,860	265,850	16,973.25	1,829,683.25
9/30/2024	1,355,142.50	2,913,231.26	345,925	1,622,567	531,700	33,946.50	6,802,512.26
9/30/2025	1,491,900.00	2,915,581.26	343,800	1,619,070	531,700	33,946.50	6,935,997.76
9/30/2026	1,491,900.00	2,911,881.26	341,525	1,619,662	531,700	33,946.50	6,930,614.76
9/30/2027	1,491,900.00	2,912,131.26	339,100	1,621,934	531,700	33,946.50	6,930,711.76
9/30/2028	2,421,900.00	505,581.26	336,525	1,632,582	531,700	693,859.25	6,122,147.51
9/30/2029	2,420,400.00	502,237.51	333,800	1,634,798	531,700	697,958.00	6,120,893.51
9/30/2030	2,421,650.00	502,984.38	330,925	1,144,470	531,700	696,072.00	5,627,801.38
9/30/2031	2,420,400.00	502,987.50	332,825	1,148,206	1,227,500		5,631,918.50
9/30/2032	2,421,650.00	501,425.00	329,500	1,170,548	1,228,500		5,651,623.00
9/30/2033	2,420,150.00	503,450.00	326,025	1,181,112	1,228,300		5,659,037.00
9/30/2034	2,420,900.00	505,025.00	327,325		1,226,900		4,480,150.00
9/30/2035	2,418,650.00	501,225.00	323,400		1,229,200		4,472,475.00
9/30/2036	2,423,400.00	502,050.00	324,250		1,225,200		4,474,900.00
9/30/2037	2,419,650.00	502,425.00	324,800		1,229,400		4,476,275.00
9/30/2038	2,422,650.00				1,227,025		3,649,675.00
9/30/2039	2,421,900.00				1,228,825		3,650,725.00
9/30/2040	2,422,400.00				1,229,725		3,652,125.00
9/30/2041	2,418,900.00				1,229,725		3,648,625.00
9/30/2042	2,421,400.00				1,228,825		3,650,225.00
9/30/2043	2,422,800.00				1,227,025		3,649,825.00
9/30/2044	2,421,200.00				1,229,250		3,650,450.00
9/30/2045	2,421,600.00				1,225,500		3,647,100.00
9/30/2046	2,418,800.00				1,225,775		3,644,575.00
9/30/2047	2,422,800.00				1,121,575		3,544,375.00
9/30/2048	2,423,200.00						2,423,200.00
	56,677,242.50	16,682,215.69	4,659,725	15,941,809	24,756,000	2,240,648.50	120,957,640.69

SOURCES AND USES

The proceeds to be derived from the sale of the Warrants will be used by the City as set forth below:

Sources

Par Amount	\$32,745,000.00
Net Original Issue Premium	<u>2,652,253.10</u>
TOTAL SOURCES	\$35,397,253.10

Uses

Series 2023 Improvements	\$35,004,479.35
Issuance Expenses (including underwriter's discount)	<u>392,773.75</u>
TOTAL USES	<u>\$35,397,253.10</u>

SUMMARY OF THE AUTHORIZING ORDINANCE

The following, together with information contained elsewhere in this Official Statement, is a brief description of the Authorizing Ordinance. Such description does not purport to be comprehensive or definitive; all references herein to the Authorizing Ordinance are qualified in their entirety by reference to such documents, copies of which are available at the office of the City Clerk of the City; and all references to the Warrants are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto included in the Authorizing Ordinance.

The Warrant Fund

(a) The Authorizing Ordinance establishes a special funds designated respectively for each issue the "Warrant Fund." The Paying Agent shall be the depository, custodian and paying agent for the Warrant Fund. The money in the Warrant Fund shall be used only to pay principal of, premium (if any) and interest on the Warrants as the same becomes due and payable. The Authorizing Ordinance requires the City to deposit in the Warrant Fund the following amounts on the following dates:

(1) On or before the 25th day of each calendar month, beginning May 25, 2023, and continuing through September 25, 2023, an amount equal to one-fifth (1/5th) of the interest coming due on the Warrants on the first ensuing interest payment date of October 1, 2023;

(2) On or before the 25th day of each calendar month, beginning October 25, 2023, and continuing through March 25, 2048, an amount equal to one-sixth (1/6th) of the interest coming due on the Warrants on the next ensuing interest payment date; and

(3) On or before the 25th day of each calendar month, beginning April 25, 2027, and continuing through March 25, 2048, an amount equal to one-twelfth (1/12th) of the principal of the Warrants maturing or subject to mandatory redemption on the next ensuing principal payment or mandatory redemption date, the first such principal payment date being April 1, 2028.

(b) All other money required to be deposited in the Warrant Fund pursuant to the Authorizing Ordinance and all money received by the Paying Agent when accompanied by directions that such money is to be deposited in the Warrant Fund.

(c) Income and profits received from the investment of money in the Warrant Fund shall be credited against the monthly deposits required to be made to the Warrant Fund.

Investment of and Security for Warrant Fund

Money in the Warrant Fund shall be invested by the Paying Agent at the direction of the City in Qualified Investments so that a sufficient principal amount shall mature or be redeemable at the option of the holder on or prior to the date or dates that money from such Funds will be required under the Authorizing Ordinance. The Paying Agent shall not be liable or responsible for any loss resulting from any such

investment if made in compliance with the Authorizing Ordinance. All income derived from the investment of money on deposit in the Warrant Fund shall remain in such fund where earned and all losses resulting from liquidation of investments in the Warrant Fund shall be charged to such Fund.

The moneys at any time on deposit in the Warrant Fund shall be and at all times remain public funds impressed with a trust for the purpose for which said fund was created. The Paying Agent shall at all times keep the moneys on deposit in such Funds continuously secured for the benefit of the City and the registered owners of the Warrants, either (1) by holding on deposit as collateral security Federal Securities or other marketable securities eligible as security for the deposit of public trust funds under regulations of the Comptroller of the Currency, United States Treasury, having a market value at any date of calculation (exclusive of accrued interest) not less than the amount of moneys on deposit in the fund being secured, or (2) if the furnishing of security in the manner provided in (1) above is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of public trust funds; provided, however, that it shall not be necessary for the Paying Agent to secure any portion of the moneys on deposit in such fund that may be insured by the Federal Deposit Insurance Corporation or by any agency of the United States of America that may succeed to its functions, or to secure any portion of the moneys that are invested as provided in the Authorizing Ordinance.

Payment of Warrants

The Warrants shall, prior to the maturity date thereof, be deemed to have been paid and no longer Outstanding under the Authorizing Ordinance if (1) there shall have been deposited with the Paying Agent either moneys in an amount which shall be sufficient, or Federal Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same time and available for such purpose, shall be sufficient, to pay when due the principal of and interest due and to become due on said Warrants on and prior to the maturity date thereof, as the case may be, and (2) in the event said Warrants are not by their terms subject to payment within the next succeeding 90 days, the City shall have given the Paying Agent irrevocable instructions to give notice to the Holders thereof that the deposit required by clause (1) has been made with the Paying Agent and that said Warrants are deemed to have been paid in accordance with the Authorizing Ordinance and stating such maturity date or dates upon which moneys are to be available for the payment of the principal of and interest on said Warrants.

The Paying Agent

In the Authorizing Ordinance the City will designate and appoint Regions Bank (the "Paying Agent"), as the Paying Agent for the Warrant Fund, the Warrant Registrar and authenticating agent for and with respect to the Warrants.

The Paying Agent, by acceptance of its duties under the Authorizing Ordinance, shall have agreed thereby with the registered owners from time to time of the Warrants that it will make all remittances of principal of, premium (if any), and interest on the Warrants out of money supplied by the City for such purpose in bankable funds at par and without discount or deduction for exchange, fees or expenses. The City will pay all charges for exchange, fees or expenses which may be incurred by the Paying Agent in the making of remittances in bankable funds at par.

The Paying Agent may resign and be discharged of all duties imposed upon it as depository, paying agent, registrar and transfer agent by giving written notice of such resignation by certified or registered mail to the City at least thirty (30) days prior to the date when such resignation shall take effect.

Authorizing Ordinance a Contract

The terms, conditions and provisions set forth in the Authorizing Ordinance shall constitute a contract between the respective registered owners from time to time of the Warrants and the City, and shall remain in effect until the principal of, premium, if any, and interest on the Warrants shall have been paid in full, or until payment therefor shall have been provided as set forth in such Ordinances.

THE CITY

Governing Body

The City is governed by a mayor, popularly elected at large for a four-year term, and by a five-member Council, whose members are popularly elected from so-called “single-member districts” for concurrent four-year terms. The present Mayor and members of the City Council and the dates of the ending of their respective current terms of office are as follows:

Name and Office	Term Ends
Tab Bowling, Mayor	November, 2025
Billy Jackson, Member, District 1	November, 2025
Kyle Dukes Pike, District 2	November, 2025
Carlton McMasters, District 3	November, 2025
Hunter Pepper, District 4	November, 2025
Jacob Ladner, Council President, District 5	November, 2025

Stephanie Simon was appointed City Clerk-Treasurer and Kyle Demeester was appointed Chief Financial Officer in 2021. Herman H. Marks, Jr., City Attorney, has been employed as City Attorney for more than thirty years.

Certain general information regarding the City from its most recent audit is described therein in the Management’s Discussion and Analysis on pages 4-15 thereof.

Municipal Powers and Functions

The City provides for its citizens police and fire protection, garbage and refuse collection and certain recreational services. It is only in the area of law enforcement, where state and county officers have concurrent jurisdiction, that there is any significant overlap in City-furnished governmental-type services. The City (through its Municipal Utilities Board) also provides, subject to policies established by that Board, water, electric, gas and sanitary sewer service for its citizens.

Several municipal functions have been delegated, by statute or City ordinance or resolution, to municipal boards or commissions, such as the Municipal Utilities Board, The Industrial Development Board, The Medical Clinic Board, the City Personnel Board and the Decatur Housing Authority. Policy decisions concerning these functions are, in most cases, made by the applicable board or commission (the members of which are appointed by the Mayor or the City Council) and implemented by an administrative head or staff responsible to such board or commission. The City Board of Education, pursuant to Act 95-363 of the Legislature, has been an elected board since 1996, with its members being elected by district.

The City has approximately 674 employees in its various departments. See page F-1 of the attached financial statement for more information.

Certain Historical Operating Data

The City Council has set a General Fund minimum fund balance target at 25% or 3 months of budgeted expenditures and has a goal to maintain an unassigned fund balance at a minimum of 10% of budgeted revenues.

A summary extracted from the City's audited financial statements regarding its revenues, expenditures, and changes in fund balances (total governmental funds) is as follows. A 10 year summary also appears on page B-5 of the attached financial statement.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUE					
Sales and Use Taxes	\$61,120,052	\$55,818,586	\$49,930,963	\$48,372,766	\$44,579,344
Property Taxes	15,345,822	14,998,318	14,294,390	14,602,486	13,515,186
Other Taxes	11,731,781	10,290,286	9,603,478	9,974,179	9,421,115
Licenses & Permits	8,334,558	6,961,326	7,245,608	7,079,882	7,009,021
Fines & Forfeitures	986,137	608,125	638,627	894,355	1,003,660
Revenues from Money & Property	(667,667)	1,976,998	1,393,261	1,292,076	476,857
Charges for Services	6,133,091	5,805,493	5,423,782	5,686,552	5,604,473
Intergovernmental	16,251,514	14,468,404	13,177,632	14,243,667	14,008,548
Gifts & Donations	148,338	72,357	378,020	119,680	165,000
Other Revenues	2,588,126	395,282	874,035	409,959	375,268
Total Revenues	121,971,752	111,395,175	102,959,796	102,675,602	96,158,472
EXPENDITURES					
General Government	18,320,410	15,671,067	15,796,012	13,671,107	5,697,269
Public Safety	29,699,643	27,640,408	27,276,303	27,793,838	25,210,014
Public Works	12,833,056	10,393,166	16,678,200	15,229,711	16,845,093
Public Services	10,729,990	8,521,875	7,685,146	9,802,365	10,414,073
Intergovernmental Assistance	27,631,709	26,016,676	23,314,576	23,232,204	28,857,773
Community Services Contracts	3,393,276	2,955,611	2,690,067	2,794,596	2,693,160
Community Development	8,706,521	8,889,871	2,557,713	2,215,799	1,317,398
Debt Service:					
Principal	5,420,247	3,101,446	4,093,750	4,139,235	6,445,261
Interest & Fiscal Charges	995,014	949,578	1,265,740	1,372,640	1,485,229
Debt Issuance Costs	242,575	214,280	--	-	15
Total Expenditures	117,972,441	104,353,978	101,357,507	100,251,495	98,965,285
Excess (Deficiency) of Revenues Over Expenditures	3,999,311	7,041,197	1,602,289	2,424,107	(2,806,813)
OTHER					
Refunding Warrants Issued	-	17,660,000			

Long-term Debt Issued	18,185,000		-	-	-
Premium on Debt Issue	2,066,675		-	-	-
Payment to Escrow Agent	-	(16,373,131)	-	-	-
Capital Lease Proceeds	32,039	-	-	-	837,996
Transfers In	5,595,106	2,227,587	1,818,247	1,896,577	1,551,014
Transfers (Out)	(5,595,106)	(1,389,388)	(1,421,512)	(1,100,916)	(934,360)
Total Other	21,334,522	2,125,068	396,735	795,661	1,454,650
Net Change in Fund Balance	25,333,833	9,166,265	1,999,024	3,219,768	(1,352,163)
Fund Balance, Beginning	54,011,862	44,845,597	42,846,573	39,626,805	40,978,968
Fund Balance, Ending	\$79,345,695	\$54,011,862	\$44,845,597	\$42,846,573	\$39,626,805

Assessment and Collection of Taxes Sales and Use Taxes. Since 1996, the City has levied so-called “regular” municipal sales and use taxes (the “Sales and Use Taxes”) at varying rates. Prior to 2002, the rate of the “general” Sales and Use Taxes was 3.00%; effective January 1, 2002, that rate was increased to 4.00%. Prior to 2000, the rate of the Sales and Use Taxes with respect to automotive vehicles or truck trailers, semi-trailers or house trailers, and machines used in mining, manufacturing, processing, etc., was 0.75%. Effective January 1, 2000, the rate of the Sales and Use Taxes with respect to automotive vehicles, truck trailers, semi-trailers and house trailers was increased from 0.75% to 1.00%; and the rate with respect to machines used in mining, manufacturing, processing, etc., was increased from 0.75% to 1.50%. Persons engaged in the business of selling tangible personal property at retail are effectively required to collect the Sales and Use Taxes from their retail customers and to remit the proceeds to the City on a monthly basis (subject to certain exceptions), and they are currently allowed a 1.00% discount if they file returns on or before the monthly due date.

Since the State of Alabama and Morgan County (in which approximately 95%, in area, of the City is located) levy state-wide and county-wide (respectively) sales taxes at the rate of 4.00% and 1.00%, respectively, the effective sales tax rate in those portions of the City located in Morgan County is 9.00% (except with respect to sales of certain specified types of personal property where the effective total rate is less). In addition, the County also currently levies another sales tax at the rate of 1.00% throughout that part of the County outside the corporate limits of any incorporated municipality.

There is no statutory maximum on the rates at which the Sales and Uses Taxes may be levied within the corporate limits of the City although any such taxes may be subject to judicial review as to reasonableness.

From time to time during the past several years, bills have been introduced in the Alabama Legislature to eliminate or phase out the 4.00% state sales and use tax on food items. The most recent bill introduced in a prior session of the Alabama Legislature sought to eliminate the 4.00% State sales and use tax on food items but, specifically required the municipalities in the State to continue to levy their respective sales taxes on food items. Another bill introduced in past sessions recognized that cities should continue to levy sales taxes on groceries but provided that going forward, cities could not increase the rate of sales taxes on such items.

Current state law does not mandate the collection of local sales and use taxes by the State Department of Revenue and allows municipalities to do so themselves. The City now administers and collects its Sales and Use Taxes, and it believes that such is in its best interests. The City considers it possible that further efforts may be made during future regular or special legislative sessions to enact other “tax simplification” bills, possibly including bills mandating state collection of local sales and use taxes

and otherwise restricting or limiting local business licensing powers. The amounts derived in recent fiscal years from the Sales and Use Taxes were as follows:

Year	Collections
2022*	\$61,120,053
2021	55,818,586
2020	49,930,963
2019	48,372,766
2018	44,579,344
2017	42,306,443

*unaudited

The City currently allocates and appropriates to the Decatur City Board of Education approximately one-fourth of the net proceeds from the Sales and Use Taxes. See “**SPECIAL FACTORS – Dependence of City’s General Fund on Local Sales and Use Tax Revenues.**” However, the City also customarily deducts, from the School Board’s “share” of the proceeds from the Sales and Use Taxes, current debt service on all outstanding City debts incurred for school purposes, before disbursing those tax proceeds to the School Board. Thus, under this practice (which the City expects to continue, though it is not legally obligated to do so), issuance of additional debt securities by the City for school purposes will not directly adversely affect the City’s General Fund but will instead (so long as annual debt service on such securities is less than the aggregate annual amount of the School Board’s “share” of the Sales and Use Tax proceeds) result in decreasing the net amount of these tax proceeds available to the School Board for other public school purposes, including its current operations.

Grocery Sales Tax Elimination Legislation. In the current session of the Alabama Legislature, legislators have proposed various bills seeking to eliminate certain portions of state and municipal sales taxes on so-called essential food items, i.e. groceries. While elimination of the state sales tax on groceries would not affect cities, one bill (House Bill 15) proposes allowing individual cities to decide whether to eliminate their city sales tax on groceries. However, cities already have the general power to levy or repeal their sales taxes, so HB 15 would apparently only restate that existing power. Regardless, the loss of any sales tax revenue on groceries would negatively impact the City. According to page 9 of such statement, sales and use taxes account for approximately 50% of the City’s annual revenues.

A breakdown by industry of the principal sales and use tax remitters to the City for the past 10 years is found on page C-8 of such statement.

A 10-year history of the direct and overlapping sales tax rates are set forth on page C-7 of such statement.

The Simplified Seller Use Tax Remittance Act. The Alabama Legislature adopted the SSUT Act in 2015, which allowed eligible sellers to pay a flat 8% rate on in-state transactions in order to be exempt from paying any sales and use tax at the State or local levels. Following the U.S. Supreme Court’s decision in *Wayfair v. South Dakota* (U.S. 2018), the Alabama Legislature amended the SSUT Act effective January 1, 2019 to require sellers with at least \$250,000 of online sales to collect and remit SSUT taxes on all sales. Currently, 25% of the total SSUT proceeds collected by the State of Alabama are allocated to the various municipalities in Alabama, and are apportioned on the basis of the ratio of the population of each county to

the total population of all counties in the state as determined in the most recent federal census prior to distribution. The SSUT Act is subject to amendment by the Alabama Legislature at any time.

Barnett v. Jones (Ala. 2021). The SSUT Act provides that each county's distribution of funds shall be deposited into the general fund of that county commission. However, the Alabama Supreme Court ruled that a local act in Morgan County (2019-272), which directed that 85% of the County's deposit, once made, was to be further distributed to the local boards of education in Morgan County, was lawful. Act No. 2019-272 and this ruling does not affect the City, as its distribution is still made according the original SSUT Act formula. The City's revenues from SSUT in recent fiscal years have been as follows:

<u>Year</u>	<u>Collections</u>
2023* (10/22- 2/23)	\$1,753,903
2022*	3,569,925
2021	3,012,931
2020	2,215,269
2019	1,133,349

Ad Valorem Taxes. Ad valorem taxes are levied under various provisions of the Constitution and statutes of Alabama and, with certain exceptions, may be used only for the specified purpose or purposes for which they are levied. Under present law, the rate at which City ad valorem taxes are levied may under certain circumstances be increased only if the increase is proposed by the governing body of the City, considered at a public hearing, approved by an act of the Legislature, and ratified by a majority vote of the qualified electors of the City. For information concerning the assessed valuation of taxable property in the City, see the material under the caption "**AD VALOREM TAXES.**" A 10-year history of the direct and overlapping property tax rates are set forth on page C-2 of such statement.

Mandated Tax-Equivalent and Other Payments from City-Owned Utilities. While the local law creating the Municipal Utilities Board (which operates all four City-owned utility systems) provides for the quarterly remission to the City of the "net revenues" from each of these four utility systems, the terms of the existing power supply contract between the City and its supplier (the Tennessee Valley Authority) preclude any distribution of the revenues from the City-owned electric system to the City other than so-called (ad valorem) "tax-equivalent" payments. In addition to such electric system tax-equivalent payments, the City has for the past several years required that there be paid directly to the City each year

- (a) out of revenues from the City-owned water system, an amount equal to \$.0505 per 1,000 gallons of water sold by such system,
- (b) out of revenues from the City-owned wastewater or sanitary sewer system, an amount equal to \$.0205 per 1,000 gallons of wastewater discharge effectively "billed" by the wastewater or sewer system to wastewater or sewer customers, and
- (c) an amount equal to one-half (1/2) of the so-called "net revenues" of the City-owned gas system.¹

The City continues to require payments in lieu of ad valorem taxes with respect to the City-owned electric system to be made to the City's General Fund out of electric system revenues, based upon the application of the total ad valorem tax rate to the full book value of electric system properties. Since fiscal

¹ For purposes of determining such "net revenues" for such payments, depreciation is considered as an operating expense but interest expense is not so considered and thus is not deductible from gross revenues.

year 1996, annual payments to the General Fund from the gas system have fluctuated significantly and likely will continue to do so, depending to some extent on weather and other conditions.

Federally mandated deregulation of the natural gas industry that, among other things, enables industrial gas consumers to purchase gas directly from producers at the wellhead, initially resulted in significant decreases in the City's industrial gas sales. Federally-mandated deregulation of the electric industry has also become effective in recent years; however, the Municipal Utilities Board has informally advised the City that it doubts that this deregulation will have any substantial adverse financial effect on the City's electric system. The Municipal Utilities Board considers that growth of retail sales by the electric system in recent years has been stable, although such growth has been, and will continue to be, limited by the territorial restrictions effectively imposed on the system under applicable Alabama law governing so-called "service territories" for retail electric service. The amounts deposited in the General Fund in recent fiscal years from Tax-Equivalent or In-Lieu-of-Tax payments, have been as follows:

Tax Equivalent or In-Lieu-of-Tax Payments

Fiscal <u>Year</u>	<u>Electric</u>	<u>Gas</u>	<u>Water</u>	<u>Wastewater</u>	<u>Other</u>	<u>Total</u>
2022*	\$2,189,837	\$527,440	\$647,096	\$97,515	\$2,964,357	\$6,426,245
2021	2,177,887	38,055	600,261	79,490	2,702,212	5,597,905
2020	2,236,392	98,822	600,906	84,324	3,192,182	6,212,626
2019	2,104,830	237,738	629,903	88,638	3,090,756	6,151,866
2018	1,736,521	356,501	601,339	84,846	3,122,912	5,902,118
2017	1,703,462	0	617,616	82,089	3,035,889	5,439,056

* unaudited

An unaudited summary of operating revenues of the City's utility systems, which are not pledged to any of the City's general obligation indebtedness, including the Warrants, may be found on page C-10 of the attached financial statement.

Alcoholic Beverage Revenues. The sale, distribution and consumption of alcoholic beverages within the corporate limits of the City became lawful in 1984 as a result of a favorable vote of the City electorate at a special "municipal option" election or referendum. The City has subsequently levied and collected certain privilege or license taxes in connection with sales of alcoholic beverages in the City, some of which are measured by gross receipts. In addition, the City has received, and continues to receive, from the State of Alabama a portion of the net profits from the operation of the State-owned liquor store system (as well as a portion of the proceeds from certain state-levied alcoholic beverage taxes and charges). The proceeds from such City-levied taxes (not including, however, the City gross receipts tax on the retail sale of beer and table wine), and such State-shared revenues and tax proceeds, are herein together called "the Alcoholic Beverage Revenues."

Existing state law requires that upon the appropriate filing of a petition of 25% of the number of voters voting in the then most recent general election of the City, the question of the sale of alcoholic beverages in the City be re-submitted to the qualified electors of the City, regardless of the number of such elections that may have previously been held in the City. The amounts of Alcoholic Beverage Revenues received by the City in recent fiscal years were as follows:

Year	Collections
2022*	\$2,096,088
2021	2,128,588
2020	1,973,744
2019	1,848,727
2018	1,810,767
2017	1,871,038

*unaudited

Alcoholic Beverage Revenues are now customarily allocated and paid into the City's General Fund. There are no legal or contractual restrictions on the use and expenditure of Alcoholic Beverage Revenues, other than those applicable to all City General Fund moneys, which are of course available for appropriation by the City Council at any time and from time to time.

Other Taxes. Under general authority granted to cities and towns in Alabama by the Legislature, the City levies, in addition to the Sales and Use Taxes, certain other license taxes on the privilege of engaging in certain businesses, trades and professions within the City and its police jurisdiction.

Collection Procedures. Privilege license taxes (such as the Sales and Use Taxes) were and are collected by the City's Revenue Department. Enforcement is monitored by the Revenue Department staff and through a contract for auditing services with an outside firm.

General Fund – Management Discussion and Analysis. Management's Discussion of the City's financial highlights are discussed on pages 4-15 the Comprehensive Annual Financial Report attached hereto as Appendix C and incorporated herein by reference.

Pension and Retirement Plan

The Employees' Retirement System of Alabama was created in 1945 pursuant to an act of the Alabama Legislature. The Employees' Retirement System is administered on behalf of the State of Alabama and certain local governmental units in Alabama by Retirement Systems of Alabama, an agency of the State of Alabama. More than 40,000 employees of the State of Alabama and certain local governmental units in Alabama are active members of the employees' Retirement System. The plan covers substantially all full-time employees of the City. See Note 5.D. beginning on page 60 of the attached financial statement and pages 86-87 for a summary of the changes in net pension liability and schedule of employer contributions of the City and Decatur Utilities.

Contributions by the City are made on the basis of certain actuarial calculations of amounts which, together with the employees' contributions, are projected to provide at the time of retirement the benefits contemplated by the retirement program. The independent actuary employed by Retirement Systems of Alabama calculates total employer contributions to liquidate any unfunded accrued liability over a period of not more than 30 years. The next actuarial evaluation of the accrued liability respecting the City will be prepared on the basis of revised actuarial assumptions. Consequently, the contribution rates set forth above may be adjusted either upward or downward.

The Employees' Retirement System does not undertake to fund the retirement plans of participating local governmental units. The Employees' Retirement System acts only in an administrative capacity, and

then only upon the election of the local governmental units. The statute permitting such election provides that "The retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employers under this section, for which reserves have not been previously created from funds contributed by such employer or its employees for such benefit." The statute further provides that the agreement of a local government to contribute to the Employees' Retirement System on account of its employees is irrevocable, but should it become financially unable to make the normal contribution, administrative charge and accrued liability contribution, the City would be deemed to be in default under the Employees' Retirement System.

In the event any participating local government elects to withdraw from the Employees' Retirement System by mutual agreement with employees, the statute provides that the rights and privileges of existing beneficiaries shall not, as a result of such withdrawal, be diminished or impaired. Upon any such withdrawal, the statute requires the Actuary to certify to the local government the actuarial determination of the reserves necessary to provide existing benefits and provides that the local government shall agree to appropriate such amounts as may be necessary to maintain existing benefits.

Exclusive of Decatur Utilities, a proprietary enterprise and department of the City, the City's current required contribution rate as of September 30, 2020 for Tier 1 employees was 16.27% and 14.51% for Tier 2 employees. The City's pension contribution was \$4,351,433 for the year ended September 30, 2022. The City's current net pension liability is \$51,225,695.

Figures for Decatur Utilities for the same period were 14.19% for Tier 1, 11.51% for Tier 2, contribution expense of \$1,857,012, and net pension liability of \$16,893,277.

A 10 year summary of Changes in Net Pension Liability for the City is on page 98 of the attached financial statement.

Employee Relations

The City considers relations with its employees to be satisfactory. While the City believes that some of its employees are members of a labor union, it does not recognize, as the bargaining unit for its employees, any labor union or other similar organization. However, existing Alabama statutes authorize members of municipal fire departments to be members of employee or labor organizations and to present wage and other employment proposals through representatives of their own choosing.

Post-Retirement Health Plan

The City provides certain post-retirement medical benefits to certain retired employees as set forth in Note 5(E), beginning on page 81 of the attached financial statement attached hereto.

Annual OPEB Costs and Net OPEB Obligation

The City's current Net OPEB Liability is \$80,302,452 and the Municipal Utility Board's is \$20,464,522. See page 102 of the attached financial statement for a schedule of changes in Net OPEB liability.

Compensated Absences

The City's sick leave policy is described on Note 1, page 38 of the attached financial statement. The City's current recorded liability is approximately \$1,233,760 for compensated absences.

Leases

The City has approximately \$2,292,927 of outstanding capital and operating lease obligations for various vehicles and equipment and other municipal needs. *See Note 4.D. on page 57 of the attached financial statement.*

Landfill Closure and Post-Closure Costs

The City recognizes current estimated closure and post-closure costs of \$4,539,776. *See Note 4.I. on page 64 of the attached financial statement.*

DEBT MANAGEMENT

General

The principal forms of indebtedness that the City is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, revenue anticipation notes, gasoline tax anticipation bonds, and various revenue anticipation bonds and warrants relating to enterprises. In addition, the City has the power to enter into certain leases which constitute a charge upon the general credit of the City. General obligation warrants, general and special obligation bonds financing street, sidewalk and sewer improvements and supported (wholly or in part) by assessments therefor, certain revenue anticipation bonds, warrants and notes and capitalized lease obligations may be issued or incurred without voter approval.

Existing statutes also permit the City, without the approval of the electorate, to enter into certain financing lease arrangements with county and municipal public building authorities with respect to needed public buildings and facilities. While these lease arrangements are presently required to be on a year-to-year basis, they may be considered as essentially "off-balance sheet" City debt.

City Indebtedness

The City will have the following outstanding indebtedness following the issuance of the Warrants:

	<u>Principal Outstanding</u>	<u>Final Maturity</u>
General Obligation Warrants, Series 2023	\$32,745,000	April 1, 2048
General Obligation Taxable Warrants, Series 2021-C	2,035,000	December 1, 2029
General Obligation Warrants, Series 2021-B	16,150,000	December 1, 2046
General Obligation Taxable Refunding Warrants, Series 2021	14,885,000*	July 1, 2033
General Obligation Warrants, Series 2016-B	3,815,000	October 1, 2036
General Obligation Warrants, Series 2016-A	16,895,000	October 1, 2036
Water and Sewer Revenue Warrants, Series 2021-A	71,675,000*	February 15, 2051
Water and Sewer Revenue Taxable Warrants, Series 2021-B	93,995,000*	February 15, 2045
Water and Sewer Revenue Taxable Warrants, Series 2020	31,040,000*	August 15, 2033
Water and Sewer Revenue Warrant, Series 2019	7,300,000*	August 15, 2031

*Not chargeable against the City's debt limit

An aggregate summary of the City's general obligation indebtedness appears on page 6 hereof.

Anticipated Future Debt

The City is continually evaluating capital improvement projects and other opportunities to benefit and improve the City. It is possible that the City will consider issuing additional general obligation indebtedness to fund various projects to be approved by the Council in the short-term and/or long-term.

Overlapping Debt

Morgan County, Alabama has approximately \$20 million of outstanding general obligation principal indebtedness, and the City Board of Education of the City of Decatur, Alabama has approximately \$215 million of outstanding principal indebtedness secured by special tax revenues, excluding capital leases, net pension liability, net OPEB liability, and other miscellaneous debts.

Legal Debt Margin

The City's present constitutional debt limit is an amount equal to twenty percent (20%) of the assessed value of the property therein. However, the following, among other types of indebtedness, are under existing general law not chargeable to the City's constitutional debt limit: obligations issued for the purpose of acquiring, providing or constructing schools, water works or sewers; obligations incurred for street or sidewalk improvements where the costs thereof, in whole or in part, are to be assessed against the property abutting such improvements; subject to certain conditions, tax anticipation notes; certain lease obligations; and revenue securities issued for the purpose of extending, enlarging or improving water, electric, gas or sewer systems and payable solely from the revenues of one or more of such systems. By virtue of a special constitutional provision applicable only to the City, the City of Hartselle and Morgan County, certain general obligation bonds issued for industrial development purposes, which may themselves be issued in an amount up to 20% of the assessed value of the property in the City, are not chargeable to the generally applicable 20% debt limit. No such general obligation industrial development bonds may be issued, however (except for financing the acquisition or development of industrial sites), unless the City simultaneously enters into a lease or other similar arrangement providing for net rentals sufficient to pay debt service. The following statement analyzes the City's legal debt margin as of the date of issuance of the Warrants.

Assessed value of real and personal property as 10/1/2022	\$948,527,186
Debt limit (20%) of assessed value)	\$189,705,437
Total indebtedness	290,535,000
Water and sewer debt	(218,895,000)
Debt chargeable to debt limit	71,640,000
Legal debt margin	118,065,437

AD VALOREM TAXES

General

Ad valorem taxes are levied under various provisions of the Constitution and statutes of Alabama and, with certain exceptions, may be used only for the specific purpose or purposes for which they are levied. The Constitution limits the ratios at which property may be assessed, specifies the maximum millage rates that may be levied on property, and limits total ad valorem taxes on any property in any year.

Assessed Value and Estimated Actual Value of Taxable Property

The assessed value and estimated actual value of taxable property in the City as provided by the Revenue Commissioner of Morgan County is shown herein under "Assessed Valuations" and on page C-1 of the attached financial statement.

Classification of Taxable Property

For purposes of ad valorem taxation, all taxable property in the State is required by current law to be divided into the following four classes:

Class I - All property of utilities used in their business

Class II - All property not otherwise classified

Class III - All agricultural, forest and single-family, owner-occupied residential property, and historical buildings and sites

Class IV - Private passenger automobiles and pickup trucks Under applicable law, railroad property is not considered Class I (utility) property and is instead considered Class II property.

Taxable property designated as "Class III" may, upon the request of the owner of such property, be appraised at its "current use value" rather than its "fair and reasonable market value." "Current use value" is effectively defined, under present law, to be the value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration "the prospective value such property might have if it were put to some other possible use." Present law provides detailed formulas and methods for use in computing the current use value of agricultural and forest property, while the currently effective statutory definition (though somewhat modified) is applicable to residential and historical property. The City can make no definitive assessment as to the impact of "current use" legislation on collections of municipal ad valorem taxes, although it believes that had such legislation not been enacted, collections in recent fiscal years would have been marginally greater.

Assessment Ratios

The following are the assessment ratios now in effect in the City for purposes of state and local taxation:

Class I -	30%
Class II -	20%
Class III -	10%
Class IV -	15%

Although current law provides in effect that with respect to ad valorem taxes levied by the City, the governing body of the City may, subject to the approval of the Legislature and of a majority of the electorate of the City at a special election, and in accordance with criteria established by legislative act, adjust (by increasing or decreasing) the ratio of assessed value of any class of taxable property to its fair and reasonable market value or its current use value (as the case may be), the governing body of the City has not heretofore sought to make any adjustment of the assessment ratio applicable to any class of taxable property in the City and has no present plans for any such adjustment. [The Legislature has no power over the adjustment of assessment ratios pertaining to local taxes except to approve or disapprove an adjustment

proposed by a local taxing authority.] The assessment ratio applicable to each class of taxable property must in any event be uniform with respect to ad valorem taxes levied by the City.

Current Ad Valorem Tax Rates

Pursuant to the Constitution and laws of the State, ad valorem taxes on property in that portion of the City within the boundaries of Morgan County are currently levied at the following rates:

	Rate in Mills
State of Alabama	6.5
Morgan County	
General	7.2
Road and Bridge	3.6
County-wide School*	5.8
Special City School District**	3.6
City of Decatur	
General	6.0
School	12.6
Total Mills	45.3

* This particular tax has, since 1995, been levied by the Morgan County Commission pursuant to Amendment No. 573 to the Alabama Constitution.

** This particular tax has, since 1995, been levied by the Morgan County Commission pursuant to Amendment No. 575 to the Alabama Constitution. The proceeds from this tax are paid over to the City Board of Education.

Existing law provides that the rate of any ad valorem tax levied by the City may be increased only after the approval of the Legislature and of a majority of the electorate of the City at a special election.

See also pages C-2, C-3, and C-4 of the attached financial statement for information regarding ad valorem taxes in the City.

Homestead Exemption

The governing body of the City is authorized by law to grant a homestead exemption of not exceeding \$4,000 in assessed value against any City ad valorem tax. The City Council has not heretofore granted any such homestead exemption against any of the ad valorem taxes levied by the City.

Property Tax Litigation. The levy, assessment and collection of ad valorem taxes in the State of Alabama have, for more than thirty years, been subject to significant litigation, which has resulted in substantial changes in Alabama's property tax system affecting ad valorem tax receipts of the various taxing authorities (including the City). There can be no assurance, however, that other litigation concerning the Alabama property tax system in general, or that of the City in particular, will not be initiated or resolved in such a manner as to affect adversely the levy or collection of ad valorem taxes by the City.

Assessment and Collection

Ad valorem taxes on taxable properties in Morgan County and Limestone County, except motor vehicles and public utility properties, are assessed and collected by the Morgan County Revenue Commissioner and the Limestone County Revenue Commissioner, respectively. Ad valorem taxes on motor vehicles in the City are assessed and collected by the Morgan County License Commissioner or by the Limestone County License Commissioner (as the case may be), and ad valorem taxes on public utility properties are assessed by the State Department of Revenue and collected by either the Morgan County Revenue Commissioner or the Limestone County Revenue Commissioner (as the case may be).

Ad Valorem Tax Collections

The City's revenues from its 6-mill general purpose ad valorem tax in recent fiscal years have been as follows:

<u>Year</u>	<u>Collections</u>
2022*	\$4,462,028
2021	4,325,101
2020	4,087,353
2019	4,189,494
2018	3,768,752
2017	3,677,028
2016	3,547,068

*unaudited

The City customarily receives most property tax revenues with respect to property other than motor vehicles during the first four months of each fiscal year. The City can make no representation as to future increases - if any - in property tax collections. Further, the final realization of any definitive increase in property tax collections for the current or any future tax year will be dependent on many factors, including possible taxpayer appeals from increased property assessments.

The Morgan County Revenue Commissioner has, during the past ten years, collected approximately 98% of total ad valorem taxes (state, county, municipal and school district) levied.

Ad valorem taxes are due and payable on October 1 and delinquent after December 31 in each year (except for taxes 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 July 1 following the due date, a tax sale is required to be held.

Certain Industrial Exemptions

The City is known for its industry. A discussion of current industrial expansion in the City is set forth on page 4 of the attached financial statement. The City's Industrial Development Board (IDB) routinely issues revenue bonds to finance certain corporate capital projects. The City's IDB currently has approximately \$83,761,482 of outstanding obligations as of September 30, 2021. See page 56 of the attached financial statement.

RATINGS

Moody's Investor Services ("Moody's") and S&P Global Ratings Inc. ("S&P") have assigned underlying ratings of "Aa2" and "AA" to the Warrants, based upon its independent assessment of the City's creditworthiness and its ability to pay the Warrants as herein indicated and without supplemental credit enhancement.

Such ratings reflect only the view of Moody's at the time a rating is given, and the City makes no representation as to the appropriateness of any rating. There are no assurances that any rating on the Warrants will continue for any given period of time or that any rating may not be suspended, lowered or withdrawn entirely by Moody's or S&P if, in the judgment of either, circumstances so warrant. Any such downward change in or withdrawal of any rating may have an adverse effect on the secondary market for the Warrants. Any further explanation of the significance of any rating may be obtained directly from Moody's or S&P.

TAX MATTERS

General

In the opinion of Bradley Arant Boult Cummings LLP, Bond Counsel to the City, assuming continuing compliance by the City with certain conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Warrants will be excludable from, and interest on the Series 2021-C Warrants will be includable as, gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Warrants will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code. In rendering its opinion, Bond Counsel to the City has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Warrants, and Bond Counsel to the City has assumed compliance with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Warrants from gross income under Section 103(a) of the Code.

Interest on the Warrants will not be an item of tax preference for purposes of the federal alternative minimum tax. However, as a result of amendments to the Internal Revenue Code enacted pursuant to the Inflation Reduction Act of 2022, interest on the Warrants may be taken into account for purposes of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code on "applicable corporations," as defined in Section 59(k) of the Internal Revenue Code.

Bond Counsel to the City expresses no opinion regarding any other federal or state tax consequences with respect to the Warrants. Bond Counsel to the City renders its opinions under existing statutes and court decisions as of the issue date and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the City expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Warrants.

Bond Counsel to the City is also of the opinion that interest on both the Warrants and the Warrants is exempt from present state income taxation under the laws of the State of Alabama as enacted and construed on the date of issuance of the Warrants.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Warrants. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Warrant. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Warrants.

Prospective owners of the Warrants should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Warrants may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Post-Issuance Compliance

The tax-exempt status of the Warrants could be affected by post-issuance events. Various requirements of the Code must be observed or satisfied after the issuance of the Warrants in order for such interest to remain excludable from gross income of the holders thereof. These requirements include restrictions on use of the proceeds of the Warrants, use of the facilities financed by the Warrants, investment of proceeds of the Warrants, and the rebate of so-called excess arbitrage earnings. The City is primarily responsible for such compliance, and a failure to comply could result in the inclusion of interest on the Warrants in gross income retroactive to the date of issuance of the Warrants.

Likewise, the Internal Revenue Service (the "IRS") conducts an audit program to examine compliance with the requirements applicable to tax-exempt obligations. If the Warrants become the subject of an audit, under current IRS procedures, the City would be treated as the taxpayer in the initial stages of an audit, and the owners of the Warrants would have limited rights to participate in the audit process. The initiation of an audit with respect to the Warrants could adversely affect the market value and liquidity of the Warrants, even though no final determination about the tax-exempt status would have been made. If an audit were to result in a final determination that the Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Warrants.

Future Legislation

Current and future legislative proposals, if enacted into law, may cause interest on the Warrants to be subject, directly or indirectly, to federal income taxation or otherwise prevent beneficial owners of the Warrants from realizing the full benefit of the current tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Warrants. Neither the Series 2021 Warrants nor the ordinance authorizing the issuance of the Warrants contains any provision for an increase in the rate of interest applicable to the Warrants or for the mandatory redemption of the Warrants, in the event the interest thereon should become includable in gross income for federal income taxation after their date of issuance. Prospective purchasers of the Warrants should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel to the City expresses no opinion.

No Mandatory Redemption due to Event of Taxability of the Warrants

The Authorizing Ordinance does not provide for mandatory redemption of the Warrants or payment of any additional interest or penalty if a determination is made that the Warrants do not comply with the existing requirements of the Code or if a subsequent change in law adversely affects the tax-exempt status of the Warrants or the economic benefit of investing in the Warrants.

Original Issue Premium

The initial public offering prices of the Warrants (the "Original Issue Premium Series 2021 Warrants") are greater than the principal amounts thereof. Under existing law, any owner who has purchased an Original Issue Premium Warrant in the initial public offering of the Series 2021 Warrants is required to reduce his basis in such Original Issue Premium Series 2021 Warrants by the amount of premium allocable to periods during which he holds such Original Issue Premium Series 2021 Warrants, and the amount of premium allocable to each accrual period will be applied to reduce the amount of interest received by the owner during each such period. All owners of Original Issue Premium Series 2021 Warrants should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Premium Series 2021 Warrants and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Premium Series 2021 Warrants.

Original Issue Discount

The initial public offering prices of certain of the Warrants (the "Original Issue Discount Warrants") is less than the principal amount thereof. Under existing law, the difference between (i) the amount payable at the maturity of each Original Issue Discount Warrants, and (ii) the initial offering price to the public of such Original Issue Discount Warrants constitutes original issue discount with respect to such Original Issue Discount Warrants in the hands of any owner who has purchased such Original Issue Discount Warrants in the initial public offering of the Warrants. Such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Warrants equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Warrants continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Warrants prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Warrants in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Warrants was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Warrant is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Warrants and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Warrant for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other taxable disposition thereof. The amount (if any) to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods (if any) multiplied by the yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Warrants.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Warrants which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Warrants should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Warrants and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Discount Warrants.

Not Bank Qualified

The City has not designated the Warrants as “qualified tax-exempt obligations.” The Warrants are not “bank-qualified.”

LITIGATION

Except as described below and in the City’s audited financial statement, there is no litigation pending or, to the knowledge of the City, threatened, attacking or questioning the validity of the Warrants or the issuance and sale thereof, or relating to the organization of the City or the incumbency of any of its officers. While claims have been filed with the City in connection with certain occurrences, and while the City is a defendant in several lawsuits and other pending litigation, it does not believe that such claims or such pending lawsuits and litigation (taken as a whole) will have a materially adverse effect upon its financial condition. The City estimates certain potential litigation liabilities of \$900,000 in excess of its current coverage limits. The City is a co-defendant with the Federal Highway Administration in a lawsuit regarding the alleged failure by the City and FHA to follow federal regulations on certain highway improvement projects in the City. While the plaintiffs seek to stop the project or have the nearly-completed improvements removed, the City expects to prevail in the case. *See “Litigation” on page 65 of the attached financial statement.*

TORT LIABILITY

The Supreme Court of Alabama has, in several related decisions, overruled a long-standing series of cases holding that political subdivisions of the State were not liable in tort for damages resulting from the performance by them of governmental functions. As a result of these decisions, municipalities in Alabama may now be liable for damages for injuries to persons and property resulting from their negligence in the performance of governmental functions.

The Legislature of Alabama during its 1977 Regular Session enacted Act No. 673 (Sections 11-93-1 et seq. of the CODE OF ALABAMA 1975) which prescribed and established monetary limits payable on claims and judgments based on tort liability, filed or obtained against governmental entities, including municipalities. This act limits recovery of damages from a governmental entity to \$100,000 for bodily injury or death for one person in any single occurrence and \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence. This Act also limits recovery of damages to \$100,000 for damage or loss of property arising out of any single occurrence. Bond Counsel expresses no opinion as to the validity or constitutionality of said Act or whether any recovery against the City would be limited by the amounts set forth in the Act. Additionally, Act No. 673 most probably does not apply to actions brought under Section 1983 of Title 42 of the United States Code, pursuant to the provisions of which local governments nationwide have been increasingly subject to lawsuits for alleged denials of civil rights.

It should be realized that the ability of governmental bodies to obtain insurance protection is becoming increasingly difficult and expensive and that such insurance may not be commercially available to the City in the future.

FEDERAL BANKRUPTCY CODE

The rights and remedies of the registered owners of the Warrants are subject to the provisions of Chapter 9 of Title 11 of the United States Code (Bankruptcy) which permits under certain specific circumstances (but only after authorization by the legislature or by a governmental officer or organization empowered by state law to give such authorization), a political subdivision of a state, such as the City, to file a petition for relief in the U.S. District Court for the district in which the political subdivision is located if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts. Under the Bankruptcy Code, the filing of such a petition operates as an "automatic" stay of the commencement or the continuation of any judicial or other proceeding against the petitioner, its property or any officer or inhabitant of the petitioner. Chapter 9 also permits a political subdivision that files such a petition to issue, with the approval of the Court, certificates of indebtedness having priority over preexisting obligations.

Any political subdivision filing a petition for relief under Chapter 9 must in due course file a plan for the adjustment of its debts, and such plan may include provisions modifying or altering the rights of creditors generally, or any class of them, secured and unsecured. Such plan, when confirmed by the Court, binds all creditors who had timely notice or actual knowledge of the petition or plan and discharges all claims against the petitioning political subdivision provided for in the plan. No plan may, however, be confirmed by the Court unless certain conditions occur, which include either (1) that the plan has been accepted in writing by two-thirds (2/3) in the amount and more than fifty percent (50%) in number of the allowed claims of each class which is impaired by the plan, or (2) the Court finds that the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims that is impaired under, and has not accepted, the plan.

Existing Alabama statutes authorize the City to file a petition for relief under Chapter 9 of Title 11 of the United States Code.

FORWARD LOOKING STATEMENTS

This Official Statement and documents incorporated in it may include forward looking statements that reflect the City's current views with respect to future events and financial performance. Such forward looking statements are based on general assumptions and are subject to various risks, uncertainties and other factors that may cause results to differ materially from the views, beliefs and projections expressed in such statements. Some factors are specific to the City, including those factors summarized below under the subheadings "**Adequacy of General Fund Revenues to Avoid Operating Deficits,**" "**Dependence of City's General Fund on Local Sales and Use Tax Revenues,**" "**Dependence of City's General Fund on Certain Utility Revenues,**" and "**Recent Economic Developments,**" all under the caption "**SPECIAL FACTORS.**"

Other factors that may affect the City also apply to local governmental units more generally (particularly those in Alabama), including

- Possible changes in economic and business conditions that may affect prevailing interest rates, the prevailing rates of inflation, or the amount of growth, stagnation, or recession in the global, national, southeastern United States and Alabama economies, and the profitability of business entities.
- Possible changes in employment-related, environmental and fiscal policies, laws and regulations and other activities of governments, agencies and similar organizations.
- Increasing resort to litigation in the resolution of disputes and resulting uncertainties and contingencies.
- Increasing tension between the provision of new and expanded services and amenities to the citizenry (on the one hand) and careful, conservative and prudent financial management (on the other).
- Those factors summarized below under the subheadings “**State Legislative Control**.”

As used in this Official Statement, the words “believe,” “expect,” “anticipate,” “project” and similar expressions signify forward looking statements. Readers are cautioned not to place undue reliance on any forward looking statements made by or on behalf of the City. Any such statement speaks only as of the date the statement was made. The City undertakes no obligation to update or revise any forward looking statements.

SPECIAL FACTORS

Adequacy of General Fund Revenues to Avoid Operating Deficits. The City, like many other units of local government in Alabama and elsewhere, is being increasingly subjected to demands for new or increased municipal services and for support of various municipal and public activities and programs, the costs of which tend to place strains on the City’s resources. The City’s financial condition depends in large part on employment (particularly in the City’s case, industrial employment), wages, retail sales, property values, and population trends. Negative trends in any of those could have a negative impact on the City.

The City has long recognized, that, in order to avoid potentially substantial operating deficits in the General Fund, increased revenues, decreases in expenditures, transfers from the City’s existing “Fund Balance,” or elimination, deferment or reduction of proposed capital borrowings (or some combination of the foregoing), may become necessary. The City’s ability to operate on a substantially balanced budget basis may be adversely affected by factors such as reductions in tax and other revenues allocated to the General Fund, increases in expenditures for governmental and other services paid for or supported out of the General Fund, and additional capital borrowings by the City.

Dependence of City’s General Fund on Local Sales and Use Tax Revenues. In recent years, proceeds from the City’s sales and use taxes have constituted a substantial portion of the revenues allocated to the City’s General Fund for payment of the expenses of operating the City, as well as a substantial part of the revenues appropriated by the City for the support of its public schools.

Dependence of City’s General Fund on Certain Utility Revenues. The General Fund of the City has also depended in recent years upon so-called “tax-equivalent” payments from the City-owned electric system and upon certain City-mandated payments or appropriations from the three other City-owned utility systems (water, gas and wastewater). It is, on this account, possible (1) that the City may not be able to

finance capital improvements to one or more of such utility systems with internally generated utility revenues to the extent that it has in the past, and (2) that to the extent that such capital improvements cannot be financed with moneys on deposit in any capital improvement fund established with respect to such systems, the costs of such improvements may hereafter have to be funded with proceeds from future capital borrowings, possibly resulting in a decrease in utility net income available for transfer to the City's General Fund. Further, it is possible that recent developments, particularly including the deregulation of the natural gas and electric utility industries, may adversely affect the ability of the City-owned utilities to generate net income in the future to the extent they have in the past.

State Legislative Control. The City, along with other local governmental units in the State of Alabama, is subject to the virtually plenary powers of the Legislature of Alabama.

In making a decision whether to purchase the Warrants, potential investors should consider certain risks and investment considerations which could affect the ability of the City to pay debt service on the Warrants in a timely manner and which could affect the marketability of or the market price for the Warrants. These risks and investment considerations are discussed throughout this Official Statement. Certain of these risks and investment considerations are set forth herein, but this discussion is not intended to be a comprehensive or exhaustive compilation of all possible risks and investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective investor should carefully examine his, her, or its own financial condition in order to make a judgment as to his, her, or its ability to bear the risk of an investment in the Warrants. An investment in the Warrants involves certain risks which should be carefully considered by investors. Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Warrants are an appropriate investment for them.

The sufficiency of general fund moneys to pay debt service on the Warrants may be affected by events and conditions relating generally to, among other things, property values, the volume and value of retail sales in the City, population trends (which have been negative since 2010), and economic developments, the exact nature and extent of which are not presently determinable. Expenditures in the General Fund have exceeded revenues during recent fiscal years and there may be no assurance that such trend will not continue. The City has no established operating reserves.

Cyberattack Vulnerability. The City, like many entities and public bodies, is vulnerable and increasingly subject to cyberattack crimes. While many people are aware of this risk, entities with multiple network users are by definition impossible to fully protect. It is possible that the City will be attacked and have little or no ability recover its information, if at all, without substantial financial cost.

Covid-19 Considerations. As has been widely reported, the worldwide coronavirus pandemic ("Covid-19") is presently ongoing in the United States and in many other areas of the world. Indirect effects of the pandemic – such as the nationwide economic slowdown, the volatility in the financial market, various business closures and quarantining or "shelter in place" initiatives enacted in an effort to combat the spread of the virus – could have a material adverse impact on the City and Morgan County. Because of timing issues, certain economic and demographic information pertaining to City and the surrounding area may not reflect or fully reflect the effects of Covid-19 on income and employment levels. The City cannot at this time predict the all of the current and eventually the ultimate impact of Covid-19 on the City.

Grocery Sales Tax Elimination Legislation. In the current session of the Alabama Legislature, legislators have proposed various bills seeking to eliminate certain portions of state and municipal sales taxes on so-called essential food items, i.e. groceries. While elimination of the state sales tax on groceries

would not affect cities, one bill (House Bill 15) proposes allowing individual cities to decide whether to eliminate their city sales tax on groceries. However, cities already have the general power to levy or repeal their sales taxes, so HB 15 would apparently only restate that existing power. Regardless, the loss of any sales tax revenue on groceries would negatively impact the City.

BOOK-ENTRY SYSTEM

Portions of the following information concerning The Depository Trust Company ("DTC") and DTC's book-entry only system have been obtained from DTC. The City and the Underwriter make no representation as to the accuracy of such information.

Initially, DTC will act as securities depository for the Warrants. The Warrants initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Initially, one fully-registered warrant certificate for each maturity will be issued for the Warrants, in the aggregate principal amount of the Warrants of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. So long as the Warrants are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Warrants.

Purchases of the Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Warrants on DTC's records. The ownership interest of each actual purchaser of each Series ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Warrants are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Warrants, except in the event that use of the book-entry system for the Warrants is discontinued.

To facilitate subsequent transfers, all the Warrants deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Warrants with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Warrants; DTC's records reflect only the identity of the Direct Participants to whose accounts such Warrants are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

As long as the book-entry system is used for the Warrants, redemption notices will be sent to DTC. If less than all of the Warrants within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

As long as the book-entry system is used for the Warrants, principal, premium, if any, and interest payments on the Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, and disbursement of such payments to the Participants or the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Warrants are credited on the record date (identified in a listing attached to the Omnibus Proxy).

DTC may discontinue providing its services as securities depository with respect to the Warrants at any time by giving reasonable notice to the City or the Paying Agent. In addition, the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The City and the Paying Agent will have no responsibility or obligation to any securities depository, any Participants in the book-entry system, or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the securities depository or any Participant; (ii) the payment by the securities depository or by any Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal amount or redemption or purchase price of, or interest on, any of the Warrants; (iii) the delivery of any notice by the securities depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Warrants; or (v) any other action

taken by the securities depository or any Participant.

Discontinuation of Book-Entry Only System

DTC may determine to discontinue providing its services with respect to the Warrants at any time by giving notice to the City and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the book-entry only system for the Warrants will be discontinued unless a successor securities depository is appointed by the City. In addition, the City may discontinue the book-entry only system for the Warrants at any time by giving reasonable notice to DTC.

In the event that the book-entry only system for the Warrants is discontinued, the following provisions would apply, subject to the further conditions set forth in the Eighth Supplemental Indenture.

The principal of and premium, if any, on the Warrants will be payable when due upon their presentation and surrender at the office of the Paying Agent in Birmingham, Alabama. Interest payments on the Warrants will be made to the persons who are the registered owners by check or draft mailed to such owners at their addresses as they appear on the registration books of the Paying Agent.

The Warrants are transferable only upon presentation to the Paying Agent with written power to transfer signed by the registered owner thereof in person or by duly authorized attorney. Upon the request of the owner of any Warrant, the City will execute and the Paying Agent will authenticate and deliver, upon surrender to the Paying Agent of such Warrant and in exchange therefor, as may be requested by the person surrendering such Warrant, other Warrants in different authorized denominations (\$5,000 or any integral multiple thereof) of like tenor and together aggregating the same principal amount as the then outstanding unpaid principal amount of Warrant so surrendered. The Paying Agent will not be required to register or transfer any Warrant during the 15 day period next preceding any interest payment date with respect thereto. If any such Warrant is called for redemption, the Paying Agent will not be required to register, transfer or exchange such Warrant during the period beginning 45 days next preceding the redemption date with respect thereto.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the City will agree in the Authorizing Ordinance to provide, or cause to be provided,

(i) to the Municipal Securities Rulemaking Board (“MSRB”), the City’s annual audited financial statement, on or before March 31 of each year for the fiscal year ending on the preceding September 30.

(ii) within ten Business Days after the occurrence of a reportable event, to the Paying Agent and to MSRB, notice of the occurrence of any of the following events with respect to the Warrants: (a) principal and interest payments delinquencies, (b) non-payment related defaults, (c) unscheduled draws on debt service reserves reflecting financial difficulties, (d) unscheduled draws on credit enhancements reflecting financial difficulties, (e) substitution of credit or liquidity providers or their failure to perform, (f) adverse tax opinions or events affecting the tax-exempt status of the Warrants, (g) modifications to rights of holders of the Warrants, (h) calls for redemption, (i) defeasances, (j) release, substitution or sale of property securing repayment of the securities, (k) rating changes, if any are then in effect, (l) bankruptcy, insolvency, receivership or similar events, (m) merger, consolidation, acquisition or sale of assets involving an Obligated Party, (n) appointment of a successor or additional depository or the change of name of the paying agent, (o) the incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect holders of the Warrants, if material, and (p) default, an event of acceleration, a termination event, modification of terms,

or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties of the City.

(iii) in a timely manner, to the MSRB, notice of a failure by the City to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The City will reserve the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that, the City will agree that any such modification will be done in a manner consistent with the Rule. The City will reserve the right to terminate its obligation to provide the annual operating information and financial information and notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Warrants within the meaning of the Rule. The City will acknowledge that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the registered owners of the Warrants and shall be enforceable by the holders; provided that, the holders' rights to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the City's obligations hereunder and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Warrants and shall not subject the City to money damages in any amount, whether compensatory, penal or otherwise. The name, address and telephone number of the initial contact person at the City are as follows:

Stephanie Simon, or successor as City Clerk/Treasurer
City Clerk - Treasurer City of Decatur
PO Box 488 Decatur, Alabama 35602
Phone: (256) 341-4561
Fax: (256) 341-4562
Email: ssimon@decatur-al.gov

Prior Noncompliance with Continuing Disclosure Obligations

The City has not always been in compliance with its continuing disclosure obligations with respect to its general obligation indebtedness, having failed, among other things, to timely file its audited financial statements, provide certain information, notice of certain events, or notice of the City's failure to provide such information or notice of such events. The City filed its 2022 CAFR on March 31, 2023, its 2021 CAFR on March 31, 2022, 2020 CAFR on March 31, 2021, its 2019 CAFR on November 20, 2020, and its 2018 CAFR on March 30, 2019. The City filed notice of its failure to timely file its 2019 audit on March 30, 2020, and its 2017 audit on March 30, 2018. The City may have filed its 2018 audit 1 day late and its 2020-22 audits 2 days late; in such cases the City failed to file notices of such failures to timely file.

The City has not have always been in compliance with its continuing disclosure undertakings with respect to Decatur Utilities, having failed, among other things, to timely file or to file at all its audited financial statements and to provide notice of the foregoing. The City may have also failed to properly link its filings to all relevant issues. The City filed the audit for Decatur Utilities for fiscal year 2022 on January 20, 2023, for 2021 on January 21, 2022, for 2020 on January 27, 2021, for fiscal year 2019 on January 27, 2020, and for 2018 on January 18, 2019.

LEGAL MATTERS

The validity and legality of the Warrants are being approved by Bradley Arant Boult Cummings LLP, Bond Counsel for the City, whose approving opinion will be delivered with the Warrants. It is anticipated that the approving opinion of Bond Counsel will be in substantially the form set forth in Appendix B hereto. Bond Counsel have been employed by the City to represent and act for the City in the

financing transaction being evidenced by the Warrants and are not representing or acting as legal counsel for any others in connection with such financing. The City has not, however, employed Bond Counsel to advise it on a continuing basis in the future as to whether events occurring after the date of issuance of the Warrants may affect the Federal income tax status of interest on the Warrants.

Bond Counsel have been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Warrants have been authorized to be issued and rendering an opinion in conventional form as to the essential validity and legality of the Warrants, to the legal security for their payment, and to the exemption of the interest thereon from present Alabama income taxation.

ACCOUNTING MATTERS

The financial statements of the City included in Appendix C to this Official Statement have been examined by D. & Wates, LLC, Certified Public Accountants, Decatur, Alabama as set forth in their report thereon appearing in Appendix C. Such financial statements have been included in reliance upon such report and upon the authority of certified public accountants, as experts in accounting and auditing.

UNDERWRITER

The Frazer Lanier Company Incorporated has purchased the Warrants from the City for a purchase price of \$35,143,479.35 (equal to the principal amount of the Warrants less an underwriting discount of \$253,773.75 and plus a net original issue premium of \$2,652,253.10).

MISCELLANEOUS

The City has not, to the knowledge of its present officers, defaulted in payment of the principal of or the interest on any of its funded debt, nor has it, to the knowledge of its present officers, ever refunded any funded debt for the purpose of preventing or avoiding such a default.

Insofar as any statements are made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. The agreements of the City with the holders of the Warrants are fully set forth in the Authorizing Ordinance, and this Official Statement should not be construed as a contract or agreement between the City or the successful bidders or any other purchasers or holders of the Warrants.

This Official Statement has been approved by the City, and distribution of copies hereof to prospective purchasers of the Warrants has been authorized by the City.

CITY OF DECATUR, ALABAMA

By: /s/ Tab Bowling
Mayor

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

General Information

The City of Decatur, incorporated in 1826, is the county seat of Morgan County, Alabama. Centrally situated in the Tennessee River valley of north Alabama (the Tennessee River being the northern boundary of Morgan County), the City is located approximately 25 miles west of Huntsville, approximately 85 miles north of Birmingham, and approximately 125 miles south of Nashville, Tennessee. The City is about 55 square miles in area; and a relatively small portion of the City is located north of the Tennessee River in Limestone County. The City is characteristically Southern in climate. Temperatures average about 80 degrees in summer and about 44 degrees in winter (the mean temperature being about 61 degrees), and the average annual rainfall is approximately 55 inches.

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, 46 tennis courts, 4 recreation centers, 35 ball fields, 3 pools, 4 golf courses (both public and private), 62 acres of soccer fields), cultural events, community services and general administrative services. The City operates Point Mallard Park, a major 750-acre family recreation park on the Tennessee River. At this location, in addition to America's first wave pool, there is an Olympic diving pool, water slides, children's water feature, 18-hole championship golf course, regulation size ice rink and a 227-site campground. The City continues to make major investments in the park. Utility services are provided through a separate Municipal Utilities Board that functions as a department of the City.

GENERAL INFORMATION RESPECTING THE CITY OF DECATUR, ALABAMA

Population

The population in the State of Alabama, the City of Decatur, Morgan County and the Decatur Metropolitan Statistical Area for the years indicated has been as follows:

Census Year	State of Alabama	City of Decatur	Morgan County	Decatur MSA*
2020	5,024,279	57,938	123,421	156,494
2010	4,779,736	55,683	119,490	153,829
2000	4,447,100	53,929	111,064	145,867
1990	4,040,587	50,139	100,043	131,556
1980	3,893,888	42,002	90,231	120,401

*Lawrence and Morgan Counties are included in the Decatur Metropolitan Statistical Area.

Source: United States Bureau of the Census

Income

Median Family Income. The following table sets forth the median family income for the United States, the State of Alabama and the Decatur Metropolitan Statistical Area for the years shown:

Year	United States	State of Alabama	Decatur MSA
2022	\$90,000	\$73,600	\$70,600
2021	79,900	66,700	63,100
2020	78,500	65,300	63,600
2019	75,500	63,500	62,800
2018	71,900	60,200	58,700

Source: HUD Office of Economic Affairs, Economic and Market Analysis Division

Per Capita Personal Income. The following table sets forth the per capita personal income for the United States, the State of Alabama, Morgan County and the Decatur Metropolitan Statistical Area for the years shown:

Year	United States	State of Alabama	Morgan County	Decatur MSA
2021	\$64,143	\$49,769	\$47,479	\$46,533
2020	59,765	46,179	44,204	42,940
2019	56,490	44,145	41,741	40,295
2018	54,606	42,710	40,223	38,894
2017	52,118	41,030	38,631	37,366

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Poverty

The following table sets forth the number of poor and the poverty rate for the United States, the State of Alabama, the City of Decatur, Morgan County and the Decatur MSA (2021):

	United States	State of Alabama	City of Decatur	Morgan County	Decatur MSA
Number of Poor	41,393,176	794,326	8,568	15,763	17,729
Poverty Rate	12.8%	16.1%	15.2%	13.0%	11.5%

Source: U.S. Census Bureau, American Community Survey, 1-year estimates subject tables.

Housing

Average Value. The following table sets forth the average value of owner-occupied housing units for the State of Alabama, Morgan County, the City of Decatur and the Decatur MSA:

	State of Alabama	Morgan County	City of Decatur	Decatur MSA
Average Value	\$172,800	\$169,900	\$147,600	\$165,800

Composition of Housing Units. The following tables set forth certain information concerning housing in the State of Alabama, Morgan County, the City of Decatur and the Decatur MSA:

	State of Alabama	Morgan County	City of Decatur	Decatur MSA
Occupied Housing Units				
Renter	589,627	12,502	8,434	15,139
Owner	<u>1,377,932</u>	<u>35,056</u>	<u>15,363</u>	<u>45,657</u>
Total	1,967,559	47,558	23,797	60,796
Unoccupied Housing Units	<u>346,057</u>	<u>5,987</u>	<u>2,901</u>	<u>8,050</u>
Total Housing Units	2,313,616	53,545	26,698	68,846

Source: U.S. Census Bureau, American Community Survey, 1-Year Estimates; 5-Year Estimates regarding the City.

	State of Alabama	Morgan County	City of Decatur	Decatur MSA
Family Households	1,271,383	31,085	14,199	40,414
Non-Family Households	<u>696,176</u>	<u>16,473</u>	<u>9,598</u>	<u>19,514</u>
Total Households	1,967,559	47,558	23,797	59,928
Mobile Home or Trailer	285,402	5,141	655	8,795

Source: U.S. Census Bureau, American Community Survey, 1-Year Estimates; 5-Year Estimates regarding the City

Employment

Major Employers. The following are the major employers in the City of Decatur and Morgan County and the estimated number of employees employed by each:

Name of Employer	Product/Service	Approximate Number of Employees
Decatur Morgan Hospital	hospital	1,458
GE Appliances, a Haier Company	refrigerators	1,395
Decatur City Board of Education	city public schools	1,337
Wayne Farms Prepared Foods	poultry further processing	1,057
Morgan County Board of Education	county public schools	975
3M Company	industrial chemicals/plastic sheets	950
Nucor Steel Decatur, LLC	steel mini mill	725
Wayne Farms Fresh Facility	poultry processing	719
United Launch Alliance	rocket boosters	715
WalMart SuperCenters	discount retail stores	699
City of Decatur	city government	565
Gemstone Foods, LLC	poultry further processing	486
Hartselle City Board of Education	city public schools	438

Indorama Ventures Xylenes & PTA LLC	terephthalic acid (PTA)/ plastics/ raw materials	425
Daikin America, Inc.	fluoropolymers	419
Morgan County Commission	county government	404
Ascend Performance Materials	nylon intermediates/metallurgical- grade coke	350

Source: Morgan County Economic Development Authority, 2022

*The poultry processing industry has been especially affected by COVID-19 by causing temporary closures of certain plants in Alabama due to the close proximity required of plant workers.

** 3M is a defendant, along with the City, Morgan County, Alabama, Daikin America, Inc., and others, in the lawsuit filed by the Tennessee Riverkeeper, Inc. and described herein under "LITIGATION."

See also page E-2 of the attached financial statement

Unemployment Rates. The following table sets forth the rates of unemployment for the United States, the State of Alabama, Morgan County, Lawrence County and the Decatur Metropolitan Statistical Area for the years shown:

Year	United States	State of Alabama	Morgan County	Lawrence County	Decatur MSA
2022*	3.3%	2.3%	1.7%	2.0%	1.8%
2021	5.3	3.4	2.6	2.9	2.7
2020	8.1	6.5	5.0	5.5	5.1
2019	3.7	3.2	2.7	3.3	2.8
2018	3.9	3.9	3.5	4.1	3.6

Labor Force Estimates. The following table sets forth information respecting the civilian labor force for Morgan County, Lawrence County and the Decatur Metropolitan Statistical Area:

Morgan County

Year	Total Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2022*	60,185	59,154	1,031	1.7%
2021	59,256	57,716	1,540	2.6
2020	59,737	56,771	2,966	5.0
2019	59,179	57,574	1,605	2.7
2018	57,773	55,769	2,004	3.5

Lawrence County

Year	Total Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2022*	14,585	14,300	285	2.0%
2021	14,378	13,956	422	2.9
2020	14,528	13,736	792	5.5
2019	14,452	13,973	479	3.3
2018	14,196	13,610	586	4.1

Decatur Metropolitan Statistical Area

Year	Total Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2022*	74,770	73,454	1,316	1.8%
2021	73,634	71,672	1,962	2.7
2020	74,265	70,507	3,758	5.1
2019	73,632	71,547	2,085	2.8
2018	71,970	69,379	2,591	3.6

*Preliminary estimates. As of December 2022.

Estimates prepared by the Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on a 2021 benchmark.

Source: Alabama Department of Labor

Assessed Value by Property Classification

The following chart reflects, for the tax year that ended September 30, 2022 (that is, the year for which taxes became due and payable on October 1, 2022, and delinquent on January 1, 2023), the appropriate division of net assessed valuation of property in the City by classification:

Property Classification – Tax Year Ending 2022		Assessed Valuation City of Decatur
Class I	Utilities	\$ 6,748,900
Class II	All Property Not Otherwise Classified	807,195,000
Class III	All Agricultural, Forest and Single Family Owner Occupied Residential Property and Historic Building and Sites	262,554,560
Class IV	Private Passenger Automobiles and Trucks for Personal Use	\$110,277,866
	Less Exemptions	239,453,500
	Plus Penalties	1,204,360
	Total Net Assessed Valuation	<u>\$948,527,186</u>

The following chart reflects, for the tax year that ended September 30, 2021 (that is, the year for which taxes became due and payable on October 1, 2021, and delinquent on January 1, 2022), the appropriate division of net assessed valuation of property in the City by classification:

**Assessed
Valuation
City of
Decatur**

Property Classification – Tax Year Ending 2021

Class I	Utilities	\$ 6,004,640
Class II	All Property Not Otherwise Classified	768,299,980
Class III	All Agricultural, Forest and Single Family Owner Occupied Residential Property and Historic Building and Sites	226,699,900
Class IV	Private Passenger Automobiles and Trucks for Personal Use	\$97,416,993
	Less Exemptions	232,745,400
	Plus Penalties	151,080
	Total Net Assessed Valuation	<u>\$865,827,193</u>

The following chart reflects, for the tax year that ended September 30, 2020 (that is, the year for which taxes became due and payable on October 1, 2020, and delinquent on January 1, 2021), the appropriate division of net assessed valuation of property in the City by classification:

**Assessed
Valuation
City of
Decatur**

Property Classification – Tax Year Ending 2020

Class I	Utilities	\$ 6,252,720
Class II	All Property Not Otherwise Classified	755,474,260
Class III	All Agricultural, Forest and Single Family Owner Occupied Residential Property and Historic Building and Sites	218,689,160
Class IV	Private Passenger Automobiles and Trucks for Personal Use	\$89,813,973
	Less Exemptions	231,706,760
	Plus Penalties	547,480
	Total Net Assessed Valuation	<u>\$839,070,833</u>

Major Ad Valorem Taxpayers – 6 Mill Ad Valorem Tax

The following table indicates the ten (10) largest ad valorem taxpayers in the City of Decatur for the tax year for which taxes became due and payable on October 1, 2022:

Taxpayer	Assessed Value	Municipal Ad Valorem Taxes Paid
Nucor Steel Decatur LLC	\$131,375,200	\$2,355,306
Hexcel Corporation	105,644,020	1,673,883
Haier US Appliance Solution, Inc.	38,180,480	571,781
Bunge North America, Inc.	28,838,860	400,434
Polyplex USA LLC	14,851,240	193,645
Ardent Mills LLC	10,202,300	189,762
Meow Mix Decatur Production I LLC	8,096,920	150,602
Sparks Industrial, Inc.	8,075,220	150,199
Joe Wheeler Electric	5,578,340	103,757
OCI Alabama LLC	4,938,840	87,475

Source: Morgan County Office of Revenue Commissioner (TY 2022)
See also page C-3 of the attached financial statement

Transportation

U.S. Interstate 65, which connects Chicago and Mobile, is situated near the eastern corporate limits of the City. The City is connected to Interstate Highway 65 by Alabama Highways 20 and 67, both four-lane highways. Four major highways [Alabama Highways 67 (east-west) and 24 (east-west) and U.S. Highways 31 (north-south) and 72 Alternate (east-west)] traverse the City and provide access to outlying areas. The City is served by approximately 11 common carriers and by main lines of Norfolk Southern Railway and CSX Railroad Company.

The Huntsville-Madison County Airport Authority operates the Huntsville International Airport, which is located approximately 10 miles east of Decatur and is the principal airport serving north Alabama and south central Tennessee. Airport operations are conducted on approximately 5,800 acres of land and include two active runways, associated taxiways, the International Intermodal Center, and the Jetplex Industrial Park adjacent to the Airport. Connections are available to virtually all national, and most international, destinations. Fixed-base operations for private aircraft and air taxi, charter, sales, rental, training and other private flight services are also available through Signature Flight Support. In addition, Pryor Field, a general aviation airport located approximately three miles north of the City on U. S. Highway 31, provides hangar space for thirty small planes and maintains a runway measuring 5,096 feet in length and 150 feet in width.

Primary and Secondary Education

The City school system is now composed of 12 elementary schools, three middle schools and two senior high schools, and an alternative high school (for students who have not succeeded in the regular curriculum).

Source: Decatur City Board of Education

Higher Education

Calhoun Community College, established in 1965, is located on a 110-acre campus recently annexed into the City. Enrollment at the Community College is approximately 8,800 students. The Community College offers post-secondary educational opportunities to all qualified students. Degrees awarded include Associate in Arts, Associate in Science, and Associate in Applied Science; diplomas and certificates for non-degree programs are also conferred. Calhoun Community College remains Alabama's largest two-year community college and sixth largest higher education institution.

There are three state-supported four-year colleges and universities located within commuting distance of the City, (1) Athens State College, located 16 miles north of the City, (2) the University of Alabama in Huntsville, a campus of the University of Alabama system and (3) Alabama A&M University, also in Huntsville.

The University of Alabama in Huntsville (UAH) is an autonomous campus of the University of Alabama System. UAH, which has an enrollment for the current academic year of approximately 7,100 students, including approximately 1,400 graduate students, was originally established to provide graduate scientific and engineering education in support of the Marshall Space Flight Center at Redstone Arsenal, and now offers the undergraduate degrees of Bachelor of Science, Bachelor of Nursing, Bachelor of Engineering, and Bachelor of Business Administration, as well as the graduate degrees of Master of Arts, Master of Science, Master of Science & Engineering, Master of Nursing and Doctor of Philosophy.

Medical and Health Services

The City is served by two general hospitals and one psychiatric hospital. The Huntsville Hospital System assumed management of Decatur General and the Decatur West psychiatric facility pursuant to a 40 year lease entered into in 2012. The Huntsville Hospital also bought Parkway Hospital from Capella Healthcare for \$17.5 million in December, 2011. The partnership with the Huntsville Hospital System has allowed the Decatur hospitals to restructure debt, have access to capital and has enhanced the ability for such hospitals to negotiate with insurance companies and medical suppliers. There are over 200 physicians and 30 dentists in the City. The Tri-County District Health Agency administers a public health program serving the Counties of Morgan, Lawrence, Limestone and Cullman.

Park and Recreational Facilities

Among the park and recreational facilities operated by the City is Point Mallard Park, an approximately 750-acre City park surrounded by Wheeler Wildlife Refuge (a migratory home for mallard ducks and Canadian geese) and located near the City at a site on the Tennessee River leased under a long-term arrangement with the Tennessee Valley Authority. Among the facilities forming a part of the Park are an Aquatic Center (including a sandy beach, an Olympic-size pool, and a wave pool), an 18-hole championship golf course, a 25-acre campground located in the central area of the Park, and an ice skating rink. In addition, City-owned tennis courts, while not a part of the Park, are located on a site adjacent to the Park and are available for use by Park visitors.

APPENDIX B

Proposed Form of Opinion of Bond Counsel

[date]

City of Decatur
Decatur, Alabama

Ladies and Gentlemen:

We have examined certified copies of proceedings of the governing body of the City of Decatur (the "City"), in the State of Alabama, and other documents submitted to us pertaining to the issuance of

\$32,745,000
CITY OF DECATUR, ALABAMA
General Obligation Warrants
Series 2023
Dated the date of delivery

(the "Warrants"). The opinions hereinafter expressed are based upon our examination of the said proceedings and documents.

We are of the following opinion: that the Warrants are in due and legal form, have been validly authorized and issued pursuant to the applicable provisions of the constitution and laws of Alabama, and constitute valid orders on the treasurer of the City for the payment thereof as therein provided; that the indebtedness ordered paid by the Warrants is a valid general obligation of the City for the payment of the principal of and interest on which the City has pledged its full faith and credit; and that, under existing statutes, the interest on the Warrants is exempt from Alabama income taxation.

We are further of the opinion that under the Internal Revenue Code of 1986, as amended (the "Code"), as presently construed and administered, and assuming compliance by the City with its covenants pertaining to certain requirements of federal tax law that are set forth in the proceedings authorizing the issuance of the Warrants, the interest on the Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Warrants will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code. However, as a result of amendments to the Internal Revenue Code enacted pursuant to the Inflation Reduction Act of 2022, interest on the Warrants may be taken into account for purposes of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code on "applicable corporations," as defined in Section 59(k) of the Internal Revenue Code. We express no opinion with respect to the federal tax consequences to the recipients of the interest on the Warrants under any provision of the Code not referred to above.

We express no opinion regarding the accuracy, adequacy or completeness of the Official Statement of the City relating to the Warrants. Further, we express no opinion regarding tax consequences arising with respect to the Warrants other than as expressly set forth herein.

The rights of the holders of the Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

Appendix C
2022 Audited Financial Report

2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022



the City OF OPPORTUNITY





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Decatur
Alabama**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrell

Executive Director/CEO

City of Decatur
Comprehensive Annual Financial Report
September 30, 2022

Table of Contents

Part I - Introductory Section: Page

Title Page.....	I
GFOA Certificate of Achievement.....	II
Table of Contents.....	III
Organizational Chart.....	VI
Boards and Commissions.....	VII
Officials of the City of Decatur, Alabama.....	VIII
Directors / Other Key Personnel.....	IX
Letter of Transmittal	X

Part II - Financial Section:

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	19
Reconciliation of Balance Sheet to Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	23
Statement of Net Position – Proprietary Funds.....	24
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	26
Statement of Cash Flows – Proprietary Funds	27
Statement of Fiduciary Net Position – OPEB Plan.....	29
Statement of Changes in Fiduciary Net Position – OPEB Plan.....	30
Notes to the Financial Statements.....	32

Table of Contents - Continued

Required Supplementary Information:

Pension Plan Information:

Schedule of Changes in Net Pension Liability - Employees' Retirement Systems of Alabama.....	98
Schedule of Employer Contributions - Employees' Retirement Systems of Alabama.....	99
Board of Education – Schedule of System's Proportionate Share of Net Pension Liability – Teachers' Retirement System.....	100
Board of Education – Schedule of System Contributions – Teachers' Retirement System.....	101

Other Post-Employment Benefit Information:

Schedule of Changes in Net OPEB Liability.....	102
Board of Education – Schedule of System's Proportionate Share of Net OPEB Liability – Alabama Retired Education Employees' Health Care Trust.....	103
Board of Education – Schedule of System Contributions – Alabama Retired Education Employees' Health Care Trust.....	104

Supplemental Information

Combining and Individual Fund Financial Statements:

Balance Sheet – General Fund	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual – By Activity – General Fund	107
Other Governmental Funds Intro	115
Combining Balance Sheet – Non-major Governmental Funds (by fund type)	116
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Non-major Governmental Funds (by fund type).....	118

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

7 Cent Gas Tax Fund	120
---------------------------	-----

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

4 & 5 Cent Gas Tax Fund.....	121
------------------------------	-----

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

2019 Gas Tax Fund.....	122
------------------------	-----

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

Personnel Board Fund	123
----------------------------	-----

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

Heritage Trust Fund.....	124
--------------------------	-----

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

Corrections Fund.....	125
-----------------------	-----

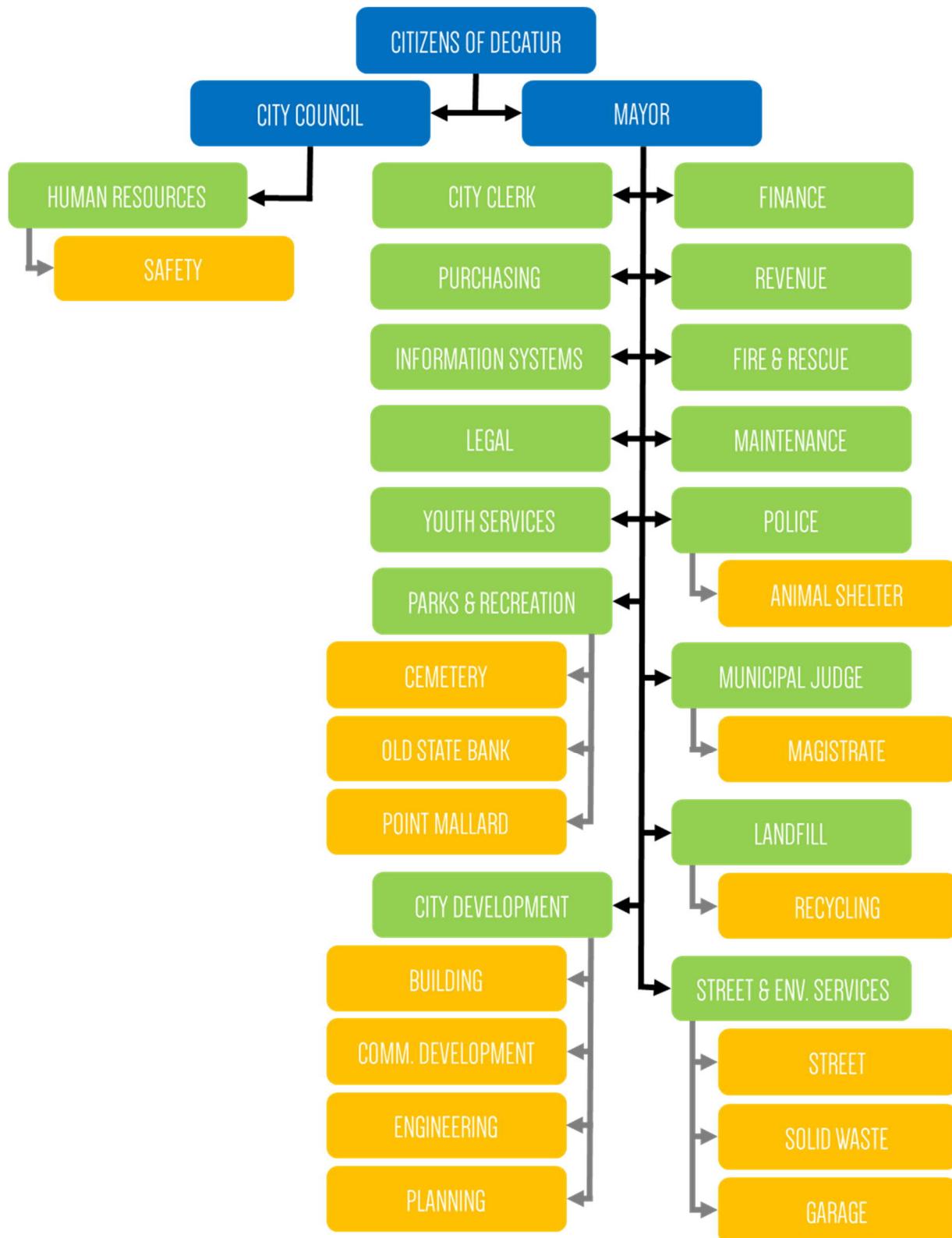
Table of Contents - Continued

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Docket Fee Fund.....	126
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Drug Seizure Fund.....	127
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Room Occupancy Tax Fund.....	128
Combining Statement of Net Position – Non-major Proprietary Funds.....	129
Combining Statement of Revenue, Expenses and Changes in Fund Net Position – Non-major Proprietary Funds.....	131
Combining Statement of Cash Flows – Non-major Proprietary Funds.....	132
Part III - Statistical Section (Unaudited):	
Table of Contents	A-1
Net Position by Component, Last Ten Fiscal Years	B-1
Changes in Net Position, Last Ten Fiscal Years	B-2
Fund Balance, Governmental Funds, Last Ten Fiscal Years	B-4
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	B-5
Assessed and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years	C-1
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	C-2
Principal Property Taxpayers, Last Ten Fiscal Years	C-3
Property Tax Levies and Collections, Last Ten Fiscal Years	C-5
Taxable Sales by Category, Current Year and Nine Prior Calendar Years	C-6
Direct and Overlapping Sales Tax Rate, Last Ten Fiscal Years	C-7
Principal Sales Tax Remitters, Current Year and Nine Prior Years	C-8
Gas Electric, Water & Wastewater Revenues, Last Ten Fiscal Years	C-10
Ratio of Outstanding Debt by Type, Last Ten Fiscal Years	D-1
Ratio of General Bonded Debt Outstanding, Last Ten Fiscal Years	D-2
Direct and Overlapping Governmental Activities Debt as of September 30, 2022	D-3
Legal Debt Margin Information, Last Ten Fiscal Years	D-4
Pledged-Revenue Coverage, Last Ten Fiscal Years	D-5
Demographic and Economic Statistics, Last Ten Fiscal Years	E-1
Principal Employers, Current Year and Prior Nine Years	E-2
Full-Time-Equivalent City Government Employees by Function, Last Ten Fiscal Years	F-1
Operating Indicators by Function/Program, Last Ten Fiscal Years	F-2
Capital Asset Statistics by Function/Program, Last Ten Fiscal Years	F-3

City of Decatur

Organizational Structure

September 30, 2022



City of Decatur

2022

Boards and Commissions

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

Medical Clinic Board

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

City / County Boards

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

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

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

DISTRICT I



BILLY JACKSON

DISTRICT 2



KYLE PIKE

MAYOR



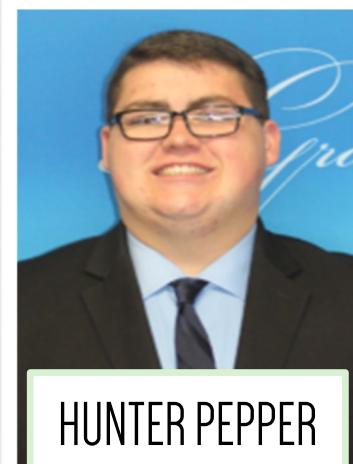
TAB BOWLING

DISTRICT 5



JACOB LADNER

DISTRICT 4



HUNTER PEPPER

DISTRICT 3



CARLTON MCMASTERS

PRESIDENT

PRESIDENT
PRO TEMPORE

City of Decatur
Department Directors
September 30, 2022

Chief Financial Officer	Kyle Demeester
City Attorney	Herman Marks
City Clerk	Stephanie Simon
Building	Dane Shaw
Community Development & Planning	Dane Shaw
Engineering	Dane Shaw
Fire Chief	Tracy Thornton
Information Systems	Brad Phillips
Municipal Judge	Ta'kisha Gholston
Landfill	Wanda Tyler
Parks & Recreation	Jason Lake
Personnel	Richelle Sandlin
Police Chief	Todd Pinion
Street & Environmental Services	Daniel Boutwell
Youth Services	Brandon Watkins

Other Key Personnel

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



March 31, 2023

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

The Annual Comprehensive Financial Report of the City of Decatur, Alabama, for the fiscal year ending September 30, 2022 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. This report including the exhibits and statistical data contained herein, has been prepared by the Finance Department of the City of Decatur in conformity with the standards established by the Governmental Accounting Standards Board and complies with accounting principles generally accepted in the United States of America (GAAP). We believe the data as presented is accurate in all material aspects, and that it is presented in a manner to fairly set forth the financial position and results of operations of the City.

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

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

Alabama state law requires an annual audit to be made, in accordance with generally accepted auditing standards, of all books and accounts of the City by independent certified public accountants. This requirement has been met and the report of D. Wates and Associates, PC, for the fiscal year ended September 30, 2022 is included in this report. In addition to this year's annual audit, the City also will have a single audit, in accordance with federal regulations. The single audit report is published for the public and will be issued separately.

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

Profile of the Government

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

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

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

The City of Decatur provides a full range of services. These include police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, recreational facilities (30 parks comprising 1,280 acres, 22 developed playgrounds, 46 tennis courts, 3 recreation centers, 35 ball fields, 3 pools, 2 golf courses both public & private, 62 acres of soccer fields), cultural events, community services, and general administrative services. Utility services are provided through a separate Municipal Utilities Board, which is a major proprietary fund included in the City's financial statements.

The city operates Point Mallard Park, a premier outdoor family park on the Tennessee River, and home of America's first wave pool. The City continues to make investments in the park to attract visitors to the area as well as serve the citizens of Decatur.

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

Local Economy

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

Based on a recent analysis by SmartAsset, the city of Decatur metro area is the second best place to work in the manufacturing industry in the United States. Decatur/Morgan County is home to approximately 145 Industries, including 12 Fortune 500 companies and 7 Global 500 companies. As the economy took the next step post global pandemic, the City of Decatur saw 17 expansion/equipment upgrades totaling \$707,538,034 and 586 new jobs. We would be remiss to not mention the accomplishments and growth of our industrial taxpayers – which also factor into future development needs. The following notes are worth highlighting:

- United Launch Alliance - \$300M expansion, bringing 250 new jobs. The expansion enables them to manufacture rockets at double the rate as demand for the product increases. The new buildings will serve to support ULA's contract with Amazon for Project Kuiper, an ambitious global broadband connectivity effort aimed at providing high-speed internet services to underserved areas around the world.
- Haier/GE Appliances plant had record production in 2020 and 2021 and another record year occurred in 2022. A recent expansion increased its capacity and allowed it to hire hundreds of new employees.
- Toray plans a \$15M improvement to the Decatur plant.
- Beyond Gravity announced an additional \$42 million capital investment and 158 new jobs to support United Launch Alliance's production of Vulcan Rockets.
- Nucor Steele - \$125M new plant dedicated to their new automation business unit (Nucor Tower & Structures). 200 new jobs created.

In addition to the industrial expansion, the City continues to see retail establishments locate into Decatur. Residential areas are also seeing expansion in correlation to the increased demand for housing. Some of the more notable items that occurred in 2022 are the following:

- The construction phase of Foxwood Subdivision began which will bring 160 garden/mid-size homes
- The City entered into a contract to sell downtown parcels of land to Riverloft Apartments who plan to bring 100 Class A apartment units, along with retail real estate to the City's downtown district.
- The zoning phase was completed by Rausch Coleman Builders who will add 250 homes in Phase 1 and an additional 200 mid-size/town home style living quarters to the western boundary of our City.
- Legacy Cove continues to see activity as it relates to their 15 river view estate properties
- Crumbl Cookies, a cookie shop known for their variety of cookie flavors offered each week on a rotating menu along with their open-kitchen concept, began business in Decatur in FY22.
- Crunch Fitness opened a \$5.5M fitness center, offering \$1M worth of state-of art equipment, weekly classes and highly-experienced personal trainers to Decatur residents.
- Bealls Outlet, a bargain lover's boutique selling items from women's fashion to home décor, remodeled facilities in Decatur Commons.
- Other exciting food establishments welcomed to the City are Culver's (Burger's and Custard), Red Pier (Cajun Seafood, Two Fish and a Toad (Salad/Sandwiches), 7 Brew Coffee (Coffee) and Dutch Brothers (Coffee).

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Decatur for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. This was the thirtieth 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 annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirement, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is possible because of the efficient and dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to our independent auditors, Darrell Wates and Associates, PC, Certified Public Accountants. We would also like to thank the Mayor and members of the City Council for their interest and support of the financial operations of the City.

Respectfully submitted,

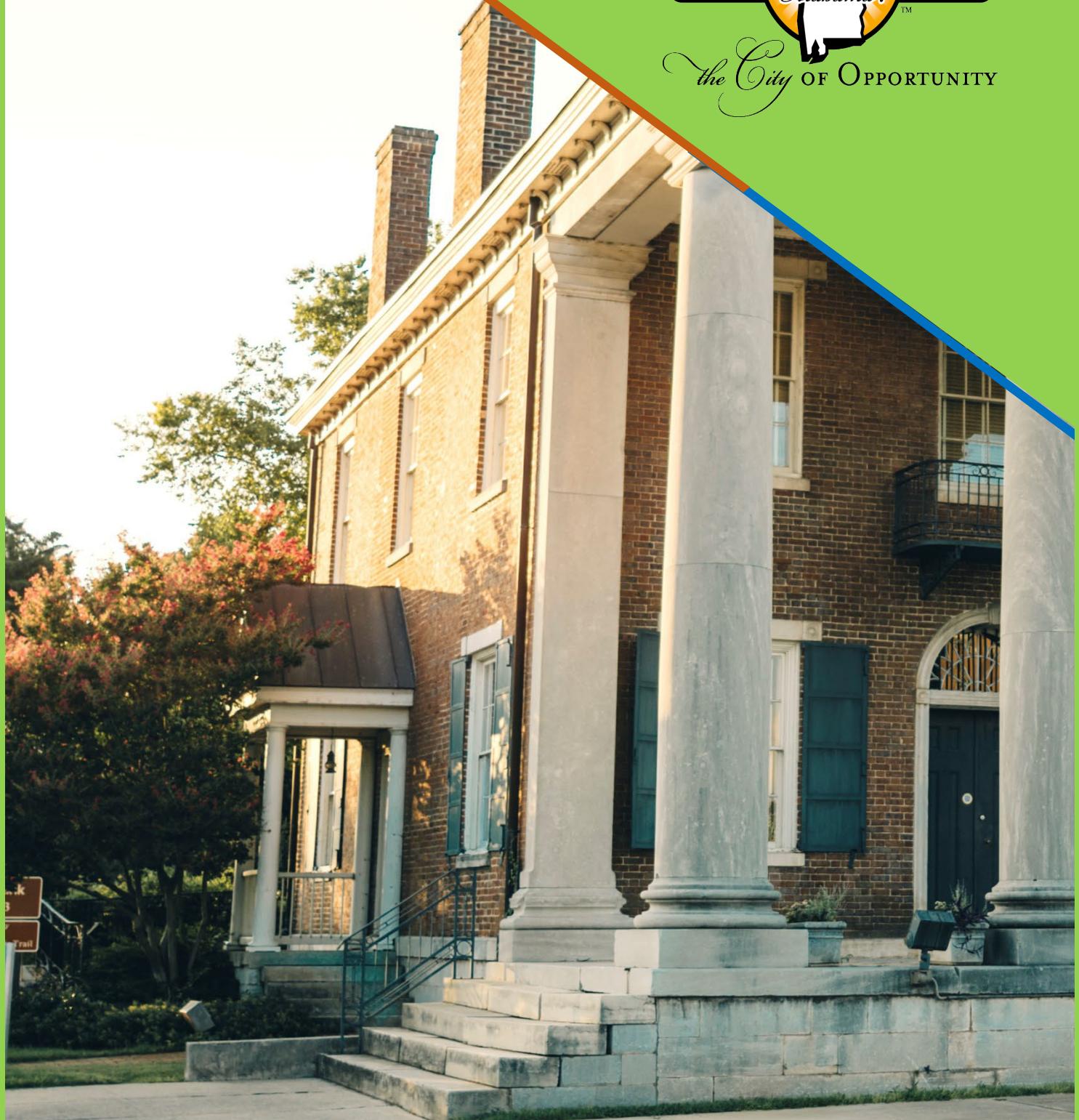


Kyle Demeester
Chief Financial Officer
City of Decatur

FINANCIAL SECTION



the **C**ITY OF OPPORTUNITY





D. Wates & Associates

Certified Public Accountants / Consultants

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Decatur, Alabama's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Decatur's Board of Education ("Board of Education"), which is a discretely presented component unit of the City, or the financial statements of the Municipal Utilities Board Enterprise Fund ("Utilities Board"), a business-type activity and major proprietary fund. The Board of Education represents 100 percent of the assets, net position, and revenues of the discretely presented component units as of September 30, 2022, The Utilities Board represents 97.68 percent, 89.77 percent, and 92.68 percent, respectively, of the assets, net position and revenues of the Business-Type Activities and proprietary funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Board of Education and Utilities Board are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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



D. Wates & Associates

Certified Public Accountants / Consultants

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 4, the pension information starting on page 98, and the other post-employment information starting on page 102 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our



D. Wates & Associates

Certified Public Accountants / Consultants

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

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of the City of Decatur, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Decatur, Alabama's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Decatur, Alabama's internal control over financial reporting and compliance.

Darrell W. Wates, CPA, PC

Darrel W. Wates, CPA, PC
dba D. Wates & Associates

Decatur, Alabama
March 31, 2023

Management's Discussion and Analysis

September 30, 2022

(Unaudited)

As management of the City of Decatur (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. 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.

2022 Highlights

Financial Highlights

- The assets and deferred outflows of resources of City of Decatur exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$302.1 million (net position). Of this amount, the City had a deficit in unrestricted net position, (which represents the amounts available to meet the City of Decatur's ongoing obligations to citizens and creditors), of \$53.3 million. This deficit is offset by \$26.3 million in restricted net position and \$329.1 million in net investment in capital assets. The primary reason for the deficit balance in unrestricted net position is the resulting liability for the City's Pension and Post-Employment Benefits (OPEB) obligations.
- The City's governmental activities net position increased from the beginning net position by \$28.8 million while the business-type activities net position increased by \$24.2 million.
- As of the close of fiscal year 2022, the City's governmental funds reported combined ending fund balances of \$79.35 million, an increase of \$25.3 million from fiscal year 2021.
- At the end of the fiscal year 2022, the unassigned fund balance for the general fund was \$24 million, an increase of \$1.6 million from fiscal year 2021.
- The City's governmental long-term liabilities had a net increase of \$9.4 million during the 2022 fiscal year, while the City's business-type activities long-term liabilities decreased \$8.6 million.
- The City's policy is to maintain, at all times, a minimum reserve of 3 months (90 days) General Fund Operating Expenses. \$21 million of the \$28 million committed fund balance is related to this reserve.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

Management's Discussion and Analysis- Continued

- The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).
- Government-wide financial statements distinguish functions of the City principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities of the City include general government, public safety, public works, public services, educational, community service, community development, and personnel board functions. The educational function relates to financial resources provided to the Decatur Board of Education for support of the city school system.
- Business-type activities of the City include the Municipal Utilities Board, Sanitary Landfill and Point Mallard. All of these activities are collectively referred to in the financial statements as those of the primary government.
- Financial information of the Board of Education is referred to in the financial statements as that of the discretely-presented component unit. This discussion and analysis focuses on the primary government. Complete financial statements (including MD&A) of the component unit may be obtained from the Finance Department of the City.
- The government-wide financial statements can be found beginning on page 17 of this report.
- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision.

Fund Financial Statements

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

Governmental Funds

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

Management's Discussion and Analysis- Continued

The city maintains 17 individual governmental funds.

- The General Fund, School Fund and Capital Improvements Fund are considered to be major funds, and information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.
- The 14 other governmental funds are considered to be non-major governmental funds, and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found beginning on page 19 of this report.

Proprietary Funds

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

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

The Municipal Utilities Board Fund is considered to be a major proprietary fund of the City, and information is presented separately in the proprietary statement of net assets and in the proprietary fund statement of revenues, expenditures, and changes in fund net assets for these funds.

The other two enterprise activities are considered to be non-major proprietary funds, and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements as supplementary information.

The basic proprietary fund financial statements can be found beginning on page 24 of this report.

Fiduciary Fund

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

The basic fiduciary fund financial statements can be found beginning on page 29 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 32 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Because the City adopts an annual operating budget for most of its governmental funds, a comparison of budget to actual results is provided for these funds to demonstrate compliance with the budget. This information and the combining non-major funds statements referred to earlier can be found beginning on page 106 of this report.

Management's Discussion and Analysis- Continued

Government-wide Overall Financial Analysis

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

The City's combined net position was approximately \$302.1 million as of September 30, 2022. Analyzing net position of governmental and business-type activities separately, the governmental activities had a deficit balance of approximately \$4.7 million and the business-type activities net position was approximately \$306.8 million. This analysis focuses on the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position (Table 1), and changes in revenues and expenses (Table 2) of the City's governmental and business-type activities.

Table 1

City of Decatur's Net Position (Unaudited)

	Governmental Activities			Business-Type Activities			Total	
	September 30, 2022	September 30, 2021	Change	September 30, 2022	September 30, 2021	Change	September 30, 2022	September 30, 2021
Assets								
Current and other asset	\$ 147,699,766	\$ 70,904,502	\$ 76,795,264	\$ 290,583,169	\$ 274,839,777	\$ 15,743,392	\$ 438,282,935	\$ 345,744,279
Capital and Right to use leased assets	104,390,737	94,677,204	9,713,533	315,527,263	299,233,717	16,293,546	419,918,000	393,910,921
Total assets	252,090,503	165,581,706	86,508,797	606,110,432	574,073,494	32,036,938	858,200,935	739,655,200
Deferred outflows of Resources								
Losses on debt refundings	795,223	889,089	(93,866)	2,103,735	2,297,925	(194,190)	2,898,958	3,187,014
OPEB Contributions	12,772,291	18,219,634	(5,447,343)	8,624,748	1,402,458	7,222,290	21,397,039	19,622,092
Pension contributions subsequent to measurement date	12,891,890	12,144,842	747,048	6,124,883	6,570,918	(446,035)	19,016,773	18,715,760
Total deferred outflows of resources	26,459,404	31,253,565	(4,794,161)	16,853,366	10,271,301	6,582,065	43,312,770	41,524,866
Liabilities								
Long-term liabilities outstanding	185,620,941	176,183,408	9,437,533	260,603,733	269,238,493	(8,634,760)	446,224,674	445,421,901
Other liabilities	63,655,618	14,424,361	49,231,257	39,536,519	24,035,846	15,500,673	103,192,137	38,460,207
Total liabilities	249,276,559	190,607,769	58,668,790	300,140,252	293,274,339	6,865,913	549,416,811	483,882,108
DEFERRED INFLOWS OF RESOURCES								
Lease related	1,783,655	-	1,783,655	-	-	-	1,783,655	-
Excess of actual earnings over projected earnings on OPEB plan investments	24,573,140	39,259,365	(14,686,225)	9,732,654	8,276,450	1,456,204	34,305,794	47,535,815
Excess of actual earnings over projected earnings on pension plan investments	7,657,223	510,437	7,146,786	6,225,967	139,939	6,086,028	13,883,190	650,376
Total deferred inflows of resources	34,014,018	39,769,802	(5,755,784)	15,958,621	8,416,389	7,542,232	49,972,639	48,186,191
Net position								
Net investment in capital assets	68,734,208	57,492,241	11,241,967	260,360,162	257,574,347	2,785,815	329,094,370	315,066,588
Restricted:								
Debt service	-	-	-	19,744,950	7,881,333	11,863,617	19,744,950	7,881,333
Capital Improvements	258,882	185,424	73,458	-	-	-	258,882	185,424
Other	6,276,086	6,079,517	196,569	-	-	-	6,276,086	6,079,517
Unrestricted (deficit)	(80,009,846)	(97,299,482)	17,289,636	26,759,813	17,198,387	9,561,426	(53,250,033)	(80,101,095)
Total net position	\$ (4,740,670)	\$ (33,542,300)	\$ 28,801,630	\$ 306,864,925	\$ 282,654,067	\$ 24,210,858	\$ 302,124,255	\$ 249,117,767

The largest portion of the City's net position is reflected in its investment in capital assets (e.g. land, buildings, improvements other than buildings, construction in progress, infrastructure and other), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to restrictions as to how they may be used, such restrictions being imposed by legal requirements other than those imposed by the City Council (e.g. state or federal law). Net position from governmental activities increased \$28.8 million in fiscal year 2022. This increase can be attributed to a strong local economy and conservative budgeting.

Long-term liabilities for governmental activities increased \$9.4 million due primarily to the issuance of additional bonds.

Management's Discussion and Analysis- Continued

The business-type activities long-term liabilities decreased \$8.7 million due primarily to scheduled debt principal payments made by the Municipal Utilities Board.

For governmental activities, unrestricted net position increased by \$17.2 million during the 2022 fiscal year. At the close of fiscal year 2022, governmental activities reflected a deficit unrestricted net position of \$80 million. This deficit is due primarily to long-term liabilities for bonds, compensated absences, net pension liability and other postemployment benefits. The deficit is partially offset by \$6.5 million in restricted net position and \$68.7 million in net investment in capital assets. Because of the focus on current assets and liabilities, the City's budget is developed to address the needs of current operations. The City plans to fund long term liabilities in future budgets as those liabilities consume current assets.

At the close of fiscal year 2022, the City's business-type activities reported a surplus unrestricted net position of \$26.7 million (an increase of \$9.5 million during fiscal year 2022). This increase is primarily due to recognition of extraordinary income of \$9.2 million for reimbursement of past expense related to polyfluoroalkyl (PFAS) disposal.

Table 2 provides a summary of the City's operations for the fiscal year ended September 30, 2022, with comparative totals for the fiscal year ended September 30, 2022.

Table 2

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

	Governmental Activities			Business Type Activities			Total	
	September 30, 2022	September 30, 2021	Change	September 30, 2022	September 30, 2021	Change	September 30, 2022	September 30, 2021
REVENUES								
Program revenues:								
Charges for services	\$ 16,246,138	\$ 13,707,058	\$ 2,539,080	\$ 177,194,470	\$ 152,441,439	\$ 24,753,031	\$ 193,440,608	\$ 166,148,497
Operating grants and contributions	2,700,754	3,122,439	(421,685)	-	-	-	2,700,754	3,122,439
Capital grants and contributions	7,159,412	7,155,168	4,244	730,767	921,133	(190,366)	7,890,179	8,076,301
General revenues							-	-
Sales taxes	61,120,053	55,838,932	5,281,121	-	-	-	61,120,053	55,838,932
Property taxes and payments in lieu of taxes	21,772,067	20,596,224	1,175,843	-	-	-	21,772,067	20,596,224
Other taxes	12,494,430	11,157,647	1,336,783	-	-	-	12,494,430	11,157,647
Interest on investments	(998,910)	1,644,900	(2,643,810)	2,061,311	475,867	-	1,062,401	2,120,767
Other revenue	579,096	164,001	415,095	96,700	64,071	32,629	675,796	228,072
Total revenues	121,073,040	113,386,369	7,686,671	180,083,248	153,902,510	24,595,294	301,156,288	267,288,879
EXPENSES								
General government	9,041,026	12,944,319	(3,903,293)	-	-	-	9,041,026	12,944,319
Public safety	28,248,293	27,027,485	1,220,808	-	-	-	28,248,293	27,027,485
Public works	10,238,921	9,927,356	311,565	-	-	-	10,238,921	9,927,356
Public services	11,268,150	9,859,751	1,408,399	-	-	-	11,268,150	9,859,751
Educational assistance	27,631,709	26,016,676	1,615,033	-	-	-	27,631,709	26,016,676
Community service contracts	3,393,276	2,955,611	437,665	-	-	-	3,393,276	2,955,611
Community development	2,420,240	2,756,394	(336,154)	-	-	-	2,420,240	2,756,394
Interest on long-term debt	1,169,828	895,287	274,541	-	-	-	1,169,828	895,287
Unallocated depreciation	1,480,489	1,609,561	(129,072)	-	-	-	1,480,489	1,609,561
Municipal Utilities Board	-	-	-	152,877,786	135,880,186	16,997,600	152,877,786	135,880,186
Point Mallard	-	-	-	5,483,738	5,137,263	346,475	5,483,738	5,137,263
Sanitary Landfill	-	-	-	5,769,116	5,831,354	(62,238)	5,769,116	5,831,354
Total expenses	94,891,932	93,992,440	899,492	164,130,640	146,848,803	17,281,837	259,022,572	240,841,243
Increase (decrease) in net position before transfer	26,181,108	19,393,929	6,787,179	15,952,608	7,053,707	8,898,901	42,133,716	26,447,636
Extraordinary item	1,605,911	-	1,605,911	9,272,861	-	9,272,861	10,878,772	(1,605,911)
Transfers	1,014,611	(2,234,098)	3,248,709	(1,014,611)	2,234,098	(3,248,709)	-	-
Increase (decrease) in net position	28,801,630	17,159,831	11,641,799	24,210,858	9,287,805	14,923,053	53,012,488	24,841,725
Net position - beginning of year, as restated	(33,542,300)	(50,702,131)	17,159,831	282,654,067	273,366,262	9,287,805	249,111,767	222,664,131
Net position - end of year	\$ (4,740,670)	\$ (33,542,300)	\$ 28,801,630	\$ 306,864,925	\$ 282,654,067	\$ 24,210,858	\$ 302,124,255	\$ 249,111,767

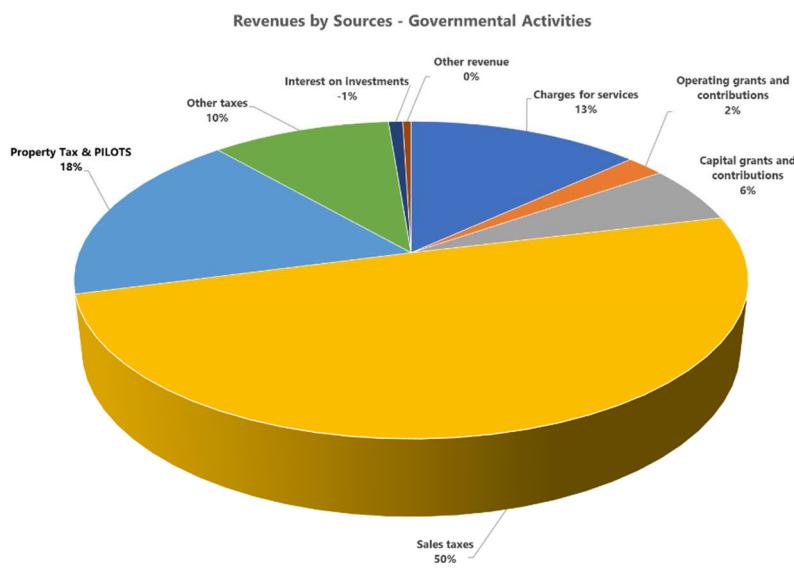
Management's Discussion and Analysis- Continued

Governmental Activities

The governmental activities net position increased \$28.8 million during fiscal year 2022. Total revenues, extraordinary items and transfers increased \$12.5 million, or 11.28% percent from fiscal year 2021. Significant changes in revenue include the following:

- Every revenue source other than interest on investments experienced increases from fiscal year 2021 due to a strong local economy. Interest on investments revenue experienced a \$2.6 million decrease. The majority of this loss is related to fixed income investments which the City intends to hold to maturity. As such, the City does not expect to realize these losses as no redemption prior to maturity is expected.
- Property taxes and payments in lieu of tax revenues increased \$1.1 million (5.7%) due to an increase in the certified property tax values and a strong market for new home construction.
- Sales tax revenue increased \$5.2 million (9.46%) due to increased discretionary customer spending, as the effects related to the COVID-19 pandemic continued to decline.
- Other revenue increased \$415 thousand, primarily due to an increase in resale value on capital assets sold.
- Operating grants and contributions decreased \$421 thousand due to the decline in funding received related to COVID-19 response (including housing and rental assistance).
- Capital grants and contributions increased by \$4 thousand (.06%) due to a continuing effort to improve infrastructure utilizing grant opportunities available to the City.

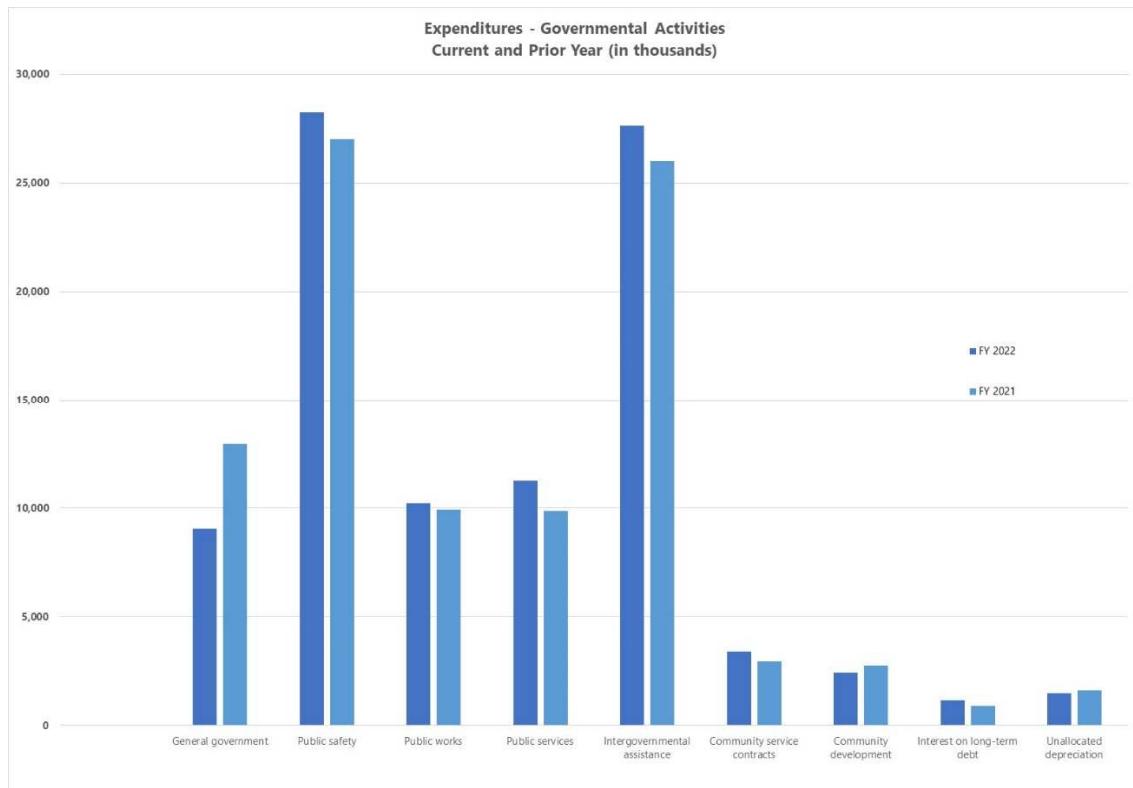
The following shows the breakdown of the General Revenues of Governmental Activities:



- Total governmental activities expenses increased \$899 thousand (1%) from fiscal year 2021.
- General government expenses decreased \$3.9 million (30.1%) primarily due to the reduction in OPEB liability. The City discontinued the practice of paying other post-employment benefits for City personnel beginning service after October 2009. As a result, the expected long-term liability resulting from the OPEB benefits has steadily decreased and is expected to continue in this manner as no additional retirees are added to the plan.
- Public safety expenses increased \$1.2 million (4.5%) due mostly to Personnel Board recommended market-based adjustments in salaries and wages and new fleet vehicle purchases.
- Streets, public works, and transportation expenses increased \$311 thousand, (3.1%) due primarily to the escalation of infrastructure projects, construction of a new parking facility and purchases of new equipment.
- Public service expenses (include cultural and recreational expenses) increased \$1.4 million (14.1%) primarily due to various building and park improvement projects as well as salaries and wage adjustments.

Management's Discussion and Analysis- Continued

- Educational assistance expenses increased by \$1.6 million (6%) due to the increase in tax revenues shared with the school system.
- Interest on long-term debt increased \$274 thousand (30.6%) due to interest payments on newly issued debt as well as the adoption of GASB Statement No. 87, *Leases*, which changed the accounting treatment of long-term lease obligations resulting in a portion of expenses formerly included in one of the functional categories of the City as rent expense now being classified as interest on these obligations.
- Community Development expense decreased \$336 thousand (12.2%) due to the decrease of funding available through COVID-19 grants.



Business-Type Activities

The business-type activities total net position increased \$24.2 million from fiscal year 2021.

Revenues

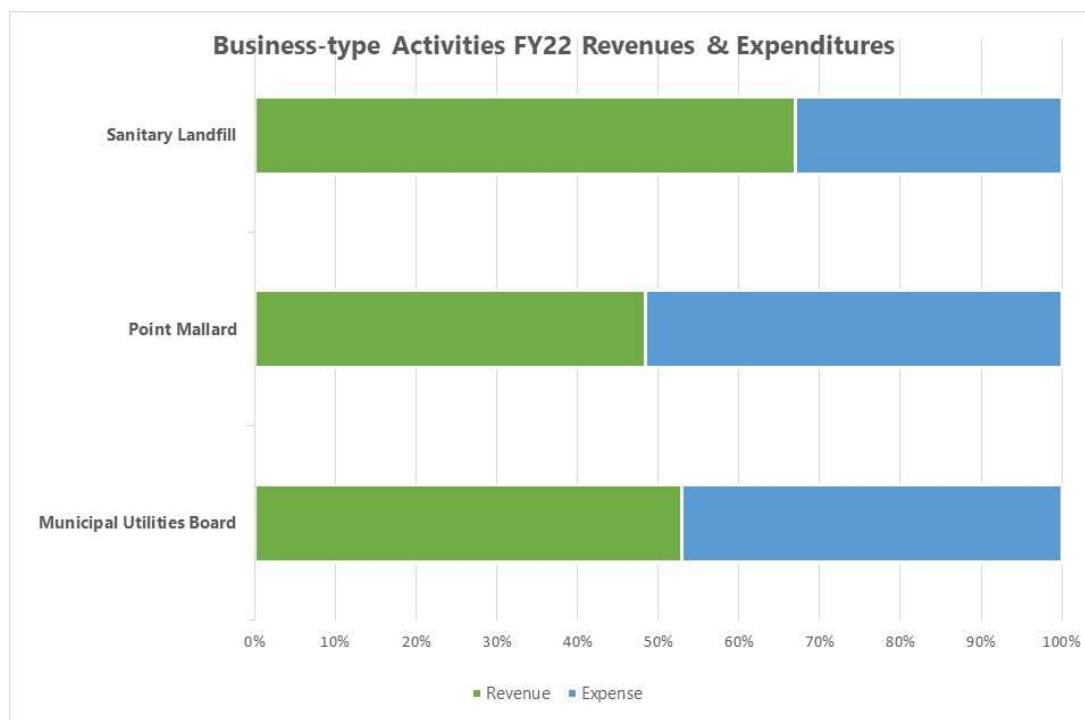
- Total revenues increased by \$24.7 million primarily due to \$24.3 million increase in operating revenues from the Municipal Utilities Board. Gas, water, electric and wastewater operating revenues all increased from fiscal year 2021.
- Electric System operating revenues increased by \$12.6 million (14.09%) due to increases in usage and purchase power component of rates during the current year.
- Gas System operating revenues increased \$6.2 million (42%) due to higher purchased gas component of rates and sales volumes at 10% above prior year.
- Operating revenues for the Water System increased by \$703 thousand (4.56%) as a result of volumetric increases coming from all customer classes.
- Operating revenues for the Wastewater System increased \$4.76 million (24.05%) due to increased rates and sales volumes. In addition, extraordinary income of \$5.9 million was recognized due to reimbursement of past expense related to polyfluoroalkyl (PFAS) disposal.
- Point Mallard parks, no longer affected by COVID-19 restrictions, saw an overall increase in operating revenue of \$204 thousand.

Management's Discussion and Analysis- Continued

- Sanitary Landfill operating revenues increased \$174 thousand from prior year and recognized extraordinary income of \$3.3 million due to reimbursement of past expense related to PFAS disposal.

Expenditures

- Total operating expenditures increased \$17.2 million.
- For Electric System, there was an \$11.2 million (15.09%) increase from the prior year in purchased power cost. Other operating expenses were down \$10 thousand. Net position increased 7.34% from the prior year.
- Gas System saw a \$5.4 million (51.42%) increase in purchased gas cost and a decrease of \$64 thousand in other operating expense. Net position increased 2.75% from the prior year.
- In addition to the increases in usage in Water System, treatment expense increased by \$1 million (21.31%) driven by sales volumes and increases in chemical and utility costs. Other operating expense decreased \$164 thousand. Net position increased 2.08% from the prior year.
- For Wastewater System, treatment expense increased \$77 thousand and other operating expense increased \$42 thousand. Net position increased 11.28% over the prior year.
- Point Mallard operating expense increased \$346 thousand primarily due to the personal board recommended market-based pay adjustments and increased costs of utility rates and usage from prior year. Net position decreased by \$338 thousand.
- Sanitary Landfill saw an overall decrease in operating expense of \$62 thousand or 1% from prior year. Net position increased \$5.9 million.



Financial Analysis of Governmental Funds

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

Governmental Funds

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

Management's Discussion and Analysis- Continued

The combined fund balances of the City's governmental funds as of September 30, 2022 were \$79.3 million, an increase of \$25.3 million from the 2021 fiscal year. Of this amount, \$22.1 million constitutes unassigned and \$52.9 million 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.

Analysis of Individual Funds

The General Fund is the chief operating fund of the City. Fund balance of the General Fund increased \$4.1 million over 2021 for an ending balance of \$52,743,814. Of this balance, \$24,006,832, or 45.2%, is unassigned, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted or committed to indicate that it is (1) not in spendable form \$237,233, (2) restricted for particular purposes, \$1,547 or (3) committed for particular purposes, \$28,498,202.

Due to the increase in settlement funds and bond proceeds, the Capital Improvements Fund qualified as a major fund. It has an ending fund balance of \$21,484,907 and all of it is committed.

The School Fund has a zero fund balance as all funds are remitted directly to the Board of Education on a monthly basis. \$2.87 million was the amount due to the School Fund as of 9/30/22.

Proprietary Funds

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

Other factors concerning the finances of the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Original Budget compared to final budget

Differences between the General Fund original budget and the final amended budget include a revision to both the projected revenues and expenditures. Original revenue estimates for 2022, prepared in the summer of 2021, assumed moderate growth in the local and national economies. Original budget for annual operating expenditures is prepared based upon revenue projections. A mid-year review is done based upon trends and revisions are made to the budget as needed.

Total General Fund Revenue was originally projected to grow by 10% over the FY 2021 forecast amounts, most of which was in sales and use taxes budget.

Final budget compared to actual results

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

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Taxes and PILOTs	51,816,650	60,355,697	8,539,047
Licenses and permits	7,188,100	8,334,558	1,146,458
Revenues from money and property	1,060,700	(913,054)	(1,973,754)

The surpluses in the above revenue sources were caused by cautious optimism in the budgeting process due to the emergence from the pandemic and uncertainty of inflation's effect on revenues. Most notably in final budget to actual is the category taxes and payments in lieu of taxes, which includes sales and use taxes that are directly driven by inflation. Although an increase in the cost of consumer goods would lead to an increase in sales and use tax revenues, the concern was that consumer spending would be curbed by inflation. The difference between final budget and actuals for revenues from money and property is the recording of the difference in FMV of the City's investments from 9/30/21 to 9/30/22.

Management's Discussion and Analysis- Continued

Capital Asset and Debt Administration

- The City's investment in capital assets for governmental and business-type activities as of September 30, 2022 totals \$419.4 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 \$25.56 million from 2021.
- Capital assets used by governmental activities increased \$9.27 million primarily attributable to various infrastructure improvements in progress.
- Capital assets used for business-type activities increased by \$16.3 million primarily due to normal expansions of the utility systems within the Municipal Utilities Board Fund.
- The City's capital assets by type at December 31, 2022 and 2021 are shown in Table 3 below.

Table 3

City of Decatur's Capital Assets (Unaudited)

	Governmental Activities			Business-Type Activites			Total	
	September 30,		Change	September 30,		Change	September 30,	September 30,
	2022	2021		2022	2021		2022	2021
Land	\$ 17,841,894	\$ 16,058,804	\$ 1,783,090	\$ 4,618,653	\$ 4,568,653	\$ 50,000	\$ 22,460,547	\$ 20,627,457
Land improvements	8,502,266	8,847,365	(345,099)	-	-	-	8,502,266	8,847,365
Buildings and improvements	20,286,097	17,350,319	2,935,778	11,642,108	12,836,586	(1,194,478)	31,928,205	30,186,905
Infrastructure	28,864,783	30,958,497	(2,093,714)	-	-	-	28,864,783	30,958,497
Construction in progress	18,211,904	10,516,752	7,695,152	21,003,761	11,992,122	9,011,639	39,215,665	22,508,874
Machinery and equipment	10,245,992	10,945,467	(699,475)	2,487,826	3,228,907	(741,081)	12,733,818	14,174,374
Utility plant-in-service	-	-	-	275,774,915	266,607,449	9,167,466	275,774,915	266,607,449
	<u>\$ 103,952,936</u>	<u>\$ 94,677,204</u>	<u>\$ 9,275,732</u>	<u>\$ 315,527,263</u>	<u>\$ 299,233,717</u>	<u>\$ 16,293,546</u>	<u>\$ 419,480,199</u>	<u>\$ 393,910,921</u>

*The FY21 balances are restated due to the implementation of GASB 87, Leases.

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

Major Capital Events during the Fiscal Year

- \$1.7 million was spent to complete construction of a new fire station.
- \$828 thousand was spent on construction of a new parking deck.
- \$249 thousand was spent on roof improvements to the Princess Theatre.
- \$304 thousand was spent on resurfacing tennis courts at Delano Park and Jimmy Johns Tennis Center.
- \$1.1 million was spent on purchasing and outfitting fleet vehicles for the police department.
- \$520 thousand was spent on new two new street sweepers for the street department.
- \$240 thousand was spent on video camera installations at various intersections throughout the city for the police department
- \$1.1 million was spent on construction of a new municipal solid waste disposal area at the Morgan County Regional Landfill.
- \$802 thousand was spent on the second phase of a major road improvement project.
- \$5.9 million was spent on property and rights of way acquisition, engineering and construction, for a major road project to promote residential and commercial growth.

Management's Discussion and Analysis- Continued

Long-Term Debt

As of September 30, 2022, the City had \$259.2 million in long-term debt outstanding. Debt by type can be seen in Table 4. Of this amount, \$204 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (utility system debt).

Governmental Activities \$54.7 million is debt backed by the full faith and credit of the City. Long-term debt of the governmental activities increased by \$13.2 million due in large part to the issuance of additional general obligation warrants. Decatur City

Business-Type Activities Long-term debt of Business-Type Activities is fully attributable to Decatur Utilities (the Municipal Utilities Board Fund). Decatur Utilities and the City issue revenue bonds primarily to finance improvements to the water and wastewater systems. These bonds are repaid from revenues derived by DU from operation of the Systems.

Table 4

City of Decatur's Outstanding Debt (Unaudited)

General Obligation and Revenue Debt

	Governmental Activities			Business-Type Activities			Total	
	September 30, 2022	September 30, 2021	Change	September 30, 2022	September 30, 2021	Change	September 30, 2022	September 30, 2021
Governmental Activities								
General obligation warrants	\$ 54,770,000	\$ 41,715,043	\$ 13,054,957	\$ -	\$ -	\$ -	\$ 54,770,000	\$ 41,715,043
Revenue warrants	-	-	-	204,010,000	209,130,000	(5,120,000)	204,010,000	209,130,000
Lease obligations	452,428	291,036	161,392	-	-	-	452,428	291,036
	\$ 55,222,428	\$ 42,006,079	\$ 13,216,349	\$ 204,010,000	\$ 209,130,000	\$ (5,120,000)	\$ 259,232,428	\$ 251,136,079

Bond Ratings

The City's general obligation bond rating:

Standard & Poor's Corporation: AA

Moody's Investor Services, Inc. Aa2

Other than debt paid from proprietary fund revenue sources (e.g. revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to twenty percent of the assessed value of real and personal property. As of September 30, 2022, the City's allocable debt outstanding was \$109.9 million less than the legal debt limit. Additional information regarding the City's long-term debt and leases can be found in Notes 4D and 4E of the Notes to the Financial Statements.

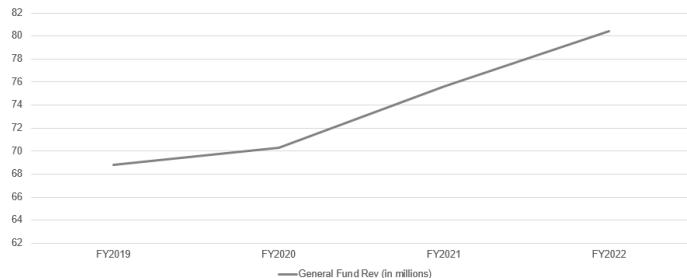
Economic Factors and Next Year's Budget

The Mayor and City Council have considered many factors in the development of the fiscal year 2023 budget. The approach to the budget process has been one of anticipated growth. Revenue projections are based on estimates from the source of the revenue as well as trend analysis, historical data, and current economic conditions. FY23's General Fund budget was prepared with an overall increase in revenues and expenditures of 10.4% from FY22's budget with FY22 being more conservative due to the concern of inflation and lingering aspects of the pandemic.

Management's Discussion and Analysis- Continued

While projecting General Fund revenues, City management considered the fact that General Fund revenues have increased historically over the past 4 years and feel confident the trend will continue.

General Fund Revenues



With the expansion of commercial and residential growth, City management believes revenues will meet budgetary goals. Real property in the City has not experienced decreases in taxable assessed value and no decrease is anticipated.

Lodgings tax will increase from 7% to 10% in FY23. In addition, an 80 room hotel currently under construction is slated to open in FY23 bringing a new parking deck with retail spaces on the bottom floor.

With unemployment in the City remaining relatively unchanged between 2% and 3% since July 2021, management is optimistic about consumer confidence and spending.

Department expenditures were level funded in operations to accommodate normal salary increases as well as current vacancies with active recruitment. The emerging competitive pay environment was also a factor, considering a cost analysis of workforce and how management can afford to maximize personnel costs. The analysis resulted in a 6% market adjustment for the 2023 fiscal year.

Efforts to replace city vehicles and heavy equipment according to a life cycle method have been implemented.

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

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

Request for Information

This financial report is designed with a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers and creditors.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kyle Demeester, Chief Financial Officer, P.O. Box 488 Decatur, Alabama 35602, by calling (256) 341-4550, or by sending an email to kdemeester@decatur-al.gov.

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



BASIC FINANCIAL STATEMENTS



City of Decatur
 Statement of Net Position
 September 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
ASSETS				
Cash & investments, at cost	\$ 134,665,186	\$ 96,298,266	\$ 230,963,452	\$ 121,431,427
Receivables (net of allowances)				
Accounts	710,264	16,321,081	17,031,345	-
Taxes	5,954,964	-	5,954,964	-
Leases	1,829,088	-	1,829,088	-
Due from governmental entities	3,990,626	-	3,990,626	27,953,733
Inventories	80,345	2,550,591	2,630,936	243,723
Prepaid items	112,530	11,625	124,155	-
Other	88,410	269,402	357,812	-
Internal balances	268,353	(268,353)	-	-
Restricted assets				
Cash & investments, at cost	-	175,400,557	175,400,557	-
Right to use lease assets, net of accumulated amortization	437,801	-	437,801	
Capital assets				
Land and construction in process	36,053,798	25,622,415	61,676,213	13,528,146
Other assets, net of accumulated depreciation	67,899,138	289,904,848	357,803,986	159,387,160
TOTAL ASSETS	252,090,503	606,110,432	858,200,935	322,544,189
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	795,223	2,103,735	2,898,958	-
OPEB contributions subsequent to measurement date	12,772,291	8,624,748	21,397,039	25,489,616
Pension contributions subsequent to measurement date	12,891,890	6,124,883	19,016,773	27,749,026
TOTAL DEFERRED OUTFLOWS OF RESOURCES	26,459,404	16,853,366	43,312,770	53,238,642
LIABILITIES				
Accounts payable	5,590,919	13,438,796	19,029,715	2,166,921
Accrued liabilities	2,033,473	2,866,896	4,900,369	8,620,850
Contract retainages	610,086	-	610,086	-
Due to component units	2,871,186	-	2,871,186	-
Due to governmental entities	323,524	-	323,524	-
Customer deposits	652,817	11,100,336	11,753,153	-
Deferred revenue	51,573,613	12,130,491	63,704,104	27,466
Liabilities payable from restricted assets:				
Matured warrants payable	-	5,165,000	5,165,000	-
Noncurrent liabilities				
Due within one year	4,931,077	212,085	5,143,162	4,470,135
Net other postemployment benefit obligation	-	-	-	-
Due in more than one year	180,689,864	255,226,648	435,916,512	330,956,586
TOTAL LIABILITIES	249,276,559	300,140,252	549,416,811	346,241,958
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	18,230,000
Lease related	1,783,655		1,783,655	-
Net difference between projected and actual earnings on OPEB plan investments	24,573,140	9,732,654	34,305,794	41,982,961
Net difference between projected and actual earnings on pension plan investments	7,657,223	6,225,967	13,883,190	27,768,000
TOTAL DEFERRED INFLOWS OF RESOURCES	34,014,018	15,958,621	49,972,639	87,980,961
NET POSITION				
Net investment in capital assets	68,734,208	260,360,162	329,094,370	(40,245,947)
Restricted for:				
Highways and Streets	258,882	-	258,882	-
Debt service	-	19,744,950	19,744,950	-
Other	4,858,092	-	4,858,092	-
Perpetual care:				
Expendable	-	-	-	-
Nonexpendable	1,417,994	-	1,417,994	-
Unrestricted	(80,009,846)	26,759,813	(53,250,033)	(18,194,141)
TOTAL NET POSITION	\$ (4,740,670)	\$ 306,864,925	\$ 302,124,255	\$ (58,440,088)

City of Decatur
Statement of Activities

For the Year Ended September 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET REVENUE (EXPENSE) & CHANGES IN NET ASSETS											
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS								
PRIMARY GOVERNMENT																
GOVERNMENTAL ACTIVITIES																
General government	\$ 9,041,026	\$ 8,204,274	\$ -	\$ 529,898	\$ (306,854)	\$ -	\$ (306,854)	\$ -	\$ -							
Public safety	28,248,293	2,380,924	81,883	-	(25,785,486)	-	(25,785,486)	-	-							
Public works	10,238,921	4,917,476	853,458	97,551	(4,370,436)	-	(4,370,436)	-	-							
Public services	11,268,150	743,464	97,288	252,680	(10,174,718)	-	(10,174,718)	-	-							
Educational assistance	27,631,709	-	-	-	(27,631,709)	-	(27,631,709)	-	-							
Community development	2,420,240	-	1,668,125	6,279,283	5,527,168	-	5,527,168	-	-							
Community service contracts	3,393,276	-	-	-	(3,393,276)	-	(3,393,276)	-	-							
Interest on long-term debt	1,169,828	-	-	-	(1,169,828)	-	(1,169,828)	-	-							
Unallocated depreciation	1,480,489	-	-	-	(1,480,489)	-	(1,480,489)	-	-							
TOTAL GOVERNMENTAL ACTIVITIES	94,891,932	16,246,138	2,700,754	7,159,412	(68,785,628)	-	(68,785,628)	-	-							
BUSINESS-TYPE ACTIVITIES																
Municipal Utilities Board	152,877,786	164,224,211	-	730,767	-	12,077,192	12,077,192	-	-							
Point Mallard	5,483,738	5,144,403	-	-	-	(339,335)	(339,335)	-	-							
Sanitary Landfill	5,769,116	7,825,856	-	-	-	2,056,740	2,056,740	-	-							
TOTAL BUSINESS-TYPE ACTIVITIES	164,130,640	177,194,470	-	730,767	-	13,794,597	13,794,597	-	-							
TOTAL PRIMARY GOVERNMENT	259,022,572	193,440,608	2,700,754	7,890,179	(68,785,628)	13,794,597	(54,991,031)	-	-							
COMPONENT UNIT																
Decatur City Board of Education	130,110,469	8,187,758	72,495,208	6,327,042	-	-	-	(43,100,461)	-							
TOTAL COMPONENT UNIT	\$ 130,110,469	\$ 8,187,758	\$ 72,495,208	\$ 6,327,042	-	-	-	(43,100,461)	-							
GENERAL REVENUES																
Sales & use taxes					61,120,053	-	61,120,053	25,649,658								
Property taxes and payments in lieu of taxes					21,772,067	-	21,772,067	20,472,017								
Other taxes					12,494,430	-	12,494,430	986,544								
Interest on investments					(998,910)	2,061,311	1,062,401	1,200,822								
Other					579,096	96,700	675,796	4,383,240								
Extraordinary item					1,605,911	9,272,861	10,878,772									
Transfers					1,014,611	(1,014,611)	-	-								
TOTAL GENERAL REVENUES & TRANSFERS					97,587,258	10,416,261	108,003,519	52,692,281								
CHANGE IN NET POSITION																
Net position, beginning					28,801,630	24,210,858	53,012,488	9,591,820								
NET POSITION, ENDING					\$ (4,740,670)	\$ 306,864,925	\$ 302,124,255	\$ (58,440,088)								

City of Decatur
Governmental Funds
Balance Sheet
September 30, 2022

	General Fund	School Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash & investments	\$ 47,359,172	\$ 1,410,979	\$ 62,928,502	\$ 19,320,012	\$ 131,018,665
Cash with fiscal agents	3,038,157	-	-	608,364	3,646,521
Investments	-	-	-	-	-
Receivables (net of allowances)					
Accounts	645,417	683	-	64,164	710,264
Taxes	4,612,633	1,289,823	-	52,508	5,954,964
Leases	1,829,088	-	-	-	1,829,088
Due from other funds	1,314,925	21,365	-	80,570	1,416,860
Due from component units	-	-	-	-	-
Due from governmental entities	506,415	148,732	400,000	2,935,479	3,990,626
Deposits	71,405	-	-	17,005	88,410
Prepays	111,455	-	-	1,075	112,530
Inventories	80,345	-	-	-	80,345
Total assets	59,569,012	2,871,582	63,328,502	23,079,177	148,848,273
Deferred Outflows of Resources					
Liabilities					
Accounts payable	1,886,715	396	796,100	2,907,708	5,590,919
Accrued liabilities	1,514,811	-	-	35,326	1,550,137
Contract retainages	20,000	-	23,838	566,248	610,086
Due to other funds	410,735	-	-	737,772	1,148,507
Due to component units	-	2,871,186	-	-	2,871,186
Due to governmental entities	12,830	-	29,568	281,126	323,524
Customer deposits	652,817	-	-	-	652,817
Other	-	-	-	-	-
Total liabilities	4,497,908	2,871,582	849,506	4,528,180	12,747,176
Deferred Inflows of Resources					
Unavailable revenue	543,635	-	40,994,089	13,434,023	54,971,747
Lease related	1,783,655	-	-	-	1,783,655
Total deferred inflows of resources	2,327,290	-	40,994,089	13,434,023	56,755,402
Fund balance					
Nonspendable	237,233	-	-	1,419,069	1,656,302
Restricted	1,547	-	-	2,770,655	2,772,202
Committed	28,498,202	-	21,484,907	2,877,458	52,860,567
Unassigned	24,006,832	-	-	(1,950,208)	22,056,624
Total fund balance	52,743,814	-	21,484,907	5,116,974	79,345,695
Total liabilities, deferred inflows and fund balance	\$ 59,569,012	\$ 2,871,582	\$ 63,328,502	\$ 23,079,177	

The accompanying notes are an integral part of this statement.

City of Decatur
 Governmental Funds
 Reconciliation of the Balance Sheet to the Statement of Net Position
 September 30, 2022

Total fund balance per Governmental Funds Balances Sheet	\$ 79,345,695
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets and right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	104,390,737
Other long-term receivables are not available for current-period expenditures and, therefore, are deferred inflows in the funds.	3,398,134
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the funds	(43,351,848)
The deferred outflows of resources, deferred inflows of resources, and the net other post employment benefits liability related to the City's other post retirement plans are not expected to be liquidated with expendable financial resources and therefore, are not reported in the funds.	(87,504,602)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(61,018,786)</u>
Net position of governmental activities	<u>\$ (4,740,670)</u>

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes In Fund Balance
For the Year Ended September 30, 2022

	General Fund	School Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Sales & use taxes	\$ 46,280,834	\$ 14,839,218	\$ -	\$ -	\$ 61,120,052
Property taxes	4,462,028	10,883,794	-	-	15,345,822
Other taxes	9,612,835	1,522,532	-	596,414	11,731,781
Licenses & permits	8,334,558	-	-	-	8,334,558
Fines & forfeitures	583,206	-	-	402,931	986,137
Revenues from money & property	(913,054)	-	41,419	203,968	(667,667)
Charges for services	6,133,091	-	-	-	6,133,091
Intergovernmental	6,339,146	606,051	488,032	8,818,285	16,251,514
Gifts & donations	98,338	-	50,000	-	148,338
Other revenues	590,848	-	1,605,911	391,367	2,588,126
Total revenues	81,521,830	27,851,595	2,185,362	10,412,965	121,971,752
Expenditures					
Current					
General government	15,731,609	-	1,466,563	1,122,238	18,320,410
Public safety	29,413,519	-	-	286,124	29,699,643
Public works	9,263,527	-	1,638,224	1,931,305	12,833,056
Public services	9,875,268	-	583,240	271,482	10,729,990
Educational assistance	-	27,631,709	-	-	27,631,709
Community services contracts	3,173,389	219,887	-	-	3,393,276
Community development	680,240	-	-	8,026,281	8,706,521
Debt service					
Principal	4,519,004	-	-	901,243	5,420,247
Interest and fiscal charges	847,178	-	-	147,836	995,014
Debt issuance costs	-	-	242,575	-	242,575
Total expenditures	73,503,734	27,851,596	3,930,602	12,686,509	117,972,441
Excess (deficiency) of revenues over expenditures	8,018,096	(1)	(1,745,240)	(2,273,544)	3,999,311
Other Financing Sources (Uses)					
Lease proceeds	32,039	-	-	-	32,039
General obligation warrants issued	-	-	18,185,000	-	18,185,000
Premium on debt issued	-	-	2,066,675	-	2,066,675
Discount on debt issued	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-
Transfers in	300,003	-	3,339,407	1,955,696	5,595,106
Transfers (out)	(4,242,640)	-	(270,150)	(31,508)	(4,544,298)
Total other financing (uses) sources	(3,910,598)		23,320,932	1,924,188	21,334,522
Net change in fund balance	4,107,498	(1)	21,575,692	(349,356)	25,333,833
Fund balance, beginning	48,636,316	1	(90,785)	5,466,330	54,011,862
Fund balance, ending	\$ 52,743,814	\$ -	\$ 21,484,907	\$ 5,116,974	\$ 79,345,695

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, 2020

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

Net change in fund balances - total governmental funds	\$ 25,333,833
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense.	9,556,792
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.	(262,818)
Revenues in the statement of activities that do not provide current financial resources	610,094
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.	(14,874,706)
Other expenses reported in the Statement of Activities that do not require current financial resources.	<u>8,438,435</u>
Change In Net Position Of Governmental Activities	<u><u>\$ 28,801,630</u></u>

City of Decatur
 Governmental Funds
 Statement of Revenues, Expenditures and Changes In Fund Balance - Budget & Actual
 For the Year Ended September 30, 2022

	General Fund					School Fund				
	Budget			Variance with Final Budget		Original Budget			Variance with Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)		Final Budget	Actual Amounts	Positive (Negative)		
Revenues										
Taxes and payments in lieu of taxes	\$ 51,774,150	\$ 51,816,650	\$ 60,355,697	\$ 8,539,047		\$ 22,130,460	\$ 22,130,460	\$ 27,851,595	\$ 5,721,135	
Licenses and permits	7,188,100	7,188,100	8,334,558	1,146,458		-	-	-	-	
Fines and forfeitures	318,800	318,800	583,206	264,406		-	-	-	-	
Revenues from money and property	1,060,700	1,060,700	(913,054)	(1,973,754)		-	-	-	-	
Charges for services	5,812,668	5,812,668	6,133,091	320,423		-	-	-	-	
Intergovernmental	5,724,424	5,724,424	6,339,146	614,722		-	-	-	-	
Gifts and donations	10,000	67,500	98,338	30,838		-	-	-	-	
Other revenues	229,500	229,500	590,848	361,348		-	-	-	-	
Total revenues	72,118,342	72,218,342	81,521,830	9,303,488		22,130,460	22,130,460	27,851,595	5,721,135	
Expenditures										
Current										
General government	15,356,511	16,442,001	15,731,609	710,392		-	-	-	-	
Public safety	29,688,325	33,505,233	29,413,519	4,091,714		-	-	-	-	
Public works	6,970,913	13,591,867	9,263,527	4,328,340		-	-	-	-	
Public services	9,916,282	12,662,701	9,875,268	2,787,433		-	-	-	-	
Educationalal assistance	-	-	-	-		22,130,460	22,130,460	27,631,709	(5,501,249)	
Community services contracts	2,746,480	2,799,480	3,173,389	(373,909)		-	-	219,887	(219,887)	
Community development	711,245	758,178	680,240	77,938		-	-	-	-	
Debt service										
Principal	5,048,520	4,878,485	4,519,004	359,481		-	-	-	-	
Interest	601,630	848,618	847,178	1,440		-	-	-	-	
Total expenditures	71,039,906	85,486,563	73,503,734	11,982,829		22,130,460	22,130,460	27,851,596	(5,721,136)	
Excess of revenues over expenditures	1,078,436	(13,268,221)	8,018,096	21,286,317		-	-	(1)	1	
Other Financing Sources (Uses)										
Capital lease proceeds	-	-	-	-		-	-	-	-	
Long-term debt issued	-	-	-	-		-	-	-	-	
Transfers in	7,082	277,232	300,003	22,771		-	-	-	-	
Transfers out	(947,988)	(5,287,486)	(4,242,640)	1,044,846		-	-	-	-	
Total other financing sources (uses)	(940,906)	(5,010,254)	(3,942,637)	1,067,617		-	-	-	-	
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	137,530	(18,278,475)	4,075,459	22,353,934		-	-	(1)	1	
Fund balance, beginning	48,636,316	48,636,316	48,636,316	-		1	1	1	-	
Fund balance, ending	\$ 48,773,846	\$ 30,357,841	\$ 52,711,775	\$ 22,353,934		\$ 1	\$ 1	\$ 1	\$ 1	

The accompanying notes are an integral part of this statement.

City of Decatur
 Proprietary Funds
 Statement of Net Position
 September 30, 2022

	Municipal Utilities Board	Other Enterprise Funds	Totals
Assets			
Current assets			
Cash & cash equivalents	\$ 64,582,041	\$ 31,716,225	\$ 96,298,266
Receivables (net of allowance)			
Accounts	14,260,014	570,228	14,830,242
Other	1,490,839	-	1,490,839
Due from other funds	-	738,058	738,058
Prepaid items	-	11,625	11,625
Inventories, at cost	2,505,076	45,515	2,550,591
Other	269,402	-	269,402
Total current assets	83,107,372	33,081,651	116,189,023
Noncurrent assets			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	175,400,557	-	175,400,557
Capital assets:			
Land	3,071,923	1,546,730	4,618,653
Buildings	5,572,208	9,690,560	15,262,768
Improvements other than buildings	-	19,632,570	19,632,570
Furniture & equipment	-	8,210,180	8,210,180
Utility plant in service	481,498,084	-	481,498,084
Construction work in progress	19,704,210	1,299,552	21,003,762
Less accumulated depreciation	(205,723,169)	(28,975,585)	(234,698,754)
Total capital assets (net of accumulated depreciation)	304,123,256	11,404,007	315,527,263
TOTAL NONCURRENT ASSETS	479,523,813	11,404,007	490,927,820
Total assets	562,631,185	44,485,658	607,116,843
Deferred Outflows of Resources			
OPEB contribution	7,767,410	857,338	8,624,748
Pension contributions subsequent to measurement date	5,397,966	726,917	6,124,883
Deferred cost on refunding	2,103,735	-	2,103,735
Total deferred outflows of resources	15,269,111	1,584,255	16,853,366

Liabilities			
Current liabilities			
Accounts payable	13,167,819	270,977	13,438,796
Accrued liabilities	2,732,099	134,797	2,866,896
Compensated absences	112,791	24,294	137,085
Claims payable	-	75,000	75,000
Customer deposits	11,100,336	-	11,100,336
Revenue warrants payable - current	5,165,000	-	5,165,000
Due to other funds	1,006,411	-	1,006,411
 Total current liabilities	 45,414,947	 505,068	 45,920,015
 Noncurrent liabilities	 	 	
Landfill closure and post-closure care costs	-	4,539,776	4,539,776
Revenue notes payable	204,782,435	-	204,782,435
Compensated absences	1,015,122	218,638	1,233,760
Claims payable	-	75,000	75,000
Net pension liability	16,893,276	2,639,180	19,532,456
Net other postemployment benefit liability	20,464,522	4,598,699	25,063,221
 Total noncurrent liabilities	 243,155,355	 12,071,293	 255,226,648
 Total liabilities	 288,570,302	 12,576,361	 301,146,663
 Deferred Inflows of Resources			
 Related to settlement income	 0	 -	 -
Net difference between projected and actual earnings on OPEB plan investments	8,089,509	1,643,145	9,732,654
Net difference between projected and actual earnings on pension plan investments	5,780,024	445,943	6,225,967
 Total deferred inflows of resources	 13,869,533	 2,089,088	 15,958,621
 Net Position			
Net investment in capital assets	248,956,155	11,404,007	260,360,162
Restricted for debt service	19,744,950	-	19,744,950
Unrestricted	6,759,356	20,000,457	26,759,813
 Total net position	 \$ 275,460,461	 \$ 31,404,464	 \$ 306,864,925

City of Decatur
 Proprietary Funds
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Year Ended September 30, 2022

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating revenue			
Charges for services	\$ 164,224,211	\$ 12,970,259	\$ 177,194,470
Total operating revenue	<u>164,224,211</u>	<u>12,970,259</u>	<u>177,194,470</u>
Operating expenses			
Personnel, operations & maintenance	125,259,077	8,262,600	133,521,677
Closure and postclosure costs	-	280,884	280,884
Depreciation and amortization	13,570,519	1,927,680	15,498,199
Administrative costs	8,749,679	781,690	9,531,369
Total operating expenses	<u>147,579,275</u>	<u>11,252,854</u>	<u>158,832,129</u>
Operating income (loss)	<u>16,644,936</u>	<u>1,717,405</u>	<u>18,362,341</u>
Nonoperating revenue (expenses)			
Interest income	1,617,985	443,326	2,061,311
Interest expense	(5,298,511)	-	(5,298,511)
Gain (loss) on disposition of assets	-	44,244	44,244
Miscellaneous revenue (expense)	5,000	47,456	52,456
Total nonoperating revenue (expenses)	<u>(3,675,526)</u>	<u>535,026</u>	<u>(3,140,500)</u>
Income (loss) before contributions, transfers & special items	12,969,410	2,252,431	15,221,841
Capital contributions	730,767	-	730,767
Special item	5,929,438	3,343,423	9,272,861
Transfers in	36,197	8,176	44,373
Transfers (out)	(1,058,747)	(237)	(1,058,984)
Change in net position	18,607,065	5,603,793	24,210,858
Total net position, beginning	<u>256,853,396</u>	<u>25,800,671</u>	<u>282,654,067</u>
Total net position, ending	<u>\$ 275,460,461</u>	<u>\$ 31,404,464</u>	<u>\$ 306,864,925</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, 2022

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating activities			
Receipts from customers and users	\$162,734,091	\$ 13,123,686	\$ 175,857,777
Payments to suppliers	(102,623,724)	(5,429,194)	(108,052,918)
Payments to employees	(17,719,214)	(4,334,596)	(22,053,810)
Payments for interfund services	-	1,119	1,119
Net cash provided by operating activities	42,391,153	3,361,015	45,752,168
Noncapital financing activities			
Payments received from advances to other funds	-	129,372	129,372
Transfers in	36,197	8,176	44,373
Transfers (out)	(1,058,747)	(237)	(1,058,984)
Net cash provided by noncapital financing activities	(1,022,550)	137,311	(885,239)
Capital and related financing activities			
Acquisition and construction of capital assets	(30,597,398)	(1,194,347)	(31,791,745)
Proceeds from sale of capital assets	-	44,244	44,244
Proceeds from issuing warrants	-	-	-
Capital contributions	730,767	-	730,767
Principal payments on warrants	(5,119,999)	-	(5,119,999)
Interest paid on warrants	(5,342,334)	-	(5,342,334)
Extraordinary item	5,929,438	3,343,423	9,272,861
Net cash (used) by capital and related financing activities	(34,399,526)	2,193,320	(32,206,206)
Investing activities			
Decrease (increase) in restricted assets	7,002,125	-	7,002,125
Miscellaneous non-operating income	9,398	-	9,398
Interest received	1,613,589	443,326	2,056,915
Net cash provided (used) by investing activities	8,625,112	443,326	9,068,438
Net increase (decrease) in cash and cash equivalents	15,594,189	6,134,972	21,729,161
Cash and cash equivalents, beginning	48,987,852	25,581,253	74,569,105
Cash and cash equivalents, ending	\$ 64,582,041	\$ 31,716,225	\$ 96,298,266

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating income (loss)	\$ 16,644,936	\$ 1,717,405	\$ 18,362,341
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	13,570,519	1,927,680	15,498,199
Landfill postclosure costs	-	236,634	236,634
Miscellaneous item	-	47,459	47,459
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	(1,490,116)	107,087	(1,383,029)
Accounts payable	(1,895,084)	39,756	(1,855,328)
Claims payable	-	(50,000)	(50,000)
Inventory	(280,396)	(8,148)	(288,544)
Prepaid items	54,491	(4,714)	49,777
Due to (from) other funds	474,348	-	474,348
Accrued liabilities	-	10,418	10,418
Net pension liability	(242,946)	(631,893)	(874,839)
Net OPEB obligation	(1,856,430)	(30,669)	(1,887,099)
Customer deposits	(11,621)	-	(11,621)
Net cash provided by operating activities	\$ 42,391,153	\$ 3,361,015	\$ 45,752,168

City of Decatur
 Municipal Utilities Board
 Statement of Fiduciary Net Position - OPEB Plan
 September 30, 2022

	Municipal Utilities Board
Assets	
Cash & cash equivalents	\$ 370,332
Investments	
Equity	6,387,495
Balanced	278,203
Fixed	1,432,188
Other exchange products	<u>259,663</u>
Total investments	<u>8,357,549</u>
Net position available for benefits	8,727,881
Liabilities	<u>12,520</u>
Net position restricted for pensions	<u>\$ 8,715,361</u>

The accompanying notes are an integral part of this statement.

City of Decatur
 Municipal Utilities Board
 Statement of Changes in Fiduciary Net Position - OPEB Plan
 September 30, 2022

**Municipal
Utilities
Board**

Additions		
Contributions		
Employer	\$	1,793,240
Investment income		
Interest and dividend income		164,204
Realized gains (losses)		(55,568)
Net appreciation (loss) in fair value of investments		(981,017)
Total investment income		<hr/> <hr/> <hr/> (872,381)
Total additions		<hr/> <hr/> <hr/> 920,859
Deductions		
Benefit payments		1,761,260
Administrative expenses		42,579
Total deductions		<hr/> <hr/> <hr/> 1,803,839
Net change in fiduciary net position		(882,980)
Net position restricted for pensions		
Beginning of year		<hr/> 9,598,341
End of year	\$	<hr/> <hr/> <hr/> 8,715,361

NOTES TO THE FINANCIAL STATEMENTS



the City of OPPORTUNITY



Table of Contents

Note 1 – Summary of Significant Accounting Policies	33
A. Reporting Entity.....	.33
B. Government-wide and Fund Financial Statements34
C. Measurement Focus, Basis of Accounting and Basis of Presentation34
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance36
E. GASB Accounting Pronouncements.....	.40
Note 2 – Reconciliation of Government-Wide and Fund Financial Statements	42
A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.....	.42
B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities42
Note 3 - Stewardship, Compliance and Accountability.....	43
A. Budgetary Information.....	.43
B. Excess of Expenditures over Appropriations44
Note 4 – Detailed Notes on All Funds	44
A. Deposits and Investments.....	.45
B. Capital Assets.....	.50
C. Interfund Receivables, Payables and Transfers53
D. Leases55
E. Long-Term Debt57
F. Conduit Debt Obligations.....	.62
G. Fund Balance Constraints63
H. Tax Equivalents.....	.64
I. Closure and Postclosure Care Cost64
Note 5 – Other Information.....	64
A. Contingent Liabilities and Commitments.....	.64
B. Jointly Governed Organizations.....	.65
C. Related Organizations.....	.66
D. Pension Plans67
E. Other Post-Employment Benefit Plans.....	.81
F. Risk Financing Programs95
G. Tax Abatements.....	.96
H. Subsequent Events.....	.96

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies - Continued

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

Board of Education
302 Fourth Avenue Northeast
Decatur, Alabama 35601

Separate financial statements are not prepared for the Personnel Board.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies - Continued

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

The following are the City's major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the government, except those accounted for in another fund.
- The Capital Improvements Fund account for financial resources used to refund other G.O. Warrants held by the City and for future capital projects related to additional funding received from debt issued and settlement income directly committed to capital projects
- The School Fund accounts for the specific revenues that are for specific expenditures – which include sales and use tax, and the designated portion of the tobacco tax, general property tax, automotive tax, and tax-equivalent – Electric and Water departments.

The following are the City's major enterprise funds:

- The Municipal Utilities Board Fund accounts for the operations of the Municipal Utilities Board (commonly referred to as Decatur Utilities), which provides electricity, gas, water, and wastewater treatment to the City of Decatur and other regions. Decatur Utilities is managed by a three-member Board appointed by the City Council.

Additionally, the City reports the following fund types:

Governmental Funds:

- The Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects or permanent funds). Such funds are established when required by statute, charter provision, local ordinance, or executive decision to finance particular functions or activities.
- The Capital Projects Funds account for financial resources from bond proceeds and other sources which have been committed for future capital projects.
- The Permanent Fund accounts for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the City's programs.

Proprietary Funds:

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies - Continued

Fiduciary Funds:

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

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

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

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

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

Deposits and Investments

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

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

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

Investments are stated at fair value, generally based on quoted market prices, except for money market investments and U.S. Treasury obligations with original maturities greater than three months from the date of acquisition, which are reported at costs plus any accrued interest which approximates fair value.

Receivables and Payables

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies - Continued

Amounts receivable and payable from federal, state, county, and local governments are classified as "due from/to other governmental entities." The only individually significant amounts due from any single entity as of September 30, 2022, was \$592,921 due from Morgan County for various tax receivables and \$2,999,299 due from the State of Alabama through the Alabama Department of Transportation for reimbursement on various grant and other infrastructure projects.

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

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

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

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the purchases method to account for monthly medical insurance payments. The average monthly payment is \$454,106.

Capital Assets

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies - Continued

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

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

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

Building improvements	10-20 years
Buildings	20-40 years
Sidewalks, streets, and bridges	20-50 years
Traffic signals	15 years
Utility plants in service	40-50 years
Improvements:	
Pumping stations	50 years
Outfall lines	50 years
Land improvements	12-25 years
Surface lots	15-20 years
Furniture and equipment	3-12 years
Heavy Equipment	7-10 years
Greenways	15 years
Drainage systems	40 years
Motor vehicles	5 years

Compensated Absences

City employees may accumulate up to three-hundred and seventy (370) days of sick leave. Employees of the City who were employed by the City prior to January 1, 2013 and who have twenty-five (25) years of service or, who have reached sixty (60) years of age and have 10 years of service, are entitled to payment for one-half (1/2) of their accumulated sick leave upon retirement, not to exceed a maximum of 600 hours. Employees of the City hired after January 1, 2013 who have reached sixty-two (62) years of age (age 56 for certified full-time firefighter and law enforcement officer) and have 10 years of service credit are entitled to payment for one-half (1/2) of their accumulated sick leave upon retirement, not to exceed a maximum of 600 hours. The liability is calculated according to GASB Statement No. 16 using the termination payment method for governmental funds and the vesting method for proprietary funds. Vacation is accrued when incurred in proprietary funds and reported as a fund liability. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it only at the time they mature. Amounts not expected to be liquidated with expendable available financial resources are considered to be and are accrued as a long-term liability within the governmental activities of the government-wide statement of net assets and within the proprietary fund statement of net position. Compensated absences have been historically liquidated through the fund from which the employee is paid, which is primarily, the General Fund and the nonmajor proprietary funds of Pt. Mallard and Sanitary Landfill. All reimbursable leave is paid at the time of an employee's resignation or retirement.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies - Continued

Deferred Outflows/Inflows of Resources

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

Net Position

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

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

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

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

Fund Equity

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

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

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

Committed fund balance- Amounts committed by ordinance by the highest level of decision-making (City Council) cannot be used for any other purpose unless the highest level of decision-making (City Council) removes or changes the specified use by taking the same type of action imposing the commitment or by its language it expires. An ordinance and a resolution are equally binding to the City.

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies - Continued

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

Encumbrances-The City had outstanding purchase orders related to operating needs and contractual commitments as of September 30, 2021, which represent an encumbrance on resources at year-end, the most significant of which was \$2,554,693 within the General Fund. These encumbrances are already included in the classifications of net position and fund balances in the financial statements as of September 30, 2022.

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

The City Council has set a General Fund minimum fund balance target at 25% or 3 months of budgeted expenditures and resolves to maintain unassigned fund balance at a minimum of 10% of budgeted revenues. The policy of the City is at all times to maintain a minimum reserve of 3 months (90 days) General Fund operating expenditures and in addition maintain unassigned fund balance at a minimum of 10% of budgeted revenues. At fiscal year-end, there were sufficient funds to meet the reserve and exceed the requirement by more than \$20 million. The General Fund Operating Expenditure Reserve is classified as committed and can only be used in state of emergencies as declared by City Council and during revenue shortfall situations as defined by policy and determined by City Council.

E. GASB Accounting Pronouncements

Pronouncements effective for the 2022 Financial Statements:

In June 2017, the GASB issued Statement No. 87, Leases. This statement establishes accounting and financial reporting standards focused on certain lease liabilities that currently are not reported. Comparability of financial statements among governments will be enhanced by requiring lessees and lessors to report leases under a single model. Decision-usefulness will also be enhanced by requiring notes to financial statements related to the timing, significance, and purpose of leasing arrangements. This Statement is effective for fiscal years beginning after December 15, 2020. The City has adopted this statement in its 2022 Annual Comprehensive Financial Report.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The Statement establishes accounting requirements for interest cost incurred before the end of a construction period. It enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. This Statement is effective for reporting periods beginning after December 15, 2020. There was no impact of this pronouncement to the City's financial statements.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). This Statement is effective for fiscal years beginning after June 15, 2021. There was no impact of this pronouncement to the City's financial statements.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies - Continued

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement is effective for fiscal years beginning after June 15, 2021. There was no impact of this pronouncement to the City's financial statements.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for fiscal years beginning after June 15, 2021. There was no impact of this pronouncement to the City's financial statements.

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

The City plans to adopt GASB Statement No. 91, Conduit Debt Obligations, required for fiscal periods beginning after December 15, 2021, in fiscal 2023. This Statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

The City plans to adopt GASB Statement No. 93, Replacement of Interbank Offered Rates, required for fiscal periods beginning after December 15, 2021, in fiscal 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of Interbank Offered Rates (IBORs).

The City plans to adopt GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, required for fiscal periods beginning after June 15, 2022, in fiscal 2023. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements.

The City plans to adopt GASB Statement No. 96, Subscription-Based Information Technology Arrangements, required for fiscal periods beginning after June 15, 2022, in fiscal 2023. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements to governments.

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

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

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

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

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$61,018,786 difference are as follows:

Warrants Payable	\$ 56,265,125
Capital lease payable	452,430
Accrued interest payable	483,336
Compensated absences	3,024,484
Claims Payable	<u>793,411</u>
	<u>\$ 61,018,786</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$9,556,792 difference are as follows:

Capital outlay	\$ 17,245,614
Capital contributions	97,105
Depreciation expense on capital assets	(7,455,965)
Amortization expense on right to use leased assets	(293,765)
Transfers out of capital assets to Business-Type Activities	<u>(36,197)</u>
	<u>\$ 9,556,792</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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$14,874,706 difference are as follows:

Debt issued or incurred:	
General Obligation Refunding debt	\$ (18,185,000)
Lease obligations	(32,039)
Principal repayments:	
General obligation debt	5,130,181
Lease obligations	290,066
Deferral of premiums	(2,066,675)
Amortization of premium, discounts, and refunding loss	<u>(11,239)</u>
	<u>\$ (14,874,706)</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

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

Another element of that reconciliation states that "other expenses reported in the statement of activities that do not require current financial resources." The detail of this \$8,438,435 difference is as follows:

Compensated absences	\$ (505,767)
Claims	413,919
Accrued interest	(163,575)
Net pension obligation	(956,753)
Other postemployment expenses	<u>9,650,611</u>
	<u>\$ 8,438,435</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
2019 Gas Tax Fund
School Fund
Personnel Board Fund
Heritage Trust Fund
Docket Fees Fund
Room Occupancy Fund
Corrections Fund
Drug Seizure Fund

Governmental Funds Not Annually-Budgeted

Special Revenue Funds

Community Development Fund

Capital Projects Funds

Capital Improvement Fund
Sewer Fund
2016 Capital Improvements Fund

Permanent Fund

Perpetual Care Fund

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

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 3 - Stewardship, Compliance and Accountability – Continued

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.

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, 2022:

General Fund – General Government Function	
Purchasing – Personnel Services	\$ 2,810
Information services – Personnel Services	20,524
Miscellaneous - Other	940,239
General Fund – Public Safety Function	
Police – Operating Expenses	\$ 30,080
General Fund – Community Service Contracts	
Decatur Convention and Visitors' Bureau	\$373,909

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds

A. Deposits and Investments

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

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

The City has an established investment policy in line with state legal requirements including but not limited to Alabama Code Sections 11-81-19, 11-81-20 and 11-81-21 ("Investment Statutes") and Title 41, Chapter 14A of the Code of Alabama ("Safe Act"). The policy is reviewed on an ongoing basis by an investment committee consisting of the Chief Financial Officer, the City Clerk, the Mayor and two (2) members of Council to ensure it addresses the needs and risks of the City. The policy sets limits by instrument and issuer (within instrument) and establishes a diversified investment strategy, and minimum credit quality.

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

Cash and deposits	\$ 384,219,262
Certificates of deposit	6,978,303
Money market mutual funds	<u>123,119</u>
 Total cash & cash equivalents	 391,320,684
 US Government Guaranteed Small Business Investment Companies	 9,926,554
US Government Guaranteed Small Business Administration Obligations	<u>5,116,771</u>
Total Fixed income investments	<u>15,043,325</u>
Total	\$ <u>406,364,009</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

Per Governmental Funds Balance Sheet		
Cash and investments		131,018,665
Cash with fiscal agents		3,646,521
		<u>134,665,186</u>

Per Proprietary Funds Statement of Net Position		
Cash and investments		96,298,266
Restricted cash for debt service		175,400,557
		<u>271,698,823</u>
Total		<u>\$ 406,364,009</u>

Component Unit

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

Investments

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

Interest rate risk

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

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

	<u>Fair Value</u>	<u>Percent of Total</u>
Less than five years	\$ 1,671,081	11.11%
Five to ten years	7,668,943	50.98%
Ten to twenty years	1,350,367	8.98%
Twenty to thirty years	4,352,934	28.94%
	<u>\$ 15,043,325</u>	<u>100.00%</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

Credit risk

As described above, state law limits the kind of investments the City can make. The City has made no further laws in addition to state law related to investments allowed. The City's policies are designed to maximize investment earnings, while protecting the security of principal and providing adequate liquidity, in accordance with all applicable state laws. The Board of Education currently holds no deposits or other investments.

Custodial credit risk

The City requires all bank deposits, which includes USTO money market funds held by banks, be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE Program, which was the case for all bank deposits as of September 30, 2020, except for minor cash deposits and cash on hand. The SAFE Program is administered by the State Treasurer, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law. Also, the deposits with banks complied with state investment policies.

The Board of Education's investment policy limits the custodial credit risk by only investing in U.S. Government obligations and certificates of deposit.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumption about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable inputs requires judgment by City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment or liability.

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

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

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

Asset types allowable per the City's investment policy generally fall within hierarchy level 1 and 2. The City recorded its investments at fair value, and primarily uses the Market Approach to valuing each security.

As of September 30, 2022, the city had the following investments:

Investment Vehicle	Fair Value	Fair Value Hierarchy	Credit Quality
US Government Debt:			
US Government Guaranteed Small Business Investment Companies	\$ 9,926,554	2	N/A
US Government Guaranteed Small Business Administration Obligations	<u>5,116,771</u>	2	N/A
	<u><u>\$ 15,043,325</u></u>		

(THIS SECTION INTENTIONALLY LEFT BLANK)

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

As of September 30, 2022, the Municipal Utilities Board's OPEB Trust had the following investments:

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

Fair Value

Investments in money market funds and non-negotiable certificates of deposit are exempt from fair value hierarchy disclosures per paragraph 69.c. of GASB Statement 72, Fair Value Measurement and Application, and are valued at the City's cost and any accrued interest on these investments.

(THIS SECTION INTENTIONALLY LEFT BLANK)

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

B. Capital Assets

Capital asset activity for governmental activities for the year ended September 30, 2022 was as follows:

	Balance			Transfers In/ (Transfers Out)		Balance	
	September 30, 2021	Additions	Deletions			September 30, 2022	
<u>Governmental Activities:</u>							
Capital assets, not being depreciated:							
Land	\$ 16,058,804	\$ 1,829,467	\$ (46,377)	\$ -	\$ 17,841,894		
Construction in progress	10,516,752	11,435,219	(71,567)	(3,668,500)	18,211,904		
Total capital assets, not being depreciated	26,575,556	13,264,686	(117,944)	(3,668,500)	36,053,798		
Capital assets, being depreciated:							
Building and improvements	48,635,476	475,655	(233,752)	3,627,833	52,505,212		
Land improvements	29,663,084	774,292	(391,574)	-	30,045,802		
Furniture, equipment, and other	34,877,189	2,429,343	(834,202)	(835,436)	35,636,894		
Infrastructure	117,812,447	366,704	-	-	118,179,151		
Total capital assets, being depreciated	230,988,196	4,045,994	(1,459,528)	2,792,397	236,367,059		
Less accumulated depreciation for:							
Building and improvements	(31,285,157)	(1,133,629)	199,671	-	(32,219,115)		
Land improvements	(20,815,719)	(1,008,599)	280,782	-	(21,543,536)		
Furniture, equipment, and other	(23,931,722)	(2,853,319)	834,202	559,937	(25,390,902)		
Infrastructure	(86,853,950)	(2,460,418)	-	-	(89,314,368)		
Total accumulated depreciation	(162,886,548)	(7,455,965)	1,314,655	559,937	(168,467,921)		
Total capital assets, being depreciated, net	68,101,648	(3,409,971)	(144,873)	3,352,334	67,899,138		
Governmental activities capital assets, net	\$ 94,677,204	\$ 9,854,715	\$ (262,817)	\$ (316,166)	\$ 103,952,936		

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

Capital asset activity for business-type activities for the year ended September 30, 2022 was as follows:

	Balance			Transfers In/ (Transfers Out)		Balance	
	September 30, 2021	Additions	Deletions			September 30, 2022	
<u>Business-Type Activities:</u>							
Capital assets, not being depreciated:							
Land	\$ 4,568,653	\$ -	\$ -	\$ 50,000		\$ 4,618,653	
Construction in progress	11,992,122	63,376,240	(54,314,601)	(50,000)		21,003,761	
Total capital assets, not being depreciated	16,560,775	63,376,240	(54,314,601)	-		25,622,414	
Capital assets, being depreciated:							
Buildings and improvements	34,959,383	84,427	(148,473)	-		34,895,337	
Furniture, equipment and other	9,737,183	-	(1,527,000)	-		8,210,183	
Utility plant-in-service	463,005,311	22,780,129	(4,287,356)	-		481,498,084	
Total capital assets, being depreciated	507,701,877	22,864,556	(5,962,829)	-		524,603,604	
Less accumulated depreciation for:							
Buildings and improvements	(22,122,797)	(1,186,599)	56,167	-		(23,253,229)	
Furniture, equipment and other	(6,508,276)	(741,081)	1,527,000	-		(5,722,357)	
Utility plant-in-service	(196,397,862)	(13,570,519)	4,245,212	-		(205,723,169)	
Total accumulated depreciation	(225,028,935)	(15,498,199)	5,828,379	-		(234,698,755)	
Total capital assets, being depreciated, net	282,672,942	7,366,357	(134,450)	-		289,904,849	
Business-Type activities capital assets, net	\$ 299,233,717	\$ 70,742,597	\$ (54,449,051)	\$ -		\$ 315,527,263	

Depreciation expense of \$1,480,489 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 governmental	\$ 677,035
Public Safety	1,853,828
Public Works	1,754,276
Public Services	1,690,337
 Total allocated depreciation expense - governmental activities	5,975,476
 Total unallocated depreciation expense - governmental activities	1,480,489
 Total depreciation expense - governmental activities	7,455,965

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

Business-type Activities:

Municipal Utilities Board Fund	\$ 13,570,519
Sanitary Landfill Fund	1,268,832
Point Mallard Fund	<u>658,848</u>
Total depreciation expense - business-type activities	<u>\$ 15,498,199</u>

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2022 was as follows:

	Balance				Transfers In/ (Transfers Out)	September 30, 2022
	September 30, 2021	Additions	Deletions			
Capital assets, not being depreciated:						
Land	\$ 9,878,009	\$ -	\$ -	\$ -		\$ 9,878,009
Construction in progress	11,627,473	3,433,400	(11,410,736)	-		3,650,137
Total capital assets, not being depreciated	21,505,482	3,433,400	(11,410,736)	-		13,528,146
Capital assets, being depreciated:						
Buildings and improvements	213,803,574	14,073,534	-	-		227,877,108
Furniture, equipment and other	14,940,824	1,796,920	(965,223)	-		15,772,521
Total capital assets, being depreciated	228,744,398	15,870,454	(965,223)	-		243,649,629
Less accumulated depreciation for:	(78,818,714)	(7,188,177)	964,699	-		(85,042,192)
Total capital assets, being depreciated, net	149,925,684	8,682,277	(524)	-		158,607,437
Component Unit capital assets, net	\$ 171,431,166	\$ 12,115,677	\$ (11,411,260)	\$ -		\$ 172,135,583

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

A summary of leased assets for Governmental Activities for the fiscal year ended September 30, 2022 is as follows:

	Balance September 30, 2021	Additions	Deletions	Balance September 30, 2022
<u>Governmental Activities:</u>				
Leased Assets:				
Right to use asset - Buildings	\$ 419,558	\$ 22,623	\$ -	\$ 442,181
Right to use asset - Equipment	<u>279,969</u>	<u>9,416</u>	<u>-</u>	<u>289,385</u>
	699,527	32,039	-	731,566
Less Accumulated Amortization:				
Right to use asset - Buildings	- (124,999)	-	-	(124,999)
Right to use asset - Equipment	<u>- (168,766)</u>	<u>-</u>	<u>-</u>	<u>(168,766)</u>
	- (293,765)	-	-	(293,765)
Total leased assets	<u>\$ 699,527</u>	<u>\$ (261,726)</u>	<u>\$ -</u>	<u>\$ 437,801</u>

Amortization expense was charged to governmental functions as follows:

<u>Governmental Activities:</u>	
General governmental	\$ 125,784
Public Services	<u>167,981</u>
Total amortization expense - governmental activities	<u>\$ 293,765</u>

A summary of leased assets for the discretely presented component unit, Board of Education for the year ended September 30, 2022 was as follows:

	Balance September 30, 2021	Additions	Deletions	Balance September 30, 2022
Leased Assets:				
Right to use asset - Equipment	\$ -	\$ 850,607	\$ -	\$ 850,607
	- 850,607	-	-	850,607
Less Accumulated Amortization:				
Right to use asset - Equipment	- (70,884)	-	-	(70,884)
	- (70,884)	-	-	(70,884)
Total leased assets	<u>\$ -</u>	<u>\$ 779,723</u>	<u>\$ -</u>	<u>\$ 779,723</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2022 is as follows:

Due To/From Other Funds

	Due To:					Total Due From
	General Fund	School Fund	Non-major Government	Non-major Enterprise		
General Fund	\$ -	\$ -	\$ -	\$ 410,735	\$ 410,735	
Municipal Utilities Board	904,476	21,365	80,570	-	-	1,006,411
Non-Major Government	<u>410,449</u>	<u>-</u>	<u>-</u>	<u>327,323</u>	<u>737,772</u>	
Total Due To	<u>\$ 1,314,925</u>	<u>\$ 21,365</u>	<u>\$ 80,570</u>	<u>\$ 738,058</u>	<u>\$ 2,154,918</u>	

\$409,154 of the balance due to the general fund and \$327,323 of the balance due to non-major proprietary funds from non-major governmental funds resulted from advances made for the construction of Ingalls Harbor Pavilion.

\$410,735 of the balance due to the non-major proprietary funds from the general fund resulted from an advance made for turf at the Jack Allen Recreational Complex.

Transfers In/Out

	Transfers To:					Total Out
	General Fund	Capital Improvements Fund	Non-major Government	Non-major Enterprise		
General Fund	\$ -	-	-	-	-	
Capital Improvement Fund	-	270,150	-	-	-	
Municipal Utilities Board	-	-	-	-	-	
Non-Major Government	-	29,853	-	-	-	
Non-Major Proprietary	-	-	-	-	-	
Total In	\$ 300,003	-	-	-	-	

Transfers have been used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations during the current year. During the year, \$36,197 of capital assets were transferred from Governmental Activities to the Municipal Utilities Board which have not been shown in the above schedule. The due to/from balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

City of Decatur

Notes to the Financial Statements

September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

Due To/From Primary Government and Component Units:

		Due To:	
		Component Unit	
		Board of Education	Total In
Due	Primary Government-School Fund	\$ 2,871,186	\$ 2,871,186
	Total Out	\$ 2,871,186	\$ 2,871,186

D. Leases

Lessee

The City is a lessee for several leases of land, equipment, and office space (buildings). The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of the lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease-related amortization expense of approximately \$296,765 was recorded in fiscal year 2022.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. Lease-related interest expense under all leases totaled approximately \$27,841 for the fiscal year ended September 30, 2022. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Governmental Activities:	Principal	Interest
2023	\$ 244,290	\$ 20,721
2024	124,723	5,203
2025	83,417	1,314
Total governmental activities	\$ 452,430	\$ 27,238

:

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

Board of Education

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

	Principal	Interest
2023	\$ 204	\$ 22
2024	211	16
2025	218	8
2026	151	1
Total	<u>\$ 784</u>	<u>\$ 47</u>

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

Lessor

The City is a lessor for several leases of office space, building, property/land, and cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City, initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. For the current fiscal year, the City recognized approximately \$148,801 in lease revenue and approximately \$57,404 in lease related interest revenue.

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

(THIS SECTION INTENTIONALLY LEFT BLANK)

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. The value of future minimum installment purchase payments as of September 30, 2022, is as follows (in thousands):

Primary Government			
<u>Governmental Activities:</u>		<u>Principal</u>	<u>Interest</u>
2023		\$ 154,963	\$ 57,166
2024		164,737	51,987
2025		151,917	46,607
2026		129,094	42,225
2027		138,579	37,889
2028-2032		520,192	124,596
2033-2037		258,378	72,779
2038-2042		245,544	27,523
2043-2047		65,684	3,067
Total governmental activities		<u>\$ 1,829,088</u>	<u>\$ 463,839</u>

E. Long-Term Debt

General Obligation Warrants

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

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

Source of Repayment of Long-Term Debt

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

Type of Debt	Paid From	Resources Provided By
<u>Governmental Activities:</u>		
G.O. warrants - major capital facilities	General Fund Room Occupancy	General Fund Room Occupancy
G.O. warrants- infrastructure and economic development	General Fund Sewer Fund	General Fund Sewer Fund
<u>Business-Type Activities:</u>		
Revenue warrants	Municipal Utilities Board Fund	Municipal Utilities Board Fund

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

Outstanding Debt

The amount of debt outstanding at September 30, 2022 was as follows:

Series	Face Amount in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
PRIMARY GOVERNMENT							
<u>Governmental activities:</u>							
G.O. Warrants - general purposes							
2016-A	\$ 21,630	5/12/2016	8/7/2022	2.0-3.0%	305-2,765	\$ 17,655	\$ 2,550
2016-B	5,140	11/2/2016	10/1/2036	2.0 - 3.0%	210-320	4,045	225
2021-Taxable Refunding	17,770	12/22/2020	10/1/2036	.26 - 1.82%	1,070-1,540	14,885	1,470
2021-B	16,150	12/7/2021	12/1/2046	3.0 - 4.0%	710-1,105	16,150	-
2021-C Taxable	<u>2,035</u>	<u>12/7/2021</u>	<u>12/1/2029</u>	<u>1.53 - 1.76%</u>	<u>665-690</u>	<u>2,035</u>	<u>-</u>
Total Governmental Activities	<u>\$ 62,725</u>					<u>\$ 54,770</u>	<u>\$ 4,245</u>
Series	Face Amount in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
Business-Type activities:							
Water System Revenue Warrants							
2020	\$ 9,375	11/5/2020	8/15/2033	.50-2.20%	703-823	\$ 8,307	\$ 705
2021	<u>8,405</u>	<u>2/17/2021</u>	<u>2/15/2051</u>	<u>2.125-4.0%</u>	<u>305-600</u>	<u>7,900</u>	<u>315</u>
	<u>\$ 17,780</u>					<u>\$ 16,207</u>	<u>\$ 1,020</u>
Wastewater System Revenue Warrants							
2019	25,655	8/15/2019	8/15/2033	2.0-3.5%	715 - 880	7,300	745
2020	64,445	11/5/2020	8/15/2033	.50-2.2%	715 - 880	22,733	1,930
2021-A	95,815	2/17/2021	2/15/1951	2.125-4.0%	130-10,305	63,775	135
2021-B	<u>4,758</u>	<u>2/17/2021</u>	<u>8/15/2033</u>	<u>2.125-4.0%</u>	<u>1,330-7,360</u>	<u>93,995</u>	<u>1,335</u>
	<u>\$ 190,673</u>					<u>\$ 187,803</u>	<u>\$ 4,145</u>
Total Business-Type Activities	<u>\$ 208,453</u>					<u>\$ 204,010</u>	<u>\$ 5,165</u>
Total Primary Government	<u>\$ 271,178</u>					<u>\$ 258,780</u>	<u>\$ 9,410</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

Discretely Presented Component Unit

Board of Education

Series	Face Amount		Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
	(in thousands)							
2010 QSCB	\$ 1,050		2010	9/1/2027	5.15%	1,050	\$ 1,050	\$ -
2011QZAB	5,000		2011	5/1/2026	4.60%	5,000	5,000	-
2013 BRAC	1,830		2013	6/1/2033	3.25-5.00%	82-533	1,349	82
Series 2013	30,325		2013	2/1/2035	2.75-5.00%	1,260-9,230	24,775	1,260
Series 2015	87,750		2015	2/1/2045	2.00-5.00%	980-6,535	83,360	980
2017 QZAB	1,750		2018	12/15/2027	0.00%	1,750	1,750	-
Series 2018	1,450		2018	2/1/2025	2.71	204-216	1,050	204
Series 2019	5,995		2020	2/1/2045	1.69 - 4.00%	165-1,575	5,995	165
Series 2020	<u>90,045</u>		2020	2/1/2045	1.57 - 3.03%	800-1,360	<u>90,045</u>	<u>800</u>
	<u>\$ 225,195</u>						<u>\$ 214,374</u>	<u>\$ 3,491</u>

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

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2022 are shown below. There is \$4,571,685 available in the Municipal Utilities Board Enterprise Fund to service the revenue warrants.

Primary Government <u>Governmental Activities:</u>	(thousands)	
	G.O. Warrants Principal	G.O. Warrants Interest
2023	\$ 4,245	\$ 1,207
2024	4,305	1,142
2025	4,370	1,074
2026	4,435	1,004
2027	4,510	930
2028-2032	13,200	3,848
2033-2037	9,175	2,285
2038-2042	4,925	1,219
2043-2047	5,605	424
Total governmental activities	<u>\$ 54,770</u>	<u>\$ 13,133</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

<u>Business-Type Activities:</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,165	\$ 5,252
2024	5,220	5,198
2025	5,285	5,134
2026	5,355	5,062
2027	5,445	4,976
2028-2032	28,805	23,280
2033-2037	32,145	19,944
2038-2042	36,435	15,655
2043-2047	41,550	10,539
2048-2051	38,605	3,060
Total business-type activities	<u>\$ 204,010</u>	<u>\$ 98,100</u>

Component Unit - Board of Education	(thousands)		(thousands)	
	<u>G.O. Warrants</u>	<u>Principal</u>	<u>Note Payable</u>	<u>Interest</u>
<u>Governmental Activities: Board of Education</u>				
2023	\$ 3,796	\$ 7,245	\$ 87	\$ 8
2024	3,937	7,099	89	6
2025	77,553	5,321	91	4
2026	8,999	3,546	93	2
2027	7,191	3,174	-	-
2028-2032	24,190	13,621	-	-
2033-2037	27,825	10,024	-	-
2038-2042	32,105	5,747	-	-
2043-2047	21,715	1,001	-	-
2048-2051	-	-	-	-
Total Governmental Activities - Comp. Unit	<u>\$ 207,312</u>	<u>\$ 56,778</u>	<u>\$ 360</u>	<u>\$ 20</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows (in thousands):

Primary Government

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
General obligation warrants	\$ 41,715	\$ 18,185	\$ (5,130)	\$ 54,770	\$ 4,245
Less amounts deferred for:					
Issue discounts & premiums	308	2,067	(85)	2,290	-
Total warrant, bonds, & notes	42,023	20,252	(5,215)	57,060	4,245
Leases	711	32	(290)	453	244
Compensated absences	2,519	775	(270)	3,024	302
Claims Payable	1,207	250	(664)	793	140
Net pension obligation	54,030	21,674	-	75,704	-
Net OPEB Liability	76,115	-	(27,528)	48,587	-
Governmental Activities Long-Term Liabilities	\$ 176,605	\$ 42,983	\$ (33,967)	\$ 185,621	\$ 4,931

<u>Business-Type activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Revenue warrants	\$ 209,130	\$ -	\$ (5,120)	\$ 204,010	\$ 5,165
Less amounts deferred for:					
Issue discounts & premiums	6,168	-	(231)	5,937	-
Total warrants	215,298	-	(5,351)	209,947	5,165
Landfill closure and postclosure	4,303	237	-	4,540	-
Compensated absences	1,315	375	(318)	1,372	137
Claims payable	200	-	(50)	150	75
Net pension obligation	26,251	-	(6,719)	19,532	-
Net OPEB Liability	21,872	3,191	-	25,063	-
Business-Type Activities Long-Term Liabilities	\$ 269,239	\$ 3,803	\$ (12,438)	\$ 260,604	\$ 5,377

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

Component Units – Board of Education

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental activities					
Revenue Warrants	\$ 121,364	\$ 96,040	\$ (2,501)	\$ 214,903	\$ 3,575
Issue discounts & premiums	3,575	101	(163)	3,513	163
Capitalized Leases	2,601	-	(494)	2,107	377
Net pension Liability	75,721	15,180	-	90,901	-
Net OPEB Liability	73,820	-	(37,426)	36,394	-
Governmental Activities Long-Term Liabilities	<u>\$ 277,081</u>	<u>\$ 111,321</u>	<u>\$ (40,584)</u>	<u>\$ 347,818</u>	<u>\$ 4,115</u>

F. Conduit Debt Obligations

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

As of September 30, 2022, there was one series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the outstanding issue was approximately \$74,600,000. The original issue amounts of these series totaled \$86,000,000.

(THIS SECTION INTENTIONALLY LEFT BLANK)

City of Decatur
Notes to the Financial Statements
September 30, 2022

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	Capital	Other		Total		
		Improvements	Governmental Funds				
Fund Balances:							
Nonspendable							
Inventory	\$ 80,345	\$ -	\$ -	\$ 80,345			
Prepaid	111,455	-	1,075	112,530			
Lease related	45,433	-	-	45,433			
Permanent Fund	-	-	1,417,994	1,417,994			
Total Nonspendable	237,233	-	1,419,069	1,656,302			
Restricted:							
Special Revenues	-	-	2,770,655	2,770,655			
Tri-Centennial	1,547	-	-	-	1,547		
Total Restricted	1,547	-	2,770,655	2,772,202			
Committed:							
OPEB Reserve	2,572,707	-	-	2,572,707			
Reserve Policy	21,038,962	-	-	21,038,962			
Water for Resale	695,437	-	-	695,437			
Sanitation	352,916	-	-	352,916			
Alley Fees	537,489	-	-	537,489			
Ingalls Rental Fees	90,785	-	-	90,785			
Room Occupancy Designation	409,154	-	-	409,154			
Encumbrances	2,554,693	-	-	2,554,693			
Capital Improvements	-	21,484,907	800,480	22,285,387			
Personnel Board	-	-	76,033	76,033			
Sewer Extension	-	-	1,255,496	1,255,496			
Other	246,059	-	745,449	991,508			
Total Committed	28,498,202	21,484,907	2,877,458	52,860,567			
Unassigned:	24,006,832	-	(1,950,208)	22,056,624			
Total Fund Balance:	\$ 52,743,814	\$ 21,484,907	\$ 5,116,974	\$ 79,345,695			

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 4 – Detailed Notes on All Funds – Continued

H. Tax Equivalents

The Municipal Utilities Board Fund is required to pay to the City a tax equivalent which is determined by applying the current property tax rates to the Utilities' net plant in service at the end of the preceding year. The amount of tax equivalents paid to the City by the Municipal Utilities Board Fund during 2022 was \$1,881,805 by the Electric System, \$527,440 by the Gas System, \$647,096 by the Water System and \$1,156,262 by the Wastewater System. These amounts are reported as intergovernmental revenue in the General Fund, the School Fund, and the Sewer Fund (a nonmajor governmental fund) of the City and as operating expenses in the financial statements of the Municipal Utility Board Enterprise Fund.

I. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will only be paid near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The total amount of \$4,539,776 reported for landfill closure and postclosure care liability at September 30, 2022 within the proprietary statement of net position, represents the cumulative amount reported to date based on the use of 55.62 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$2,432,304 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, 2022. The City expects to close the landfill in the year 2043. 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, 2022, 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, 2022. 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 (TVA). The rates for such purchases are subject to review periodically. Additionally, the Electric System has entered into a TVA agreement that allows customers to finance new and/or replacement HVAC units and repay on their monthly utility bill. DU serves as the collection agent for repayment of these loans. The outstanding balance of these loans receivable was \$5,640,090 and the outstanding balance due to TVA for collection of the loans was also \$5,640,090.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Occasionally, the Gas System enters into natural gas purchase commitments to purchase minimum volumes of gas at fixed prices for up to five years in advance. These futures can either be held for use in the contracted future month or cashed out at a profit and the proceeds used to reduce the cost of gas in future months. At September 30, 2022 contract commitments total \$2,060,000 for fiscal year 2023, \$2,423,950 for fiscal year 2024, \$2,489,100 for fiscal year 2025, and \$1,796,100 for fiscal year 2026.

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

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

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

Litigation

The City is a defendant in a number of claims and lawsuits. The outcome of these matters is uncertain as of the date of this report. The City Attorney estimates the total liability with respect to these claims and lawsuits that are not covered by insurance will not exceed \$500,000, \$200,000 and \$75,000 of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund and the Sanitary Landfill Fund, a nonmajor proprietary fund, respectively at September 30, 2022. \$225,000 of the remaining portion has been reported in the government-wide statement of net assets as noncurrent liabilities due in more than one year, with \$150,000 and \$75,000 being represented in the Governmental Activities and Business-Type Activities columns, respectively.

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

B. Jointly Governed Organizations

Joint Ventures

The City of Decatur is involved in three joint ventures:

Decatur- Morgan County Port Authority was incorporated in 1982 for the purpose of developing the port and industrial park located in Morgan County on the Tennessee River. The Authority has a five-member board, of which two members are appointed by the City and a third in conjunction with the County. There are no financial assets, liabilities or ongoing activity related to the authority during the year or at September 30, 2022.

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

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

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

Jointly Governed

Decatur-Morgan County Emergency Management Agency provides measures for the mobilization, organization, and direction of the civilian population and necessary support agencies to prevent, or minimize, the effect of fire, flood, earthquake and epidemic. The officers and employees of the City and Morgan County comprise the agency. The City provided \$35,000 in appropriations during the fiscal year ending September 30, 2022.

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

The Health Care Authority of Morgan County-Decatur operates the Decatur General health care facilities located on Seventh Street, Decatur, Alabama. The Authority is comprised of five directors who are jointly appointed by the governing bodies of the City of Decatur and Morgan County.

Morgan County Emergency Management Commission District is commonly known as 911. This seven-member board, of which the City Council appoints three members, manages the emergency phone service 911 along with other duties. The City of Decatur provided \$443,817 in appropriations during the fiscal year.

North Central Alabama Mental Health Board provides mental health and general welfare services to the citizens of North Alabama. The Board is comprised of nine members of whom three are appointed by the City Council. The City of Decatur provided \$30,000 in appropriations during the fiscal year.

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information – Continued

D. Pension Plans

The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

Plan Description

The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan, was established October 1, 1945, pursuant to the Code of Alabama 1975, Title 36, Chapter 27 (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The Code of Alabama 1975, Title 36, Chapter 27 grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 15 trustees as follows:

1. The Governor, ex officio.
2. The State Treasurer, ex officio.
3. The State Personnel Director, ex officio.
4. The State Director of Finance, ex officio.
5. Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6. Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - (a) Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - (b) Two vested active state employees.
 - (c) One full time employee of a participating municipality or city in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
 - (d) One full time employee of a participating county in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
 - (e) One full time employee or retiree of a participating employer in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
 - (f) One full time employee of a participating employer other than a municipality, city or county in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information – Continued

Benefits provided

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, the City's membership consisted of:

	City of Decatur	Municipal Utilities Board
Retired members of their beneficiaries currently receiving benefits	395	131
Vested inactive members	21	27
Non-vested inactive members	67	26
Active members	510	180
Post-DROP retired members still in active service	<u>1</u>	-
	<u>994</u>	<u>364</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information – Continued

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2022 (or other year-end if not September), the City's active employee contribution rate was 6.50% percent of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 13.69% percent of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2022, was 16.27% of pensionable pay for Tier 1 employees, and 14.51% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City and the Municipal Utilities Board were \$4,351,433 and \$1,857,012 for the year ended September 30, 2022.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information – Continued

Net Pension Liability

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020 rolled forward to September 30, 2021 using standard roll-forward techniques as shown in the following table:

City of Decatur

	Expected	Actual
(a) Total Pension Liability as of September 30, 2019	\$ 149,451,831	\$ 155,672,648
(b) Discount Rate	7.70%	7.45%
(c) Entry Age Normal Cost for October 1, 2019 - September 30, 2020	2,449,812	2,725,037
(d) Transfers Among Employees	-	198,929
(e) Actual Benefit Payments and Refunds for October 1, 2019 - September 30, 2020	<u>(9,701,166)</u>	<u>(9,701,166)</u>
(f) Total Pension Liability as of September 30, 2020 [(a) x (1 + (b))] +(c) + (d) + [(e) x 1+0.5* (b)))]	<u>\$ 153,334,773</u>	<u>\$ 160,131,691</u>
(g) Difference between expected and actual	\$ 6,796,918	
(h) Less Liability Transferred for Immediate Recognition	<u>(198,929)</u>	
(i) Experience (gain) / loss (g) - (h)	<u>\$ 6,597,989</u>	

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information – Continued

The Municipal Utility Board's (the "Board") net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020 rolled forward to September 30, 2021 using standard roll-forward techniques as shown in the following table:

Municipal Utilities	<u>Expected</u>	<u>Actual</u>
(a) Total Pension Liability		
as of September 30, 2020	\$ 60,887,058	\$ 58,019,774
(b) Discount Rate	7.70%	7.70%
(c) Entry Age Normal Cost for		
October 1, 2020 - September 30, 2021	910,080	910,080
(d) Transfers Among Employees	-	69,816
(e) Actual Benefit Payments and Refunds for		
October 1, 2020 - September 30, 2021	<u>(3,734,235)</u>	<u>(3,734,235)</u>
(f) Total Pension Liability		
as of September 30, 2021		
[(a) x (1 + (b))] +(c) + (d) + [(e) x 1+0.5* (b)))]	<u>\$ 62,607,438</u>	<u>\$ 59,589,190</u>
(g) Difference between expected and actual		
	\$	(3,018,248)
(h) Less Liability Transferred for Immediate Recognition		
		(69,816)
(i) Difference between expected and actual (g) - (h)		
	<u>\$</u>	<u>(3,088,064)</u>

Actuarial assumptions

The total pension liability in the September 30, 2021 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.75%
Salary increases	3.25% - 6.00%
Investment rate of return*	7.45%

*Net of pension plan investment expense

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information – Continued

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

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

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

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

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stock	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	<u>100.00%</u>	

*Includes assumed rate of inflation of 2.00%

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Discount rate

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

Changes in Net Pension Liability - City of Decatur

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a)-(b)
Balances at 09/30/2020	\$ 149,451,831	\$ 92,461,813	\$ 56,990,018
Changes for the year:			
Service cost	2,449,812	-	2,449,812
Interest	11,134,296	-	11,134,296
Changes of assumptions	5,766,327	-	5,766,327
Differences between expected and actual experience	831,663	-	831,663
Contributions - employer	-	3,947,956	(3,947,956)
Contributions - employee	-	1,874,466	(1,874,466)
Net investment income	-	20,123,999	(20,123,999)
Benefit payments, including refunds of employee contributions	(9,701,166)	(9,701,166)	-
Administrative expense	-	-	-
Transfers among Employers	198,929	198,929	-
Net changes	\$ 10,679,861	\$ 16,444,184	\$ (5,764,323)
Balances at 9/30/2021	<u>\$ 160,131,692</u>	<u>\$ 108,905,997</u>	<u>\$ 51,225,695</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Changes in Net Pension Liability - Municipal Utilities Board

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a)-(b)
	\$ 60,887,058	\$ 37,596,524	\$ 23,290,534
Balances at 09/30/2020			
Changes for the year:			
Service cost	910,080	-	910,080
Interest	4,544,535	-	4,544,535
Changes of assumptions	1,767,960	-	1,767,960
Differences between expected and actual experience	(3,088,065)	-	(3,088,065)
Contributions - employer	-	1,630,854	(1,630,854)
Contributions - employee	-	700,082	(700,082)
Net investment income	-	8,200,831	(8,200,831)
Benefit payments, including refunds of employee contributions	(3,734,235)	(3,734,235)	-
Administrative expense	-	-	-
Transfers among employers	69,816	69,816	-
Net Changes	470,091	6,867,348	(6,397,257)
Balances at 09/30/2021	\$ 61,357,149	\$ 44,463,872	\$ 16,893,277

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

The following table presents the City (independent of the Municipal Utility Board as the Board is reported separately) and the Municipal Utility Board's net pension liability calculated using the discount rate of 7.45%, as well as what the City's and the Municipal Utility Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increases (8.45%)
City's net pension liability	\$ 70,171,417	\$ 51,225,695	\$ 35,346,159
Board's net pension liability	\$ 23,764,746	\$ 16,893,277	\$ 11,066,866

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2021. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

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

For the year ended September 30, 2022, the City and Board recognized pension expense of \$5,369,824 and \$1,549,277 respectively. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 4,025,851	\$ 253,530
Changes of assumption	5,241,523	-
Net difference between projected and actual earnings on pension plan investments	-	7,849,636
Employer contributions subsequent to the measurement date	<u>4,351,433</u>	<u>-</u>
Total	<u>\$ 13,618,807</u>	<u>\$ 8,103,166</u>

At September 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 2,014,245	\$ 2,574,333
Changes of assumption	1,526,708	-
Net difference between projected and actual earnings on pension plan investments	-	3,205,690
Employer contributions subsequent to the measurement date	<u>1,857,012</u>	<u>-</u>
Total	<u>\$ 5,397,965</u>	<u>\$ 5,780,023</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

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

	City of Decatur	Municipal Utilities Board
Year ended September 30:		
2023	\$ 775,876	\$ (77,327)
2024	987,365	(49,182)
2025	(181,793)	(663,942)
2026	(1,124,170)	(1,307,179)
2027	706,930	(141,440)
Thereafter	-	-

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

	Business-Type		
	Governmental		Activities
	Activities	(less MUB as shown below)	
Deferred Outflows	\$ 12,893,090	\$ 725,717	\$ 13,618,807
Net Pension Liability	\$ 48,586,515	\$ 2,639,180	\$ 51,225,695
Deferred Inflows	\$ 7,657,223	\$ 445,943	\$ 8,103,166

	Municipal		
	Utilities Board		Nonmajor Proprietary Funds
	Activities	(less MUB as shown below)	
Deferred Outflows	\$ 5,397,966	\$ 725,717	\$ 6,123,683
Net Pension Liability	\$ 16,893,276	\$ 2,639,180	\$ 19,532,456
Deferred Inflows	\$ 5,780,024	\$ 445,943	\$ 6,225,967

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Component Unit

Plan Description

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

Benefits provided

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

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

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Participating employers' contractually required contribution rate for the year ended September 30, 2022 was 12.43% of annual pay for Tier 1 members and 11.32% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were \$7,470,026 for the year ended September 30, 2022.

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

At September 30, 2022 the Board reported a liability of \$76,139,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2021 the Board's proportion was .808247%, which was an increase of .070925% from its proportion measured as of September 30, 2020.

For the year ended September 30, 2022, the Board recognized pension expense of \$6,903,000. At September 30, 2022 the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 3,525,000	\$ 4,436,000
Changes of assumption	7,992,000	-
Net difference between projected and actual earnings on pension plan investments	-	17,973,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,762,000	5,359,000
Employer contributions subsequent to the measurement date	7,470,026	-
Total	\$ 27,749,026	\$ 27,768,000

\$7,470,026 reported as deferred outflows of resources related to pensions resulting from system contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources to the pension will be recognized in pension expense as follows:

Year ended September 30:

2020	\$ (220,000)
2021	(112,000)
2022	(3,203,000)
2023	(3,954,000)
2024	-
Thereafter	-

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Actuarial assumptions

The total pension liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Investment rate of return*	7.45%
Projected Salary increases	3.25% - 5.00%

*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2020, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021, which became effective at the beginning of fiscal year 2021.

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stock	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	2.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%

Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increases (8.45%)
	\$ 112,070,000	\$ 76,139,000	\$ 45,877,000
Board's proportionate share of collective net pension liability			

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2021. The auditor's report dated August 16, 2019 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of September 30, 2021 along with supporting schedules is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>

E. Other Post-Employment Benefit Plans

Plan Description

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

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

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

Plan Membership

At September 30, 2020, the valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	289
Inactive Members Entitled to But Not Yet	
Receiving Benefits	-
Active Employees	231
	<hr/>
	520

Benefits Provided

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

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

Funding Policy

Retirees with family coverage are required to pay premiums for a portion of the benefits in an amount established by City Ordinance, which is \$100 or 8.58% (for individuals not yet reaching the age of retirement) and 13.48% (for those over the age of 65) of the total cost to the City as of September 30, 2019 unless Medicare is involved, in which case, retirees pay the State Employee's Insurance benefit Medicare rate. The City pays all but \$40 of the costs of retirees with single coverage. This is equivalent to the required premiums of active employees. In addition, when an eligible retiree reaches Medicare eligibility, the City will continue to pay for the medical insurance (at a reduced rate) with Medicare becoming primary.

The City is required to pay the remaining premiums and has funded the plan on a projected pay-as-you-go basis in the current year.

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

Total OPEB Liability

The City's total OPEB liability of \$80,302,452 was measured as of September 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate	
Prior Measurement Date	2.21%
Measurement Date	2.26%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024
Dental	4.00%
Vision	2.50%

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

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

Mortality rates for active employees were based on the sex distinct RP-2000 Employee Mortality Table projected with Scale BB to 2020 with an adjustment factor of 70% for males and 50% for females. An adjustment of 125% at all ages for males and 120% for female beginning at age 78 was made for service retirements and beneficiaries. An adjustment of 130% for females at all ages was made for disability retirements.

The demographic actuarial assumptions for retirements, disability incidence, withdrawal, and salary increase used in the September 30, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015 and were submitted to and adopted by the Board of Employees' Retirement System of Alabama on September 29, 2016.

Changes in the Total OPEB Liability

Balances at 09/30/2020	\$ 80,744,851
Changes for the year:	
Service cost	1,709,166
Interest	1,753,889
Changes in benefit terms	
Differences between expected and actual	
experience	18,528
Changes of assumptions or other inputs	(1,142,106)
Benefit payments, including refunds of employee	
contributions	(2,781,876)
Administrative expense	-
Net changes	\$ (442,399)
Balances at 9/30/2021	<u>\$ 80,302,452</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.26%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.26%) or 1-percentage-point higher (3.26%) than the current discount rate:

	1% Decrease (1.26%)	Current Rate (2.26%)	1% Increase (3.26%)
Total Other Post-Employment Benefit Liability	\$ 91,222,708	\$ 80,302,452	\$ 71,284,706

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, calculated using the health care costs trend rates, as well as what the City's total OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total Other Post-Employment Benefit Liability	\$ 68,988,335	\$ 80,302,452	\$ 94,325,107

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

For the year ended September 30, 2022, the City had an overall reduction in OPEB expense of \$10,370,884. At September 30, 2022, the City reported the following deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 25,927	\$ 22,618,457
Changes of assumption	10,655,490	3,597,828
Employer contributions subsequent to the measurement date	<u>2,948,212</u>	-
Total	\$ 13,629,629	\$ 26,216,285

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

Year ended September 30:

2023	\$ (9,934,859)
2024	(5,331,947)
2025	(268,062)
2026	-
2027	-
Thereafter	-

\$2,948,212 reported as deferred outflows of resources related to OPEB resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2023.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

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

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At September 30, 2022 no benefits were payable and not paid.

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

The Municipal Utilities Board Enterprise Fund

The Municipal Utilities Board Enterprise Fund provides post-employment benefits other than pension benefits to all full time employees who retire as an eligible participant in the qualified retirement plan, as described previously. These benefits are approved by the board of directors. Contribution funding is also approved by the board. Benefits provided retirees at September 30, 2020 include:

1. Retiree group health/dental benefits to age 65. Retiree contributes to the premium.
2. Retiree Medicare supplement policy at age 65. Retiree contributes to the premium.
3. Dependent group health/dental benefits to age 65. Retiree contributes to the premium.
4. Spouse Medicare Supplement policy at age 65. Retiree contributes to the premium. Benefit lapses at the date of death of the retiree.
5. Retirees who have a hire date on or after 1/1/04 and are 55 or older have group health/dental for a reduced 10-year period and contribute to the premium.
6. Early Retirement Medical Option – Employees retiring under age 55 have a reduced 10-year benefit period and contribute to the premium.
7. Life insurance based upon an amount agreed upon prior to retirement. Not restricted to those who retire at age 55 or older. Employees hired after January 1, 2003 do not have this benefit.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Annual OPEB Cost and Net OPEB Obligation

Changes in System's Net OPEB Liability. Changes in the System's net OPEB liability measured at September 30, 2022 are detailed in the following tables. Table 1A shows the net OPEB liability as of September 30, 2022, which is what is reported in the financial statements in accordance with GASB Statement No. 75. Total OPEB Liability was rolled forward to September 30, 2022 in order to be in compliance with GASB Statement No. 75.

	(a) Total OPEB Liability (TOL)	(b) Plan Fiduciary Net Position	(a) - (b) Net OPEB Liability
Balances at 09/30/2021	<u>\$ 26,600,530</u>	<u>\$ 9,358,188</u>	<u>\$ 17,242,342</u>
Changes for the year:			
Service cost	404,942	-	404,942
Interest	1,148,612	-	1,148,612
Differences between expected and actual experience	8,196,997	-	8,196,997
Changes of assumptions or other inputs	(5,397,417)	-	(5,397,417)
Contributions - Employer	-	1,507,635	(1,507,635)
Contributions - Employee	-	285,605	(285,605)
Net investment income	-	(619,707)	619,707
Benefit payments, including refunds of employee contributions	(1,761,260)	(1,761,260)	-
Administrative expense	-	(42,579)	42,579
Net changes	<u>\$ 2,591,874</u>	<u>\$ (630,306)</u>	<u>\$ 3,222,180</u>
Balances at 9/30/2022	<u><u>\$ 29,192,404</u></u>	<u><u>\$ 8,727,882</u></u>	<u><u>\$ 20,464,522</u></u>

Actuarial Methods and Assumptions

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

Plan Membership

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Benefits Provided

Employees retiring after age 62 with at least 15 years of service has the option to maintain health insurance after they retire (including subsidized beneficial coverage), until they reach age 65. For anyone retiring at age 62, the Authority pays 100% of individual coverage and 0% of dependent coverage before age 65. In addition, the plan provides \$25,000 in post-retirement death benefits to retirees until they reach age 65.

Actuarial assumptions

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

Salary increases, including wage inflation	2.50%
Health Care Cost Trends	Medical: 6.00% to grade uniformity to 5.50% over a 3 year period
	Dental: 5.0% per annum
Acutarial Cost Method	Entry age normal - level percent of pay
Mortality Rate	Pub-2010 General Headcount weighted Mortality Tables with improvement Scale MP-2021.

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

Discount rate

The discount rate used to measure the total OPEB liability was 5.40 percent. The projection of cash flows used to determine the discount rate assumed that the Utility's contributions will made at rates equal to the actuarially determined contribution rates.

City of Decatur
 Notes to the Financial Statements
 September 30, 2022

Note 5 – Other Information - Continued

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the Net OPEB Liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1-percentage point higher than the assumed trend rate:

	1% Decrease 5.00%	Current Rate 6.00%	1% Increase 7.00%
	Decreasing to 4.50%	Decreasing to 5.50%	Decreasing to 6.50%
Total Other Post-Employment Benefit Liability	\$ 25,931,681	\$ 29,192,404	\$ 33,134,287
Plan Fiduciary Net Position	<u>8,727,882</u>	<u>8,727,882</u>	<u>8,727,882</u>
Net OPEB Liability	<u><u>\$ 17,203,799</u></u>	<u><u>\$ 20,464,522</u></u>	<u><u>\$ 24,406,405</u></u>

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following represents the Net OPEB Liability calculated using the stated discount rate, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1-percentage point higher than the current rate:

	1% Decrease 3.55%	Current Rate 4.55%	1% Increase 5.55%
Total Other Post-Employment Benefit Liability	\$ 33,046,342	\$ 29,192,404	\$ 25,993,133
Plan Fiduciary Net Position	<u>8,727,882</u>	<u>8,727,882</u>	<u>8,727,882</u>
Net OPEB Liability	<u><u>\$ 24,318,460</u></u>	<u><u>\$ 20,464,522</u></u>	<u><u>\$ 17,265,251</u></u>

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

For the year ended September 30, 2022, the System recognized OPEB expense of \$62,357. At September 30, 2022, the System reported deferred outflows of related to OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 6,918,956	\$ 1,695,620
Changes of assumption	-	6,393,890
Investment losses (gains)	848,454	
Post-measurement contribution	-	-
Total	<u>\$ 7,767,410</u>	<u>\$ 8,089,510</u>

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows as of the fiscal year ending September 30, 2022:

Year ended September 30:	
2023	\$ (1,232,692)
2024	(593,953)
2025	362,247
2026	675,698
2027	466,600
Thereafter	-

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

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At September 30, 2022 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the year ended September 30, 2022 there were no administrative expenses paid by the Municipal Utilities Board.

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

	Business-Type Activities		
	Governmental Activities	(less MUB as shown below)	Total
Deferred Outflows	\$ 12,772,291	\$ 857,338	\$ 13,629,629
Net OPEB Liability	\$ 75,703,753	\$ 4,598,699	\$ 80,302,452
Deferred Inflows	\$ 24,573,140	\$ 1,643,145	\$ 26,216,285
	Municipal Utilities Board		Nonmajor Proprietary Funds
			Total
Deferred Outflows	\$ 7,767,410	\$ 857,338	\$ 8,624,748
Net OPEB Liability	\$ 20,464,522	\$ 4,598,699	\$ 25,063,221
Deferred Inflows	\$ 8,089,509	\$ 1,643,145	\$ 9,732,654

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

Component Units

Plan Description

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

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

Benefits Provided

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

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

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

Contributions

The Code of Alabama 1975, Section 16-25A-8 and the Code of Alabama 1975, Section 16-25A-8.1 provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill. For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

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

At September 30, 2022, the Board reported a liability of \$46,126,468 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020. The Board's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2021, the Board's proportion was .892745 percent, which was a decrease of .036986% from its proportion measured as of September 30, 2020.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

For the year ended September 30, 2022, the Board recognized revenue from the OPEB plan of \$2,408,595 with no special funding situations. At September 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 1,091,353	\$ 16,047,484
Changes of assumption	16,427,496	17,879,015
Net differences between projected and actual earnings on OPEB plan investments	-	1,438,846
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,162,608	6,617,616
Employer contributions reported subsequent to the measurement date	-	-
	<u>1,808,159</u>	<u>-</u>
Total	\$ 25,489,616	\$ 41,982,961

\$1,808,159 reported as deferred outflows of resources related to OPEB resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2023.

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

Year ended September 30:	
2023	\$ (6,284,192)
2024	(4,843,828)
2025	(5,355,255)
2026	(584,668)
2027	(197,505)
Thereafter	(1,036,056)

City of Decatur
 Notes to the Financial Statements
 September 30, 2022

Note 5 – Other Information - Continued

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases (1)	3.25% - 5.00%
Long-term investment rate of return (2)	7.25%
Municipal Bond Index Rate at the Measurement Date	2.29%
Municipal Bond Index Rate at the Prior Measurement Date	2.25%
Projected year for fiduciary net position (FNP) to be depleted	2051
Single equivalent interest rate at the measurement date	3.97%
Single equivalent interest rate at the prior measurement date	3.05%
Healthcare cost trend rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate trend rate	
Pre-Medicare Eligible	4.50% in 2028
Medicare Eligible	4.50% in 2025

(1) : Includes 2.75% wage inflation.

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

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

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

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

The decremental assumptions used in the valuation were selected based on actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2020

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

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

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

*Geometric mean, Includes 2.50% inflation

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 3.97%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per non-university active member. Approximately, 12.990% of the employer contributions were used to assist in funding retiree benefit payments in 2021 and it is assumed that the amount will increase at the same rate as expected benefit payments for the close group reaching 20.00%. It is assumed the \$800 rate will increase with inflation at 250% starting in 2024. Retiree benefit payments for University members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2119. The long-term rate of return is used until the assets are expected to be depleted in 2051, after which the municipal bond rate is used.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

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

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

	1% Decrease 2.97%	Current Rate 3.97%	1% Increase 4.97%
Net OPEB Liability	\$ 56,737,596	\$ 45,126,468	\$ 37,615,172

Sensitivity of the System's proportionate share of the net OPEB liability to changes in the discount rates

The following table presents the System's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 4.50%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
			7.50%
5.50% Decreasing to 3.50% for pre-medicare, Known decreasing to 3.50% or Medicare Eligible	6.50% Decreasing to 4.50% for pre-medicare, Known decreasing to 4.50% or Medicare Eligible	Decreasing to 5.50% for pre-medicare, Known decreasing to 5.50% or Medicare Eligible	
Net OPEB Liability	\$ 36,194,179	\$ 46,126,468	\$ 58,923,261

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2021. Additional financial and actuarial information is available at www.rsa-al.gov.

F. Risk Financing Programs

The City elected to retain risk related to the employees' health and dental insurance for the first time beginning December 1, 1999. Then, on January 1, 2002 the City elected to no longer retain the health insurance risk and purchased health insurance. The City currently pays premiums to the State Employee Insurance Board. However, the City still retains the risk for the period under the health self-insurance. The amount of outstanding claims liability remaining as of September 30, 2022 is insignificant and immaterial to the City's statements as a whole.

City of Decatur
Notes to the Financial Statements
September 30, 2022

Note 5 – Other Information - Continued

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, 2022, are recorded as a liability within the General Fund and likewise, as liabilities due within one year under governmental activities on the government-wide statement of net position. The portion of estimated legal claims expected to be paid beyond the next fiscal year have been included as a noncurrent liability due in more than one year within the governmental activities of the government-wide statement of net position.

Changes in the balance of long-term claims liability (net of anticipated insurance coverage) for the year ended September 30, 2022 are as follows:

	Workers Compensation		Legal Claims		Total	
	2022	2021	2022	2021	2022	2021
Unpaid claims, beginning of year	\$ 1,007,330	\$ 1,041,844	\$ 200,000	\$ 250,000	\$ 1,207,330	\$ 1,291,844
Incurred claims	511,853	872,082	135,444	65,472	647,297	937,554
Less claim payments	(875,772)	(906,596)	(185,444)	(115,472)	(1,061,216)	(1,022,068)
Unpaid claims, end of year	<u>\$ 643,411</u>	<u>\$ 1,007,330</u>	<u>\$ 150,000</u>	<u>\$ 200,000</u>	<u>\$ 793,411</u>	<u>\$ 1,207,330</u>

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

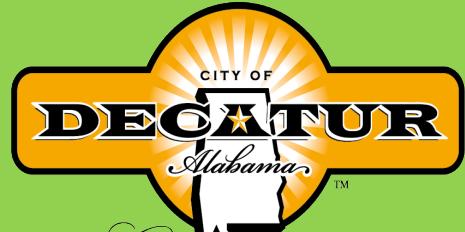
G. Tax Abatements

A tax abatement is a reduction in tax revenues resulting from an agreement between one or more governments and a participant whereby one or more governments forgoes tax revenues to which they are entitled with the qualifying participant promising to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or their residents. The City has various sales and use tax abatement and property tax abatement agreements with qualifying participants in which \$729,683 in sales and use tax and \$812,009 in property tax were abated during the fiscal year.

H. Subsequent Events

The City has evaluated subsequent events through March 31, 2023, the date on which the financial statements were available for issue, noting no items which require further disclosure.

REQUIRED SUPPLEMENTAL INFORMATION



the City of Opportunity



CITY OF DECATUR
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30*

	City of Decatur							
	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 2,449,812	\$ 2,282,555	\$ 2,262,003	\$ 2,207,466	\$ 2,140,584	\$ 2,145,903	\$ 2,168,298	\$ 2,211,718
Interest	11,134,296	10,499,235	10,150,472	9,801,611	9,589,472	9,222,454	8,867,007	8,567,542
Changes in benefit terms	-	1,233,984	-	-	-	-	-	-
Differences between actual & expected experience	831,663	3,595,277	1,394,060	1,039,217	(1,290,531)	(436,981)	633,364	-
Changes of assumptions	5,766,327	-	-	712,513	-	5,451,626	-	-
Benefit payments, including refunds of employee contributions	(9,701,166)	(9,177,342)	(9,104,968)	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)
Transfers among employers	198,929	75,748	(135,985)	83,525	116,885	(231,427)	-	-
Net change in total pension liability	10,679,861	8,509,457	4,565,582	5,964,463	2,798,014	8,515,702	4,853,385	3,522,657
Total pension liability - beginning	149,451,831	140,942,374	136,376,792	130,412,329	127,614,315	119,098,613	114,245,228	110,722,571
Total pension liability - ending (a)	\$ 160,131,692	\$ 149,451,831	\$ 140,942,374	\$ 136,376,792	\$ 130,412,329	\$ 127,614,315	\$ 119,098,613	\$ 114,245,228
Plan fiduciary net position								
Contribution-employer	3,947,956	3,697,742	3,677,388	3,109,240	2,996,885	2,844,967	2,967,587	3,049,380
Contribution-employee	1,874,466	1,620,552	1,617,455	1,513,027	1,393,984	1,431,785	1,451,728	1,488,936
Net investment income	20,123,999	5,100,180	2,331,226	7,991,909	10,166,518	7,655,033	915,644	8,538,093
Benefit payments, including refunds of employee contributions	(9,701,166)	(9,177,342)	(9,104,968)	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)
Transfers among employers	198,929	75,748	(135,985)	83,525	116,885	(231,427)	127,694	(47,845)
Net change in plan fiduciary net position - beginning	16,444,184	1,316,880	(1,614,884)	4,817,832	6,915,876	4,064,485	(1,352,631)	5,771,961
Plan fiduciary net position - beginning	92,461,813	91,144,933	92,759,817	87,941,985	81,026,109	76,961,624	78,314,255	72,542,294
Plan fiduciary net position - ending (b)	108,905,997	92,461,813	91,144,933	92,759,817	87,941,985	81,026,109	76,961,624	78,314,255
Net pension liability (asset) - ending (a)-(b)	51,225,695	56,990,018	49,797,441	43,616,975	42,470,344	46,588,206	42,136,989	35,930,973
Plan fiduciary net position as a percentage of total pension liability	68.01%	61.87%	64.67%	68.02%	67.43%	63.49%	64.62%	68.55%
Covered payroll	28,914,760	27,352,778	27,352,778	25,145,773	25,990,353	23,801,380	24,283,101	25,172,255
Net pension liability (asset) as a percentage of covered payroll	177.16%	208.35%	182.06%	173.46%	163.41%	195.74%	173.52%	142.74%
Total pension liability								
Service cost	\$ 910,080	\$ 840,218	\$ 830,571	\$ 785,826	\$ 765,318	\$ 762,211	\$ 735,009	\$ 719,118
Interest	4,544,535	4,218,387	4,049,796	3,861,606	3,777,084	3,701,363	3,669,670	3,551,873
Changes in benefit terms	-	355,337	-	-	-	-	-	-
Differences between actual & expected experience	(3,088,085)	2,446,011	675,369	976,957	(414,798)	(37,776)	(1,104,264)	-
Changes of assumptions	1,767,980	-	-	272,995	-	1,011,888	-	-
Benefit payments, including refunds of employee contributions	(3,734,235)	(3,493,226)	(3,365,784)	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Transfers among employers	69,816	(10,534)	63,270	109,124	(41,676)	6,054	-	-
Net change in total pension liability	470,091	4,356,193	2,253,222	2,894,442	1,207,346	2,373,886	561,768	1,412,576
Total pension liability - beginning	60,887,058	56,530,865	54,277,643	51,383,201	50,175,855	47,801,969	47,240,201	45,827,625
Total pension liability - ending (a)	\$ 61,357,149	\$ 60,887,058	\$ 56,530,865	\$ 54,277,643	\$ 51,383,201	\$ 50,175,855	\$ 47,801,969	\$ 47,240,201
Plan fiduciary net position								
Contribution-employer	1,630,854	1,479,041	1,457,804	1,440,567	1,415,404	1,451,760	1,481,898	1,439,683
Contribution-employee	700,082	587,421	591,191	547,638	533,792	517,917	588,751	478,274
Net investment income	8,200,831	2,071,088	941,061	3,200,475	4,038,012	3,010,349	357,511	3,314,923
Benefit payments, including refunds of employee contributions	(3,734,235)	(3,493,226)	(3,365,784)	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Administrative expense	69,816	(10,534)	63,270	109,124	(41,676)	6,054	(103,901)	96,722
Transfers among employers	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position - beginning	6,867,348	633,790	(312,458)	2,185,738	3,066,951	1,916,226	(414,388)	2,471,187
Plan fiduciary net position - beginning	37,596,526	36,962,736	37,275,194	35,089,456	32,022,505	30,106,279	30,520,667	28,049,480
Plan fiduciary net position - ending (b)	44,463,874	37,596,526	36,962,736	37,275,194	35,089,456	32,022,505	30,106,279	30,520,667
Net pension liability (asset) - ending (a)-(b)	16,893,275	23,290,532	19,568,129	17,002,449	16,293,745	18,153,350	17,695,690	16,719,534
Plan fiduciary net position as a percentage of total pension liability	72.47%	61.75%	65.39%	68.68%	68.29%	63.82%	62.98%	64.61%
Covered payroll	12,756,883	11,641,834	11,307,292	11,388,209	10,665,563	10,397,431	9,916,527	9,655,596
Net pension liability (asset) as a percentage of covered payroll	132.42%	200.06%	173.06%	149.30%	152.77%	174.59%	178.45%	173.16%

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

CITY OF DECATUR
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA
 Last 10 Fiscal Years Ending September 30*

	City of Decatur							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,351,433	\$ 4,018,976	\$ 3,780,285	\$ 3,745,335	\$ 3,176,065	\$ 3,058,616	\$ 2,967,587	\$ 3,049,380
Contributions in relation to the actuarially determined contribution	<u>4,351,433</u>	<u>4,018,976</u>	<u>3,780,285</u>	<u>3,745,335</u>	<u>3,176,065</u>	<u>3,058,616</u>	<u>2,967,587</u>	<u>3,049,380</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered payroll	\$ 30,273,871	\$ 28,914,760	\$ 27,352,778	\$ 27,352,778	\$ 25,145,773	\$ 25,990,353	\$ 23,801,380	\$ 24,283,101
Contribution as percentage of covered payroll	14.37%	13.90%	13.82%	13.69%	12.63%	11.77%	12.47%	12.56%
	Municipal Utilities Board							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,857,012	\$ 1,695,643	\$ 1,469,435	\$ 1,409,907	\$ 1,391,790	\$ 1,415,401	\$ 1,481,898	\$ 1,481,882
Contributions in relation to the actuarially determined contribution	<u>1,857,012</u>	<u>1,695,643</u>	<u>1,469,435</u>	<u>1,409,907</u>	<u>1,391,790</u>	<u>1,415,401</u>	<u>1,481,898</u>	<u>1,481,882</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered payroll	\$ 13,294,216	\$ 12,756,883	\$ 11,641,834	\$ 11,307,292	\$ 11,388,209	\$ 10,665,563	\$ 10,397,431	\$ 9,916,527
Contribution as percentage of covered payroll	13.97%	13.29%	12.62%	12.47%	12.22%	13.27%	14.25%	14.94%

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2019 actuarial valuation.

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

Actuarial cost method	Entry Age Level percent closed
Amortization method	27.9 years and 25.5 years, respectively
Remaining amortization period	Five year smoothed market
Asset valuation method	2.75%
Inflation	3.25 - 5.00%, including inflation
Salary increases	7.70%, net of pension plan investment expense, including inflatio
Investment rate of return	

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension liability	.00808247.	0.737322%	0.822118%	0.761579%	0.758570%	0.757463%	0.761109%	0.785686%
System's proportionate share of the net pension liability	\$ 76,139,000	\$ 91,204,000	\$ 90,901,000	\$ 75,721,000	\$ 74,556,000	\$ 82,003,000	\$ 79,655,000	\$ 71,376,000
System's covered payroll	\$ 59,061,450	\$ 57,149,454	\$ 53,916,727	\$ 50,752,290	\$ 50,033,648	\$ 48,021,155	\$ 47,934,304	\$ 49,729,459
System's proportionate share of the net pension liability as a percentage of its covered payroll	128.91%	159.59%	168.60%	149.20%	149.01%	170.76%	166.18%	143.53%
Plan fiduciary net position as a percentage of the total pension liability	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 7,470,026	\$ 7,073,907	\$ 6,938,206	\$ 6,564,487	\$ 6,114,961	\$ 5,935,142	\$ 5,697,027	\$ 5,654,232
Contributions in relation to the contractually required contribution	7,470,026	7,073,907	6,938,206	6,564,487	6,114,961	5,935,142	5,697,027	5,654,232
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
System's covered payroll	\$ 62,222,750	\$ 59,061,450	\$ 57,149,454	\$ 53,916,727	\$ 50,752,590	\$ 50,033,648	\$ 48,021,155	\$ 47,934,304
Contributions as a percentage of covered payroll	12.01%	11.98%	12.14%	12.18%	12.05%	11.86%	11.86%	11.80%

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

CITY OF DECATUR
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30*

	City of Decatur					Municipal Utilities Board				
	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018
Total OPEB liability										
Service cost	\$ 1,709,166	\$ 2,657,721	\$ 1,710,615	\$ 2,448,333	\$ 2,832,229	\$ 404,942	\$ 387,319	\$ 373,572	\$ 424,692	\$ 577,544
Interest	1,753,889	-	3,168,951	3,849,902	3,574,276	1,148,612	1,157,651	1,039,156	1,269,752	1,076,050
Changes in benefit terms	-	(88,269)	-	-	-	-	-	-	-	-
Differences between actual & expected experience	18,528	(46,800,681)	(13,870)	(3,600,770)	86,792	8,196,997	-	193,875	(5,687,159)	-
Changes of assumptions	(1,142,106)	3,820,394	23,952,717	(7,889,102)	(10,658,776)	(5,397,417)	-	(3,367,893)	(1,338,994)	-
Benefit payments, including refunds of employee contributions	(2,781,876)	(2,278,532)	(2,646,946)	(2,457,754)	(2,389,744)	(1,761,260)	(1,047,526)	(883,341)	(941,411)	(822,065)
Net change in OPEB liability	(442,399)	(39,520,416)	26,852,418	(7,925,017)	(6,990,243)	2,591,874	497,444	(2,644,631)	(6,273,120)	831,529
Total OPEB liability - beginning	80,744,848	120,265,264	93,412,846	101,337,863	108,328,106	26,600,530	26,103,086	28,747,717	35,020,837	34,189,308
Total OPEB liability - ending (a)	\$ 80,302,449	#####	\$ 120,265,264	\$ 93,412,846	\$ 101,337,863	#####	#####	\$ 26,103,086	\$ 28,747,717	\$ 35,020,837
Plan fiduciary net position										
Contributions - employer	\$ 2,948,212	\$ 2,757,353	\$ 3,745,335	\$ 2,457,754	\$ 2,378,069	\$ 1,507,635	\$ 1,741,315	\$ 8,875,780	\$ 941,411	\$ 822,065
Contributions - employee	-	-	-	-	-	285,605	-	294,342	-	-
Net investment income	-	-	-	-	-	(619,707)	377,073	545	-	-
Benefit payments, including refunds of employee contributions	(2,948,212)	(2,757,353)	(3,745,335)	(2,457,754)	(2,378,069)	(1,761,260)	(1,047,526)	(883,341)	(941,411)	(822,065)
Administrative expenses	-	-	-	-	-	(42,579)	-	-	-	-
Net change in OPEB liability	-	-	-	-	-	(630,306)	1,070,862	8,287,326	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	9,358,188	8,287,326	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,727,882	\$ 9,358,188	\$ 8,287,326	\$ -	\$ -
Net OPEB liability (asset) - ending (a) - (b)	80,302,449	80,744,848	120,265,264	93,412,846	101,337,863	20,464,522	17,242,342	17,815,760	28,747,717	35,020,837
Covered-employee payroll	25,721,743	25,721,743	16,244,063	15,582,742	16,915,903					
Covered payroll						12,213,047	10,840,661	10,576,255	9,259,586	9,721,892
Fiduciary Liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	29.90%	35.18%	31.75%	0.00%	0.00%
Net pension liability (asset) as a percentage of covered payroll	312.20%	313.92%	740.36%	599.46%	599.07%	167.56%	159.05%	168.45%	310.46%	360.23%

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

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

CITY OF DECATUR
 BOARD OF EDUCATION
 SCHEDULE OF SYSTEM'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
 SEPTEMBER 30*

	2021 0.892745%	2020 0.855759%	2019 0.964650%	2018 0.898192%	2017 0.868568%
OPEB					
System's proportionate share of the net OPEB liability	\$ 46,126,468	\$ 55,537,568	\$ 36,394,005	\$ 73,819,943	\$ 64,512,270
System's covered payroll	\$ 59,061,450	\$ 57,149,454	\$ 53,916,727	\$ 50,752,590	\$ 50,033,648
System's proportionate share of the net pension liability as a percentage of its covered payroll	78.10%	97.18%	67.50%	145.45%	128.94%
Plan fiduciary net position as a percentage of the total pension liability	27.11%	19.80%	28.14%	14.81%	15.37%

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

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

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 1,808,159	\$ 1,539,446	\$ 1,738,148	\$ 2,719,129	\$ 2,218,461
Contributions in relation to the contractually required contribution	1,808,159	1,539,446	1,738,148	2,719,129	2,218,461
Contribution deficiency (excess)	-	-	-	-	-
System's covered payroll	\$ 62,222,750	\$ 59,061,450	\$ 57,149,454	\$ 53,916,727	\$ 50,752,590
Contributions as a percentage of covered payroll	2.91%	2.61%	3.04%	5.04%	4.37%

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

Note A - Changes in actuarial assumptions

Changes to the actuarial assumptions as a result of the experience study for the five-year periods ending July 30, 2020 are summarized below:

Assumptions	Description
Price inflation	2.50%
Investment Return	7.00%
Wage Inflation	2.75%
Mortality Rates (Pre-Retirement), Post-Retirement Health and Disabled)	Updated to Pub-2010 Public Mortality Plans Mortality Tables. For future mortality improvement, generational mortality improvement with mortality improvement scale MP-2020, with an adjustment of 66-2/3% to the table beginning in 2019.
Retirement Rates	Decreased rates of retirement at most ages and extended retirement rates at age 80.
Withdrawal Rates	Changed from an age-based table broken down by service bands to a pure service-based table. Used a liability weighted methodology in analyzing rates.
Disability Rates	Lowered rates of disability retirement at most ages.
Salary Increases	No change of total assumed rates of salary increases, but increased merit salary scale by 0.25% to offset the recommended decrease in wage inflation assumption by 0.25%.

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

Note B - Recent plan changes

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the United Healthcare Medicare Advantage Plan with Prescription Drug Coverage (MAPD).

The Health Plan is changed periodically to reflect the Affordable Care Act (ACA) maximum annual out-of-pocket amounts.

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

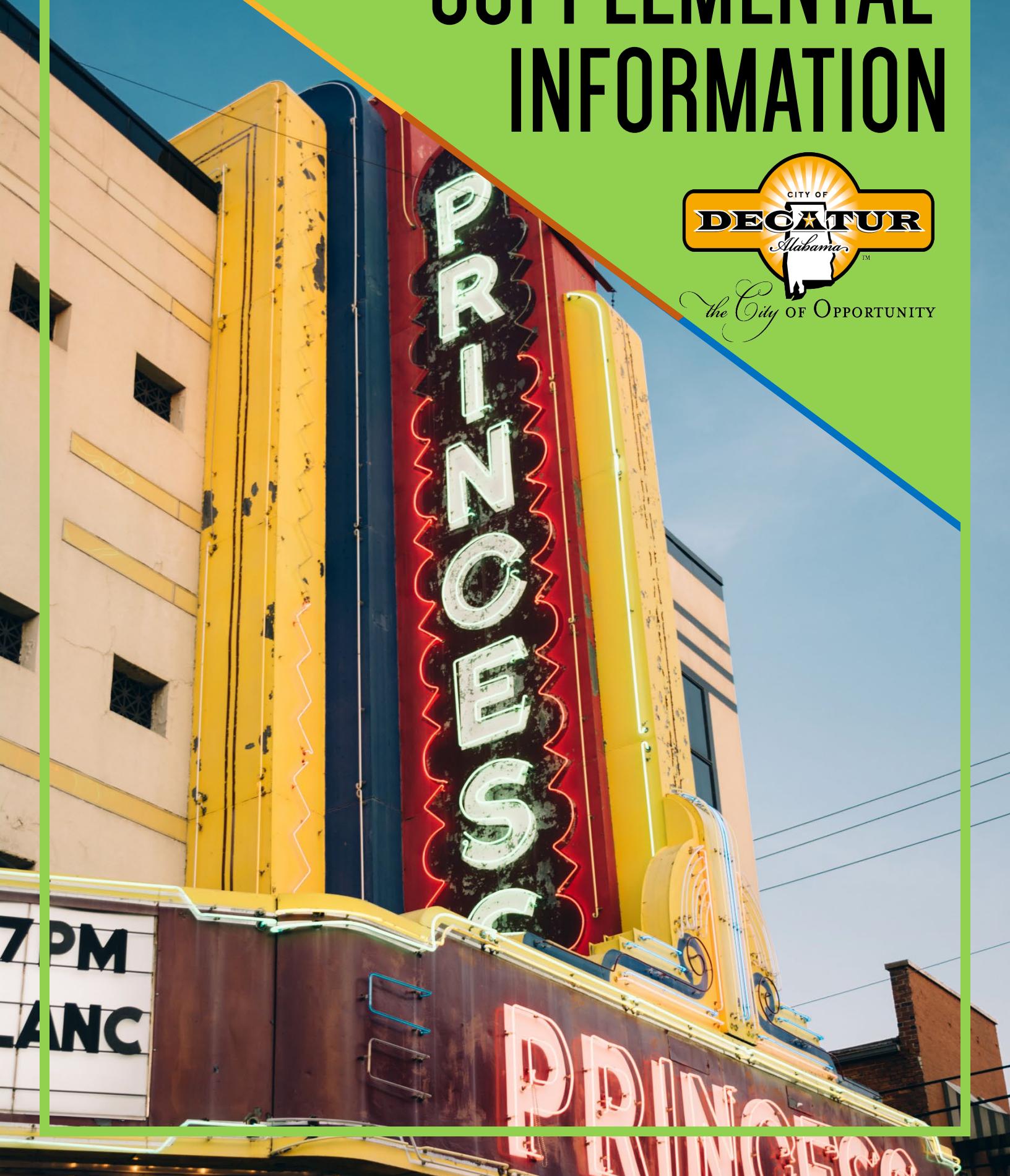
The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, 2015, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	23 year, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.00%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2026 for Pre-Medicare Eligible 2024 Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

SUPPLEMENTAL INFORMATION



the City OF OPPORTUNITY



**City of Decatur
General Fund
Balance Sheet
September 30, 2022**

Assets	
Cash & investments	\$ 47,359,172
Cash with fiscal agent	3,038,157
Receivables (net of allowances):	
Accounts	645,417
Taxes	4,612,633
Leases	1,829,088
Due from other funds	1,314,925
Due from other governmental entities	506,415
Deposits	71,405
Prepays	111,455
Inventories	<u>80,345</u>
Total assets	<u>\$ 59,569,012</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 1,886,715
Accrued liabilities	1,514,811
Contract retainages	20,000
Due to other funds	410,735
Due to other governmental entities	12,830
Customer deposits	<u>652,817</u>
Total liabilities	<u>4,497,908</u>
Deferred Inflows of Resources	
Unavailable revenue	543,635
Lease related deferred inflows	<u>1,783,655</u>
Total deferred inflows of resources	<u>2,327,290</u>
Fund Balance	
Nonspendable	237,233
Restricted	1,547
Committed	28,498,202
Unassigned	<u>24,006,832</u>
Total fund balance	<u>52,743,814</u>
Total liabilities, deferred resources and fund balance	<u>\$ 59,569,012</u>

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Report & Actual
 For the Year Ended September 30, 2022

	Report			Variance with Final Report	
	Original	Final	Actual	Positive (Negative)	
REVENUES					
Taxes and payments in lieu of taxes	\$ 51,774,150	\$ 51,816,650	\$ 60,355,697	\$ 8,539,047	
Licenses and permits	7,188,100	7,188,100	8,334,558	1,146,458	
Fines and forfeitures	318,800	318,800	583,206	264,406	
Revenues from money and property	1,060,700	1,060,700	(913,054)	(1,973,754)	
Charges for services	5,812,668	5,812,668	6,133,091	320,423	
Intergovernmental	5,724,424	5,724,424	6,339,146	614,722	
Gifts and donations	10,000	67,500	98,338	30,838	
Other revenues	229,500	229,500	590,848	361,348	
TOTAL REVENUES	72,118,342	72,218,342	81,521,830	9,303,488	
EXPENDITURES					
Current					
General government	15,356,511	16,442,001	15,731,609	710,392	
Public safety	29,688,325	33,505,233	29,413,519	4,091,714	
Public works	6,970,913	13,591,867	9,263,527	4,328,340	
Public services	9,916,282	12,662,701	9,875,268	2,787,433	
Community services contracts	2,746,480	2,799,480	3,173,389	(373,909)	
Community development	711,245	758,178	680,240	77,938	
Debt service:					
Principal	5,048,520	4,878,485	4,519,004	359,481	
Interest and fiscal charges	601,630	848,618	847,178	1,440	
TOTAL EXPENDITURES	71,039,906	85,486,563	73,503,734	11,982,829	
EXCESS OF REVENUES OVER EXPENDITURES	1,078,436	(13,268,221)	8,018,096	21,286,317	
OTHER FINANCING SOURCES (USES)					
Lease proceeds	-	-	32,039	32,039	
Operating transfers in	7,082	277,232	300,003	22,771	
Operating transfers out	(947,988)	(5,287,486)	(4,242,640)	1,044,846	
Total other financing sources (uses)	(940,906)	(5,010,254)	(3,910,598)	1,099,656	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	137,530	(18,278,475)	4,107,498	22,385,973	
Fund balance, beginning	48,636,316	48,636,316	48,636,316	-	
FUND BALANCE, ENDING	\$ 48,773,846	\$ 30,357,841	\$ 52,743,814	\$ 22,385,973	

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Report & Actual - By Activity
For the Year Ended September 30, 2022

Page 1 of 7

	Report			Variance with Final Report
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes				
Sales and use	39,303,950	39,346,450	46,280,834	6,934,384
Ad valorem	4,291,700	4,291,700	4,462,028	170,328
Other	8,178,500	8,178,500	9,612,835	1,434,335
Total	51,774,150	51,816,650	60,355,697	8,539,047
Licenses and permits				
Motor Vehicle	180,000	180,000	192,156	12,156
Business Licenses and Permits	6,288,100	6,288,100	7,027,938	739,838
Building Permits and Inspection Fees	720,000	720,000	1,114,464	394,464
Total	7,188,100	7,188,100	8,334,558	1,146,458
Fines and forfeitures	318,800	318,800	583,206	264,406
Revenues from money and property				
Interest	870,000	870,000	(1,138,097)	(2,008,097)
Other	190,700	190,700	225,043	34,343
Total	1,060,700	1,060,700	(913,054)	(1,973,754)
Charges for current services				
Recreation	295,000	295,000	456,065	161,065
Animal shelter	24,700	24,700	32,027	7,327
General government	453,700	453,700	504,390	50,690
Public safety	115,050	115,050	133,973	18,923
Public works	4,874,218	4,874,218	4,917,476	43,258
Cemetery	50,000	50,000	80,025	30,025
Youth services	-	-	9,135	9,135
Total	5,812,668	5,812,668	6,133,091	320,423
Intergovernmental				
Tax equivalents	4,932,749	4,932,749	5,512,162	579,413
State Grants	-	-	63,895	63,895
State Shared Taxes	791,675	791,675	763,089	(28,586)
State contributions	-	-	-	-
Total	5,724,424	5,724,424	6,339,146	614,722
Gifts & donations	10,000	67,500	98,338	30,838
Other revenues	229,500	229,500	590,848	361,348
TOTAL REVENUES	72,118,342	72,218,342	81,521,830	9,303,488

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual - By Activity
For the Year Ended September 30, 2022

Page 2 of 7

	Budget			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
EXPENDITURES					
CURRENT EXPENDITURES					
General Government					
Mayor and Council					
Personnel services	396,781	398,719	397,486	1,233	
Operating expenses	89,996	321,496	269,963	51,533	
Total	486,777	720,215	667,449	52,766	
Legal Services					
Personnel services	646,033	649,908	585,167	64,741	
Operating expenses	78,909	96,659	64,644	32,015	
Capital outlay	120,000	120,000	77,051	42,949	
Total	844,942	866,567	726,862	139,705	
Municipal Court					
Personnel services	1,037,810	1,050,405	1,039,940	10,465	
Operating expenses	8,859	8,859	8,202	657	
Total	1,046,669	1,059,264	1,048,142	11,122	
City Clerk					
Personnel services	465,250	469,125	370,829	98,296	
Operating expenses	75,375	75,375	52,975	22,400	
Total	540,625	544,500	423,804	120,696	
Revenue department					
Personnel services	352,644	356,519	351,099	5,420	
Operating expenses	92,250	92,500	51,710	40,790	
Total	444,894	449,019	402,809	46,210	
Finance department					
Personnel services	895,564	976,320	791,763	184,557	
Operating expenses	17,130	17,130	13,133	3,997	
Total	912,694	993,450	804,896	188,554	
Public building					
Personnel services	269,134	240,041	214,160	25,881	
Operating expenses	370,400	350,965	332,774	18,191	
Capital outlay	-	40,757	40,757	-	
Total	639,534	631,763	587,691	44,072	

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2022

Page 3 of 7

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Economic and community development				
Personnel services	1,090,250	1,123,407	977,916	145,491
Operating expenses	161,690	163,690	115,904	47,786
Total	1,251,940	1,287,097	1,093,820	193,277
Garage				
Personnel services	424,928	430,741	376,014	54,727
Operating expenses	68,084	105,889	95,688	10,201
Total	493,012	536,630	471,702	64,928
Purchasing				
Personnel services	303,722	244,593	247,403	(2,810)
Operating expenses	12,040	12,040	4,865	7,175
Total	315,762	256,633	252,268	4,365
Information services				
Personnel services	1,147,790	1,165,531	1,186,055	(20,524)
Operating expenses	2,095,752	2,113,829	1,711,873	401,956
Capital outlay	90,000	199,529	101,710	97,819
Total	3,333,542	3,478,889	2,999,638	479,251
Miscellaneous				
Workman's compensation	800,000	800,000	533,170	266,830
Insurance	440,975	453,429	453,429	-
Other	3,660,850	4,219,031	5,159,270	(940,239)
Total	4,901,825	5,472,460	6,145,869	(673,409)
Safety				
Personnel services	94,530	95,499	82,712	12,787
Operating expenses	49,765	50,015	23,947	26,068
Total	144,295	145,514	106,659	38,855
Total general government	15,356,511	16,442,001	15,731,609	710,392

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual - By Activity
For the Year Ended September 30, 2022

Page 4 of 7

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public Safety				
Fire				
Personnel services	10,917,140	11,017,908	10,253,861	764,047
Operating expenses	595,335	781,890	735,825	46,065
Capital outlay	130,000	2,510,151	1,699,869	810,282
Total	11,642,475	14,309,949	12,689,555	1,620,394
Inspection				
Personnel services	918,311	928,968	905,993	22,975
Operating expenses	30,045	36,635	35,911	724
Total	948,356	965,603	941,904	23,699
Police				
Personnel services	13,464,808	13,517,852	11,294,353	2,223,499
Operating expenses	2,446,263	2,715,380	2,745,460	(30,080)
Capital outlay	700,000	1,383,068	1,379,621	3,447
Total	16,611,071	17,616,300	15,419,434	2,196,866
Sign Shop				
Personnel services	349,966	352,873	262,438	90,435
Operating expenses	136,457	137,733	92,413	45,320
Capital outlay	-	122,775	7,775	115,000
Total	486,423	613,381	362,626	250,755
Total public safety	29,688,325	33,505,233	29,413,519	4,091,714
Public Works				
Director				
Personnel services	257,847	258,816	159,603	99,213
Operating expenses	12,463	12,463	9,179	3,284
Total	270,310	271,279	168,782	102,497
Streets				
Personnel services	1,796,384	1,821,730	1,514,455	307,275
Operating expenses	393,765	448,790	372,266	76,524
Capital outlay	130,000	1,131,253	619,811	511,442
Total	2,320,149	3,401,773	2,506,532	895,241

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual - By Activity
For the Year Ended September 30, 2022

Page 5 of 7

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Projects				
Personnel services	-	-	-	-
Operating expenses	23,000	2,022,152	1,577,990	444,162
Capital outlay	-	125,762	105,692	20,070
Total	23,000	2,147,914	1,683,682	464,232
Engineering				
Personnel services	450,766	454,641	363,272	91,369
Operating expenses	71,950	80,335	40,618	39,717
Capital outlay	35,000	1,945,920	946,981	998,939
Total	557,716	2,480,896	1,350,871	1,130,025
Sanitation				
Personnel services	1,804,577	1,825,892	1,587,976	237,916
Operating expenses	1,857,661	2,012,810	1,936,451	76,359
Capital outlay	137,500	1,451,303	29,233	1,422,070
Total	3,799,738	5,290,005	3,553,660	1,736,345
Total public works	6,970,913	13,591,867	9,263,527	4,328,340
Public Services				
Animal Shelter				
Personnel services	546,633	553,415	541,617	11,798
Operating expenses	108,700	113,606	101,389	12,217
Capital outlay	166,578	166,578	99,050	67,528
Total	821,911	833,599	742,056	91,543
Parks and recreation				
Personnel services	4,646,061	4,710,307	4,692,922	17,385
Operating expenses	2,967,370	3,117,620	2,756,266	361,354
Capital outlay	217,396	452,876	381,599	71,277
Total	7,830,827	8,280,803	7,830,787	450,016
Landscape and beautification				
Personnel services	-	50,576	-	50,576
Operating expenses	-	-	-	-
Capital outlay	-	149,045	-	149,045
Total	-	199,621	-	199,621
Cemetery				
Personnel services	122,445	144,383	138,301	6,082
Operating expenses	86,100	118,250	111,169	7,081
Total	208,545	262,633	249,470	13,163
Youth services				
Personnel services	815,637	819,512	735,321	84,191
Operating expenses	137,562	170,667	104,981	65,686
Capital outlay	-	1,711,341	16,832	1,694,509
Total	953,199	2,701,520	857,134	1,844,386

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual - By Activity
For the Year Ended September 30, 2022

Page 6 of 7

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Culture				
Old Bank	90,300	99,300	99,082	218
Train Depot	11,500	11,500	5,846	5,654
Princess	-	273,725	90,893	182,832
Total	101,800	384,525	195,821	188,704
 Total public services	 9,916,282	 12,662,701	 9,875,268	 2,787,433
Community Service Contracts				
Wheeler Basin Regional Library Board	377,936	377,936	377,936	-
Morgan County Emergency Management Dist.	443,817	443,817	443,817	-
Decatur-Morgan County Emergency Mgt. Agency	35,000	35,000	35,000	-
NARCOG:				
Regional Planning	-	-	-	-
Senior Aid Program	-	-	-	-
Transport Planning	135,000	135,000	135,000	-
NCA Mental Health Board	30,000	30,000	30,000	-
Economic Development Association	61,000	61,000	61,000	-
Morgan County Health Department	120,000	120,000	120,000	-
Community Action and Community Development				
Agency of North Alabama:				
Meals on Wheels	14,227	14,227	14,227	-
Foster Grandparents	7,200	7,200	7,200	-
Decatur-Morgan County Seniors' Council, Inc.	51,000	51,000	51,000	-
Decatur Convention and Visitors' Bureau	900,200	900,200	1,274,109	(373,909)
Chamber of Commerce:				
Community Business Development Board	-	-	-	-
Morgan County Rescue Squad	15,000	15,000	15,000	-
Hudson Alpha Foundation	-	-	-	-
Pryor Field Airport Authority	30,000	30,000	30,000	-
Friends of Delano	-	25,000	25,000	-
Volunteer Center	5,000	5,000	5,000	-
Carnegie Visual Arts	17,000	17,000	17,000	-
Free Health Clinic	75,000	75,000	75,000	-
Morgan County Child Advocacy Center	-	-	-	-
Downtown Redevelopment Authority	84,100	84,100	84,100	-
Kidz Table Inc.	-	-	-	-
Decatur Youth Symphony	-	-	-	-
Princess Theatre	80,000	80,000	80,000	-
American Cancer Society	50,000	50,000	50,000	-
Entrepreneurial Center	165,000	165,000	165,000	-
DDMBA / 3rd Friday	-	3,000	3,000	-
DMCCC One Vision, One Voice	-	-	-	-
DMCCC Business Development Board	50,000	50,000	50,000	-
Singing River Trail Study	-	25,000	25,000	-
Total Community Services Contract	2,746,480	2,799,480	3,173,389	(373,909)

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2022

Page 7 of 7

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Development				
Planning department				
Personnel services	304,643	308,626	269,277	39,349
Operating expenses	84,602	85,052	62,306	22,746
Total	389,245	393,678	331,583	62,095
Business development				
Operating expenses	322,000	364,500	348,657	15,843
Total	322,000	364,500	348,657	15,843
Total community development	711,245	758,178	680,240	77,938
Debt Service Expenditures				
Principal	5,048,520	4,878,485	4,519,004	359,481
Interest and fiscal charges	601,630	848,618	847,178	1,440
Issuance costs	-	-	-	-
Total Debt Service Expenditures	5,650,150	5,727,103	5,366,182	360,921
TOTAL EXPENDITURES	71,039,906	85,486,563	73,503,734	11,982,829
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURE	1,078,436	(13,268,221)	8,018,096	21,286,317
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	-	32,039	32,039
Operating transfers in	7,082	277,232	300,003	22,771
Operating transfers out	(947,988)	(5,287,486)	(4,242,640)	1,044,846
Total other financing sources (uses)	(940,906)	(5,010,254)	(3,910,598)	1,099,656
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	137,530	(18,278,475)	4,107,498	22,385,973
Fund balance, beginning	48,636,316	48,636,316	48,636,316	-
FUND BALANCE, ENDING	\$ 48,773,846	\$ 30,357,841	\$ 52,743,814	\$ 22,385,973

Other Governmental Funds

The City maintains the following governmental funds which are considered nonmajor funds in the current year. In order to provide more information to the readers of the financial statements, these have been included on the following pages to show the details of the "Other Governmental Funds" columns within the Governmental Fund financial statements.

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

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

2019 Gas Tax Special Revenue Fund - to account for additional gas tax funds to be phased in over a three-year period which are to be designated for resurfacing and repairs of public streets and bridges.

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

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

Municipal Court Special Revenue Fund - to account for the collection and payment of the portion of court fees which are due to other governmental entities.

Alabama Capital Improvement Trust Special Revenue Fund (formerly the Heritage Trust Special Revenue Fund) - to account for funds received from the Alabama Trust Fund of the State of Alabama which are designated for capital improvements, payments of bond principal and interest, and restoration of capital improvements such as buildings and streets.

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

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

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

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

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

2016 Capital Improvements Fund - to account for the cost of constructing road projects and economic development projects which are financed by general obligation warrants.

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

City of Decatur
 Non-Major Governmental Funds (by fund type)
 Combining Balance Sheet
 September 30, 2022

Page 1 of 4

	Special Revenue Funds											Permanent Fund	
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	2019 Gas Tax	Grant	Personnel Board	Municipal Court	Alabama Capital Improvement Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Perpetual Care	
Assets													
Cash & investments, at cost	\$144,197	\$ 11,300	\$ 456,097	\$ 11,019,919	\$ 102,795	\$ 76,845	\$ 1,543,498	\$ 210,013	\$ 439,412	\$ 392,600	\$ 1,392,355	\$ 371,143	
Cash with fiscal agents	-	-	-	-	-	-	-	-	-	-	37,063	-	
Investments, at cost												1,046,851	
Receivables (net of allowances)													
Accounts	-	-	-	-	-	-	-	-	19,864	5,719	-	1,295	
Taxes	-	-	-	-	-	-	-	-	-	-	52,508	-	
Due from other funds													
Due from governmental entities	12,302	27,526	35,664	2,859,987	-	-	-	-	-	-	-	-	
Deposits	10,182	6,823	-	-	-	-	-	-	-	-	-	-	
Prepays	-	-	-	-	-	-	-	-	-	-	1,075	-	
Total assets	\$166,681	\$ 45,649	\$ 491,761	\$ 13,879,906	\$ 102,795	\$ 76,845	\$ 1,543,498	\$ 229,877	\$ 445,131	\$ 393,675	\$ 1,481,926	\$ 1,419,289	
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	-	
Liabilities													
Accounts payable	152,830	361	292,018	1,858,535	3,003	66,414	69,665	10,783	2,786	-	-	-	
Accrued liabilities	-	-	-	9,567	23,759	2,000	-	-	-	-	-	-	
Contract retainages	-	-	-	527,989	-	-	16,099	-	-	-	-	-	
Due to other funds	-	-	-	-	-	-	-	-	-	-	736,477	1,295	
Due to other governmental entities	-	-	-	-	-	8,431	-	-	-	-	-	-	
Total liabilities	152,830	361	292,018	2,396,091	26,762	76,845	85,764	10,783	2,786	-	736,477	1,295	
Deferred Inflows of Resources													
Unavailable revenue	-	-	-	13,434,023	-	-	-	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	13,434,023	-	-	-	-	-	-	-	-	
Fund Balances													
Nonspendable	-	-	-	-	-	-	-	-	-	1,075	-	1,417,994	
Restricted	13,851	45,288	199,743	-	-	-	1,457,734	219,094	442,345	392,600	-	-	
Committed	-	-	-	-	76,033	-	-	-	-	-	745,449	-	
Unassigned	-	-	-	(1,950,208)	-	-	-	-	-	-	-	-	
Total fund balance (deficit)	13,851	45,288	199,743	(1,950,208)	76,033	-	1,457,734	219,094	442,345	393,675	745,449	1,417,994	
Total liabilities, deferred inflows and fund balance	\$166,681	\$ 45,649	\$ 491,761	\$ 13,879,906	\$ 102,795	\$ 76,845	\$ 1,543,498	\$ 229,877	\$ 445,131	\$ 393,675	\$ 1,481,926	\$ 1,419,289	

City of Decatur

Non-Major Governmental Funds (by fund type)

Combining Balance Sheet - Continued

September 30, 2022

Page 2 of 4

Capital Projects Funds			
2016 Capital Improvements Fund	Sewer Fund	Total Nonmajor Governmental Funds	
\$ 1,509,362	\$ 603,625	\$ 18,273,161	
-	571,301	608,364	
-		1,046,851	
37,286	-	64,164	
-	-	52,508	
	80,570	80,570	
-	-	2,935,479	
-	-	17,005	
-	-	1,075	
<u>\$ 1,546,648</u>	<u>\$ 1,255,496</u>	<u>\$ 23,079,177</u>	
-	-	-	
451,313	-	2,907,708	
-	-	35,326	
22,160	-	566,248	
-	-	737,772	
272,695	-	281,126	
<u>746,168</u>	<u>-</u>	<u>4,528,180</u>	
-	-	<u>13,434,023</u>	
-	-	<u>13,434,023</u>	
-	-	1,419,069	
-	-	2,770,655	
800,480	1,255,496	2,877,458	
-	-	(1,950,208)	
<u>800,480</u>	<u>1,255,496</u>	<u>5,116,974</u>	
<u>\$ 1,546,648</u>	<u>\$ 1,255,496</u>	<u>\$ 23,079,177</u>	

City of Decatur

Non-major Governmental Funds (by fund type)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended September 30, 2022

Page 3 of 4

	Special Revenue Funds											Permanent Fund
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	2019 Gas Tax	Grant	Personnel Board	Municipal Court	Alabama Capital Improvement Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Perpetual Care
Revenue												
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 596,414	\$ -
Fines & forfeitures	-	-	-	-	-	-	-	306,729	96,202	-	-	-
Revenues from money & property	1,780	1,884	4,490	92,833	-	-	-	1,808	-	6,930	-	55,531
Intergovernmental	139,833	312,635	400,990	7,320,441	-	-	529,898	-	-	80,833	-	-
Gifts & donations	-	-	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	391,367	-	-	-	-	-	-	-	-
Total revenues	141,613	314,519	405,480	7,804,641	-	-	529,898	308,537	96,202	87,763	596,414	55,531
Expenditures												
Current												
General government	-	-	-	-	861,015	-	181,488	52,116	27,619	-	-	-
Public safety	-	-	-	-	-	-	149,347	123,771	-	13,006	-	-
Public works	204,056	302,336	339,491	-	-	-	206,876	-	-	-	-	-
Public services	-	-	-	-	-	-	271,482	-	-	-	-	-
Educational assistance	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	8,026,281	-	-	-	-	-	-	-	-
Debt service												
Principal	-	-	-	3,375	-	-	-	43,164	-	-	133,806	-
Interest and fiscal charges	-	-	-	375	-	-	-	3,900	-	-	15,331	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	204,056	302,336	339,491	8,030,031	861,015	-	809,193	222,951	27,619	13,006	149,137	-
Excess (deficiency) of revenues over expenditures	(62,443)	12,183	65,989	(225,390)	(861,015)	-	(279,295)	85,586	68,583	74,757	447,277	55,531
Other Financing Sources (Uses)												
Transfers in	-	-	-	369,232	527,717	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(695)	-	-	-	-	-	-	(3,724)	(27,089)
Total other financing sources (uses)	-	-	-	368,537	527,717	-	-	-	-	-	(3,724)	(27,089)
Net change in fund balance	(62,443)	12,183	65,989	143,147	(333,298)	-	(279,295)	85,586	68,583	74,757	443,553	28,442
Fund balance (deficit), beginning	76,294	33,105	133,754	(2,093,355)	409,331	-	1,737,029	133,508	373,762	318,918	301,896	1,389,552
Fund balance (deficit), ending	\$ 13,851	\$ 45,288	\$ 199,743	\$ (1,950,208)	\$ 76,033	\$ -	\$ 1,457,734	\$ 219,094	\$ 442,345	\$ 393,675	\$ 745,449	\$ 1,417,994

City of Decatur

Non-major Governmental Funds (by fund type)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued

For the Year Ended September 30, 2022

Page 4 of 4

Capital Projects Fund			Total
2016 Capital Improvements Fund	Sewer Fund	Nonmajor Governmental Funds	
\$ -	\$ -	\$ 596,414	
-	-	402,931	
27,141	11,571	203,968	
33,655	-	8,818,285	
-	-	-	
-	-	391,367	
<hr/>	<hr/>	<hr/>	
60,796	11,571	10,412,965	
<hr/>	<hr/>	<hr/>	
-	-	1,122,238	
-	-	286,124	
878,546	-	1,931,305	
-	-	271,482	
-	-	-	
-	-	8,026,281	
<hr/>	<hr/>	<hr/>	
-	720,898	901,243	
-	128,230	147,836	
-	-	-	
<hr/>	<hr/>	<hr/>	
878,546	849,128	12,686,509	
<hr/>	<hr/>	<hr/>	
(817,750)	(837,557)	(2,273,544)	
<hr/>	<hr/>	<hr/>	
-	1,058,747	1,955,696	
-	-	(31,508)	
<hr/>	<hr/>	<hr/>	
-	1,058,747	1,924,188	
<hr/>	<hr/>	<hr/>	
(817,750)	221,190	(349,356)	
<hr/>	<hr/>	<hr/>	
1,618,230	1,034,306	5,466,330	
<hr/>	<hr/>	<hr/>	
\$ 800,480	\$ 1,255,496	\$ 5,116,974	
<hr/>	<hr/>	<hr/>	

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, 2022

	Budget				Variance with Final Budget
	Original	Final	Actual		Positive (Negative)
REVENUES					
Intergovernmental	\$ 140,000	\$ 140,000	\$ 139,833	\$ (167)	
Revenues from money and property	1,000	1,000	1,780	780	
Total revenues	141,000	141,000	141,613	613	
EXPENDITURES					
Operating expenses	204,056	204,056	204,056	-	
Total expenditures	204,056	204,056	204,056	-	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(63,056)	(63,056)	(62,443)	613	
NET CHANGE IN FUND BALANCE	(63,056)	(63,056)	(62,443)	613	
Fund balance, beginning	76,294	76,294	76,294	-	
FUND BALANCE, ENDING	\$ 13,238	\$ 13,238	\$ 13,851	\$ 613	

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, 2022**

	Budget			Variance with Positive (Negative)	
	Original	Final	Actual		
REVENUES					
Intergovernmental	\$ 313,500	\$ 313,500	\$ 312,635	\$ (865)	
Revenues from money and property	1,500	1,500	1,884	384	
Total revenues	315,000	315,000	314,519	(481)	
EXPENDITURES					
Operating expenses	403,283	403,283	302,336	302,336	100,947
Total expenditures	403,283	403,283	302,336	302,336	100,947
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(88,283)	(88,283)	12,183	12,183	100,466
NET CHANGE IN FUND BALANCE					
Fund balance, beginning	(88,283)	(88,283)	12,183	12,183	100,466
	33,105	33,105	33,105	33,105	-
FUND BALANCE, ENDING					
	\$ (55,178)	\$ (55,178)	\$ 45,288	\$ 45,288	\$ 100,466

City of Decatur
 2019 Gas Tax Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2022

	Budget		Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)
REVENUES				
Intergovernmental	\$ 275,000	\$ 275,000	\$ 400,990	\$ 125,990
Revenues from money and property	1,001	1,001	4,491	3,490
Total revenues	276,001	276,001	405,481	129,480
EXPENDITURES				
Operating expenses	339,493	339,493	339,493	-
Total expenditures	339,493	339,493	339,493	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(63,492)	(63,492)	65,988	129,480
NET CHANGE IN FUND BALANCE				
Fund balance, beginning	133,756	133,756	133,756	-
FUND BALANCE, ENDING	\$ 70,264	\$ 70,264	\$ 199,744	\$ 129,480

City of Decatur
 Personnel Board Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2022

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Other revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Personnel services	693,541	700,323	683,624	16,699
Operating expenses	234,176	234,176	177,391	56,785
Total expenditures	927,717	934,499	861,015	73,484
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(927,717)	(934,499)	(861,015)	73,484
OTHER FINANCING SOURCES				
Operating transfers in	527,717	527,717	527,717	-
Total other financing sources (uses)	527,717	527,717	527,717	-
NET CHANGE IN FUND BALANCE	(400,000)	(406,782)	(333,298)	73,484
Fund balance, beginning	409,331	409,331	409,331	-
FUND BALANCE, ENDING	\$ 9,331	\$ 2,549	\$ 76,033	\$ 73,484

City of Decatur
 Alabama Capital Improvement Trust Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2022

	Budget				Variance with Final Budget
	Original	Final	Actual	Positive (Negative)	
REVENUES					
Intergovernmental	\$ 575,000	\$ 575,000	\$ 529,898	\$ (45,102)	
Total revenues	575,000	575,000	529,898	(45,102)	
EXPENDITURES					
Personal services	-	-	-	-	
Operating expenses	-	-	-	-	
Capital outlay	1,445,000	2,124,768	809,193	1,315,575	
Total expenditures	1,445,000	2,124,768	809,193	1,315,575	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(870,000)	(1,549,768)	(279,295)	1,270,473	
NET CHANGE IN FUND BALANCE	(870,000)	(1,549,768)	(279,295)	1,270,473	
Fund balance, beginning	1,737,029	1,737,029	1,737,029	-	
FUND BALANCE, ENDING	\$ 867,029	\$ 187,261	\$ 1,457,734	\$ 1,270,473	

City of Decatur
 Corrections Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2022

	Budget			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
REVENUES					
Fines and Forfeitures	\$ 230,000	\$ 230,000	\$ 306,729	\$ 76,729	
Revenues from money and property	3,000	3,000	1,808	(1,192)	
Total revenues	233,000	233,000	308,537	75,537	
EXPENDITURES					
Personnel services	109,480	117,480	108,207	9,273	
Operating expenses	185,614	133,454	40,290	93,164	
Capital outlay	-	30,000	27,390	2,610	
Debt service					
Principal	-	43,164	43,164	-	
Interest	-	3,900	3,900	-	
Total expenditures	295,094	327,998	222,951	105,047	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(62,094)	(94,998)	85,586	180,584	
NET CHANGE IN FUND BALANCE	(62,094)	(94,998)	85,586	180,584	
Fund balance, beginning	133,508	133,508	133,508	-	
FUND BALANCE, ENDING	\$ 71,414	\$ 38,510	\$ 219,094	\$ 180,584	

City of Decatur
 Docket Fee Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2022

	Budget				Variance with Final Budget
	Original	Final	Actual	Positive (Negative)	
REVENUES					
Fines and Forfeitures	\$ 69,700	\$ 69,700	\$ 96,202	\$ 26,502	
Total revenues	69,700	69,700	96,202	26,502	
EXPENDITURES					
Personnel services	-	-	-	-	
Operating expenses	40,300	40,300	27,619	12,681	
Capital outlay	90,000	90,000	-	90,000	
Total expenditures	130,300	130,300	27,619	102,681	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(60,600)	(60,600)	68,583	129,183	
NET CHANGE IN FUND BALANCE	(60,600)	(60,600)	68,583	129,183	
Fund balance, beginning	373,762	373,762	373,762	-	
FUND BALANCE, ENDING	\$ 313,162	\$ 313,162	\$ 442,345	\$ 129,183	

City of Decatur
 Drug Seizure Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2022

	Budget			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
REVENUES					
Intergovernmental	\$ 54,000	\$ 54,000	\$ 80,833	\$ 26,833	
Revenues from money and property	4,300	4,300	6,930	2,630	
Total revenues	58,300	58,300	87,763	29,463	
EXPENDITURES					
Personal services	3,500	3,500	-	3,500	
Operating expenses	50,500	54,800	9,779	45,021	
Capital outlay	4,300	35,000	3,227	31,773	
Total expenditures	58,300	93,300	13,006	80,294	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	-	(35,000)	74,757	109,757	
NET CHANGE IN FUND BALANCE					
Fund balance, beginning	318,918	318,918	318,918	-	
FUND BALANCE, ENDING					
	\$ 318,918	\$ 283,918	\$ 393,675	\$ 109,757	

City of Decatur
 Room Occupancy Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2022

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes and Payments in lieu of taxes	\$ 488,000	\$ 488,000	\$ 596,414	\$ 108,414
Total revenues	488,000	488,000	596,414	108,414
EXPENDITURES				
Personal services	-	-	-	-
Operating expenses	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	133,806	133,806	133,806	-
Interest	15,331	15,331	15,331	-
Operating expenses				
Total expenditures	149,137	149,137	149,137	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	338,863	338,863	447,277	108,414
OTHER FINANCING USES				
Operating transfers in	-	-	-	-
Operating transfers (out)	(3,724)	(3,724)	(3,724)	-
Total other financing sources	(3,724)	(3,724)	(3,724)	-
NET CHANGE IN FUND BALANCE	335,139	335,139	443,553	108,414
Fund balance, beginning	301,896	301,896	301,896	-
FUND BALANCE, ENDING	\$ 637,035	\$ 637,035	\$ 745,449	\$ 108,414

City of Decatur
 Non-major Proprietary Funds
 Combining Statement of Net Position
 September 30, 2022

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash & investments, at cost	\$ 604,671	\$ 31,111,554	\$31,716,225
Receivables (net of allowance)			
Accounts	25,642	544,586	570,228
Due from other funds	-	738,058	738,058
Prepaid items	6,911	4,714	11,625
Inventories, at cost	45,515	-	45,515
TOTAL CURRENT ASSETS	682,739	32,398,912	33,081,651
NONCURRENT ASSETS			
Capital assets:			
Land	254,931	1,291,799	1,546,730
Buildings	7,325,164	2,365,396	9,690,560
Improvements other than buildings	10,968,438	8,664,132	19,632,570
Furniture & equipment	990,716	7,219,464	8,210,180
Construction work in progress	-	1,299,552	1,299,552
Less accumulated depreciation	(16,087,287)	(12,888,298)	(28,975,585)
Total capital assets (net of accumulated depreciation)	3,451,962	7,952,045	11,404,007
TOTAL NONCURRENT ASSETS	3,451,962	7,952,045	11,404,007
TOTAL ASSETS	4,134,701	40,350,957	44,485,658
DEFERRED OUTFLOWS OF RESOURCES			
OPEB contribution	351,712	505,626	857,338
Pension contributions subsequent to measurement date	224,732	502,185	726,917
TOTAL DEFERRED OUTFLOWS OF RESOURCES	576,444	1,007,811	1,584,255

LIABILITIES			
CURRENT LIABILITIES			
Accounts payable			
	132,640	138,337	270,977
Accrued liabilities	39,945	94,852	134,797
Compensated absences	12,180	12,114	24,294
Claims payable	-	75,000	75,000
TOTAL CURRENT LIABILITIES	184,765	320,303	505,068
NONCURRENT LIABILITIES			
Landfill closure and post-closure care costs	-	4,539,776	4,539,776
Compensated absences	109,615	109,023	218,638
Claims payable	-	75,000	75,000
Net pension liability	828,093	1,811,087	2,639,180
Net other postemployment benefit liability	2,273,517	2,325,182	4,598,699
TOTAL NONCURRENT LIABILITIES	3,211,225	8,860,068	12,071,293
TOTAL LIABILITIES	3,395,990	9,180,371	12,576,361
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on OPEB plan investments	665,431	977,714	1,643,145
Net difference between projected and actual earnings on pension plan investments	153,932	292,011	445,943
TOTAL DEFERRED INFLOWS OF RESOURCES	819,363	1,269,725	2,089,088
NET POSITION			
Net investment in capital assets	3,451,962	7,952,045	11,404,007
Unrestricted	(2,956,170)	22,956,627	20,000,457
TOTAL NET POSITION	\$ 495,792	\$ 30,908,672	\$ 31,404,464

City of Decatur
Non-major Proprietary Funds
Combining Schedule of Revenue, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2022

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
OPERATING REVENUE			
Charges for services	\$ 5,144,403	\$ 7,825,856	\$ 12,970,259
TOTAL OPERATING REVENUE	5,144,403	7,825,856	12,970,259
OPERATING EXPENSES			
Personnel, operations & maintenance	4,510,298	3,752,302	8,262,600
Closure and postclosure costs	-	280,884	280,884
Depreciation and amortization	658,848	1,268,832	1,927,680
Administrative costs	314,592	467,098	781,690
TOTAL OPERATING EXPENSES	5,483,738	5,769,116	11,252,854
OPERATING INCOME (LOSS)	(339,335)	2,056,740	1,717,405
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	443,326	443,326
Gain on disposition of assets	-	44,244	44,244
Miscellaneous revenue	1,116	46,340	47,456
Total nonoperating revenue	1,116	533,910	535,026
INCOME (LOSS) BEFORE CONTRIBUTIONS, TRANSFERS & SPECIAL ITEMS	(338,219)	2,590,650	2,252,431
Special item	-	3,343,423	3,343,423
Transfers in	-	8,176	8,176
Transfers (out)	(237)	-	(237)
CHANGE IN NET POSITION	(338,456)	5,942,249	5,603,793
Total net position, beginning	834,248	24,966,423	25,800,671
TOTAL NET POSITION, ENDING	\$ 495,792	\$ 30,908,672	\$ 31,404,464

City of Decatur
 Non-major Proprietary Funds
 Combining Statement of Cash Flows
 For the Year Ended September 30, 2022

	Enterprise Funds			Total Nonmajor
	Point Mallard	Sanitary Landfill	Enterprise Funds	
OPERATING ACTIVITIES				
Receipts from customers and users	\$ 5,141,644	\$ 7,982,042	\$ 13,123,686	
Payments to suppliers	(2,408,448)	(3,020,746)	(5,429,194)	
Payments to employees	(2,602,387)	(1,732,209)	(4,334,596)	
Payments for interfund services	1,119	-	1,119	
NET CASH PROVIDED BY OPERATING ACTIVITIES	131,928	3,229,087	3,361,015	
NONCAPITAL FINANCING ACTIVITIES				
Payments received from advances to other funds	-	129,372	129,372	
Operating transfers in	-	8,176	8,176	
Operating transfers (out)	(237)	-	(237)	
NET CASH (USED) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(237)	137,548	137,311	
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(1,194,347)	(1,194,347)	
Proceeds from sale of capital assets	-	44,244	44,244	
Extraordinary Item	-	3,343,423	3,343,423	
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	2,193,320	2,193,320	
INVESTING ACTIVITIES				
Interest received	-	443,326	443,326	
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	443,326	443,326	
NET DECREASE IN CASH AND CASH EQUIVALENTS	131,691	6,003,281	6,134,972	
Cash and cash equivalents, beginning	472,980	25,108,273	25,581,253	
CASH AND CASH EQUIVALENTS, ENDING	\$ 604,671	\$ 31,111,554	\$ 31,716,225	

OPERATING INCOME (LOSS)	\$ (339,335)	\$ 2,056,740	\$ 1,717,405
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation and amortization	658,848	1,268,832	1,927,680
Landfill postclosure costs	-	236,634	236,634
Miscellaneous items	1,119	46,340	47,459
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	(2,759)	109,846	107,087
Accounts payable	30,827	8,929	39,756
Claims payable	-	(50,000)	(50,000)
Inventory	(8,148)	-	(8,148)
Prepaid items	-	(4,714)	(4,714)
Accrued liabilities	5,882	4,536	10,418
Net pension liability	(204,536)	(427,357)	(631,893)
Net OPEB obligation	(9,970)	(20,699)	(30,669)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 131,928</u>	<u>\$ 3,229,087</u>	<u>\$ 3,361,015</u>

STATISTICAL SECTION (UNAUDITED)



the City OF OPPORTUNITY



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 activates 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.

This Page Intentionally Left Blank

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 68,734,208	\$ 57,492,241	\$ 55,707,351	\$ 45,494,769	\$ 34,773,577	\$ 37,209,341	\$ 31,327,171	\$ 29,561,806	\$ 30,447,007	\$ 33,080,019
Restricted	6,534,968	6,264,941	6,206,701	3,570,597	3,509,162	3,682,814	3,788,357	4,318,971	3,885,349	3,145,307
Unrestricted	(80,009,846)	(97,299,482)	(112,616,183)	(106,609,293)	(113,665,669)	(43,961,640)	(38,088,919)	(35,016,581)	(2,825,187)	(2,232,953)
Total governmental activities net position	(4,740,670)	(33,542,300)	(50,702,131)	(57,543,927)	(75,382,930)	(3,069,485)	(2,973,391)	(1,135,804)	31,507,169	33,992,373
Business-type activities										
Net investment in capital assets	260,360,162	257,574,347	249,319,906	243,198,235	226,886,818	201,146,976	188,974,450	168,779,187	123,170,516	141,972,809
Restricted	19,744,950	7,881,333	15,482,625	24,012,716	23,603,852	23,056,896	28,639,263	40,071,044	47,773,019	58,288,930
Unrestricted	26,759,813	17,198,387	8,563,733	(4,323,534)	(2,938,616)	37,772,340	35,861,212	33,133,776	82,333,175	47,187,185
Total business-type activities net position	306,864,925	282,654,067	273,366,264	262,887,417	247,552,054	261,976,212	253,474,925	241,984,007	253,276,710	247,448,924
Primary government										
Net investment in capital assets	329,094,370	315,066,588	305,027,257	288,693,004	261,660,395	238,356,317	220,301,621	198,340,993	153,617,523	175,052,828
Restricted	26,279,918	14,146,274	21,689,326	27,583,313	27,113,014	26,739,710	32,427,620	44,390,015	51,658,368	61,434,237
Unrestricted	(53,250,033)	(80,101,095)	(104,052,450)	(110,932,827)	(116,604,285)	(6,189,300)	(2,227,707)	(1,882,805)	79,507,988	44,954,232
Total primary government net assets	\$ 302,124,255	\$ 249,111,767	\$ 222,664,133	\$ 205,343,490	\$ 172,169,124	\$ 258,906,727	\$ 250,501,534	\$ 240,848,203	\$ 284,783,879	\$ 281,441,297

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									
Expenses	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
General Government	\$ 9,041,026	\$ 12,944,319	\$ 21,666,828	\$ 9,470,149	\$ 23,144,821	\$ 18,363,409	\$ 16,044,080	\$ 13,957,454	\$ 14,264,188	\$ 14,103,141
Public safety	28,248,293	27,027,485	26,646,533	26,386,902	25,480,437	25,332,134	23,111,083	23,949,879	22,981,334	22,958,877
Public works	10,238,921	9,927,356	7,784,652	8,228,481	7,741,903	9,539,842	6,950,859	8,129,042	10,452,310	8,129,190
Public services	11,268,150	9,859,751	9,483,645	11,193,931	10,568,698	10,272,836	10,196,003	9,805,856	8,795,026	10,164,983
Educational assistance	27,631,709	26,016,676	23,314,576	23,232,204	21,974,908	21,097,369	20,423,095	20,133,524	19,647,186	18,294,568
Community development	2,420,240	2,756,394	1,489,956	2,794,596	1,260,539	1,310,902	1,218,223	1,026,451	2,121,523	1,294,167
Community service contracts	3,393,276	2,955,611	2,690,067	1,293,569	2,693,160	2,474,565	2,357,213	2,239,029	2,349,354	2,401,418
Personnel board	-	-	-	-	-	801,764	611,900	620,764	580,781	573,625
Interest on long-term debt	1,169,828	895,287	1,292,456	1,417,048	1,529,897	1,625,845	1,586,551	1,774,419	1,837,110	1,910,582
Unallocated depreciation	1,480,489	1,609,561	1,801,728	1,985,191	2,093,773	2,173,814	2,320,990	2,366,814	2,449,953	2,507,112
Total governmental activities expense	94,891,932	93,992,440	96,170,441	86,002,071	96,488,136	92,992,480	84,819,997	84,003,232	85,478,765	82,337,663
Business-type activities:										
Municipal Utilities Board	152,877,786	135,880,186	124,503,538	135,287,508	134,675,442	130,290,772	129,940,544	134,707,491	141,507,769	134,132,114
Point Mallard	5,483,738	5,137,263	3,715,716	5,718,591	5,885,957	5,587,125	5,591,696	5,614,318	5,382,914	5,311,189
Sanitary Landfill	5,769,116	5,831,354	4,566,388	5,665,053	10,265,722	6,676,493	5,946,289	5,579,541	5,593,042	5,582,815
Total business-type activities expenses	164,130,640	146,848,803	132,785,642	146,671,152	150,827,121	142,554,390	141,478,529	145,901,350	152,483,725	145,026,118
Total primary government expenses	259,022,572	240,841,243	228,956,083	232,673,223	247,315,257	235,546,870	226,298,526	229,904,582	237,962,490	227,363,781
Program Revenues										
Governmental activities:										
Charges for services:										
General government	8,204,274	6,912,263	7,180,587	7,032,271	6,903,145	6,495,047	6,101,001	6,642,236	6,546,578	6,118,428
Public safety	2,380,924	1,449,303	1,448,207	1,784,133	2,003,560	1,959,213	2,008,137	2,245,642	2,213,545	2,279,815
Public works	4,917,476	4,648,056	4,526,901	4,438,798	4,286,515	3,930,481	3,918,168	3,920,619	3,358,806	3,295,403
Public services	743,464	697,436	420,542	667,645	684,203	704,558	692,853	703,562	714,905	777,107
Intergovernmental assistance	-	-	-	-	-	-	-	-	264,600	288,963
Educational assistance	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	1,944	2,911	7,716	15,068	-
Operating grants and contributions	2,700,754	3,122,439	2,472,564	1,673,621	1,246,909	3,930,964	2,191,970	1,322,425	2,837,884	1,571,696
Capital grants and contributions	7,159,412	7,155,168	4,318,927	6,750,266	6,397,687	3,436,810	2,011,637	2,205,732	1,060,037	1,413,023
Total governmental activities program revenues	26,106,304	23,984,665	20,367,728	22,346,734	21,522,019	20,459,017	16,926,677	17,047,932	17,011,423	15,744,435
Business-type activities										
Charges for services:										
Municipal Utilities Board	164,224,211	139,850,512	131,913,145	144,243,694	145,366,327	139,081,130	137,016,266	141,001,444	146,862,667	138,618,004
Point Mallard	5,144,403	4,939,976	1,846,806	5,155,091	5,375,310	5,076,812	5,016,486	5,154,135	4,760,368	4,658,432
Sanitary Landfill	7,825,856	7,650,951	7,507,008	7,029,190	6,900,730	6,040,839	6,022,126	6,094,943	5,926,274	5,853,244
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	730,767	921,133	1,246,220	3,907,937	359,349	1,195,833	2,539,845	1,205,802	405,913	740,348
Total business-type activities program revenues	177,925,237	153,362,572	142,513,179	160,335,912	158,001,716	151,394,614	150,594,723	153,456,324	157,955,222	149,870,028
Total primary government program revenues	204,031,541	177,347,237	162,880,907	182,682,646	179,523,735	171,853,631	167,521,400	170,504,256	174,966,645	165,614,463
Net (Expense)/Revenue										
Governmental activities	(68,785,628)	(70,007,775)	(75,802,713)	(63,655,337)	(74,966,117)	(72,533,463)	(67,893,320)	(66,955,300)	(68,467,342)	(66,593,228)
Business-type activities	13,794,597	6,513,769	9,727,537	13,664,760	7,174,595	8,840,224	9,116,194	7,554,974	5,471,497	4,843,910
Total primary government net expense	(54,991,031)	(63,494,006)	(66,075,176)	(49,990,577)	(67,791,522)	(63,693,239)	(58,777,126)	(59,400,326)	(62,995,845)	(61,749,318)

Notes:

Implementation of GASB 65 created adjustments from previous years presentations.

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Sales & use taxes	61,120,053	55,838,932	49,930,964	48,372,767	44,540,749	42,306,443	39,102,654	37,490,197	36,975,155	36,227,828
Property taxes	21,772,067	20,596,224	20,507,015	20,754,352	19,733,997	19,644,780	18,863,532	19,300,964	19,453,927	18,203,180
Alcoholic beverage taxes*	2,093,118	2,125,967	1,972,204	1,836,545	1,807,517	1,867,412	1,848,981	1,768,182	1,750,197	1,785,189
Gasoline taxes*	1,050,623	817,441	770,700	806,139	753,123	790,070	813,437	762,676	762,635	841,873
Automobile taxes*	1,912,941	1,665,894	1,530,617	1,470,708	1,416,741	1,439,929	1,468,633	1,393,212	1,385,352	1,397,678
Lodging taxes*	2,656,308	2,362,706	1,882,644	1,661,859	1,473,513	1,707,366	1,502,491	1,290,241	1,298,503	1,494,547
Rental taxes*	1,721,259	1,667,263	1,396,080	1,526,752	1,259,248	1,174,924	1,160,898	1,075,881	1,061,858	1,016,323
Other taxes*	3,060,181	2,518,376	2,843,597	3,200,153	3,162,870	2,270,700	2,640,531	2,603,581	2,433,363	2,473,382
Interest on investments	(998,910)	1,644,900	1,125,044	1,032,167	216,775	163,743	85,679	75,454	99,328	134,835
Other	579,096	164,001	287,769	37,239	383,589	206,279	711,482	953,234	766,711	748,981
Extraordinary item	1,605,911									
Transfers	1,014,611	(2,234,098)	396,735	795,661	(9,188,159)	865,723	(2,142,585)	930,600	(4,891)	(1,219,764)
Total governmental activities	97,587,258	87,167,606	82,643,369	81,494,341	65,559,963	72,437,369	66,055,733	67,644,222	65,982,138	63,104,052
Business-type activities:										
Interest on investments	2,061,311	475,867	1,081,704	1,883,254	1,329,049	438,987	182,828	173,935	212,843	208,518
Forgiveness of Long-term debt	-	-	-	-	-	-	-	-	-	-
Other	96,700	(71,715)	66,343	583,010	(145,266)	87,779	49,311	46,454	138,555	61,011
Extraordinary item	9,272,861									
Transfers	(1,014,611)	2,234,098	(396,737)	(795,661)	9,188,159	(865,723)	2,142,585	(930,600)	4,891	1,219,764
Total business-type activities	10,416,261	2,638,250	751,310	1,670,603	10,371,942	(338,957)	2,374,724	(710,211)	356,289	1,489,293
Total primary government	108,003,519	89,805,856	83,394,679	83,164,944	75,931,905	72,098,412	68,430,457	66,934,011	66,338,427	64,593,345
Change in Net Position										
Governmental activities	28,801,630	17,159,831	6,840,656	17,839,004	(9,406,154)	(96,094)	(1,837,587)	688,922	(2,485,204)	(3,489,176)
Business-type activities	24,210,858	9,152,019	10,478,847	15,335,363	17,546,537	8,501,267	11,490,918	6,844,763	5,827,786	6,333,203
Total primary government	\$ 53,012,488	\$ 26,311,850	\$ 17,319,503	\$ 33,174,367	\$ 8,140,383	\$ 8,405,173	\$ 9,653,331	\$ 7,533,685	\$ 3,342,582	\$ 2,844,027

Notes:

Implementation of GASB 65 created adjustments from previous years presentations

* The presentation on the Government-wide Statement of Activities was updated by management in 2018 to combine these line items into one line item labeled "Other taxes" within General Revenues. For purposes of comparability within the above table, however, the City has continued to present these individual tax types separately rather than in the aggregate as on the Statement of Activities.

City of Decatur
Fund Balance-Governmental Fund
Last Ten Fiscal Years (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General fund										
Nonspendable	\$ 237,233	\$ 214,106	\$ 237,316	\$ 185,036	\$ 53,403	\$ 25,204	\$ 19,543	\$ 21,299	\$ 21,549	\$ 13,545
Restricted	1,547	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,311	0
Committed	28,498,202	26,097,888	23,169,208	21,781,925	22,040,347	21,062,702	21,230,959	17,809,129	17,009,274	10,871,653
Assigned	-	-	-	-	-	-	-	-	-	751,791
Unassigned	24,006,832	22,323,010	15,232,369	15,103,480	10,942,972	10,304,555	9,831,764	9,031,061	6,153,212	9,365,011
Total general fund	<u>52,743,814</u>	<u>48,636,316</u>	<u>38,640,205</u>	<u>37,071,753</u>	<u>33,038,034</u>	<u>31,393,773</u>	<u>31,083,578</u>	<u>26,862,801</u>	<u>23,185,346</u>	<u>21,002,000</u>
All other governmental funds										
Nonspendable	1,419,069	1,389,552	1,331,312	1,200,564	1,108,622	1,035,972	1,114,186	1,068,386	1,021,886	985,086
Restricted	2,770,655	2,806,370	2,281,362	2,368,721	2,399,228	2,645,530	2,672,858	3,249,271	2,862,151	827,177
Committed	24,362,365	3,363,763	2,592,718	2,205,535	3,080,921	5,903,693	2,705,450	4,289,409	4,283,113	7,369,361
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(1,950,208)	(2,184,140)	-	-	-	-	(403,248)	(284,827)	(631,842)	(531,029)
Total all other governmental funds	<u>\$ 26,601,881</u>	<u>\$ 5,375,545</u>	<u>\$ 6,205,392</u>	<u>\$ 5,774,820</u>	<u>\$ 6,588,771</u>	<u>\$ 9,585,195</u>	<u>\$ 6,089,246</u>	<u>\$ 8,322,239</u>	<u>\$ 7,535,308</u>	<u>\$ 8,650,595</u>

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Sales & use taxes	\$ 61,120,052	\$ 55,818,586	\$ 49,930,963	\$ 48,372,766	\$ 44,579,344	\$ 42,306,443	\$ 39,102,654	\$ 37,490,198	\$ 36,975,156	\$ 36,227,829
Property taxes	15,345,822	14,998,318	14,294,390	14,602,486	13,515,186	13,076,829	12,771,314	12,804,007	12,449,851	11,568,399
Other taxes	11,731,781	10,290,286	9,603,478	9,974,179	9,421,115	8,901,979	8,930,750	8,439,412	8,194,022	8,491,566
Licenses & permits	8,334,558	6,961,326	7,245,608	7,079,882	7,009,021	6,419,707	6,500,840	6,874,042	6,332,105	6,395,655
Fines & forfeitures	986,137	608,125	638,627	894,355	1,003,660	1,084,515	1,123,993	1,277,650	1,483,398	1,294,427
Revenues from money & property	(667,667)	1,976,998	1,393,261	1,292,076	476,857	395,853	305,821	278,241	295,724	331,552
Charges for services	6,133,091	5,805,493	5,423,782	5,686,552	5,604,473	5,341,448	5,321,168	5,350,291	4,791,185	4,746,517
Intergovernmental	16,251,514	14,468,404	13,177,632	14,243,667	14,008,548	12,372,847	10,373,846	10,236,944	11,472,765	10,122,422
Gifts & donations	148,338	72,357	378,020	119,680	165,000	280,405	226,081	155,629	108,180	79,115
Other revenues	2,588,126	395,282	874,035	409,959	375,268	1,268,944	1,050,811	825,963	640,298	762,753
Total revenues	121,971,752	111,395,175	102,959,796	102,675,602	96,158,472	91,448,970	85,707,278	83,732,377	82,742,684	80,020,235
Expenditures										
General government	18,320,410	15,671,067	15,796,012	13,671,107	5,697,269	4,929,165	5,606,753	4,511,312	4,456,127	4,354,201
Public safety	29,699,643	27,640,408	27,276,303	27,793,838	25,210,014	27,468,639	23,356,634	23,406,958	22,038,762	22,665,964
Public works	12,833,056	10,393,166	16,678,200	15,229,711	16,845,093	22,133,489	7,967,892	8,326,936	11,542,923	10,146,277
Public services	10,729,990	8,521,875	7,685,146	9,802,365	10,414,073	9,835,207	9,704,966	9,362,391	8,948,313	9,743,971
Educational assistance	27,631,709	26,016,676	23,314,576	23,232,204	28,857,773	28,155,808	26,931,950	25,487,456	24,699,081	22,984,911
Community service contracts	3,393,276	2,955,611	2,690,067	2,794,596	2,693,160	2,474,565	2,357,213	2,239,029	2,349,354	2,401,419
Community development	8,706,521	8,889,871	2,557,713	2,215,799	1,317,398	973,435	2,123,977	2,311,183	1,841,519	1,465,521
Personnel board	-	-	-	-	-	801,764	611,900	620,764	580,781	573,625
Debt Service: Principal	5,420,247	3,101,446	4,093,750	4,139,235	6,445,261	3,344,319	3,227,479	3,576,260	3,469,657	4,250,001
Interest and fiscal charges	995,014	949,578	1,265,740	1,372,640	1,485,229	1,440,280	1,645,140	1,734,540	1,797,817	1,856,179
Debt issuance costs	242,575	214,280	-	-	15	86,803	354,892	-	-	-
Total expenditures	117,972,441	104,353,978	101,357,507	100,251,495	98,965,285	101,643,474	83,888,796	81,576,829	81,724,334	80,442,069
Excess (deficiency) of revenues over expenditures	3,999,311	7,041,197	1,602,289	2,424,107	(2,806,813)	(10,194,504)	1,818,482	2,155,548	1,018,350	(421,834)
Other Financing Sources (Uses)										
General obligation debt issued	18,185,000	17,660,000	-	-	-	5,140,000	21,630,000	2,500,000	-	-
Premium on debt issue	2,066,675	-	-	-	-	97,594	316,632	-	-	-
Discount on debt issue	-	-	-	-	-	-	-	-	-	-
Lease Proceeds ***	32,039	-	-	-	837,996	422,596	-	-	54,600	-
Payment to escrow agent	-	(16,373,131)	-	-	-	-	(14,105,614)	-	-	-
Transfers in	5,595,106	2,227,587	1,818,247	1,896,577	1,551,014	5,996,202	2,858,215	749,409	849,219	752,865
Transfers (out)	(4,544,298)	(1,389,388)	(1,421,512)	(1,100,916)	(934,360)	(5,130,479)	(3,055,196)	(940,571)	(854,110)	(1,972,629)
Total other financing (uses) sources	21,334,522	2,125,068	396,735	795,661	1,454,650	6,525,913	7,644,037	2,308,838	49,709	(1,219,764)
Net change in fund balance	\$ 25,333,833	\$ 9,166,265	\$ 1,999,024	\$ 3,219,768	\$ (1,352,163)	\$ (3,668,591)	\$ 9,462,519	\$ 4,464,386	\$ 1,068,059	\$ (1,641,598)

Debt service as a percentage of noncapital expenditures 6.4% 4.5% 6.1% 6.3% 9.8% 5.1% 6.5% 6.8% 6.9% 8.2%

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

***GASB 87 implemented FY22

City of Decatur

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

Fiscal Year	Historical and Residential Property	Commercial and Industrial Property	Public Utility Property	Less: Tax-Exempt Property	Net Assessed Value	Total Direct Tax Rate	**Estimated Actual Taxable Value	Net Assessed Value as a Percentage of Actual Taxable Value
2013	200,898,580	605,860,720	9,258,020	190,522,460	625,494,860	18.6 Mills	3,991,799,167	15.67%
2014	199,699,520	627,784,140	9,382,520	210,588,960	626,277,220	18.6 Mills	3,981,836,067	15.73%
2015	198,796,920	645,795,960	9,039,260	230,243,280	623,388,860	18.6 Mills	3,961,013,167	15.74%
2016	199,647,480	654,237,080	7,172,520	221,571,380	639,485,700	18.6 Mills	4,055,584,500	15.77%
2017	201,551,340	678,834,860	6,880,340	235,556,020	651,710,520	18.6 Mills	4,118,475,267	15.82%
2018	219,332,940	736,725,140	6,338,340	236,229,400	726,167,020	18.6 Mills	4,563,462,800	15.91%
2019	219,575,960	718,256,240	5,887,520	238,074,460	705,645,260	18.6 Mills	4,461,462,967	15.82%
2020	218,689,160	755,474,260	6,252,720	231,706,760	748,709,380	18.6 Mills	4,673,523,200	16.02%
2021	226,699,900	768,299,980	6,004,640	232,745,400	768,259,120	18.6 Mills	4,806,410,667	15.98%
2022	262,554,560	807,195,000	6,748,900	239,453,500	837,044,960	18.6 Mills	5,302,623,333	15.79%

Source:

Morgan County Revenue Commissioner

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

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

Property in Morgan County is assessed annually.

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

Fiscal Year	City Direct Rates			Overlapping Rates				
	Basic Rate	Debt Service	General Obligation	Total Direct Rate	City Schools	County Schools	Morgan County	State of Alabama
2013	6.0 Mills	12.6 Mills	18.6 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	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2015	6.0 Mills	12.6 Mills	18.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2016	6.0 Mills	12.6 Mills	18.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2017	6.0 Mills	12.6 Mills	18.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2018	6.0 Mills	12.6 Mills	18.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2019	6.0 Mills	12.6 Mills	18.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2020	6.0 Mills	12.6 Mills	18.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2021	6.0 Mills	12.6 Mills	18.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2022	6.0 Mills	12.6 Mills	18.6 Mills	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	2013		2014		2015		2016		2017			
	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value
Bunge Corporation	22,273,940	3	3.56%	18,185,860	3	2.90%	19,230,040	4	3.08%	18,957,020	4	2.96%
BellSouth	6,721,200	6	1.07%	6,867,200	6	1.10%	6,918,000	7	1.11%	4,923,500	8	0.77%
Hexel Corporation	58,219,400	2	9.31%	73,919,400	2	11.80%	80,968,860	2	12.99%	88,503,120	2	13.84%
General Electric/Haier	8,286,840	5	1.32%	9,210,420	5	1.47%	17,694,600	5	2.84%	24,603,100	3	3.85%
Nucor Steel	119,504,540	1	19.11%	110,906,620	1	17.71%	108,511,480	1	17.41%	100,342,940	1	15.69%
O.C.I. Chemical Corp	5,116,740	10	0.82%	4,392,840	10	0.70%	4,248,060	9	0.68%	4,287,060	9	0.67%
Meow Mix	7,018,020	7	1.12%	6,151,880	7	0.98%	5,960,260	8	0.96%	12,920,104	6	2.02%
Hyosung USA, Inc.	*		*	*		*	*		*	*		*
ITC-AL LLC	9,713,600	8	1.55%	9,109,400	8	1.45%	8,646,880	6	1.39%	8,179,880	7	1.28%
Ardent Mills, LLC (Conagra)	4,992,080	9	0.80%	5,769,920	9	0.92%	*		*	4,398,960	10	0.69%
Coyote Garrison Decatur LLC	*		*	*		*	3,571,720	10	0.57%	*		*
Polyplex USA, LLC	11,052,460	4	1.77%	20,117,180	4	3.21%	19,955,600	3	3.20%	18,940,400	5	2.96%
Sparks Industrial	*		*	*		*	*		*	*		*
Total	\$ 252,898,820		40.43%	\$ 264,630,720		42.25%	\$ 275,705,500		44.23%	\$ 286,056,084		44.73%
Net City Taxable Assessed Value	625,494,860			626,277,220			623,388,860			639,485,700		
												651,710,520

Source:
Revenue Commissioner of Morgan County

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

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

Taxpayer	2018			2019			2020			2021			2022			
	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value													
Bunge Corporation	19,535,500	4	2.69%	25,218,360	3	3.57%	25,909,520	4	3.46%	26,233,020	4	3.41%	28,838,860	4	3.45%	
BellSouth	*			*			*			*			-			
Hexel Corporation	129,027,720	1	17.77%	94,714,420	2	13.42%	108,259,680	1	14.46%	108,350,500	2	14.10%	105,644,020	2	12.62%	
General Electric/Haier	23,460,220	3	3.23%	23,703,380	4	3.36%	38,182,000	3	5.10%	39,853,700	3	5.19%	38,465,720	3	4.60%	
Nucor Steel	93,710,320	2	12.90%	101,212,160	1	14.34%	88,500,080	2	11.82%	108,977,660	1	14.19%	129,474,200	1	15.47%	
O.C.I. Chemical Corp	4,417,860	9	0.61%	4,456,900	7	0.63%	4,371,960	9	0.58%	4,391,580	9	0.57%	4,938,840	9	0.59%	
Meow Mix	6,916,740	7	0.95%	7,070,620	6	1.00%	7,003,220	8	0.94%	7,203,000	7	0.94%	8,096,920	7	0.97%	
Hyosung USA, Inc.	4,787,100	8	0.66%	5,225,880	9	0.74%	4,097,880	10	0.55%	4,091,960	10	0.53%	4,049,380	10	0.48%	
ITC-AL LLC	7,433,260	6	1.02%	2,760,362	10	0.39%	7,185,060	7	0.96%	4,576,580	8	0.60%	-		0.00%	
Ardent Mills, LLC (Conagra)	3,766,600	10	0.52%	5,411,100	8	0.77%	*			*			10,202,300	6	1.22%	
Coyote Garrison Decatur LLC	*			*			*			*			-			
Polyplex USA, LLC	17,228,060	5	2.37%	15,955,120	5	2.26%	16,758,320	5	2.24%	12,943,260	5	1.68%	14,851,240	5	1.77%	
Sparks Industrial	*			*			*			*			8,075,220	8	0.96%	
Total	\$ 310,283,380		42.73%	\$ 285,728,302		40.49%	\$ 309,111,240		41.29%	\$ 326,585,780		42.51%	\$ 352,636,700		42.13%	
Net City Taxable Assessed Value				726,167,020			705,645,260			748,709,380			768,259,120			837,044,960

Source:
Revenue Commissioner of Morgan County

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

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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	19,709,515	19,414,409	98.50%	14,208	19,428,618	98.6%
2014	20,014,092	19,942,029	99.64%	17,899	19,959,928	99.7%
2015	20,345,222	20,228,986	99.43%	14,334	20,243,320	99.5%
2016	20,759,796	20,673,012	99.58%	18,482	20,691,493	99.7%
2017	21,301,129	21,241,167	99.72%	513	21,241,680	99.7%
2018	24,887,687	24,825,911	99.75%	4,233	24,830,144	99.8%
2019	26,713,891	26,252,347	98.27%	10,049	26,262,396	98.3%
2020	26,992,758	24,637,744	91.28%	1,694,470	26,332,214	97.6%
2021**	27,082,273	26,995,942	99.68%	0	26,995,942	99.7%
2022*	27,979,367					

Source:

Morgan County Revenue Commissioner

* FY 22 revenue collected amounts will not be available until mid-July 2023

** FY 21 collections in subsequent years will not be available until mid-July 2023

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)

Calendar Year

Category Description	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Apparel	\$ 50,606	\$ 48,752	\$ 35,960	\$ 44,021	\$ 53,625	\$ 41,401	\$ 72,483	\$ 62,724	\$ 61,670	\$ 61,993
Multi-Line Retail	\$ 596,825	\$ 556,261	\$ 471,528	\$ 442,566	\$ 337,965	\$ 148,859	\$ 210,809	\$ 170,418	169,766	173,710
Restaurants	\$ 169,393	\$ 165,410	\$ 127,136	\$ 148,127	\$ 137,321	\$ 201,243	\$ 154,769	\$ 138,512	129,213	124,740
Grocery Stores	\$ 111,110	\$ 104,158	\$ 103,391	\$ 101,114	\$ 85,501	\$ 89,777	\$ 80,136	\$ 78,899	74,277	75,415
Building Materials	\$ 52,577	\$ 25,121	\$ 14,922	\$ 16,971	\$ 67,453	\$ 78,528	\$ 77,028	\$ 63,561	60,476	58,530
Automobile Dealers	\$ 356,282	\$ 342,976	\$ 232,836	\$ 269,234	\$ 269,605	\$ 317,935	\$ 294,061	\$ 230,500	217,491	201,947
Household Furnishings	\$ 11,920	\$ 10,481	\$ 7,362	\$ 7,538	\$ 7,763	\$ 27,439	\$ 28,083	\$ 26,665	24,961	18,203
Convenience Stores	\$ 50,544	\$ 50,990	\$ 39,219	\$ 40,102	\$ 38,199	\$ 31,931	\$ 35,557	\$ 33,510	32,371	28,268
All other outlets	\$ 451,460	\$ 386,004	\$ 479,546	\$ 395,346	\$ 346,622	\$ 381,769	\$ 558,504	\$ 477,803	494,117	440,491
Total	\$ 1,850,717	\$ 1,690,152	\$ 1,511,899	\$ 1,465,019	\$ 1,344,054	\$ 1,318,882	\$ 1,511,430	\$ 1,282,591	\$ 1,264,342	\$ 1,183,297

Source:
 City Revenue Department
Notes:
 City direct sales tax rate is 4%

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

Fiscal Year	City Direct Rate	Morgan County	State of Alabama
2013	4.00%	1.00%	4.00%
2014	4.00%	1.00%	4.00%
2015	4.00%	1.00%	4.00%
2016	4.00%	1.00%	4.00%
2017	4.00%	1.00%	4.00%
2018	4.00%	1.00%	4.00%
2019	4.00%	1.00%	4.00%
2020	4.00%	1.00%	4.00%
2021	4.00%	1.00%	4.00%
2022	4.00%	1.00%	4.00%

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 2022			Calendar Year 2021			Calendar Year 2020		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	4,708,189	1	7.70%	4,419,307	1	7.92%	\$ 4,211,233	1	8.43%
Manufacturer	2,827,997	2	4.63%	2,644,063	2	4.74%	2,386,185	2	4.78%
Grocery store	2,255,463	3	3.69%	2,150,853	3	3.85%	1,968,702	3	3.94%
Multi-line retailer	1,744,110	4	2.85%	1,233,810	6	2.21%	1,041,981	6	2.09%
Building materials /hard line	1,387,202	5	2.27%	1,703,961	4	3.05%	1,478,592	4	2.96%
Multi-line retailer	1,259,272	6	2.06%	*			*		
Grocery store	954,410	7	1.56%	1,035,954	7	1.86%	994,615	7	1.99%
Apparel Store			*				617,979	9	1.24%
Building materials /hard line				1,287,072	5	2.31%	1,077,781	5	2.16%
Automobile dealer	925,612	8	1.51%	888,673	8	1.59%	784,985	8	1.57%
Multi-line retailer	738,920	10	1.21%	794,693	9	1.42%	*		
Manufacturer			*				*		
Automobile dealer	748,328	9	1.22%	750,480	10	1.34%	574,038	10	1.15%
Total	\$ 17,549,503		28.71%	\$ 16,908,865		30.29%	\$ 15,136,090		30.31%
Tax Remitter Description	Calendar Year 2019			Calendar Year 2018			Calendar Year 2017		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 4,207,375	1	8.70%	\$ 3,951,670	1	8.86%	\$ 3,890,428	1	9.20%
Manufacturer	1,939,906	2	4.01%	2,260,719	2	5.07%	2,108,019	2	4.98%
Grocery store	1,605,699	3	3.32%	1,361,800	3	3.05%	1,065,203	4	2.52%
Multi-line retailer	937,366	5	1.94%	951,878	5	2.14%	900,660	5	2.13%
Building materials /hard line	1,205,364	4	2.49%	1,161,078	4	2.60%	1,169,429	3	2.76%
Multi-line retailer	*			585,560	9	1.31%	603,855	9	1.43%
Grocery store	839,337	7	1.74%	843,166	6	1.89%	887,086	6	2.10%
Apparel Store	577,001	9	1.19%	535,169	10	1.20%	555,165	10	1.31%
Building materials /hard line	868,700	6	1.80%	784,960	7	1.76%	756,826	7	1.79%
Automobile dealer	773,297	8	1.60%	741,860	8	1.66%	739,811	8	1.75%
Multi-line retailer	*								
Manufacturer	*								
Total	\$ 13,477,974		27.86%	\$ 13,177,860		29.56%	\$ 12,676,482		29.96%

Source:
 City Revenue Department
Notes:
 Confidentiality requirements prohibit disclosure of tax remitter business names.

City of Decatur

Principal Sales Tax Remitters,

Last 10 Calendar Years (Unaudited), Continued

Tax Remitter Description	Calendar Year 2016			Calendar Year 2015			Calendar Year 2014		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,842,685	1	9.83%	\$ 3,708,054	1	9.89%	\$ 3,587,180	1	9.70%
Manufacturer	1,627,433	2	4.16%	1,880,011	2	5.01%	2,100,098	2	5.68%
Grocery store	1,002,354	4	2.56%	1,224,425	3	3.27%	1,136,174	3	3.07%
Multi-line retailer	849,926	6	2.17%	875,168	5	2.33%	867,320	5	2.35%
Building materials /hard line	1,138,342	3	2.91%	1,040,212	4	2.77%	994,952	4	2.69%
Multi-line retailer	590,507	10	1.51%	698,811	7	1.86%	689,663	7	1.87%
Grocery store	858,139	5	2.19%	832,716	6	2.22%	754,482	6	2.04%
Apparel Store	607,759	9	1.55%	638,815	10	1.70%	661,069	8	1.79%
Building materials /hard line	741,728	7	1.90%	693,029	8	1.85%	660,209	9	1.79%
Automobile dealer	725,808	8	1.86%	639,662	9	1.71%	577,733	10	1.56%
Multi-line retailer									
Manufacturer									
Total	<u>\$ 11,984,680</u>		<u>30.65%</u>	<u>\$ 12,230,903</u>		<u>32.62%</u>	<u>\$ 12,028,879</u>		<u>32.53%</u>
Calendar Year 2013									
Tax Remitter Description	Calendar Year 2013			Calendar Year 2013			Calendar Year 2013		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,413,220	1	9.42%						
Manufacturer	1,375,066	2	3.80%						
Grocery store	1,112,742	3	3.07%						
Multi-line retailer	909,758	5	2.51%						
Building materials /hard line	954,004	4	2.63%						
Multi-line retailer	730,711	7	2.02%						
Grocery store	765,625	6	2.11%						
Apparel Store	692,994	8	1.91%						
Building materials /hard line	635,330	9	1.75%						
Automobile dealer	*								
Multi-line retailer	*								
Manufacturer	615,354	10	1.70%						
Total	<u>*</u>		<u>*</u>	<u>\$ 11,204,804</u>		<u>30.93%</u>			

Source:

City Revenue Department

Notes:

Confidentiality requirements prohibit disclosure of tax remitter business names.

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

Fiscal Year	Electric	Gas	Water	Wastewater	Total
2013	94,768,138	17,835,792	10,935,251	15,078,823	138,618,004
2014	98,306,039	20,956,097	11,841,254	15,759,277	146,862,667
2015	95,544,700	16,663,591	12,489,561	16,303,592	141,001,444
2016	92,196,471	13,333,262	14,795,250	16,691,283	137,016,266
2017	91,740,396	14,198,279	15,875,358	17,267,097	139,081,130
2018	97,006,626	15,237,050	15,510,793	17,611,859	145,366,328
2019	95,442,625	15,004,171	15,933,461	17,863,437	144,243,694
2020	87,291,974	11,878,699	15,550,350	17,192,122	131,913,145
2021	89,705,874	14,913,891	15,426,462	19,804,285	139,850,512
2022	102,341,575	21,185,361	16,130,184	24,567,091	164,224,211

City of Decatur

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

Fiscal Year	Governmental Activities			Business-type Activities						Total Primary Government	Percentage of Personal Income	Total Debt per Capita
	General Obligation Warrants	Notes Payable	Leases	Water Revenue Warrants	Wastewater Revenue Warrants	Water Notes Payable	Wastewater Notes Payable	Leases				
2013	54,778	-	-	25,175	55,370	-	-	-	135,323	9.87%	2,402	
2014	51,318	-	45	23,300	52,495	-	-	-	127,158	9.37%	2,254	
2015	50,253	-	34	21,370	49,530	-	-	-	121,187	8.80%	2,161	
2016	54,841	-	24	19,380	46,475	-	-	-	120,720	8.74%	2,157	
2017	56,648	-	435	17,320	43,320	-	-	-	117,723	8.29%	2,099	
2018	50,404	-	1071	15,185	40,265	-	-	-	106,925	7.58%	1,950	
2019	46,567	-	769	10,780	39,395	-	-	-	97,511	6.98%	1,797	
2020	42,782	-	460	10,155	35,895	-	-	-	89,292	5.85%	1,639	
2021	41,715	-	291	17,214	191,916	-	-	-	251,136	16.18%	4,439	
2022	57,060	-	452	16,207	187,803	-	-	-	261,522	14.62%	4,507	

Sources:

Estimates from the Morgan County Economic Development Association

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

Notes:

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

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2013	54,778,295	1.37%	972
2014	51,318,049	1.29%	910
2015	50,252,354	1.27%	896
2016	54,840,756	1.35%	980
2017	56,647,650	1.38%	1,010
2018	50,403,999	1.10%	919
2019	46,567,244	1.04%	858
2020	42,782,593	0.92%	785
2021	41,715,180	0.87%	737
2022	54,770,000	1.03%	944

Sources:

Morgan County Economic Development Association provided demographics

City of Decatur
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2022 (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 & leases	\$ 57,512,777	100.00%	\$ 57,512,777
Total Direct Debt			57,512,777
* City of Decatur Board of Education	\$ 213,161,253	100.00%	213,161,253
Morgan County	17,795,803	42.83%	7,621,942
Morgan County Board of Education	100,850,229	42.83%	43,194,153
Total Overlapping Debt			263,977,349
Total direct and overlapping debt			\$ 321,490,126

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2022 net assessed valuation of all taxable property in the City (\$837,044,960 - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County (\$1,954,260,640).

*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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 125,098,972	\$ 125,255,444	\$ 124,677,772	\$ 127,897,140	\$ 130,342,104	\$ 145,233,404	\$ 141,129,052	\$ 149,741,876	\$ 153,651,824	\$ 167,408,992
Total net debt applicable to limit	48,868,295	45,708,049	44,947,354	49,845,756	51,967,650	46,048,999	46,567,244	43,242,593	41,715,180	57,512,777
Legal debt margin	70,320,677	73,937,395	74,425,418	\$ 82,591,384	\$ 81,084,453	\$ 99,184,405	\$ 94,561,808	\$ 106,499,283	\$ 111,936,644	\$ 109,896,215
Total net debt applicable to the limit as a percentage of debt limit	39.06%	36.49%	36.05%	38.97%	39.87%	31.71%	33.00%	28.88%	27.15%	34.35%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 1,076,498,460
Less tax exempt property	<u>(239,453,500)</u>
Net Assessed Value	837,044,960
Debt limit (20% of net assessed value)	167,408,992
Debt applicable to limit:	
General obligation bonds/ leases	57,512,777
Less:School	-
Total net debt applicable to limit	<u>57,512,777</u>
Legal debt margin	<u>\$ 109,896,215</u>

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
2013	138,764,202	123,584,281	15,179,921	6,570,620	2.31%
2014	147,026,063	129,276,053	17,750,010	7,398,849	2.40%
2015	141,138,101	123,318,615	17,819,486	7,548,849	2.36%
2016	137,016,266	117,453,066	19,563,200	7,461,046	2.62%
2017	139,081,130	117,854,008	21,227,122	7,283,843	2.91%
2018	145,366,327	121,342,506	24,023,821	7,305,475	3.29%
2019	145,962,003	121,341,186	24,620,817	5,859,361	4.20%
2020	132,677,734	110,140,121	22,537,613	4,616,407	4.88%
2021	139,970,774	119,317,179	20,653,595	8,365,931	2.47%
2022	165,842,196	134,008,756	31,833,440	10,499,434	3.03%

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

Fiscal Year	Population	Personal Income <i>Thousands of dollars</i>	Per Capita Personal Income	Median Age	Graduated	School Enrollment	Unemployment Rate
2013	56,342	1,371,195	24,337	37.3	499	8,312	6.4%
2014	56,416	1,356,861	24,051	37.4	557	8,476	6.1%
2015	56,068	1,376,638	24,553	37.8	546	8,693	5.7%
2016	55,974	1,380,711	24,667	38.0	534	8,484	5.6%
2017	56,077	1,419,253	25,309	38.2	506	8,814	3.2%
2018	54,844	1,411,520	25,737	39.6	577	8,756	3.5%
2019	54,264	1,396,593	25,737	40.0	577	8,910	2.2%
2020	54,478	1,525,275	27,998	39.9	555	8,781	5.0%
2021	56,571	1,552,082	27,436	39.5	577	8,287	2.7%
2022	58,023	1,788,501	30,824	39.3	541	8,439	2.3%

Sources:

Morgan County Economic Development Association
Decatur City Schools

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

Employer	2022			2021			2020		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,715		6.54%	1,553	1	4.73%	1,458	2	4.54%
Haier/General Electric	1,395		5.32%	1,395	2	4.25%	1,681	1	5.23%
Decatur City Schools	1,398		5.33%	1,347	3	4.10%	1,337	3	4.16%
United Launch Alliance	752		2.87%	715	8	2.18%	665	9	2.07%
3M Company	998		3.81%	950	5	2.89%	956	5	2.98%
Wayne Farms Fresh	684		2.61%	719	7	2.19%	750	6	2.33%
Nucor Steel	725		2.76%	725	6	2.21%	720	7	2.24%
City of Decatur	674		2.57%	674	9	2.05%	682	8	2.12%
Wayne Farms Prepared Foods	1,135		4.33%	1,047	4	3.19%	1,151	4	3.58%
BP America	*			*			*		
Gemstone Foods, LLC	520		1.98%	486	10	1.48%	486	10	1.51%
Total	<u><u>9,996</u></u>		38.11%	<u><u>9,611</u></u>		29.27%	<u><u>9,886</u></u>		30.77%

Employer	2019			2018			2017		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,500	1	4.47%	1,365	1	4.19%	1,365	1	5.02%
General Electric	1,381	2	4.12%	1,325	2	4.07%	1,325	2	4.88%
Decatur City Schools	1,172	3	3.49%	1,172	3	3.60%	1,133	3	4.17%
United Launch Alliance	620	9	1.85%	620	9	1.90%	607	10	2.23%
3M Company	960	5	2.86%	961	5	2.95%	850	6	3.13%
Wayne Farms Fresh	750	6	2.24%	881	6	2.71%	881	5	3.24%
Nucor Steel	720	7	2.15%	728	7	2.24%	709	8	2.61%
City of Decatur	670	8	2.00%	665	8	2.04%	662	9	2.44%
Wayne Farms Prepared Foods	1,151	4	3.43%	1,033	4	3.17%	1,002	4	3.69%
BP America	*			*			*		
Gemstone Foods, LLC	486	10	1.45%	8,750		26.87%	8,534		31.41%
Total	<u><u>9,410</u></u>		28.05%						

Source:
Morgan County Economic Development Association

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

Employer	2016			2015			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,365	1	4.58%	1,449	1	5.24%	1,449	1	4.32%
General Electric	1,295	2	4.35%	1,338	2	4.84%	1,300	2	3.88%
Decatur City Schools	1,133	3	3.80%	1,200	3	4.34%	1,200	3	3.58%
United Launch Alliance	820	7	2.75%	808	7	2.92%	849	5	2.53%
3M Company	850	6	2.85%	850	6	3.07%	850	4	2.53%
Wayne Farms Fresh	871	5	2.92%	871	5	3.15%	795	6	2.37%
Nucor Steel	721	8	2.42%	721	8	2.61%	715	7	2.13%
City of Decatur	658	10	2.21%	665	10	2.40%	670	9	2.00%
Wayne Farms East/West	942	4	3.16%	942	4	3.41%	696	8	2.08%
BP America	*			*			444	10	1.32%
Gemstone Foods, LLC									
Total	8,655		29.05%	8,844		31.98%	8,968		26.74%
Employer	2013			Percentage of Total City Employment					
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,449	1	4.62%						
General Electric	1,298	2	4.14%						
Decatur City Schools	1,200	3	3.83%						
United Launch Alliance	849	5	2.71%						
3M Company	887	4	2.83%						
Wayne Farms Fresh	795	6	2.54%						
Nucor Steel	710	7	2.26%						
City of Decatur	693	9	2.21%						
Wayne Farms East/West	696	8	2.22%						
BP America	467	10	1.49%						
Gemstone Foods, LLC									
Total	9,044		28.85%						

Source:
Morgan County Economic Development Association

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

Function/Program	Full-Time-Equivalent Employees as of September 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government	72	69	69	68	65	61	54	53	53	51
Public Safety	251	255	267	270	268	274	269	275	276	282
Public Works	50	48	59	51	55	54	55	64	74	81
Public Services	73	76	66	72	67	68	68	63	63	72
Community Development	16	16	15	15	16	14	15	14	15	15
Municipal Utilities Board	184	182	179	165	166	163	168	166	162	163
Point Mallard	10	10	10	10	7	8	8	9	8	10
Sanitary Landfill	18	18	17	19	21	20	21	21	19	19
Total	674	674	682	670	665	662	658	665	670	693

Source:
 City of Decatur Personnel Board
 Decatur Utilities Personnel Department

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

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government										
Building permits issued	4,252	3,693	3,426	3,503	3,496	3,051	3,325	3,039	5,319	3,090
Building inspections conducted	7,105	5,386	4,983	5,496	5,296	5,340	5,863	5,476	8,758	5,084
Police										
Adult arrests	3,756	4,122	3,896	4,142	4,422	3,881	3,930	4,635	5,325	4,770
Traffic citations	10,342	6,406	6,375	11,247	11,483	14,020	15,692	14,133	16,943	16,462
Fire										
Inspections	441	226	243	192	478	410	210	172	108	101
Emergency medical responses	6,173	5,651	4,034	3,295	5,003	4,758	5,354	5,709	5,937	4,183
Fire and/or Hazmat responses	2,072	2,623	2,306	1,959	2,151	1,988	1,838	1,558	1,479	901
Refuse collections										
Recyclables collected in tons	1,788	1,674	1,500	2,204	2,296	2,049	2,223	2,926	2,563	2,180
Garbage and trash collected	39,556	41,440	41,039	37,085	36,889	35,368	34,397	33,755	36,042	34,142
Municipal Utilities Board										
Electrical connections	26,842	26,814	26,734	26,644	26,531	26,599	26,582	26,525	26,487	26,515
Water connections	25,750	25,628	25,585	25,496	25,385	25,375	25,362	25,340	25,295	25,260
Wastewater connections	20,892	20,755	20,692	20,588	20,474	20,448	20,416	20,388	20,319	20,297
Gas connections	13,491	13,476	13,506	13,596	13,575	13,561	13,637	13,661	13,613	13,690

Source:
Various city departments

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

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police										
Stations	4	4	4	4	5	5	5	3	4	3
Police vehicles	34	200	202	188	165	162	160	166	166	167
Boat	1									
Motorcycles	8									
Trucks/SUV/ATV	155									
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Fire trucks	14	8	10	9	9	9	10	9	10	10
Trucks/SUV/ATV	21	6	5	5	5	5	5	5	5	5
Sanitation										
Garbage collection trucks	11	17	16	20	17	17	17	17	16	16
Tractor trailer trucks	6									
Heavy equipment/loader trucks/SUV	16									
Other public works										
Paved streets (miles)	336	336	336	336	336	336	336	336	336	336
Unpaved streets (miles)	7	7	7	7	7	7	7	7	7	7
Paved invert drainage channels (miles)	49	49	49	49	49	48	48	48	48	48
Storm drainage conduits (miles)	145	145	145	145	145	145	145	145	145	144
Parks and Recreation										
Number of parks*	30	26	26	26	26	26	26	26	26	26
Acres of Parks	1280	1278	1278	1278	1278	1278	1278	1278	1278	1278
Golf courses (public & private)	2	2	2	2	4	4	4	4	4	4
Tennis courts	46	46	46	46	46	46	46	46	46	46
Recreations centers	3	3	4	4	4	4	4	5	5	5
Senior citizen centers	2	2	2	2	2	2	2	2	2	2
Ball fields in use	35	35	35	35	35	35	35	35	35	35
Enclosed swimming pool	1	1	1	1	1	1	1	1	1	1
Open air swimming pools	2	2	2	2	2	2	2	2	2	2
Soccer facilities (acres)	62	62	62	62	62	62	62	62	62	62
Ice rinks	0	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
Municipal Utilities Board										
Water mains (miles)	494	494	492	492	491	490	487	487	484	484
Gas mains (miles)	425	423	423	421	421	421	420	420	418	418
Electric lines (miles)	596	596	596	596	594	594	593	593	593	593
Sanitary sewers (miles)	377	377	375	374	374	358	350	348	342	342
Fire hydrants in service	2127	2117	2065	2060	2060	2048	2039	2032	2028	2026

Sources:

Various city departments and capital assets records

Appendix D

2023 Budget

	1/31/2023	1/31/2022		
	FY23 Budget	YTD FY23	YTD FY22	FY22
				FY21
Revenues				
Taxes and payments in lieu of taxes	56,820,906	19,660,506	17,981,947	60,355,697
Licenses and permits	7,890,800	3,985,638	3,865,033	8,334,559
Fines and forfeitures	435,800	205,393	111,274	583,206
Revenues from money and property	935,500	366,041	263,495	(913,054)
Charges for services	6,403,218	1,714,993	1,557,703	6,133,092
Intergovernmental	6,039,201	1,698,453	1,732,226	6,339,146
Gifts and donations	-	20,075	2,810	98,338
Other revenues	1,038,727	10,718	24,714	590,848
Total Revenues	79,564,152	27,661,817	25,539,203	81,521,831
Expenditures				
General government	17,973,769	5,235,157	4,912,157	15,731,507
Public safety	30,753,566	8,662,747	9,333,864	29,413,519
Public works	9,303,273	2,505,450	2,172,388	9,263,501
Public services	10,448,441	3,207,796	2,478,494	3207795.65
Community service contracts	3,709,458	2,071,032	1,476,606	2,071,032
Community development	685,433	114,361	126,338	114,361
Debt service	4,592,926	2,994,054	2,154,889	2,994,054
Total Expenditures	77,466,867	24,790,597	22,654,737	62,795,769
				56,914,902