

CITY OF ALABASTER, ALABAMA
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

Published by
Finance Department

CITY OF ALABASTER, ALABAMA
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2019

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Marty B. Handlon
Mayor
Brian Binzer
City Administrator

Council Members
Sophie Martin
Rick Ellis
Stacy Rakestraw
Greg Farrell
Russell Bedsole
Scott Brakefield
Kerri Pate

March 10, 2020

The Citizens of
The City of Alabaster
Alabaster, Alabama

The Comprehensive Annual Financial Report (CAFR) of The City of Alabaster (the City), for the fiscal year ended September 30, 2019 is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds of the government and its component unit. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

As required by state law, an annual audit of the City's financial statements is conducted in accordance with established standards. BMSS, LLC, Certified Public Accountants, has issued an unmodified opinion on the City's financial statements for the year ended September 30, 2019. The independent auditors' report is located at the front of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditors' Report located in the Financial Section of this report.

Profile of the Government

The City of Alabaster, Alabama was incorporated in 1953 and is the largest city in Shelby County. It serves a population of approximately 33,340 and occupies 20.6 square miles. The City is governed by a Mayor-Council form of government. The Mayor is elected at-large to serve a four-year term. Each of the seven city councilors are elected from seven single member wards for terms of four years. The Council is presided over by a president who is chosen by the council members and is also a voting member of the Council.

The Mayor is the chief executive officer of the City. The City Administrator is appointed by the City Council and assists the Mayor in the daily management of the City and implementing the policies of the Mayor and City Council. The Mayor and City Administrator appoint, discipline, and remove the heads of the City's several departments. These department heads are responsible for the operations of their respective departments.



The City provides a full range of services including general administration, police and fire protection, building inspections, licenses and permits, refuse collection, construction and maintenance of highways, streets and related infrastructure, recreation and leisure activities, and cultural enrichment. The City evaluated various other entities within the vicinity of the City, which could possibly be subject to inclusion in the financial statements under criteria established to define the reporting entity and its component units. In the Financial Section, Notes to the Financial Statements, Note 1 discusses the reporting entity as well as the City's component unit and why it is included in the City's financial reporting.

The annual budget serves as the City's guide for financial planning and control. The Mayor submits a budget to City Council and the budget is legally adopted by resolution prior to October 1. Budgetary control is maintained at the department level. Departmental capital purchases and new personnel positions included in the budget are subject to further justification and approval by Council prior to beginning the requisition or hiring process. Budgets for all funds lapse at the end of each fiscal year.

Local Economy

Over the years, Alabaster has become a major retail trade area and major medical hub for Shelby County and the City of Alabaster continued to show economic growth during the current year. Alabaster enjoys a strong sense of community ownership and responsibility among City officials and local citizens, resulting in active community participation and involvement in all current City projects and issues.

Alabaster and other cities within Shelby County enjoy lower than average unemployment due to many stable service, health, and manufacturing employers in the area. At fiscal yearend, per the Alabama Department of Labor, the unemployment rate for Shelby County was 1.8% while the average unemployment rate for the entire state was 3.0%.

The general fund accounts for day-to-day activity for the City and includes all activity not assigned to special purpose funds. The three major sources of revenue for the general fund are sales and use tax, property tax, and business licenses. Sales and use tax revenues are generated primarily by retail sales and have increased by 1.3% over the past year. Property taxes are based on the assessed value of property within the City and increased 3.2% over the past year. Business licenses are generally based on the gross receipts of businesses within the City and have increased by 1.6% over the past year.

During the past year, general fund expenditures for public safety have decreased 1.7% and general fund expenditures for public ways and facilities have decreased 0.8%. The City remains committed to providing the necessary services to citizens in the most efficient and cost-effective manner available. The City had \$1.5 million in capital improvement expenditures paid out of the capital projects fund and general fund. Payments to Alabaster Board of Education represent 18.0% of all general fund expenditures for the current fiscal year. The City remits 1% of all City imposed sales and use tax collected by the City to the Alabaster Board of Education to help maintain an elite school system within the community.

Relevant Financial Policies

The City of Alabaster strives to maintain an up-to-date set of comprehensive financial policies. New Governmental Accounting Standards Board (GASB) pronouncements are closely analyzed to determine any impact to the City's financial reporting requirements and proactive steps are taken to ensure implementation guidelines are followed and deadlines are met.



The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits and that the valuation of the costs and benefits requires estimates and judgments by management. We believe that the City's internal controls over financial reporting adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Management will continue to implement policies and procedures that improve and strengthen internal controls.

Long-Term Planning and Major Initiatives

Unrestricted fund balance (the total of committed and unassigned components of fund balance) in the General Fund as of yearend was \$9,452,487 representing 32.4% of total General Fund expenditures for the current fiscal year. \$3,469,054 of the unrestricted fund balance at yearend was committed by City Council as an established reserve.

The Mayor, City Council, City Administrator, and Department Heads continue to strive to adhere to the City's goals in planning for continued growth and maintaining quality of life and the highest level of governmental services to all residents of the City. The City plans to accomplish these goals through continued infrastructure improvements, fostering economic development, and providing excellent government services with maximum efficiency and fiscal responsibility.

Awards

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 Alabaster, Alabama for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The Preparation of the comprehensive annual financial report could not be accomplished without the dedicated services of the Finance Department staff as well as all City Departments who practice fiscal responsibility and assist in collecting and recording financial data in a timely manner. We would like to express our appreciation to all City staff who assisted and contributed to the preparation of this report.

The commitment to maintaining the highest standards of accountability in financial reporting speaks to the leadership and dedication of the Mayor and City Council. Their support to financial integrity has been instrumental in the preparation of this report.

Respectfully submitted,

John Haggard

John Haggard, CPA, CGFM
Finance Director / Treasurer



Government Finance Officers Association

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

Presented to

**City of Alabaster
Alabama**

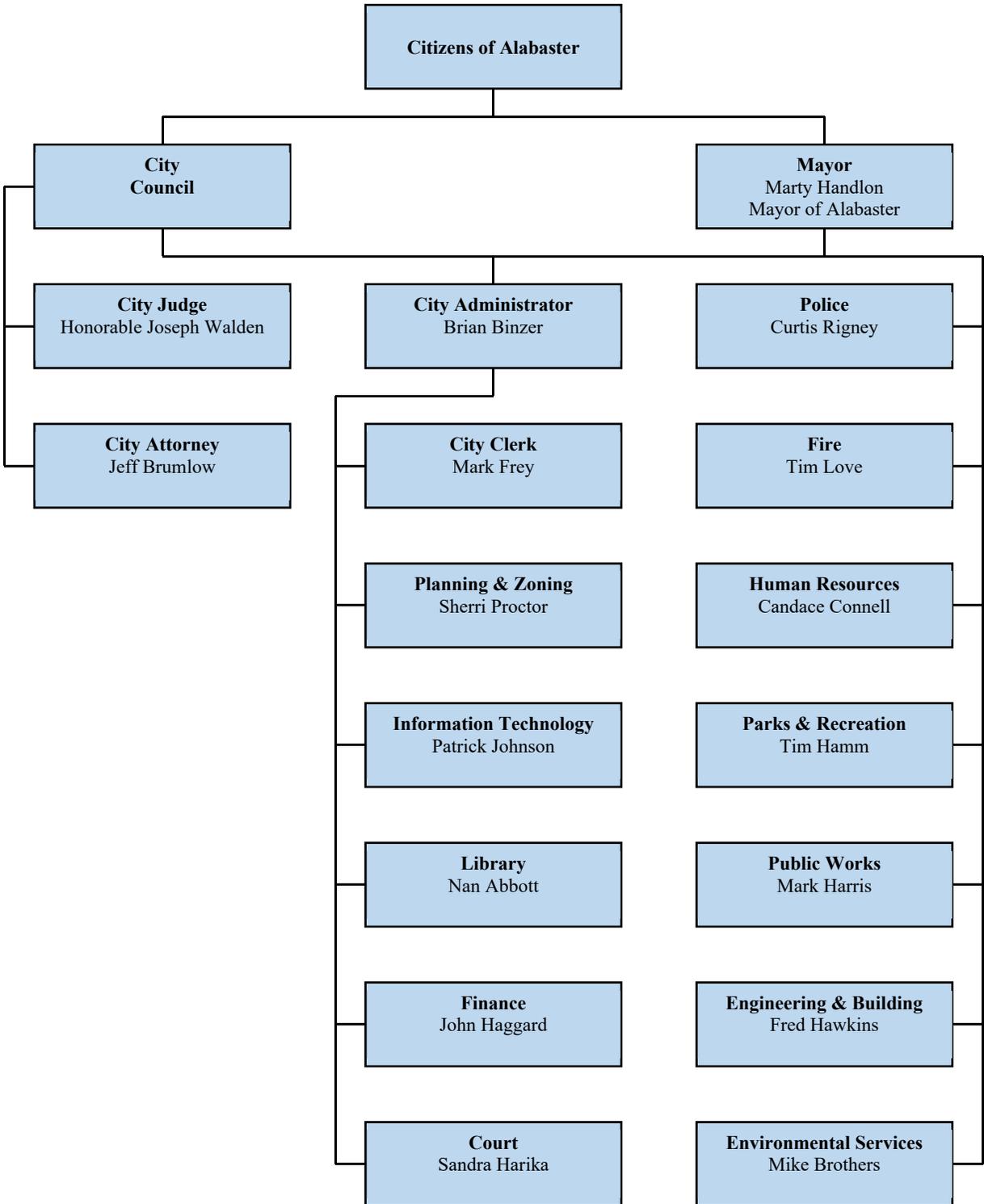
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

CITY OF ALABASTER, ALABAMA
 Organizational Chart
 September 30, 2019



CITY OF ALABASTER, ALABAMA
Elected and Appointed Officials
September 30, 2019

Elected Officials

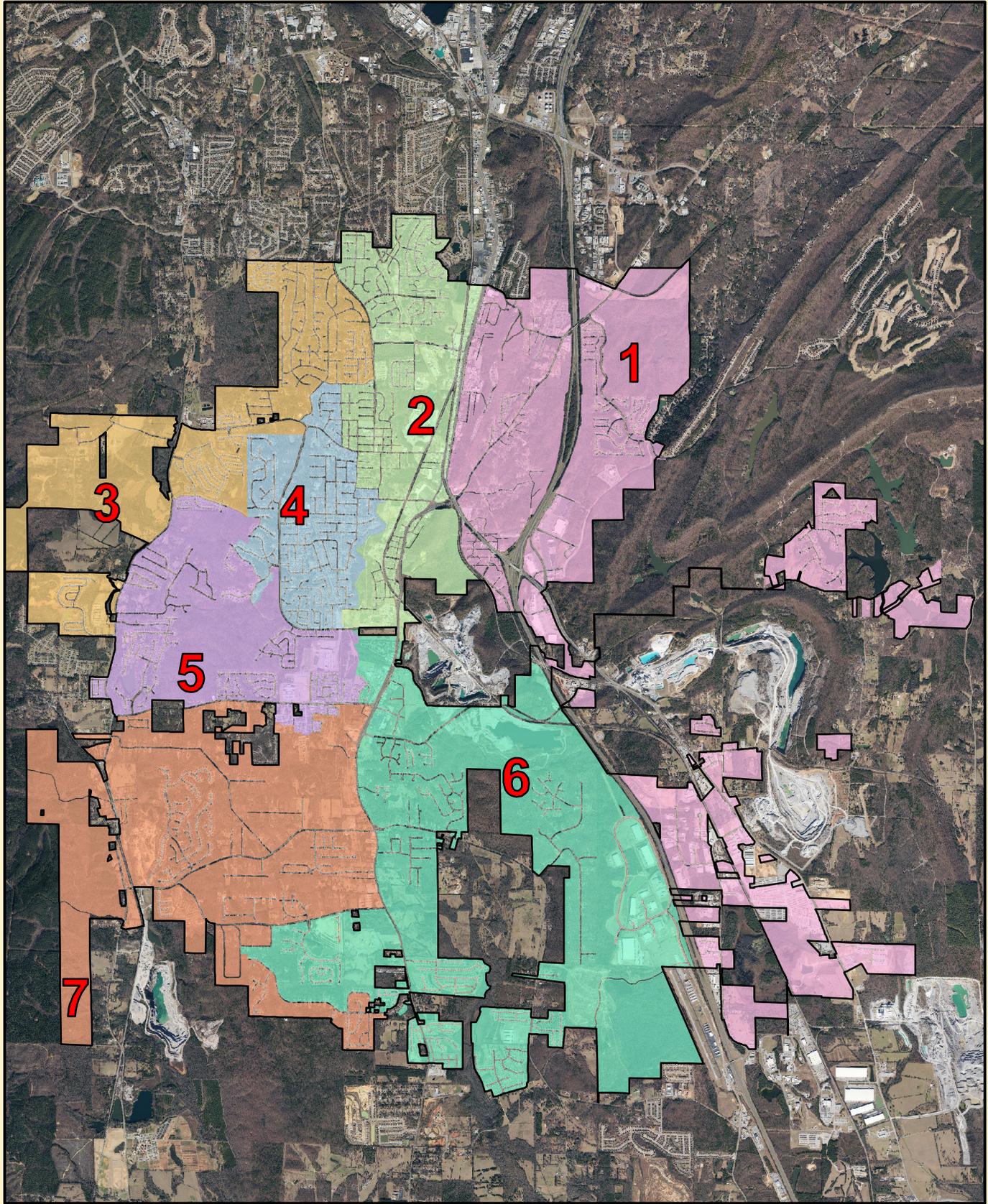
Mayor
City Council – Ward 1
City Council – Ward 2
City Council – Ward 3
City Council – Ward 4
City Council – Ward 5
City Council – Ward 6, Council President
City Council – Ward 7

Marty Handlon
Sophie Martin
Rick Ellis
Stacy Rakestraw
Greg Farrell
Russell Bedsole
Scott Brakefield
Kerri Pate

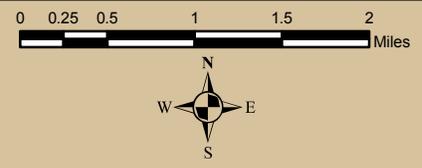
Appointed Officials

City Administrator
City Clerk
Chief of Police
Fire Chief
Treasurer
Personnel Director

Brian Binzer
Mark Frey
Curtis Rigney
Tim Love
John Haggard
Candace Connell



Ward Map



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Alabaster, Alabama (the City), as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Alabaster, Alabama as of September 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in the net pension liability, the schedule of employer contributions - pension, and the schedule of changes in the total OPEB liability on pages 13-22 and 66-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alabaster, Alabama's basic financial statements. The introductory section, combining nonmajor fund financial statements, budgetary comparison information for proprietary funds, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and budgetary comparison information for proprietary funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 nonmajor fund financial statements and budgetary comparison information for proprietary funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

BMSS, LLC

Birmingham, Alabama
March 10, 2020

Management's Discussion and Analysis

As management of the City of Alabaster, Alabama, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Alabaster for the fiscal year ended September 30, 2019. We encourage users to read the information presented here in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$52.1 million.
- The Statement of Activities shows the Primary Government received taxes and other revenue of \$45.6 million and had expenses of \$38.0 million.
- The City's governmental funds reported a combined ending fund balance of \$33.3 million. This is \$1.6 million greater than last fiscal year due to a \$1.6 million increase in fund balance related to current year activities.
- The City retired \$3.1 million of outstanding debt principal through scheduled debt service payments.
- The General Fund gave the Alabaster Board of Education \$5.4 million which represents the education portion of the sales tax collected.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of 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 government-wide statements provide short and long-term information about the City's financial status as a whole.

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

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public protection, public ways and facilities, and intergovernmental functions. The intergovernmental functions of the City are those activities whereby the City provides financial resources to other governmental entities.

The business-type activities of the City include the sanitary sewer and sanitation operations. Both activities are collectively referred to in the financial statements as those of the *primary government*.

The government-wide financial statements can be found on pages 23 through 25 of this report.

Fund Financial Statements

A fund is a grouping of related accounts 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 funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash and what monies are left at year end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City maintains eleven individual governmental funds:

- The General Fund, the Capital Projects Fund, and the Debt Service Fund are considered *major* funds, and information is presented separately in the *governmental funds balance sheet* and in the *governmental funds statement of revenues, expenditures, and changes in fund balances* for these funds.
- The eight other governmental funds are considered *nonmajor* governmental funds and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements found on pages 74 and 75 of this report.

The basic governmental fund financial statements can be found on pages 26 through 29 of this report.

Proprietary Funds

The City maintains 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 sewer and sanitation activities.

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 Sewer Fund and the Garbage Fund are considered major proprietary funds of the City, and information is presented separately in the *proprietary funds statement of net position* and in the *proprietary funds statement of revenues, expenses, and changes in net position* for these funds.

The basic proprietary fund financial statements can be found on pages 30 through 32 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 are on pages 33 through 64 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City of Alabaster adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 66 through 72 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 74 through 75 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a useful indicator of a government's financial position. Overall, the City's assets exceeded liabilities by \$52.1 million at the close of the recent fiscal year. Of this figure, \$41.4 million represents the City's total investment in capital assets (i.e. land, buildings, improvements, 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, \$20.5 million, represents resources that are subject to restrictions as to how they may be used. These are restrictions that are being imposed by legal requirements other than those imposed by the City Council (i.e. state or federal law).

City of Alabaster Statement of Net Position (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 39,763	\$ 37,765	\$ 8,394	\$ 7,829	\$ 48,157	\$ 45,594
Capital assets	53,737	51,790	34,904	35,522	88,641	87,312
Total assets	<u>93,500</u>	<u>89,555</u>	<u>43,298</u>	<u>43,351</u>	<u>136,798</u>	<u>132,906</u>
Deferred outflows of resources	<u>3,576</u>	<u>3,632</u>	<u>1,038</u>	<u>1,221</u>	<u>4,614</u>	<u>4,853</u>
Long-term liabilities	57,452	62,013	11,875	14,251	69,327	76,264
Other liabilities	10,964	9,783	2,658	2,402	13,622	12,185
Total liabilities	<u>68,416</u>	<u>71,796</u>	<u>14,533</u>	<u>16,653</u>	<u>82,949</u>	<u>88,449</u>
Deferred inflows	<u>6,062</u>	<u>4,635</u>	<u>314</u>	<u>163</u>	<u>6,376</u>	<u>4,798</u>
Net position:						
Net investment in capital assets	19,273	7,229	22,948	20,859	42,221	28,088
Restricted	18,580	22,999	1,955	3,258	20,535	26,257
Unrestricted	(15,255)	(13,472)	4,586	3,639	(10,669)	(9,833)
Total net position	<u>\$ 22,598</u>	<u>\$ 16,756</u>	<u>\$ 29,489</u>	<u>\$ 27,756</u>	<u>\$ 52,087</u>	<u>\$ 44,512</u>

City of Alabaster Statement of Activities (in thousands)

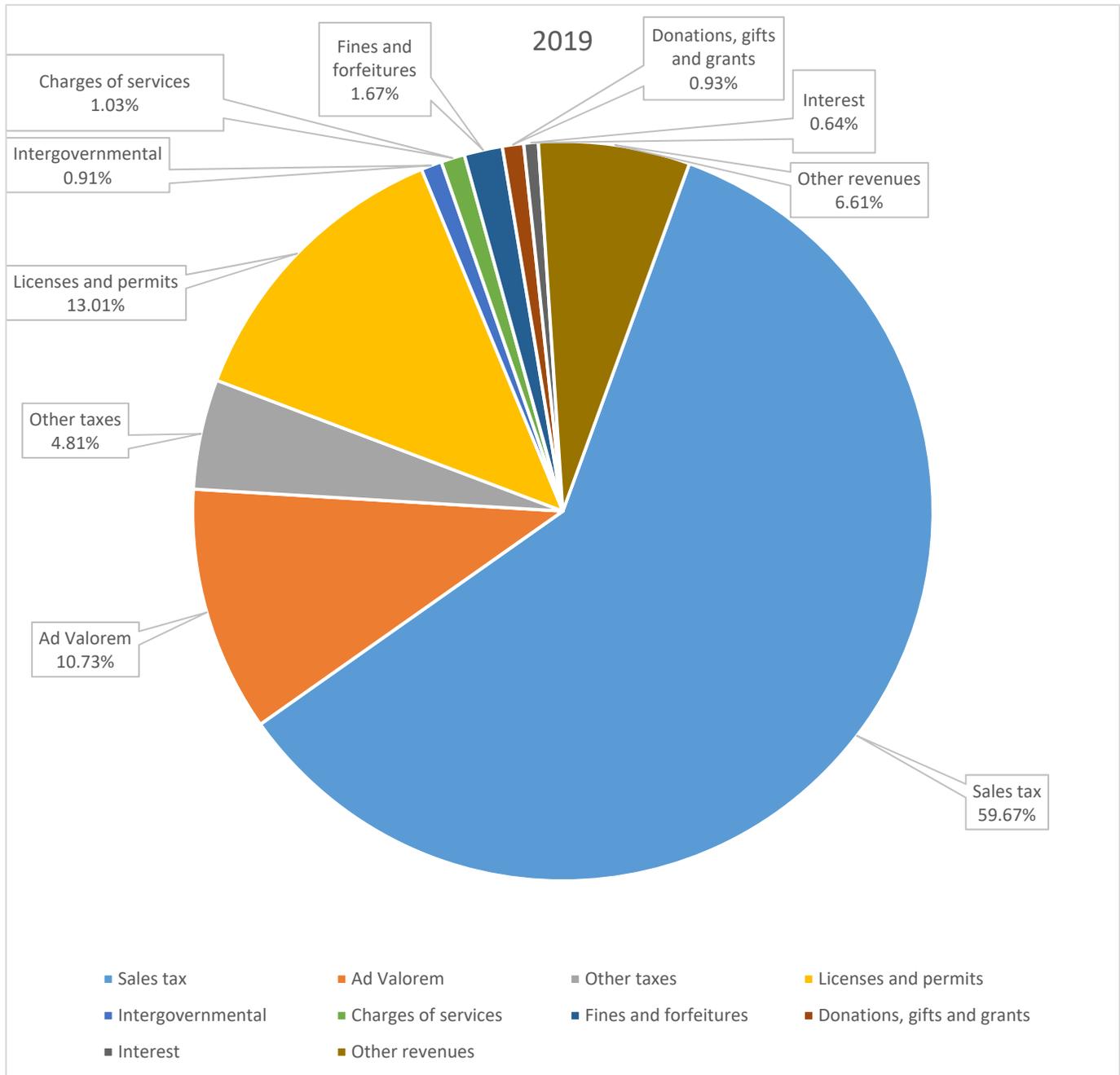
	Governmental		Business-type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Fees, fines, and charges for services	\$ 5,930	\$ 6,067	\$ 8,783	\$ 7,675	\$ 14,713	\$ 13,742
Operating grants and contributions	153	317	-	-	153	317
Capital grants and contributions	558	650	-	-	558	650
General revenues:						
Property taxes	3,938	3,817	-	-	3,938	3,817
Sales and use taxes	21,903	21,616	-	-	21,903	21,616
Other taxes	1,764	1,724	-	-	1,764	1,724
Interest	234	115	59	28	293	143
Other revenue	2,295	1,385	2	-	2,297	1,385
Total revenues	<u>36,775</u>	<u>35,691</u>	<u>8,844</u>	<u>7,703</u>	<u>45,619</u>	<u>43,394</u>
Expenses:						
General government	4,866	4,102	-	-	4,866	4,102
Public protection	14,669	14,922	-	-	14,669	14,922
Public ways and facilities	5,575	5,621	-	-	5,575	5,621
Interest and fiscal agent fees	1,466	1,828	-	-	1,466	1,828
Alabaster City Schools	5,383	5,339	-	-	5,383	5,339
Sewer Fund	-	-	4,535	4,982	4,535	4,982
Garbage Fund	-	-	1,550	1,650	1,550	1,650
Total expenses	<u>31,959</u>	<u>31,812</u>	<u>6,085</u>	<u>6,632</u>	<u>38,044</u>	<u>38,444</u>
Increase (decrease) in net position before transfers	4,816	3,879	2,759	1,071	7,575	4,950
Transfers	1,026	(3,889)	(1,026)	3,889	-	-
Change in net position	<u>5,842</u>	<u>(10)</u>	<u>1,733</u>	<u>4,960</u>	<u>7,575</u>	<u>4,950</u>
Net position - beginning of year	16,756	8,478	27,756	23,203	44,512	31,681
Prior period adjustment	-	8,288	-	(407)	-	7,881
Net position - beginning of year, as restated	<u>16,756</u>	<u>16,766</u>	<u>27,756</u>	<u>22,796</u>	<u>44,512</u>	<u>39,562</u>
Net position - end of year	<u>\$ 22,598</u>	<u>\$ 16,756</u>	<u>\$ 29,489</u>	<u>\$ 27,756</u>	<u>\$ 52,087</u>	<u>\$ 44,512</u>

Governmental Activities

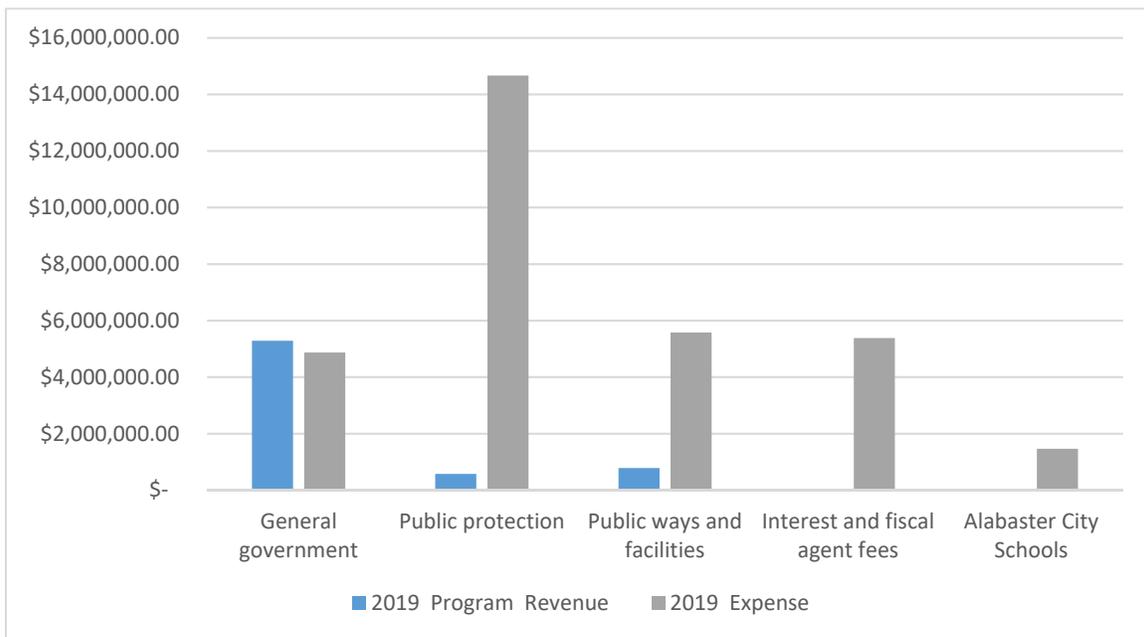
The City's governmental activities rely heavily on property taxes and sales taxes to support governmental operations. Property taxes provided 10.7% and sales taxes provided 59.6% of the City's total governmental revenues. Sales tax revenue increased by 1.3% from 2018. It should be noted that program revenues covered 20.8% of governmental operating expenses and the government's taxpayers and the City's other general revenues covered 79.2% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

The most significant governmental expense for the City is providing public protection services such as fire and police protection. This comprised 45.9% of the total governmental expenses. Public protection expenses decreased by \$253 thousand, or 1.7%, from 2018. The second largest cost incurred by the City for governmental activities is public ways and facilities, which is 17.4% of total governmental expenses. Public ways and facilities expenses decreased by \$46 thousand, or .8%, from 2018. Public ways and facilities include services such as parks and recreation, library and public works. The total cost of all governmental activities increased by \$147 thousand, while revenues increased by \$1.1 million.

Revenue - Governmental Activities



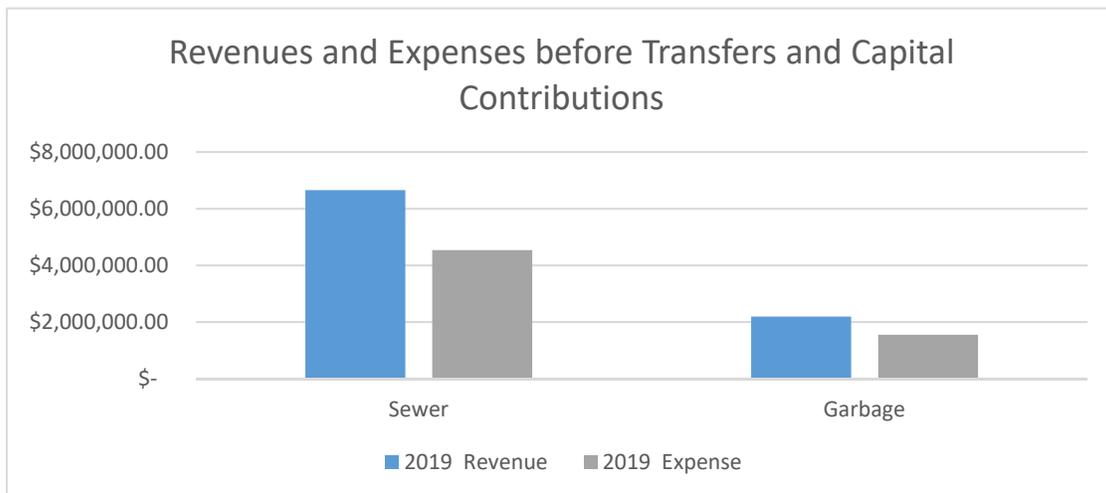
Program Revenues and Expenses - Governmental Activities



Business-Type Activities

The cost of all proprietary (business-type) activities was \$6.1 million, which is a \$547 thousand decrease from 2018. The amount paid by users of the sewer and garbage services was \$8.8 million, which is an increase of 14.8% from 2018. This increase was primarily due to an increase in sewer rates as well as an increase in customers during 2019. Within the total business-type activities of the City, these activities reported change in net position of \$1.7 million, which is a decrease of 65.1% from 2018. The overall 2019 increase in net position is primarily attributable to an increase in revenues coupled with a slight decrease in expenses.

Revenues and Expenses before Transfers and Capital Contributions



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the City uses 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The combined fund balance of the City's governmental funds increased \$1.6 million in 2019. This increase was solely due to current year activities. The total combined fund balance of the City's governmental funds, as of September 30, 2019, was \$33.3 million. Of this amount, \$5.6 million consisted of unassigned fund balance. Nonspendable fund balance was \$129 thousand, and fund balance that was committed, generally specified in council ordinances, totaled \$3.9 million. The remainder of the total fund balance totaled \$23.7 million, which was reserved to indicate that it was not available for new spending because it had already been committed to pay debt service and other purposes or must be spent for specific purposes in the future as required by legal constraints.

Total revenues were \$36.7 million, an increase of 2.6% from 2018. Sales tax revenue increased by \$287 thousand or 1.3%.

Looking at each major governmental fund individually, the fund balance for the General Fund at September 30, 2019 was \$9.8 million, an increase of \$1.0 million from the prior year. This increase in fund balance was primarily attributable to a \$1.1 million increase in revenues coupled with a slight decrease in General Fund expenditures. The fund balance at September 30, 2019 for the Capital Projects Fund was \$20.5 million, an increase of \$227 thousand. The increase was primarily attributable to a \$2.4 million transfer from the General Fund at yearend. The fund balance for the Debt Service Fund at September 30, 2019 was \$1.8 million, an \$215 thousand increase. The increase is attributable to transfers to the Debt Service Fund from the General Fund for the purpose of funding debt service payments not yet due at yearend.

Proprietary Funds

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

Net position of the Sewer Fund and Garbage Fund were \$24.2 million and \$5.3 million, respectively. The total growth in net position for the Sewer Fund and Garbage Fund was \$1.7 million and \$46 thousand respectively. The increase in net position for the Sewer Fund was primarily attributable to an \$871 thousand increase in revenues coupled with a \$200 thousand decrease in interest expense. The increase in net position for the Garbage Fund was primarily attributable to a \$235 thousand increase in revenues. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Alabaster's business-type activities.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

Budget to actual statements and schedules are provided in the financial statements for the general fund on page 66. Columns are provided for both the original adopted budget as well as the final budget. These budgets are followed by columns for actual revenues and expenditures and for variances between the final budget and actual revenues and expenditures.

As of September 30, 2019, actual revenues for the General Fund fell short of the final budgeted amounts by \$388 thousand or 1.1%. The primary reasons for this variance was that sales and use tax did not meet expectations for the final two months of the year.

As of September 30, 2019, actual expenditures for the General Fund were less than the final budgeted amounts by \$365 thousand or 1.2%. The primary reasons for this variance were due to small favorable variances spread across the different departments in the City. 25.0% of all the City imposed sales and use tax proceeds are given by the City to the Alabaster Board of Education. The City budgeted for 25.0% of sales and use tax to be given to the City of Alabaster Board of Education in the current fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of September 30, 2019, totaled \$88.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, infrastructure, sewer plant and equipment. For further information on capital assets see Note 4 in the notes to the financial statements. Major purchases for 2019 consisted of \$1.7 million in public safety vehicles and \$800 thousand of sewer equipment. The largest portion of disposed assets in the current year were old public safety vehicles that were taken out of service and replaced with newer vehicles.

City of Alabaster Capital Assets (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Buildings and improvements	\$ 15,187	\$ 15,152	\$ 2,084	\$ 2,084	\$ 17,271	\$ 17,236
Equipment	3,339	3,123	22,258	21,456	25,597	24,579
Infrastructure	26,702	26,357	26,698	26,698	53,400	53,055
Vehicles	9,313	8,155	3,363	3,099	12,676	11,254
Land and improvements	18,140	18,105	246	246	18,386	18,351
Construction in progress	2,839	1,245	-	326	2,839	1,571
	<u>75,520</u>	<u>72,137</u>	<u>54,649</u>	<u>53,909</u>	<u>130,169</u>	<u>126,046</u>
Accumulated depreciation	(21,783)	(20,346)	(19,745)	(18,388)	(41,528)	(38,734)
Total	<u>\$ 53,737</u>	<u>\$ 51,791</u>	<u>\$ 34,904</u>	<u>\$ 35,521</u>	<u>\$ 88,641</u>	<u>\$ 87,312</u>

Long-Term Debt

General obligation warrants are secured by the full faith and credit of the City and payable from the proceeds of various taxes. The City continues to maintain a high bond rating from Moody's Investors Service (Aa3) and Standard & Poor's (AA). Refer to Note 6 to the financial statements for additional information on long-term debt. As of September 30, 2019, the governmental activities had outstanding warrants totaling \$43.5 million and business-type activities had outstanding warrants totaling \$12.7 million. As of September 30, 2019, governmental and business-type activities had capital lease payables totaling \$763 thousand and \$19 thousand, respectively.

The City's total debt decreased by \$5.1 million during the current fiscal year. This decrease was due to making scheduled payments on debt service and issuing no new debt in 2019.

City of Alabaster Long-Term Debt (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
	General Obligation Warrants	\$ 43,480	\$ 46,194	\$ 12,655	\$ 14,579	\$ 56,135
Capital Lease Obligations	763	1,247	19	83	782	1,330
Total	\$ 44,243	\$ 47,441	\$ 12,674	\$ 14,662	\$ 56,917	\$ 62,103

ECONOMIC CONDITIONS AFFECTING THE CITY

For the fiscal year ending September 30, 2019, the City of Alabaster has continued to show above average performance in comparison to national and state benchmarks. When compared to benchmarks such as overall unemployment, tax growth, and home sales, Alabaster continues its positive trend. The City continues its emphasis on retail, healthcare, industrial and residential sectors of the economy.

During fiscal year 2019, the City had numerous businesses along the entire spectrum of industrial, retail and healthcare either open in a new location, expand or backfill existing space. The City has multiple other retail establishments that are planning to begin construction or intent to backfill unoccupied space in 2020.

The City continues to contribute to the Alabaster Board of Education to create an excellent school system that will attract both new residents and economic development. The City continues to place emphasis on encouraging economic development within the City to help fund improvements and government services as well as provide increased quality of life for all residents.

CONTACTING THE CITY

This financial report is designed to provide 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 City of Alabaster Finance Department, 1953 Municipal Way, Alabaster, Alabama 35007, by calling (205) 378-5721, or by sending an email to jhaggard@cityofalabaster.com.

CITY OF ALABASTER, ALABAMA
Statement of Net Position
September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Commercial Development Authority
Assets				
Current assets				
Cash and cash equivalents	\$ 5,564,687	\$ 2,688,627	\$ 8,253,314	\$ -
Receivables, net	5,966,021	1,508,060	7,474,081	-
Prepaid expenses	101,438	-	101,438	-
Parts and supplies	-	1,236,025	1,236,025	-
Cash and cash equivalents - restricted	16,246,520	2,961,764	19,208,284	14,330
Due from other governments	11,884,239	-	11,884,239	-
Total current assets	<u>39,762,905</u>	<u>8,394,476</u>	<u>48,157,381</u>	<u>14,330</u>
Noncurrent assets				
Nondepreciable capital assets	20,979,205	245,770	21,224,975	10,590,480
Depreciable capital assets, net	32,757,830	34,657,715	67,415,545	3,086,666
Total noncurrent assets	<u>53,737,035</u>	<u>34,903,485</u>	<u>88,640,520</u>	<u>13,677,146</u>
Total assets	<u>93,499,940</u>	<u>43,297,961</u>	<u>136,797,901</u>	<u>13,691,476</u>
Deferred outflows of resources				
Deferred outflows related to pensions	3,147,897	225,702	3,373,599	-
Deferred charge on refunding	428,308	812,578	1,240,886	-
Total deferred outflows of resources	<u>3,576,205</u>	<u>1,038,280</u>	<u>4,614,485</u>	<u>-</u>
Liabilities				
Current liabilities				
Accounts payable	1,209,379	151,330	1,360,709	-
Accrued payroll and benefits	715,372	86,896	802,268	-
Accrued interest payable	514,061	174,575	688,636	-
Due (from) to other funds	(167)	167	-	-
Due to other governments	859,063	-	859,063	11,857,713
Payable from restricted assets - cash bonds	41,669	-	41,669	-
Estimated claims payable	3,800,000	-	3,800,000	-
Current maturities of long-term liabilities				
Warrants payable, net	2,979,754	2,182,936	5,162,690	-
Capital lease payable	459,300	19,268	478,568	-
Compensated absences	385,845	43,408	429,253	-
Total current liabilities	<u>10,964,276</u>	<u>2,658,580</u>	<u>13,622,856</u>	<u>11,857,713</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA
Statement of Net Position
September 30, 2019
(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Commercial Development Authority
Noncurrent liabilities				
Warrants payable, net	\$ 40,500,268	\$ 10,565,752	\$ 51,066,020	\$ -
Capital lease payable	304,189	-	304,189	-
Compensated absences	384,372	43,410	427,782	-
Net pension liability	10,120,775	834,636	10,955,411	-
Net OPEB liability	6,141,995	430,921	6,572,916	-
Total noncurrent liabilities	<u>57,451,599</u>	<u>11,874,719</u>	<u>69,326,318</u>	<u>-</u>
 Total liabilities	 <u>68,415,875</u>	 <u>14,533,299</u>	 <u>82,949,174</u>	 <u>11,857,713</u>
 Deferred inflows of resources				
Property taxes levied for subsequent year	3,662,271	-	3,662,271	-
Deferred inflows related to pensions	2,400,171	314,285	2,714,456	-
Total deferred inflows of resources	<u>6,062,442</u>	<u>314,285</u>	<u>6,376,727</u>	<u>-</u>
 Net position				
Net investment in capital assets	19,272,518	22,948,107	42,220,625	1,819,433
Restricted for				
Debt service	1,838,056	781,722	2,619,778	-
Capital projects	15,787,474	1,173,348	16,960,822	14,330
Library	155,509	-	155,509	-
Public protection	392,853	-	392,853	-
Infrastructure maintenance	406,242	-	406,242	-
Unrestricted	<u>(15,254,824)</u>	<u>4,585,480</u>	<u>(10,669,344)</u>	<u>-</u>
 Total net position	 <u>\$ 22,597,828</u>	 <u>\$ 29,488,657</u>	 <u>\$ 52,086,485</u>	 <u>\$ 1,833,763</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA
Statement of Activities
For the Year Ended September 30, 2019

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Community Development Authority
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 4,865,932	\$ 4,938,033	\$ 65,638	\$ 283,455	\$ 421,194	\$ -	\$ 421,194	\$ -
Public protection	14,668,791	512,161	60,593	-	(14,096,037)	-	(14,096,037)	-
Public ways and facilities	5,574,883	480,133	26,457	274,571	(4,793,722)	-	(4,793,722)	-
Alabaster City Schools	5,383,370	-	-	-	(5,383,370)	-	(5,383,370)	-
Interest on long-term debt	1,466,107	-	-	-	(1,466,107)	-	(1,466,107)	-
Total governmental activities	31,959,083	5,930,327	152,688	558,026	(25,318,042)	-	(25,318,042)	-
Business-type activities								
Sewer	4,534,884	6,594,233	-	-	-	2,059,349	2,059,349	-
Garbage	1,550,396	2,188,230	-	-	-	637,834	637,834	-
Total business-type activities	6,085,280	8,782,463	-	-	-	2,697,183	2,697,183	-
Total primary government	\$ 38,044,363	\$ 14,712,790	\$ 152,688	\$ 558,026	(25,318,042)	2,697,183	(22,620,859)	-
Component unit								
Community Development Authority	\$ 112,927	\$ 725	\$ -	\$ -				(112,202)
General revenues and other items								
Taxes:								
Sales					21,903,031	-	21,903,031	-
Property					3,938,198	-	3,938,198	-
Other					1,764,406	-	1,764,406	-
Interest earnings					233,601	59,242	292,843	-
Gain on disposal of capital assets					30,568	1,991	32,559	-
Other revenue					2,264,031	-	2,264,031	-
Transfers in (out)					1,025,650	(1,025,650)	-	-
Total general revenues and other items					31,159,485	(964,417)	30,195,068	-
Change in net position					5,841,443	1,732,766	7,574,209	(112,202)
Net position - beginning of year					16,756,385	27,755,891	44,512,276	1,945,965
Net position - end of year					\$ 22,597,828	\$ 29,488,657	\$ 52,086,485	\$ 1,833,763

The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA

Balance Sheet
Governmental Funds
September 30, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 5,564,687	\$ -	\$ -	\$ -	\$ 5,564,687
Taxes receivable, net	5,926,860	-	-	-	5,926,860
Other receivables	27,663	-	-	11,498	39,161
Prepaid items	101,438	-	-	-	101,438
Cash and cash equivalents - restricted	4,090,529	9,205,426	1,838,056	1,112,509	16,246,520
Due from other governments	-	11,884,239	-	-	11,884,239
Total assets	\$ 15,711,177	\$ 21,089,665	\$ 1,838,056	\$ 1,124,007	\$ 39,762,905
Liabilities					
Accounts payable	\$ 655,396	\$ 546,264	\$ -	\$ 7,719	\$ 1,209,379
Accrued payroll and benefits	716,844	-	-	-	716,844
Due from other funds	(167)	-	-	-	(167)
Due to other governments	859,063	-	-	-	859,063
Payable from restricted assets - cash bonds	41,669	-	-	-	41,669
Total liabilities	2,272,805	546,264	-	7,719	2,826,788
Deferred inflows of resources					
Property taxes levied for subsequent year	3,662,271	-	-	-	3,662,271
Total deferred inflows of resources	3,662,271	-	-	-	3,662,271
Fund balance					
Nonspendable:					
Other receivables	27,663	-	-	-	27,663
Prepaid expenses	101,438	-	-	-	101,438
Restricted for:					
Debt service	-	-	1,838,056	-	1,838,056
Capital improvements	-	20,543,401	-	356,197	20,899,598
Library	155,483	-	-	26	155,509
Public protection	39,030	-	-	353,823	392,853
Infrastructure maintenance	-	-	-	406,242	406,242
Committed for:					
City Board of Education	426,962	-	-	-	426,962
Alabaster reserve fund	3,469,054	-	-	-	3,469,054
Unassigned	5,556,471	-	-	-	5,556,471
Total fund balance	9,776,101	20,543,401	1,838,056	1,116,288	33,273,846
Total liabilities, deferred inflows of resources and fund balance	\$ 15,711,177	\$ 21,089,665	\$ 1,838,056	\$ 1,124,007	\$ 39,762,905

The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2019

Total fund balances - governmental funds \$ 33,273,846

Amounts reported for governmental activities in the statement of net position are different due to the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	75,519,694	
Less accumulated depreciation	<u>(21,782,659)</u>	53,737,035

Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid.	(514,061)
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Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Warrants payable	(42,915,000)	
Warrant discounts and premiums	(565,022)	
Capital lease obligations	(763,489)	
Estimated claims payable	(3,800,000)	
Deferred outflow of resources for deferred charges	428,308	
Deferred outflows of resources for pensions	3,147,897	
Deferred inflows related to pensions	(2,400,171)	
Compensated absences	(768,745)	
Net pension liability	(10,120,775)	
Net OPEB liability	<u>(6,141,995)</u>	<u>(63,898,992)</u>

Total net position - governmental activities \$ 22,597,828

The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes					
Sales and use	\$ 21,903,031	\$ -	\$ -	\$ -	\$ 21,903,031
Property	3,938,198	-	-	-	3,938,198
Other	1,624,583	-	-	139,823	1,764,406
Licenses and permits	4,774,471	-	-	-	4,774,471
Intergovernmental	60,968	274,196	-	-	335,164
Charges for services	379,752	-	-	-	379,752
Fines and forfeitures	435,357	-	-	178,542	613,899
Donations, gifts, and grants	40,638	273,455	-	26,457	340,550
Interest	101,433	86,092	38,012	8,064	233,601
Other	2,426,233	-	-	3	2,426,236
Total revenue	<u>35,684,664</u>	<u>633,743</u>	<u>38,012</u>	<u>352,889</u>	<u>36,709,308</u>
Expenditures					
General government	3,569,720	-	-	-	3,569,720
Public protection	13,936,862	-	-	62,871	13,999,733
Public ways and facilities	4,643,872	52,836	-	26,505	4,723,213
Alabaster City Schools	5,383,370	-	-	-	5,383,370
Capital outlay	1,114,484	2,760,469	-	-	3,874,953
Debt service					
Principal retirement	483,077	-	2,645,000	-	3,128,077
Interest and fees	42,386	-	1,453,168	-	1,495,554
Total expenditures	<u>29,173,771</u>	<u>2,813,305</u>	<u>4,098,168</u>	<u>89,376</u>	<u>36,174,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,510,893</u>	<u>(2,179,562)</u>	<u>(4,060,156)</u>	<u>263,513</u>	<u>534,688</u>
Other financing sources (uses)					
Proceeds from sale of capital assets	33,146	-	-	-	33,146
Transfers in	1,095,154	2,406,152	4,317,789	-	7,819,095
Transfers out	(6,717,788)	-	(27,505)	(48,152)	(6,793,445)
Total other financing sources (uses)	<u>(5,589,488)</u>	<u>2,406,152</u>	<u>4,290,284</u>	<u>(48,152)</u>	<u>1,058,796</u>
Net change in fund balance	921,405	226,590	230,128	215,361	1,593,484
Fund balance - beginning of year	<u>8,854,696</u>	<u>20,316,811</u>	<u>1,607,928</u>	<u>900,927</u>	<u>31,680,362</u>
Fund balance - end of year	<u>\$ 9,776,101</u>	<u>\$ 20,543,401</u>	<u>\$ 1,838,056</u>	<u>\$ 1,116,288</u>	<u>\$ 33,273,846</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 For the Year Ended September 30, 2019

Net changes in fund balances - governmental funds \$ 1,593,484

Amounts reported for governmental activities in the statement of activities are different due to the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	3,874,953	
Less depreciation expense	(1,960,636)	1,914,317

The proceeds from the sale of capital assets (\$33,146) are reported as other financing sources in the governmental funds. However, the net book value of the capital assets (\$2,578) is removed from the capital assets account in the statement of net position and offsets against the sales proceeds resulting in a gain in the statement of activities of \$30,568. (2,578)

Donations of capital assets do not provide current financial resources and are not recorded in governmental funds. However, donations of capital assets increase net position. 35,000

The issuance of long-term debt (e.g., warrants, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of discounts, premiums, 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.

Principal retirement	3,128,077	
Warrant discount amortization expense	(19,027)	3,109,050

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net decrease in accrued compensated absences	4,181	
Net increase in estimated claims liability	(800,000)	
Net decrease in pension expense	215,959	
Net increase in post-employment benefit payable	(276,444)	
Decrease in accrued interest	48,474	(807,830)

Change in net position - governmental activities \$ 5,841,443

The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 2,037,024	\$ 651,603	\$ 2,688,627
Receivables, net	1,132,544	375,516	1,508,060
Parts and supplies	-	1,236,025	1,236,025
Cash and cash equivalents - restricted	2,961,764	-	2,961,764
Total current assets	<u>6,131,332</u>	<u>2,263,144</u>	<u>8,394,476</u>
Noncurrent assets			
Nondepreciable capital assets	245,770	-	245,770
Depreciable capital assets, net	31,556,611	3,101,104	34,657,715
Total noncurrent assets	<u>31,802,381</u>	<u>3,101,104</u>	<u>34,903,485</u>
Total assets	<u>37,933,713</u>	<u>5,364,248</u>	<u>43,297,961</u>
Deferred outflows of resources			
Deferred outflows related to pensions	182,971	42,731	225,702
Deferred charge on refunding	812,578	-	812,578
Total deferred outflows of resources	<u>995,549</u>	<u>42,731</u>	<u>1,038,280</u>
Liabilities			
Current liabilities			
Accounts payable	105,425	45,905	151,330
Accrued payroll and benefits	62,953	23,943	86,896
Accrued interest	174,575	-	174,575
Due to other funds	67	100	167
Current maturities of long-term liabilities			
Warrants payable	2,182,936	-	2,182,936
Capital lease payable	-	19,268	19,268
Compensated absences	28,696	14,712	43,408
Total current liabilities	<u>2,554,652</u>	<u>103,928</u>	<u>2,658,580</u>
Noncurrent liabilities			
Warrants payable, net	10,565,752	-	10,565,752
Compensated absences	28,697	14,713	43,410
Net pension liability	888,848	(54,212)	834,636
Net OPEB liability	430,921	-	430,921
Total noncurrent liabilities	<u>11,914,218</u>	<u>(39,499)</u>	<u>11,874,719</u>
Total liabilities	<u>14,468,870</u>	<u>64,429</u>	<u>14,533,299</u>
Deferred inflows of resources			
Deferred inflows related to pensions	266,998	47,287	314,285
Total deferred inflows of resources	<u>266,998</u>	<u>47,287</u>	<u>314,285</u>
Net position			
Net investment in capital assets	19,866,271	3,081,836	22,948,107
Restricted for:			
Debt service	781,722	-	781,722
Capital improvements	1,173,348	-	1,173,348
Unrestricted	2,372,053	2,213,427	4,585,480
Total net position	<u>\$ 24,193,394</u>	<u>\$ 5,295,263</u>	<u>\$ 29,488,657</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Operating revenues			
Charges for services	\$ 6,594,233	\$ 2,188,230	\$ 8,782,463
Total operating revenues	<u>6,594,233</u>	<u>2,188,230</u>	<u>8,782,463</u>
Operating expenses			
Administration, operations, and maintenance	2,771,180	1,324,141	4,095,321
Depreciation and amortization	1,161,687	225,520	1,387,207
Total operating expenses	<u>3,932,867</u>	<u>1,549,661</u>	<u>5,482,528</u>
Operating income	<u>2,661,366</u>	<u>638,569</u>	<u>3,299,935</u>
Nonoperating revenues (expenses)			
Interest income	55,114	4,128	59,242
Gain on sale of assets	1,991	-	1,991
Interest expense	(602,017)	(735)	(602,752)
Total nonoperating revenues (expenses)	<u>(544,912)</u>	<u>3,393</u>	<u>(541,519)</u>
Income before transfers	2,116,454	641,962	2,758,416
Transfers out	<u>(430,000)</u>	<u>(595,650)</u>	<u>(1,025,650)</u>
Change in net position	1,686,454	46,312	1,732,766
Net position, beginning of year	<u>22,506,940</u>	<u>5,248,951</u>	<u>27,755,891</u>
Net position, end of year	<u>\$ 24,193,394</u>	<u>\$ 5,295,263</u>	<u>\$ 29,488,657</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Cash flows from operating activities			
Cash received from customers	\$ 6,293,139	\$ 2,089,532	\$ 8,382,671
Cash paid to suppliers for goods and services	(1,804,455)	(764,463)	(2,568,918)
Cash paid to employees	(964,241)	(647,792)	(1,612,033)
Net cash provided by operating activities	<u>3,524,443</u>	<u>677,277</u>	<u>4,201,720</u>
Cash flows from noncapital financing activities			
Transfers to other funds	(430,000)	(595,650)	(1,025,650)
Due to City of Alabaster	(79)	57	(22)
Net cash used by noncapital financing activities	<u>(430,079)</u>	<u>(595,593)</u>	<u>(1,025,672)</u>
Cash flows from capital and related financing activities			
Purchase of property, plant, and equipment	(477,328)	(291,678)	(769,006)
Proceeds from sale of capital assets	1,991	-	1,991
Principal payments on debt	(1,810,000)	-	(1,810,000)
Principal payments on capital leases	-	(63,980)	(63,980)
Interest payments on debt	(451,032)	(735)	(451,767)
Net cash used by capital and related financing activities	<u>(2,736,369)</u>	<u>(356,393)</u>	<u>(3,092,762)</u>
Cash flows from investing activities			
Interest on cash and investments	55,114	4,128	59,242
Net cash provided by investing activities	<u>55,114</u>	<u>4,128</u>	<u>59,242</u>
Net increase (decrease) in cash and cash equivalents	413,109	(270,581)	142,528
Cash and cash equivalents at beginning of year	4,585,679	922,184	5,507,863
Cash and cash equivalents at end of year	<u>\$ 4,998,788</u>	<u>\$ 651,603</u>	<u>\$ 5,650,391</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 2,661,366	\$ 638,569	\$ 3,299,935
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,161,687	225,520	1,387,207
(Increase) decrease in:			
Accounts receivable	(301,094)	(98,698)	(399,792)
Parts and supplies	-	(22,925)	(22,925)
Increase (decrease) in:			
Accounts payable	3,138	(45,111)	(41,973)
Accrued payroll and related liabilities	(654)	(20,078)	(20,732)
Net cash provided by operating activities	<u>\$ 3,524,443</u>	<u>\$ 677,277</u>	<u>\$ 4,201,720</u>
Reconciliation of cash and cash equivalents			
Cash and cash equivalents	\$ 2,037,024	\$ 651,603	\$ 2,688,627
Cash and cash equivalents - restricted	2,961,764	-	2,961,764
Total cash and cash equivalents at end of year	<u>\$ 4,998,788</u>	<u>\$ 651,603</u>	<u>\$ 5,650,391</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Alabaster, Alabama (the City), an Alabama Municipal Corporation, was incorporated in 1953 and is governed by a Mayor-Council form of government. The Mayor is elected at-large to serve a four-year term. Each of the seven city councilors are elected from seven single member wards for terms of four years. The Council is presided over by a president who is chosen by the council members and is also a voting member of the Council.

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The City's reporting entity applies all relevant GASB pronouncements. In preparing the financial statements, management evaluated subsequent events through March 10, 2020, the date the financial statements were available to be issued. The more significant of these accounting policies are described below.

As required by GAAP, these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. 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. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The City has no blended component units.

Discretely Presented Component Unit

Commercial Development Authority (CDA) - The CDA was created by Act of the Alabama Legislature to acquire, own, and lease projects for the purpose of promoting trade and commerce by inducing commercial enterprises to locate new facilities in the City and expand existing facilities in the City. The City has no control or influence over the entity's operations; however, the CDA owes the City \$11,857,713. The CDA is governed by a five-member board appointed by the City Council. The CDA is presented in a separate column on the government-wide financial statements to emphasize that it is legally separate from the City.

Government-Wide and Fund Financial Statements

The basic financial statements are presented at both the government-wide (based on the City as a whole) and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Government-Wide Financial Statements display information about the City as a whole and its component units. The effect of interfund activity has been removed from these statements. These aggregate statements consist of the statement of net position and the statement of activities.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2019

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The *Statement of Net Position* measurement focus is full accrual basis of accounting and economic resource measurement and the statement presents information on all of the City's assets and liabilities (including long-term assets and receivables as well as long-term debt and obligations), with the difference being reported as net position.

The *Statement of Activities* demonstrates the degree to which direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items (property, sales and use taxes, certain intergovernmental revenues, etc.) not attributable to a specific program are reported as general revenues. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The City does not employ an indirect cost allocation system.

Fund Financial Statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental or proprietary. Major individual funds are reported in separate columns in the basic financial statements. Non-major funds (by category or fund type) are consolidated into a single column of the basic financial statements.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded. The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position.

All transactions and events that affect the total economic resources (net position) during the period are reported. Economic resources measurement focus is connected with the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting - Continued

Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Current resources measurement is connected with the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). Measurable means the amount of the transaction can be determined and revenues are considered available when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes and intergovernmental revenues. Expenditures are recognized when the related liability is incurred, with the exception of principal and interest on general obligation long-term debt, compensated absences and other post-employment benefits payable, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income and changes in net financial position and cash flows. All assets and liabilities are included on the Statement of Net Position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Basis of Presentation - Fund Level Financial Statements

Generally accepted accounting principles set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section located in the supplementary information section of the financial statements.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Fund Level Financial Statements - Continued

The City reports the following major governmental funds:

General Fund - To account for all revenues and expenditures applicable to the general operations of government that are not properly accounted for in another fund. All general operating revenues, which are not restricted or designated as to use by outside sources, are recorded in the General Fund.

Capital Projects Fund - To account for financial resources that are received and used for the acquisition, construction, or improvement of capital assets.

Debt Service Fund - To account for financial resources related to the City's debt service and debt defeasances.

The City reports the following major proprietary funds:

Sewer Fund - To account for the operation of the City's sanitary sewer services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

Garbage Fund - To account for the operation of the City's solid waste and sanitation program, a self-supporting activity, which provides for the collection and disposal of solid waste on a user charge basis to residents and businesses located in Alabaster.

Additionally, the City reports the following non-major governmental funds:

Capital Projects Funds - To account for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

Special Revenue Funds - To account for the proceeds of specific revenue resources that are legally restricted or designated for expenditures with specified purposes.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2019

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

The City considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash equivalents consist of money market securities stated at fair value which approximates cost. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balances reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The City has never experienced any losses related to those balances.

The City also participates in the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) program. The bank holding the City's deposits is a certified participant in the SAFE program. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury.

Allowance for Uncollectible Accounts

The City reports accounts receivable at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance or through bad debt expense.

Prepaid Expenses

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year.

Parts and Supplies

Parts and supplies consist of supplies held for consumption and are recorded at cost.

Restricted Assets

The use of restricted assets is limited by legal requirements or restrictions imposed externally by creditors or contributors. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted, as they are needed.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2019

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Transfers, Receivables and Payables

During the normal course of operations, the City has numerous transactions between funds to provide services, construct assets, and service debt. These receivables and payables are classified as “Due to/from other funds,” as they are all short-term in nature. These amounts have been eliminated on the government-wide financial statements, except for amounts outstanding between the General Fund and business-type activities.

Routine transfers of resources between City funds that are not intended to be repaid are classified separately from revenues and expenditures. Such interfund operating transfers are identified as “Interfund transfers in/(out)” in the accompanying financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, which consist of streets, roads, sidewalks and similar items, are reported in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets purchased or acquired are carried at historical cost or estimated historical cost.

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ useful lives are charged to operations as incurred. Improvements that materially extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives: building and improvements, 3 to 50 years; equipment, 3 to 50 years; infrastructure 10 to 50 years; and vehicles, 5 to 10 years.

Depreciation is provided in the proprietary funds in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis.

Deferred Outflows of Resources

The City’s statements of net position report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to future periods. Deferred outflows of resources reported in the financial statements are amounts of pension contributions through the end of the City’s fiscal year to be recognized by the pension plan on the accrual basis of accounting in the next measurement period and are deferred amounts arising from the refunding of warrants payable. The deferred refunding amounts are being amortized over the remaining life of the refunding warrants as part of interest expense.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net position. Warrant premiums and discounts are deferred and amortized over the life of the warrants using the warrant outstanding method. Warrants payable are reported net of the applicable warrant premium or discount. Warrant issue costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize warrants premiums, discounts and issuance costs during the current period. The face amount of debt issued is reported as other financing sources, while premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

All full-time employees of the City accumulate vacation (annual leave) and holiday time during the calendar year. On January 1 of each year, vacation hours in excess of 240 are forfeited. Accumulated vacation leave is paid to an employee at the time of separation of service.

Eligible employees earn sick leave at the rate of one work day for each month of service. Sick leave can be converted as years of service upon retirement in the Retirement Systems of Alabama. Employees are not paid for unused sick leave upon termination of employment. Accordingly, sick pay is charged to expense when taken. No provision has been made in the financial statements for unused sick leave.

The accrued amounts of vacation are recorded as noncurrent liabilities in proprietary funds, net of estimated current portion. The accrued amounts of vacation earned by employees whose salaries are charged to the General Fund are recorded as noncurrent liabilities in the government-wide financial statements, net of estimated current portion.

Other Post-Employment Benefit Liability (OPEB)

The City is required to report the City's actuarially determined total OPEB liability as a long-term liability in the government-wide financial statements (See Note 10).

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2019

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pensions

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.

Deferred Inflows of Resources

The City's statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. Deferred inflows of resources reported in the financial statements are for differences between projected and actual earnings on pension plan investments and property taxes levied for subsequent years.

Net Position

The City reports information regarding its financial position and activities according to three classes of net position in the government-wide financial statements: investment in capital assets, restricted net position, and unrestricted net position.

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.

Restricted Net Position is reported as restricted when constraints placed on net position are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions.

Unrestricted Net Position is the residual component of net position. It consists of net position that does not meet the definition of restricted or invested in capital assets, net of related debt.

Fund Equity

The City is required, as applicable, to present fund balances in five categories. The fund balance categories are:

Non-spendable - Includes items that cannot be spent because they are either (a) not in a spendable form or; (b) legally or contractually required to be maintained intact.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity - Continued

Restricted - Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed - Includes items committed for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded through resolutions approved by the City Council.

Assigned - Includes items that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has the authority to assign amounts to be used for specific purposes.

Unassigned - This is the residual classification used for those balances not assigned to another category in the General Fund. Deficit fund balances are also presented as unassigned.

It is the City's policy to use restricted balances first, followed by committed resources, assigned resources, and finally unassigned resources, as needed.

Property Taxes

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

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2019

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

The City's formal written investment policy, consistent with the Government Finance Officer Association (GFOA) Policy, authorizes the City to invest in obligations of the U.S. Treasury, certain U.S. agency obligations, State of Alabama obligations, county obligations, and other municipal obligations, as well as bank certificates of deposit and bank public investment accounts. The policy also addresses specific types of risks that the government is exposed to through its deposits or investments. At year end, the government did not have any investment balances.

Interest Rate Risk - As a means of limiting its exposure to interest rate risk, the City's policy is to diversify its investments by security type and institution, and limit holdings in any one type of investment with any one issuer. The City also coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term.

Custodial Credit Risk - For deposits, custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned to it. All of the City's investments at September 30, 2019 were insured.

NOTE 3 - RECEIVABLES

Receivables consisted of the following at September 30, 2019:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Taxes	\$ 5,926,860	\$ -	\$ 5,926,860
Customers	-	1,518,900	1,518,900
Other	39,161	-	39,161
Gross receivables	5,966,021	1,518,900	7,484,921
Less: allowance for uncollectible accounts	-	(10,840)	(10,840)
Net receivables	<u>\$ 5,966,021</u>	<u>\$ 1,508,060</u>	<u>\$ 7,474,081</u>

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities consisted of the following for the year ended September 30, 2019:

	Governmental Activities			
	October 1, 2018	Additions	Disposals	September 30, 2019
Depreciable assets				
Buildings and improvements	\$ 15,151,832	\$ 34,896	\$ -	\$ 15,186,728
Equipment	3,123,083	224,371	8,427	3,339,027
Infrastructure	26,356,908	345,076	-	26,701,984
Vehicles	8,154,660	1,676,029	517,939	9,312,750
	<u>52,786,483</u>	<u>2,280,372</u>	<u>526,366</u>	<u>54,540,489</u>
Less accumulated depreciation				
Buildings and improvements	6,467,381	509,956	-	6,977,337
Equipment	2,117,656	240,313	5,849	2,352,120
Infrastructure	5,604,442	527,786	-	6,132,228
Vehicles	6,156,332	682,581	517,939	6,320,974
	<u>20,345,811</u>	<u>1,960,636</u>	<u>523,788</u>	<u>21,782,659</u>
	<u>32,440,672</u>	<u>319,736</u>	<u>2,578</u>	<u>32,757,830</u>
Non-depreciable assets				
Land and improvements	18,105,061	35,000	-	18,140,061
Construction in progress	1,244,563	2,989,889	1,395,308	2,839,144
	<u>19,349,624</u>	<u>3,024,889</u>	<u>1,395,308</u>	<u>20,979,205</u>
	<u>\$ 51,790,296</u>	<u>\$ 3,344,625</u>	<u>\$ 1,397,886</u>	<u>\$ 53,737,035</u>

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 4 - CAPITAL ASSETS - Continued

Capital asset activity for business-type activities consisted of the following for the year ended September 30, 2019:

	Business-type Activities			
	October 1, 2018	Additions	Disposals	September 30, 2019
Depreciable assets				
Buildings and improvements	\$ 2,083,994	\$ -	\$ -	\$ 2,083,994
Equipment	21,455,662	803,949	1,241	22,258,370
Infrastructure	26,698,131	-	-	26,698,131
Vehicles	3,099,282	291,678	28,421	3,362,539
	<u>53,337,069</u>	<u>1,095,627</u>	<u>29,662</u>	<u>54,403,034</u>
Less accumulated depreciation				
Buildings and improvements	49,353	54,178	-	103,531
Equipment	8,922,206	467,745	972	9,388,979
Infrastructure	8,449,916	553,048	-	9,002,964
Vehicles	966,030	312,236	28,421	1,249,845
	<u>18,387,505</u>	<u>1,387,207</u>	<u>29,393</u>	<u>19,745,319</u>
	<u>34,949,564</u>	<u>(291,580)</u>	<u>269</u>	<u>34,657,715</u>
Non-depreciable assets				
Land and improvements	245,770	-	-	245,770
Construction in progress	326,352	-	326,352	-
	<u>572,122</u>	<u>-</u>	<u>326,352</u>	<u>245,770</u>
	<u>\$ 35,521,686</u>	<u>\$ (291,580)</u>	<u>\$ 326,621</u>	<u>\$ 34,903,485</u>

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities	
General government	\$ 409,068
Public protection	673,363
Public ways and facilities	878,205
	<u>\$ 1,960,636</u>
Business-type activities	
Sewer	\$ 1,161,687
Garbage	225,520
	<u>\$ 1,387,207</u>

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 4 - CAPITAL ASSETS - Continued

Capital asset activity for the discretely presented component unit, CDA, consisted of the following for the year ended September 30, 2019:

	Governmental Activities			September 30, 2019
	October 1, 2018	Additions	Disposals	
Depreciable assets				
Infrastructure	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000
Less accumulated depreciation				
Infrastructure	833,333	80,001	-	913,334
	<u>3,166,667</u>	<u>(80,001)</u>	-	<u>3,086,666</u>
Non-depreciable assets				
Land and improvements	10,289,480	301,000	-	10,590,480
	<u>\$ 13,456,147</u>	<u>\$ 220,999</u>	<u>\$ -</u>	<u>\$ 13,677,146</u>

Depreciation expense for all depreciable assets is charged to functions/programs of the discretely presented component unit. Depreciation expense totaled \$80,001 for the year ended September 30, 2019.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund payables and receivables consisted of the following at September 30, 2019:

	Interfund Receivables (Payables)
General Fund	\$ 167
Sewer	(67)
Garbage	(100)
	<u>\$ -</u>

Interfund payables and receivables resulted from reimbursements made by the General Fund to the Sewer and Garbage Funds for various operating expenses.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund transfers consisted of the following during the year ended September 30, 2019:

Transfer Out	Transfer In					Total Transfer In
	General	Debt Service	Other Governmental	Sewer	Garbage	
General Fund	\$ -	\$ 27,505	\$ 42,000	\$ 430,000	\$ 595,650	\$ 1,095,155
Capital Projects	2,400,000	-	6,152	-	-	2,406,152
Debt Service	4,317,789	-	-	-	-	4,317,789
Total Transfer Out	\$ 6,717,789	\$ 27,505	\$ 48,152	\$ 430,000	\$ 595,650	\$ 7,819,096

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

NOTE 6 - LONG-TERM DEBT

The City issues general obligation warrants to provide funds for the acquisition and construction of major capital facilities. General obligation warrants have been issued for both governmental and business-type activities. General obligation warrants are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 5 to 20 years.

The general obligation warrants payable for governmental activities consisted of the following at September 30, 2019:

	Governmental Activities
Series 2005-B General Obligation Warrants, dated November 1, 2005, due in semi-annual payments through April 1, 2025, bearing interest rates of 4.00% to 4.45%	\$ 235,000
Series 2010-A Taxable General Obligation Warrants, dated March 1, 2010, due in semi-annual payments through September 1, 2026, bearing interest rates of 2.00% to 5.85%	560,000

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

	<u>Governmental Activities</u>
Series 2010-B General Obligation Warrants, dated Mar 1, 2010, due in semi-annual payments through September 1, 2029, bearing interest rates of 4.00% to 4.25%	\$ 1,120,000
Series 2011-B General Obligation Warrants, dated October 1, 2011, due in semi-annual payments through September 1, 2025, bearing interest rates of 2.00% to 3.25%	2,990,000
Series 2012-C Taxable General Obligation Warrants, dated August 1, 2012, due in semi-annual payments through April 1, 2028, bearing interest rates of 0.75% to 3.90%	7,590,000
Series 2012-D General Obligation Warrants, dated August 1, 2012, due in semi-annual payments through April 1, 2033, bearing interest rates of 3.125% to 3.625%	5,205,000
Series 2016-A Taxable General Obligation Warrants, dated June 29, 2016, due in semi-annual payments through September 1, 2026, bearing interest rates of 1.75% to 2.70%	3,940,000
Series 2016-B General Obligation Warrants, dated June 29, 2016, due in semi-annual payments through September 1, 2029, bearing interest rates of 2.00% to 2.25%	2,240,000
Series 2017 General Obligation Warrants, dated November 1, 2017, due in semi-annual payments through May 1, 2033, bearing interest rates of 1.15% to 4.00%	9,605,000
Series 2018 General Obligation Warrants, dated February 1, 2018, due in semi-annual payments through April 1, 2031, bearing interest rates of 2.00% to 4.00%	<u>9,430,000</u>
Total warrants payable	42,915,000
Less deferred amounts for:	
Unamortized premiums	740,850
Unamortized discounts	<u>(175,828)</u>
Total warrants payable, net	<u><u>\$ 43,480,022</u></u>

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

The general obligation warrants payable for business-type activities consisted of the following at September 30, 2019:

	Business-type Activities
Series 2009 General Obligation Warrants, dated September 1, 2009, due in semi-annual payments through September 1, 2020, bearing interest rates of 2.00% to 4.00%	\$ 1,180,000
Series 2013-B Taxable General Obligation Warrants, dated April 1, 2013, due in semi-annual payments through April 1, 2029, bearing interest rates of 2.25% to 3.70%	11,475,000
Total warrants payable	12,655,000
Less deferred amounts for:	
Unamortized premiums	93,688
Total warrants payable, net	\$ 12,748,688

Future principal and interest requirements of the general obligation warrants for governmental activities and business-type activities consist of the following for the years ending September 30:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 2,910,000	\$ 1,327,024	\$ 2,195,000	\$ 388,483
2021	3,155,000	1,254,643	1,045,000	310,832
2022	3,015,000	1,166,875	1,065,000	287,320
2023	3,080,000	1,088,751	1,095,000	260,695
2024	3,155,000	1,015,353	1,125,000	232,225
2024-2028	16,790,000	3,632,771	6,130,000	643,323
2029-2033	10,810,000	859,062	-	-
	\$ 42,915,000	\$ 10,344,479	\$ 12,655,000	\$ 2,122,878

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2019

(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

Changes in long-term liabilities for governmental activities consisted of the following at September 30, 2019:

Governmental Activities	October 1, 2018	Additions	Retirements	September 30, 2019	Due within one year
Warrants payable					
General obligation warrants	\$ 45,560,000	\$ -	\$ 2,645,000	\$ 42,915,000	\$ 2,910,000
Less: discounts and premiums, net	634,233	-	69,211	565,022	69,754
Total warrants payable	46,194,233	-	2,714,211	43,480,022	2,979,754
Capital leases payable	1,246,566	-	483,077	763,489	459,300
Compensated absences	774,961	-	4,744	770,217	385,845
	<u>\$ 48,215,760</u>	<u>\$ -</u>	<u>\$ 3,202,032</u>	<u>\$ 45,013,728</u>	<u>\$ 3,824,899</u>

For governmental activities, general obligation warrants, capital leases, net pension liabilities, net other post-employment benefit liabilities, and compensated absences are liquidated by the General Fund.

Changes in long-term liabilities for business-type activities consisted of the following at September 30, 2019:

Business-type Activities	October 1, 2018	Additions	Retirements	September 30, 2019	Due within one year
Warrants payable					
General obligation warrants	\$ 14,465,000	\$ -	\$ 1,810,000	\$ 12,655,000	\$ 2,165,000
Less: discounts and premiums, net	113,949	-	20,261	93,688	17,936
Total warrants payable	14,578,949	-	1,830,261	12,748,688	2,182,936
Capital leases payable	83,248	-	63,980	19,268	19,268
Compensated absences	89,759	-	2,941	86,818	43,408
	<u>\$ 14,751,956</u>	<u>\$ -</u>	<u>\$ 1,897,182</u>	<u>\$ 12,854,774</u>	<u>\$ 2,245,612</u>

In prior years, the government defeased various general obligation bonds and warrants by placing the proceeds of the new bonds or warrants in an irrevocable trust account to provide for all future debt service payments on the old bonds and warrants. Accordingly, the trust account assets and the liabilities for the defeased bonds and warrants are not included in the government's financial statements. At September 30, 2019, \$30,805,000 of defeased bonds and warrants remained outstanding.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2019

(Continued)

NOTE 7 - RELATED PARTY TRANSACTIONS

The Alabaster Water Board bills and collects customers' monthly sewer and garbage fees for the City at no charge, in lieu of the Alabaster Water Board paying the City a franchise tax. The Board owed the City \$833,495 at September 30, 2019 for those fees collected during the month of September.

During the year ended September 30, 2019, the City recognized a total of \$8,782,463 in sewer and garbage fees collected by the Water Board.

At September 30, 2019, the Commercial Development Authority (CDA) owed the Capital Projects Fund \$11,857,713. The purpose of the loan was to enable the CDA to purchase land and fulfill contractual obligations. The note is non-interest bearing and is not expected to be received in the near-term.

NOTE 8 - CAPITAL LEASE OBLIGATIONS

The City has entered into five lease agreements to finance the purchases of police vehicles, fire trucks, and garbage trucks. These lease agreements are treated as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates in the basic financial statements. Amortization of assets under capital leases is included in depreciation expense. As of September 30, 2019, the future minimum lease payments under the capital lease agreements are as follows for the fiscal years ending:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2020	\$ 476,022	\$ 19,816	\$ 495,838
2021	308,444	-	308,444
Future minimum lease payments	784,466	19,816	804,282
Less: amounts representing interest	(20,977)	(548)	(21,525)
Present value of minimum lease payments	763,489	19,268	782,757
Less: current portion	(459,300)	(19,268)	(478,568)
Long-term capital lease obligation	<u>\$ 304,189</u>	<u>\$ -</u>	<u>\$ 304,189</u>

As of September 30, 2019, the governmental activities lease had capitalized costs totaling \$2,037,832 and accumulated depreciation of \$422,388, and a net book value of \$1,615,444. Interest expense paid under the capital lease agreement totaled \$29,792 during the year ended September 30, 2019.

As of September 30, 2019, the business-type activities lease had capitalized costs totaling \$130,757 and accumulated depreciation of \$44,675, and a net book value of \$86,082. Interest expense paid under the capital lease agreement totaled \$735 during the year ended September 30, 2019.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2019

(Continued)

NOTE 9 - PENSION PLAN

General Information about the Pension Plan

Plan Description

The ERS, an agent multiple-employer public employee retirement plan, was established as of 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 13 trustees. 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 13 trustees as follows:

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

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 9 - PENSION PLAN - 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.

The ERS serves approximately 909 local participating employers. The ERS membership includes approximately 90,999 participants. As of September 30, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	24,818
Terminated employees entitled to but not yet receiving benefits	1,426
Terminated employees not entitled to a benefit	7,854
Active members	56,760
Post-DROP participants who are still in active service	141
	90,999

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 9 - PENSION PLAN - Continued

The City’s membership as of the measurement date of September 30, 2018 consisted of:

Retired members or their beneficiaries currently receiving benefits	58
Vested inactive members	4
Non-vested inactive members	20
Active members	250
Post-DROP participants who are still in active service	-
	332

Contributions

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

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

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, 2019, the City’s active employee contribution rate was 5.81% of covered employee payroll, and the City’s average contribution rate to fund the normal and accrued liability costs was 9.25% of pensionable payroll.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 9 - PENSION PLAN - Continued

The City's contractually required contribution rate for the year ended September 30, 2019 was 10.35% of pensionable pay for Tier 1 employees, and 7.35% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2016, 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 were \$1,356,654 for the year ended September 30, 2019.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2017, rolled forward to September 30, 2018, using standard roll-forward techniques as shown in the following table:

	Expected	Actual
(a) Total pension liability as of September 30, 2017	\$ 43,600,384	\$ 43,379,336
(b) Discount rate	7.75%	7.75%
(c) Entry age normal cost for the period October 1, 2017 - September 30, 2018	1,209,192	1,209,192
(d) Transfers among employers:	-	1,016
(e) Actual benefit payments and refunds for the period October 1, 2017 - September 30, 2018	(1,676,289)	(1,676,289)
(f) Total pension liability as of September 30, 2018 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	\$ 46,447,361	\$ 46,210,198
(g) Difference between expected and actual:		\$ (237,163)
(h) Less liability transferred for immediate recognition:		1,016
(i) Experience (gain)/loss = (g) - (h)		\$ (238,179)

Actuarial Assumptions

The total pension liability, as of September 30, 2018, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2017. The key actuarial assumptions are summarized below:

1. An investment rate of return of 7.70% (net of pension plan investment expense), including inflation at 2.75%, per annum compounded annually on the investment of present and future assets.
2. Projected salary increases, based on age ranging from 3.25% to 5.00%.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 9 - PENSION PLAN - Continued

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2017, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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	17.0%	4.4%
U.S. large stocks	32.0%	8.0%
U.S. mid stocks	9.0%	10.0%
U.S. small stocks	4.0%	11.0%
International developed market stocks	12.0%	9.5%
International emerging market stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real estate	10.0%	7.5%
Cash	3.0%	1.5%
	100.0%	

*Includes assumed rate of inflation of 2.50%.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 9 - PENSION PLAN - Continued

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. 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.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2017	\$ 46,210,198	\$ 33,647,412	\$ 12,562,786
Changes for the year:			
Service cost	1,206,530	-	1,206,530
Interest	3,502,407	-	3,502,407
Changes of assumptions	286,869	-	286,869
Difference between expected and actual experience	(1,476,961)	-	(1,476,961)
Contributions - employer	-	1,207,753	(1,207,753)
Contributions - employee	-	810,904	(810,904)
Net investment income	-	3,107,563	(3,107,563)
Benefits of payments, including refunds of employee contributions	(2,035,712)	(2,035,712)	-
Transfers among employers	(121,518)	(121,518)	-
Net changes:	1,361,615	2,968,990	(1,607,375)
Balances at September 30, 2018	\$ 47,571,813	\$ 36,616,402	\$ 10,955,411

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 9 - PENSION PLAN - Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City’s net pension liability calculated using the discount rate of 7.70%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage-point higher (8.70%) than the current rate (dollar amounts in thousands):

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Plan’s net pension liability	\$ 17,394,467	\$ 10,955,411	\$ 5,597,223

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, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2018. The auditor’s report dated August 17, 2019, 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 ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 9 - PENSION PLAN - Continued

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

For the year ended September 30, 2019, the City recognized pension expense of \$1,112,470. At September 30, 2019, 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
Difference between expected and actual experience	\$ 442,836	\$ 1,534,056
Changes of assumptions	1,574,109	-
Net difference between projected and actual earnings on pension plan investments	-	1,180,400
Employer contributions subsequent to the measurement date	1,356,654	-
	\$ 3,373,599	\$ 2,714,456

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

	Deferred Outflows/ (Inflows) of Resources
2019	\$ (16,963)
2020	(377,031)
2021	(259,875)
2022	40,777
2023	154,607
Thereafter	(239,026)

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description

The City of Alabaster (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Alabaster’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Statement No. 75, paragraph 4, *Postemployment Benefits Other Than Pensions - Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria - Defined Benefit*.

Benefits provided

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called “Tier I” members). Employees hired on and after January 1, 2013 (called “Tier II” members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service.

The City contributes \$700 per month for single medical coverage to age 65 (\$1,198 for family coverage) and \$212.50 per month after age 65 for Medicare supplement coverage continuing for the life of the retiree. The retiree is responsible for the balance of the monthly contribution. Any retiree earning more than \$30,000 per annum is not eligible for the subsidy.

Employees covered by benefit terms

At September 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	17
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	210
	227
	227

Total OPEB Liability

The City’s total OPEB liability of \$6,572,916 was measured as of September 30, 2019 and was determined by an actuarial valuation as of that date.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Actuarial assumptions and other inputs

The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.50% including inflation
Discount rate	4.00% annually (beginning of year)
	4.06% annually (as of end of year measurement date)
Healthcare cost trend rates	1.50% annually

The discount rate was based on the average of the Bond Buyers' 20-Year General Obligation municipal bond index as of September 30, 2019, the end of the applicable measurement period.

Mortality rates were based on the RPH-2014 Table with projection to MP-2018.

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2019.

Changes in total OPEB liability

	Total OPEB Liability
Balances at September 30, 2018	\$ 6,296,143
Changes for the year:	
Service cost	203,817
Interest	251,989
Benefit payments and net transfers	<u>(179,033)</u>
Net changes	<u>276,773</u>
Balances at September 30, 2019	<u>\$ 6,572,916</u>

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, 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 (3.06%) or 1-percentage-point higher (5.06%) than the current discount rate:

	1% Decrease (3.06%)	Current Discount Rate (4.06%)	1% Increase (5.06%)
Plan's total OPEB liability	\$ 7,587,403	\$ 6,572,916	\$ 5,741,695

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (.50%) or 1-percentage-point higher (2.50%) than the current discount rate:

	1% Decrease (0.50%)	Current Trend Rate (1.50%)	1% Increase (2.50%)
Plan's total OPEB liability	\$ 5,618,919	\$ 6,572,916	\$ 7,773,305

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

For the year ended September 30, 2019, the City recognized OPEB expense totaling \$455,808. At September 30, 2019, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

Therefore, no amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2019

(Continued)

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program mainly encompasses obtaining property and liability insurance through commercial insurance carriers. During the year ended September 30, 2019, the City paid premiums of approximately \$495,000 to commercial insurance carriers for provisions of various liability, property, casualty and workers compensation insurance. The City has a deductible of \$5,000. There were no significant changes in coverage retention, or limits during the fiscal year. The General Fund handles property claims for the City and absorbs the loss for any amounts below the deductible amounts.

The City is a defendant in a lawsuit which resulted in a final verdict in District Court against the City in the net amount of approximately \$3,800,000, including prejudgment interest and fees. The City appealed the judgment to the United States Eleventh Circuit Court on September 21, 2018. The City's management feels the City has a valid defense and the appeal will be successful. Oral arguments were held on January 29, 2020, but no ruling or opinion has been announced by the 11th Circuit Court.

The City has recorded a liability on the government-wide statement of net position in the amount of \$3,800,000 in accordance with the accounting criteria established in GASB 10 Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.

NOTE 12 - ECONOMIC DEPENDENCY

The City is economically dependent on a small number of principal taxpayers. Sales and use tax revenue accounted for 59.67% of total governmental fund-type revenues for the year ended September 30, 2019. Sales and use tax revenues received from one major taxpayer accounted for 17.08% of the total sales and use tax collected City-wide. In addition, business license revenues received from one major company accounted for 32.66% of the total business license revenues collected City-wide.

NOTE 13 - TAX ABATEMENTS

The City enters into sales tax abatement agreements with local businesses under the Tax Incentive Reform Act of 1992. Under the Act, cities, counties and public industrial authorities have the ability to abate sales and use taxes and property taxes for various time periods depending on the type of business, all for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City. For the fiscal year ended September 30, 2019, the City abated taxes totaling \$561,390 under this Act, as summarized below.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2019
(Continued)

NOTE 13 - TAX ABATEMENTS - Continued

Purpose	Type of Taxes Abated	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Development of Alalanding shopping center on Highway 31	Sales	60%	\$ 65,071
To bring Ulta to Promenade Shopping Center	Sales	85%	72,454
To bring Dick's, Panda Express, and Verizon to Promenade Shopping Center	Sales	50%	310,427
Development of manufacturing facility in Alabaster	Property	100%	2,442
Development of manufacturing facility in Alabaster	Property	100%	10,211
Development of manufacturing facility in Alabaster	Property	100%	27,582
Development of distribution facility in Alabaster	Property	100%	73,203
			<u>\$ 561,390</u>

NOTE 14 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations (ARO)* to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. There was no financial statement impact as a result of the implementation of the Statement.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. There was no financial statement impact as a result of the implementation of the Statement.

The GASB issued Statement No. 84, *Fiduciary Activities* to establish criteria for identifying fiduciary activities of all state and local governments. The requirements of GASB 84 are effective for fiscal years beginning after December 15, 2018. The City is currently evaluating the impact GASB 84 may have on its financial statements.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2019

(Continued)

NOTE 14 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS - Continued

The GASB issued Statement No. 87, *Leases* to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of GASB 87 are effective for fiscal years beginning after December 15, 2019. The City is currently evaluating the impact GASB 87 may have on its financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB 89 are effective for fiscal years beginning after December 15, 2019. The City is currently evaluating the impact GASB 89 may have on its financial statements.

The GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of GASB 90 are effective for fiscal years beginning after December 15, 2018. The City is currently evaluating the impact GASB 90 may have on its financial statements.

The GASB issued Statement No. 91, *Conduit Debt Obligations* to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of GASB 91 are effective for fiscal years beginning after December 15, 2020. The City is currently evaluating the impact GASB 91 may have on its financial statements.

NOTE 15 - SUBSEQUENT EVENTS

On December 19, 2019 the City issued General Obligation Warrants, Series 2020-A and 2020-B in the amounts of \$5,700,000 and \$6,915,000, respectively, to currently refund debt.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Sales and use	\$ 21,950,000	\$ 22,522,000	\$ 21,903,031	\$ (618,969)
Property	3,670,000	4,085,000	3,938,198	(146,802)
Other	1,542,000	1,593,481	1,624,583	31,102
Licenses and permits	4,625,650	4,802,982	4,774,471	(28,511)
Intergovernmental	40,000	59,436	60,968	1,532
Charges for services	370,800	370,297	379,752	9,455
Fines and forfeitures	453,500	433,300	435,357	2,057
Donations, gifts, and grants	38,000	40,292	40,638	346
Interest	30,000	107,000	101,433	(5,567)
Other	1,450,200	2,058,794	2,426,233	367,439
Total revenue	<u>34,170,150</u>	<u>36,072,582</u>	<u>35,684,664</u>	<u>(387,918)</u>
Expenditures, current				
General government				
Administrative	2,556,292	2,445,666	2,290,046	155,620
Finance	633,268	648,267	652,532	(4,265)
Personnel	341,157	372,659	358,953	13,706
Elected officials	250,391	242,891	242,208	683
Newsletter	120,000	120,000	106,282	13,718
Total general government	<u>3,901,108</u>	<u>3,829,483</u>	<u>3,650,021</u>	<u>179,462</u>
Public protection				
Police	8,266,489	8,330,694	8,264,342	66,352
Municipal court	551,313	551,314	543,953	7,361
Fire	6,341,723	6,377,841	6,361,963	15,878
Total public protection	<u>15,159,525</u>	<u>15,259,849</u>	<u>15,170,258</u>	<u>89,591</u>
Public ways and facilities				
Library	845,500	845,500	797,288	48,212
Public works	1,357,452	1,343,035	1,271,417	71,618
Parks and recreation	2,923,839	2,923,839	2,901,417	22,422
Total public ways and facilities	<u>5,126,791</u>	<u>5,112,374</u>	<u>4,970,122</u>	<u>142,252</u>
Alabaster City Schools				
Payments to the Alabaster Board of Education	5,350,000	5,337,500	5,383,370	(45,870)
Total Alabaster City Schools	<u>5,350,000</u>	<u>5,337,500</u>	<u>5,383,370</u>	<u>(45,870)</u>
Total expenditures	<u>29,537,424</u>	<u>29,539,206</u>	<u>29,173,771</u>	<u>365,435</u>
Excess of revenues over expenditures	<u>4,632,726</u>	<u>6,533,376</u>	<u>6,510,893</u>	<u>(22,483)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	5,000	22,781	33,146	10,365
Transfers (out) in	(3,839,693)	(5,645,355)	(5,622,634)	22,721
Total other financing sources (uses)	<u>(3,834,693)</u>	<u>(5,622,574)</u>	<u>(5,589,488)</u>	<u>33,086</u>
Net change in fund balance	<u>\$ 798,033</u>	<u>\$ 910,802</u>	<u>\$ 921,405</u>	<u>\$ 10,603</u>

See notes to required supplementary information.

CITY OF ALABASTER, ALABAMA
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Five Years Ended September 30,

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,206,530	\$ 1,209,192	\$ 1,133,362	\$ 1,107,963	\$ 1,071,349
Interest	3,502,407	3,314,074	3,001,907	2,825,314	2,636,186
Differences between expected and actual experience	(1,476,961)	(238,179)	698,319	(130,968)	-
Changes of assumptions	286,869	-	2,087,875	-	-
Benefit payments, including refunds of employee contributions	(2,035,712)	(1,676,289)	(1,646,482)	(1,543,314)	(1,143,546)
Transfers among employees	(121,518)	1,016	(21,679)	-	-
Net change in total pension liability	1,361,615	2,609,814	5,253,302	2,258,995	2,563,989
Total pension liability - beginning	46,210,198	43,600,384	38,347,082	36,088,087	33,524,098
Total pension liability - ending (a)	<u>\$47,571,813</u>	<u>\$46,210,198</u>	<u>\$43,600,384</u>	<u>\$38,347,082</u>	<u>\$36,088,087</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,207,753	\$ 1,099,193	\$ 1,112,726	\$ 1,041,311	\$ 1,039,130
Contributions - member	810,904	767,928	746,133	721,895	691,926
Net investment income	3,107,563	3,808,336	2,731,430	313,475	2,802,343
Benefit payments, including refunds of employee contributions	(2,035,712)	(1,676,289)	(1,646,482)	(1,543,314)	(1,143,546)
Transfers among employers	(121,518)	1,016	(21,679)	(242,352)	(53,073)
Net change in plan fiduciary net position	2,968,990	4,000,184	2,922,128	291,015	3,336,780
Plan net position - beginning	33,647,412	29,647,228	26,725,100	26,434,085	23,097,305
Plan net position - ending (b)	<u>\$36,616,402</u>	<u>\$33,647,412</u>	<u>\$29,647,228</u>	<u>\$26,725,100</u>	<u>\$26,434,085</u>
Net pension liability (a) - (b)	<u>\$ 10,955,411</u>	<u>\$ 12,562,786</u>	<u>\$ 13,953,156</u>	<u>\$ 11,621,982</u>	<u>\$ 9,654,002</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>76.97%</u>	<u>72.81%</u>	<u>68.00%</u>	<u>69.69%</u>	<u>73.25%</u>
Covered payroll	<u>\$ 13,877,934</u>	<u>\$ 13,387,819</u>	<u>\$ 13,162,698</u>	<u>\$ 12,697,022</u>	<u>\$ 12,269,384</u>
Net pension liability as a percentage of covered payroll	<u>78.94%</u>	<u>93.84%</u>	<u>106.01%</u>	<u>91.53%</u>	<u>78.68%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Alabaster will only present information for those years for which information is available.

See notes to required supplementary information.

CITY OF ALABASTER, ALABAMA
Schedule of Employer Contributions - Pension
Last Five Years Ended September 30,

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,304,443	\$ 1,176,745	\$ 1,099,193	\$ 1,161,460	\$ 1,085,256
Contributions in relation to the actuarially determined contributions	1,304,443	1,176,745	1,099,193	1,161,460	1,085,256
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,102,477	\$ 13,877,934	\$ 13,387,819	\$ 13,162,698	\$ 12,697,022
Contributions as a percentage of covered payroll	9.25%	8.48%	8.21%	8.82%	8.55%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Alabaster will only present information for those years for which information is available.

See notes to required supplementary information.

CITY OF ALABASTER, ALABAMA
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Two Years Ended September 30,

	2019	2018
Total OPEB liability		
Service cost	\$ 203,817	\$ 195,865
Interest	251,989	247,553
Benefit payments and net transfers	(179,033)	(97,573)
Net change in total OPEB liability	276,773	345,845
Total OPEB liability - beginning	6,296,143	5,950,298
 Total OPEB liability - ending	 \$ 6,572,916	 \$ 6,296,143
 Covered payroll	 \$ 14,102,477	 \$ 13,877,934
 Total OPEB liability as a percentage of covered payroll	 46.61%	 45.37%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Alabaster will only present information for those years for which information is available.

See notes to required supplementary information.

CITY OF ALABASTER, ALABAMA
Notes to the Required Supplementary Information
September 30, 2019

NOTE 1 - BUDGETARY INFORMATION

The annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following describes the budgeted and non-budgeted funds:

Annually-Budgeted Governmental Funds

General Fund
Capital Projects Fund
Subdivision Capital Projects Fund
Debt Service Fund
Special Revenue Funds:
 Four Cent Gas Tax Fund
 Seven Cent Gas Tax Fund
 Corrections Fund
 Drug Seizure Fund
 Municipal Training Fund
 Library State Aid Fund
 Municipal Judicial Fund

The City follows these procedures in establishing the budgetary data reflected in the required supplementary information:

1. Instructions and budget work papers are distributed to departments and a revenue estimate for the following fiscal year is prepared.
2. Departments return copies of completed budget requests forms to the budget staff.
3. The Mayor and budget staff begin individual departmental reviews and prepare recommended changes to the departmental budgets.
4. The Mayor submits recommended departmental changes to individual departments affected.
5. Departments incorporate recommended budget changes and update budget schedules.
6. The Mayor's recommended budget is finalized for submission to the City Council.
7. The Mayor presents the proposed budget to the City Council.
8. The City Council takes final action for approval of the operating budget by the beginning date of the fiscal year.

The annual budget is prepared by fund, department and object. The Mayor or appointed City staff is authorized to make budget transfers by object within each department. Transfers of appropriations between departments or between funds require approval of the City Council. The legal level of budgetary control is by department.

The original and final/amended budget amounts are reflected in the required supplementary information.

CITY OF ALABASTER, ALABAMA
Notes to the Required Supplementary Information
September 30, 2019
(Continued)

NOTE 1 - BUDGETARY INFORMATION - Continued

The following represents expenditures in excess of appropriations of the following amounts by department for the fiscal year ended September 30, 2019:

General government	
Finance	\$ 4,265
Alabaster City Schools	
Payments to the Alabaster Board of Education	\$ 45,870

NOTE 2 - SUMMARY OF SIGNIFICANT PENSION PLAN PRACTICES

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 2019 were based on the September 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2018 to September 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	24.9 years
Asset valuation method	Five-year smoothed market
Inflation	2.875%
Salary increases	3.375 - 5.125%, including inflation
Investment rate of return	7.875%, net of pension plan investment expense, including inflation

CITY OF ALABASTER, ALABAMA
Notes to the Required Supplementary Information
September 30, 2019
(Continued)

NOTE 3 - SUMMARY OF SIGNIFICANT OPEB PLAN PRACTICES

No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Statement No. 75, paragraph 4, *Postemployment Benefits Other Than Pensions - Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria - Defined Benefit* to pay related benefits.

Methods and assumptions used to determine contribution rates for the period October 1, 2018 to September 30, 2019:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	3.50%, including inflation
Discount rate	4.06% annually
Retirement age	Five years delay 25 years of service at any age; but not later than age 60; or attainment of age 60 and 10 years of service; employees hired on or after January 1, 2013 are not eligible to retire until age 62.
Mortality	RPH-2014 with projection MP-2018
Turnover	Age specific table with an average of 10% when applied to the active census

SUPPLEMENTARY INFORMATION

CITY OF ALABASTER, ALABAMA
Combining Balance Sheets
Nonmajor Governmental Funds
September 30, 2019

	Capital Projects	Special Revenue							Total Nonmajor Governmental Funds	
	Subdivision Capital Projects	7 Cent Gas Tax	4 Cent Gas Tax	Corrections	Drug Seizure	Municipal Training	Library State Aid	Municipal Judicial		Total
Assets										
Current assets										
Cash and cash equivalents - restricted	\$ 356,197	\$ 210,145	\$ 196,097	\$ 236,379	\$ 5,446	\$ 54,476	\$ 57	\$ 53,712	\$ 756,312	\$ 1,112,509
Other receivables	-	-	-	8,907	-	503	-	2,088	11,498	11,498
Total assets	<u>\$ 356,197</u>	<u>\$ 210,145</u>	<u>\$ 196,097</u>	<u>\$ 245,286</u>	<u>\$ 5,446</u>	<u>\$ 54,979</u>	<u>\$ 57</u>	<u>\$ 55,800</u>	<u>\$ 767,810</u>	<u>\$ 1,124,007</u>
Liabilities and fund balance										
Current liabilities										
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 5,713	\$ -	\$ 1,975	\$ 31	\$ -	\$ 7,719	\$ 7,719
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,713</u>	<u>-</u>	<u>1,975</u>	<u>31</u>	<u>-</u>	<u>7,719</u>	<u>7,719</u>
Fund balance										
Restricted for:										
Capital improvements	356,197	-	-	-	-	-	-	-	-	356,197
Library	-	-	-	-	-	-	26	-	26	26
Public protection	-	-	-	239,573	5,446	53,004	-	55,800	353,823	353,823
Infrastructure maintenance	-	210,145	196,097	-	-	-	-	-	406,242	406,242
Total fund balance	<u>356,197</u>	<u>210,145</u>	<u>196,097</u>	<u>239,573</u>	<u>5,446</u>	<u>53,004</u>	<u>26</u>	<u>55,800</u>	<u>760,091</u>	<u>1,116,288</u>
Total liabilities and fund balance	<u>\$ 356,197</u>	<u>\$ 210,145</u>	<u>\$ 196,097</u>	<u>\$ 245,286</u>	<u>\$ 5,446</u>	<u>\$ 54,979</u>	<u>\$ 57</u>	<u>\$ 55,800</u>	<u>\$ 767,810</u>	<u>\$ 1,124,007</u>

CITY OF ALABASTER, ALABAMA
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	Capital Projects	Special Revenue							Total Nonmajor Governmental Funds	
	Subdivision Capital Projects	7 Cent Gas Tax	4 Cent Gas Tax	Corrections	Drug Seizure	Municipal Training	Library State Aid	Municipal Judicial		Total
Revenues										
Taxes - intergovernmental	\$ -	\$ 78,261	\$ 61,562	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,823	\$ 139,823
Fines and forfeitures	80,858	-	-	75,175	-	4,506	-	18,003	97,684	178,542
Donations, gifts, and grants	-	-	-	-	-	-	26,457	-	26,457	26,457
Interest	2,963	1,529	1,466	1,204	-	465	42	395	5,101	8,064
	-	-	3	-	-	-	-	-	3	3
Total revenues	83,821	79,790	63,031	76,379	-	4,971	26,499	18,398	269,068	352,889
Expenditures, current										
Public protection	-	-	-	58,893	-	3,978	-	-	62,871	62,871
Public ways and facilities	-	-	-	-	-	-	26,505	-	26,505	26,505
	-	-	-	58,893	-	3,978	26,505	-	89,376	89,376
Other financing (uses) sources										
Transfers out	(6,152)	-	-	(42,000)	-	-	-	-	(42,000)	(48,152)
Net change in fund balance	77,669	79,790	63,031	(24,514)	-	993	(6)	18,398	137,692	215,361
Fund balance - beginning of year	278,528	130,355	133,066	264,087	5,446	52,011	32	37,402	622,399	900,927
Fund balance - end of year	<u>\$ 356,197</u>	<u>\$ 210,145</u>	<u>\$ 196,097</u>	<u>\$ 239,573</u>	<u>\$ 5,446</u>	<u>\$ 53,004</u>	<u>\$ 26</u>	<u>\$ 55,800</u>	<u>\$ 760,091</u>	<u>\$ 1,116,288</u>

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Sewer Fund
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services	\$ 6,067,250	\$ 6,234,134	\$ 6,596,224	\$ 362,090
Total operating revenues	<u>6,067,250</u>	<u>6,234,134</u>	<u>6,596,224</u>	<u>362,090</u>
Operating expenses				
Administration, operations, and maintenance	4,933,262	4,839,497	2,771,180	2,068,317
Depreciation and amortization	-	-	1,161,687	(1,161,687)
Total operating expenses	<u>4,933,262</u>	<u>4,839,497</u>	<u>3,932,867</u>	<u>906,630</u>
Operating income	<u>1,133,988</u>	<u>1,394,637</u>	<u>2,663,357</u>	<u>1,268,720</u>
Non-operating revenues (expenses)				
Interest income	15,000	39,000	55,114	16,114
Interest expense	(451,033)	(451,033)	(602,017)	(150,984)
Total non-operating revenues (expenses)	<u>(436,033)</u>	<u>(412,033)</u>	<u>(546,903)</u>	<u>(134,870)</u>
Income before transfers	697,955	982,604	2,116,454	1,133,850
Transfers out	<u>(430,000)</u>	<u>(430,000)</u>	<u>(430,000)</u>	<u>-</u>
Change in net position	<u>\$ 267,955</u>	<u>\$ 552,604</u>	<u>\$ 1,686,454</u>	<u>\$ 1,133,850</u>

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Garbage Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Operating revenues				
Charges for services	\$ 2,116,690	\$ 2,097,500	\$ 2,188,230	\$ 90,730
Total operating revenues	<u>2,116,690</u>	<u>2,097,500</u>	<u>2,188,230</u>	<u>90,730</u>
Operating expenses				
Administration, operations, and maintenance	1,405,167	1,429,421	1,324,141	105,280
Depreciation and amortization	-	-	225,520	(225,520)
Total operating expenses	<u>1,405,167</u>	<u>1,429,421</u>	<u>1,549,661</u>	<u>(120,240)</u>
Operating income	<u>711,523</u>	<u>668,079</u>	<u>638,569</u>	<u>(29,510)</u>
Non-operating revenues (expenses)				
Interest income	3,600	3,600	4,128	528
Interest expense	(457)	(750)	(735)	15
Total non-operating revenues (expenses)	<u>3,143</u>	<u>2,850</u>	<u>3,393</u>	<u>543</u>
Income before transfers	714,666	670,929	641,962	(28,967)
Transfers out	<u>-</u>	<u>(595,650)</u>	<u>(595,650)</u>	<u>-</u>
Change in net position	<u>\$ 714,666</u>	<u>\$ 75,279</u>	<u>\$ 46,312</u>	<u>\$ (28,967)</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Alabaster’s comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the government’s overall financial health

Contents	Page
Financial Trends	80
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
Revenue Capacity	87
These schedules contain information to help the reader assess the government’s most significant local revenue source, the sales tax.	
Debt Capacity	90
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	
Demographic and Economic Information	94
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information	96
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.

CITY OF ALABASTER, ALABAMA
Net Position by Component
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 6,310,780	\$ 5,877,730	\$ (1,140,094)	\$ 3,786,510	\$ 4,605,009	\$ 7,539,651	\$ 9,997,341	\$ 13,924,182	\$ 7,229,419	\$ 19,272,518
Restricted	11,409,550	12,147,558	18,290,098	15,037,952	16,008,837	5,693,147	4,947,988	3,689,564	22,999,466	18,580,134
Unrestricted	287,749	(231,758)	3,938,056	1,408,775	(887,659)	(7,311,897)	(6,926,064)	(5,901,256)	(13,472,500)	(15,254,824)
Total governmental activities net position	<u>\$ 18,008,079</u>	<u>\$ 17,793,530</u>	<u>\$ 21,088,060</u>	<u>\$ 20,233,237</u>	<u>\$ 19,726,187</u>	<u>\$ 5,920,901</u>	<u>\$ 8,019,265</u>	<u>\$ 11,712,490</u>	<u>\$ 16,756,385</u>	<u>\$ 22,597,828</u>
Business-type activities:										
Net investment in capital assets	\$ 12,929,321	\$ 13,341,398	\$ 14,012,380	\$ 13,414,609	\$ 14,280,622	\$ 13,534,948	\$ 16,707,356	\$ 17,797,509	\$ 20,859,489	\$ 22,135,529
Restricted	3,046,911	3,120,966	3,193,519	4,591,691	4,442,175	4,141,397	4,143,283	3,551,046	3,257,604	1,955,070
Unrestricted	876,803	1,109,191	1,527,134	1,867,193	2,076,734	3,329,812	1,162,358	1,862,945	3,638,798	5,398,058
Total business-type activities net position	<u>\$ 16,853,035</u>	<u>\$ 17,571,555</u>	<u>\$ 18,733,033</u>	<u>\$ 19,873,493</u>	<u>\$ 20,799,531</u>	<u>\$ 21,006,157</u>	<u>\$ 22,012,997</u>	<u>\$ 23,211,500</u>	<u>\$ 27,755,891</u>	<u>\$ 29,488,657</u>
Primary government:										
Net investment in capital assets	\$ 19,240,101	\$ 19,219,128	\$ 12,872,286	\$ 17,201,119	\$ 18,885,631	\$ 21,074,599	\$ 26,704,697	\$ 31,721,691	\$ 28,088,908	\$ 41,408,047
Restricted	14,456,461	15,268,524	21,483,617	19,629,643	20,451,012	9,834,544	9,091,271	7,240,610	26,257,070	20,535,204
Unrestricted	1,164,552	877,433	5,465,190	3,275,968	1,189,075	(3,982,085)	(5,763,706)	(4,038,311)	(9,833,702)	(9,856,766)
Total primary government activities net position	<u>\$ 34,861,114</u>	<u>\$ 35,365,085</u>	<u>\$ 39,821,093</u>	<u>\$ 40,106,730</u>	<u>\$ 40,525,718</u>	<u>\$ 26,927,058</u>	<u>\$ 30,032,262</u>	<u>\$ 34,923,990</u>	<u>\$ 44,512,276</u>	<u>\$ 52,086,485</u>

Note: Periods prior to 2015 have not been retroactively restated for the impact of GASB 68 *Accounting and Financial Reporting for Pensions* or for the impact of GASB 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Note: Periods prior to 2018 have not been retroactively restated for the impact of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

CITY OF ALABASTER, ALABAMA
Change in Net Position
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 3,357,262	\$ 3,507,981	\$ 4,150,878	\$ 3,583,735	\$ 3,775,162	\$ 3,480,383	\$ 4,158,766	\$ 3,921,824	\$ 4,101,483	\$ 4,865,932
Public protection	11,056,292	11,370,033	11,287,635	12,034,649	12,506,354	13,109,407	13,456,908	14,013,057	14,922,434	14,668,791
Public ways and facilities	4,768,224	5,212,165	5,606,450	5,334,909	6,165,130	5,544,769	6,108,188	5,947,852	5,620,560	5,574,883
Interest and fiscal agent fees	1,963,531	1,898,098	4,036,819	1,358,997	1,415,788	1,247,734	1,349,761	1,751,394	1,828,449	1,466,107
Alabaster City Schools	-	-	-	6,619,587	5,051,429	4,786,650	5,051,840	5,248,608	5,339,258	5,383,370
Total governmental activities expenses	21,145,309	21,988,277	25,081,782	28,931,877	28,913,863	28,168,943	30,125,463	30,882,735	31,812,184	31,959,083
Business-type activities:										
Sewer fund	4,001,309	3,938,504	4,216,082	4,289,091	4,693,094	4,783,187	4,801,538	4,959,354	4,982,402	4,534,884
Garbage fund	1,605,856	1,618,678	1,504,937	1,547,622	1,595,748	1,612,760	1,664,307	1,675,668	1,649,636	1,550,396
Total business-type activities expenses	5,607,165	5,557,182	5,721,019	5,836,713	6,288,842	6,395,947	6,465,845	6,635,022	6,632,038	6,085,280
Total primary government expenses	\$ 26,752,474	\$ 27,545,459	\$ 30,802,801	\$ 34,768,590	\$ 35,202,705	\$ 34,564,890	\$ 36,591,308	\$ 37,517,757	\$ 38,444,222	\$ 38,044,363
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,713,869	\$ 2,847,176	\$ 4,370,718	\$ 3,227,970	\$ 3,485,869	\$ 3,800,853	\$ 4,028,686	\$ 4,464,892	\$ 4,841,293	\$ 4,938,033
Public protection	1,317,204	995,120	1,073,031	1,137,176	1,154,153	757,604	629,183	596,822	571,001	512,161
Public ways and facilities	355,431	405,381	403,834	408,707	418,779	481,762	446,213	492,797	654,909	480,133
Operating grants and contributions	522,868	239,596	230,471	205,082	176,333	288,631	145,202	128,088	316,567	152,688
Capital grants and contributions	507,933	231,215	332,804	711,620	285,710	258,968	266,448	381,147	650,121	558,026
Total governmental activities program revenues	5,417,305	4,718,488	6,410,858	5,690,555	5,520,844	5,587,818	5,515,732	6,063,746	7,033,891	6,641,041

CITY OF ALABASTER, ALABAMA

Change in Net Position

Last Ten Fiscal Years

(Continued)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Sewer fund	\$ 4,630,880	\$ 4,834,150	\$ 5,391,530	\$ 5,489,372	\$ 5,655,249	\$ 6,057,895	\$ 6,079,734	\$ 6,188,063	\$ 5,723,194	\$ 6,594,233
Garbage fund	1,791,093	1,799,007	1,813,732	1,882,424	1,930,326	2,098,938	2,080,767	2,130,030	1,952,270	2,188,230
Total business-type activities program revenues	6,421,973	6,633,157	7,205,262	7,371,796	7,585,575	8,156,833	8,160,501	8,318,093	7,675,464	8,782,463
Total primary government program revenues	\$ 11,839,278	\$ 11,351,645	\$ 13,616,120	\$ 13,062,351	\$ 13,106,419	\$ 13,744,651	\$ 13,676,233	\$ 14,381,839	\$ 14,709,355	\$ 15,423,504
General revenues and other changes in net positions										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 11,518,703	\$ 11,909,096	\$ 15,619,295	\$ 16,896,082	\$ 17,445,165	\$ 18,936,975	\$ 20,338,071	\$ 21,055,097	\$ 21,615,731	\$ 21,903,031
Property taxes	3,350,356	3,322,359	3,307,312	3,292,999	3,324,069	3,411,038	3,589,515	3,810,550	3,816,678	3,938,198
Other taxes	1,123,204	1,145,007	1,144,543	1,205,557	1,231,616	1,507,684	1,549,645	1,568,464	1,724,405	1,764,406
Interest	23,981	1,932	51,862	5,399	5,727	5,594	26,757	32,634	114,607	233,601
Other revenue	-	76,846	-	-	-	654,947	514,107	1,336,196	1,460,259	2,264,031
Contribution of capital assets	-	-	1,092,442	97,463	459,392	-	-	-	-	-
Gain (loss) on disposal of assets	(15,113)	-	-	-	-	-	-	-	(74,890)	30,568
Total governmental activities	16,001,131	16,455,240	21,215,454	21,497,500	22,465,969	24,516,238	26,018,095	27,802,941	28,656,790	30,133,835
Business-type activities:										
Interest	74,212	72,250	72,899	104,928	148	163	934	17,074	28,016	59,242
Other revenue	-	128,669	76,017	389,449	24,157	(19,564)	1,250	207,631	-	-
Contribution of capital assets	-	41,625	278,319	-	25,000	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	1,991
Total business-type activities	74,212	242,544	427,235	494,377	49,305	(19,401)	2,184	224,705	28,016	61,233

CITY OF ALABASTER, ALABAMA
Change in Net Position
Last Ten Fiscal Years
(Continued)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Transfers:										
Governmental activities	\$ 100,000	\$ 600,000	\$ 750,000	\$ 889,000	\$ 420,000	\$ 690,000	\$ 690,000	\$ 709,273	\$ (3,888,562)	\$ 1,025,650
Business-type activities	(100,000)	(600,000)	(750,000)	(889,000)	(420,000)	(690,000)	(690,000)	(709,273)	3,888,562	(1,025,650)
Total transfers	-	-	-	-	-	-	-	-	-	-
Total primary government	\$ 16,075,343	\$ 16,697,784	\$ 21,642,689	\$ 21,991,877	\$ 22,515,274	\$ 24,496,837	\$ 26,020,279	\$ 28,027,646	\$ 28,684,806	\$ 30,195,068
Change in net position										
Governmental activities	\$ 373,127	\$ (214,549)	\$ 3,294,530	\$ (854,822)	\$ (507,050)	\$ 2,625,113	\$ 2,098,364	\$ 3,693,225	\$ (10,065)	\$ 5,841,443
Business-type activities	789,020	718,519	1,161,478	1,140,460	926,038	1,051,485	1,006,840	1,198,503	4,960,004	1,732,766
Total primary government	\$ 1,162,147	\$ 503,970	\$ 4,456,008	\$ 285,638	\$ 418,988	\$ 3,676,598	\$ 3,105,204	\$ 4,891,728	\$ 4,949,939	\$ 7,574,209

Note: Gain (loss) on disposal of assets for governmental activities is reflected in general government expenses beginning in FY 2011.

Note: Gain (loss) on disposal of assets for business-type activities is reflected in business expenses beginning in FY 2011.

Note: Periods prior to 2015 have not been retroactively restated for the impact of GASB 68 *Accounting and Financial Reporting for Pensions* or for the impact of GASB 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Note: Periods prior to 2018 have not been retroactively restated for the impact of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

CITY OF ALABASTER, ALABAMA
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved	\$ 743,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,069,547	-	-	-	-	-	-	-	-	-
Nonspendable	-	93	-	-	170,745	169,835	234,803	213,784	192,369	129,101
Restricted	-	85,700	88,447	99,949	102,382	140,785	111,407	160,149	173,800	194,513
Committed	-	1,020,094	4,354,853	1,937,756	1,920,094	2,611,229	2,911,229	3,235,988	3,590,988	3,896,016
Assigned	-	53,389	49,906	46,786	46,857	69,540	93,319	114,165	-	-
Unassigned	-	305,101	1,553,298	1,410,366	(68,429)	2,078,689	2,767,622	2,736,579	4,897,539	5,556,471
Total general fund	<u>\$ 1,812,912</u>	<u>\$ 1,464,377</u>	<u>\$ 6,046,504</u>	<u>\$ 3,494,857</u>	<u>\$ 2,171,649</u>	<u>\$ 5,070,078</u>	<u>\$ 6,118,380</u>	<u>\$ 6,460,665</u>	<u>\$ 8,854,696</u>	<u>\$ 9,776,101</u>
All other governmental funds										
Reserved, reported in debt service fund	\$ 592,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved, reported in capital projects fund	10,666,185	-	-	-	-	-	-	-	-	-
Reserved, reported in special revenue funds	403,215	-	-	-	-	-	-	-	-	-
Nonspendable	-	10,660,000	10,660,000	11,188,139	12,160,000	1,500,000	1,500,000	1,500,000	-	-
Restricted	-	2,016,964	7,914,258	4,724,628	4,187,427	4,052,362	4,836,581	3,529,415	22,825,666	23,497,745
Total all other governmental funds	<u>\$ 11,662,361</u>	<u>\$ 12,676,964</u>	<u>\$ 18,574,258</u>	<u>\$ 15,912,767</u>	<u>\$ 16,347,427</u>	<u>\$ 5,552,362</u>	<u>\$ 6,336,581</u>	<u>\$ 5,029,415</u>	<u>\$ 22,825,666</u>	<u>\$ 23,497,745</u>

Note: Periods prior to 2011 have not been retroactively restated for the impact of GASB 54 *Fund Balance Reporting and the Governmental Fund Type Definitions*.

Note: Periods prior to 2018 have not been retroactively restated for the impact of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

CITY OF ALABASTER, ALABAMA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 16,122,762	\$16,505,916	\$ 20,199,559	\$21,521,268	\$ 22,128,499	\$ 23,855,697	\$ 25,477,231	\$ 26,434,111	\$ 27,156,814	\$ 27,605,635
Licenses and permits	2,663,426	2,786,737	3,973,668	3,078,733	3,228,987	3,800,853	4,028,686	4,464,892	4,701,274	4,774,471
Intergovernmental	820,525	260,923	325,805	742,840	294,782	472,605	367,788	327,068	474,384	335,164
Charges for services	333,312	390,425	467,011	472,870	479,492	481,762	446,213	492,797	408,009	379,752
Fines and forfeitures	1,062,914	822,782	820,222	1,014,464	799,065	757,604	629,183	596,822	817,901	613,899
Donations, gifts, and grants	79,776	80,434	105,393	45,146	49,525	74,994	43,862	182,167	492,307	340,550
Interest	23,981	1,932	51,862	5,398	5,727	5,542	26,757	32,639	114,607	233,601
Other revenues	338,683	247,735	590,348	209,870	551,345	655,000	514,107	1,344,303	1,600,275	2,426,236
Total revenues	21,445,379	21,096,884	26,533,868	27,090,589	27,537,422	30,104,057	31,533,827	33,874,799	35,765,571	36,709,308
Expenditures										
General government	2,649,722	2,805,452	2,974,507	2,865,565	2,873,907	3,105,738	3,116,548	3,295,794	3,514,628	3,569,720
Public protection	10,730,480	11,254,079	11,121,744	11,856,429	12,128,532	12,452,586	13,372,424	13,573,165	14,014,075	13,999,733
Public ways and facilities	4,465,744	4,481,033	4,936,563	4,740,265	5,185,744	4,681,529	5,090,516	4,902,700	4,720,641	4,723,213
Alabaster City Schools:										
Payments to the Alabaster										
Board of Education	-	-	-	6,492,064	4,969,672	4,634,081	5,051,840	5,248,608	5,339,258	5,383,370
Payments to the schools	-	-	-	90,805	69,000	-	-	-	-	-
Other payments	-	-	-	36,719	12,757	4,472	-	-	-	-
Debt service:										
Debt retirement	803,902	878,430	1,124,522	1,987,108	2,321,875	2,125,000	2,348,188	4,080,000	3,050,016	3,128,077
Interest and fiscal agent fees	1,875,297	1,911,822	1,488,590	1,284,953	1,421,465	1,341,639	1,880,661	1,681,775	1,074,242	1,495,554
Bond issuance cost	142,870	-	155,653	7,500	-	-	-	-	-	-
Capital outlay	964,285	-	723,302	5,131,319	1,763,019	902,371	971,129	2,720,583	3,231,497	3,874,953
Total expenditures	21,632,300	21,330,816	22,524,881	34,492,727	30,745,971	29,247,416	31,831,306	35,502,625	34,944,357	36,174,620

CITY OF ALABASTER, ALABAMA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Continued)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other financing sources (uses)										
Other financing uses -										
refunding of debt	\$(12,237,684)	\$ -	\$(29,790,729)	\$ -	\$ -	\$ -	\$(5,425,000)	\$ -	\$(8,100,000)	\$ -
Proceeds of debt	12,685,000	-	36,035,000	1,300,000	-	-	6,865,000	-	19,035,000	-
Note payable issued	-	300,000	-	-	1,500,000	-	-	-	-	-
Capital lease obligation issued	-	-	-	-	400,000	-	-	-	1,366,564	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	40,762	33,146
Bond premium (discount)	(215,329)	-	(523,837)	-	-	-	-	-	887,591	-
Transfers in	2,804,527	3,451,635	4,081,712	4,513,913	4,990,654	4,950,955	5,114,941	7,286,226	-	7,819,095
Transfers out	(2,704,527)	(2,851,635)	(3,331,712)	(3,624,913)	(4,570,654)	(4,260,955)	(4,424,941)	(6,596,226)	(3,888,562)	(6,793,445)
Total other financing sources (uses)	331,987	900,000	6,470,434	2,189,000	2,320,000	690,000	2,130,000	690,000	9,341,355	1,058,796
Net changes in fund balances	\$ 145,066	\$ 666,068	\$ 10,479,421	\$(5,213,138)	\$(888,549)	\$ 1,546,641	\$ 1,832,521	\$(937,826)	\$ 10,162,569	\$ 1,593,484
Debt service as a percentage of noncapital expenditures	13.65%	13.08%	12.70%	11.17%	12.92%	12.23%	13.70%	17.01%	13.01%	14.31%

CITY OF ALABASTER, ALABAMA
Sales Tax Revenue Payers by Category
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Automotive sales	\$ 331,134	\$ 346,455	\$ 453,344	\$ 478,097	\$ 500,210	\$ 615,139	\$ 704,882	\$ 713,844	\$ 703,694	\$ 698,323
Food stores	1,014,900	1,040,748	1,365,251	1,389,490	1,369,109	1,683,281	2,237,168	2,420,058	2,462,345	2,407,761
Home furnishings & building supply	1,171,095	1,133,200	1,569,403	1,701,205	1,823,604	2,014,108	2,188,486	2,239,012	2,432,016	2,590,082
Medical sales & pharmacy	351,896	356,014	375,974	527,030	492,757	516,774	1,556,610	1,306,417	983,213	784,585
Merchandise retail	5,128,890	5,198,818	6,738,323	6,987,310	7,126,430	7,687,963	7,612,708	7,647,978	7,751,274	8,038,458
Restaurants	1,593,000	1,657,612	2,155,072	2,416,228	2,642,894	2,889,759	2,959,642	3,008,709	3,091,716	3,209,039
Service stations & auto parts	580,168	649,043	1,035,105	1,123,627	1,352,059	1,202,440	1,219,439	1,190,982	1,338,268	1,457,980
Other sales	1,347,620	1,527,205	1,926,822	2,273,096	2,138,103	2,327,510	1,859,137	2,528,097	2,853,205	2,716,803
Total	\$ 11,518,703	\$ 11,909,095	\$ 15,619,294	\$ 16,896,083	\$ 17,445,166	\$ 18,936,974	\$ 20,338,072	\$ 21,055,097	\$ 21,615,731	\$ 21,903,031

The City's portion or direct sales tax rate was 4.00% beginning on December 1, 2011 and was 3.00% for all periods prior to December 1, 2011.

Source: City of Alabaster Revenue Department

CITY OF ALABASTER, ALABAMA
 Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

Fiscal Year	City Direct Rate (a)	Shelby County	State of Alabama	Total Sales Tax
2010	3.00%	1.00%	4.00%	8.00%
2011	3.00%	1.00%	4.00%	8.00%
2012	4.00%	1.00%	4.00%	9.00%
2013	4.00%	1.00%	4.00%	9.00%
2014	4.00%	1.00%	4.00%	9.00%
2015	4.00%	1.00%	4.00%	9.00%
2016	4.00%	1.00%	4.00%	9.00%
2017	4.00%	1.00%	4.00%	9.00%
2018	4.00%	1.00%	4.00%	9.00%
2019	4.00%	1.00%	4.00%	9.00%

Sources: City Finance Department, Shelby County Revenue Commissioner’s Office, and Alabama Department of Revenue

(a) City sales tax rate was raised from 3.00% to 4.00%, effective December 1, 2011.

CITY OF ALABASTER, ALABAMA
Principal Sales and Use Taxpayers
Current Year and Nine Years Ago

Taxpayer	2010 Rank	2019 Rank
Walmart Supercenter	1	1
Lowe's Home Improvement	2	2
Walmart Neighborhood Market		3
Target	4	4
Publix	3	5
Aldi		6
Belk	6	7
TJ Maxx		8
Chick-Fil-A		9
Ross Dress for Less, Inc.	10	10
JC Penney	7	
Best Buy	5	
Bruno's Supermarket	8	
Alabama Thrift Store	9	
Total Sales and Use Taxes - Principal Payers	48.34%	40.30%

Note: State law prohibits the disclosure of confidential taxpayer data, such as the amount of sales tax remitted for individual businesses.

Source: City of Alabaster Revenue Department

CITY OF ALABASTER, ALABAMA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Total Personal Income (a)	Percentage of Total Personal Income	Estimated Actual Value of Taxable Property (b)	Percentage of Estimated Actual Value of Taxable Property	Population (a)	Per Capita
	General Obligation Warrants	Limited Obligation Warrants	Capital Lease	Term Loan	General Obligation Warrants	Limited Obligation Warrants	Capital Lease	Term Loan							
2010	39,565,000	-	-	-	7,760,000	16,865,000	-	178,851	64,368,851	759,191,458	8.48%	333,900,180	19.28%	31,095	2,070
2011	38,760,000	-	-	226,570	23,365,000	-	-	137,306	62,488,876	815,335,968	7.66%	330,044,780	18.93%	31,281	1,998
2012	46,770,000	-	-	127,047	22,065,000	-	-	94,240	69,056,287	810,896,250	8.52%	323,300,340	21.36%	31,587	2,186
2013	46,184,292	-	-	25,647	22,660,000	-	-	49,688	68,919,627	801,892,227	8.59%	334,104,300	20.63%	31,890	2,161
2014	43,915,874	-	372,191	1,500,000	21,160,000	-	-	3,537	66,951,602	882,721,280	7.58%	339,300,940	19.73%	32,115	2,085
2015	41,114,202	-	259,798	1,500,000	19,668,886	-	168,236	-	62,711,122	895,583,074	7.00%	356,267,120	17.60%	32,707	1,917
2016	40,241,159	-	259,144	1,500,000	17,915,000	-	244,798	-	60,160,101	930,418,572	6.47%	403,616,580	14.91%	32,948	1,826
2017	37,394,983	-	160,035	-	16,215,000	-	164,626	-	53,934,644	964,053,272	5.59%	401,483,420	13.43%	33,202	1,624
2018	46,194,233	-	1,246,566	-	14,578,949	-	83,248	-	62,102,996	*	*	423,648,440	14.66%	32,567	1,907
2019	43,480,022	-	763,489	-	12,748,668	-	19,268	-	57,011,447	*	*	456,733,560	12.48%	*	*

(a) Obtained from the U.S. Census Bureau

(b) Obtained from Shelby County Tax Assessor's Office

* Information not available

CITY OF ALABASTER, ALABAMA
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Debt	Less Amounts Available for Debt Service	Net General Bonded Debt	Estimated Actual Value of Taxable Property (a)	Percentage of Estimated Actual Taxable Value of Property	Population (b)	Per Capita
2010	39,565,000	592,961	38,972,039	333,900,180	11.67%	31,095	1,253.32
2011	38,760,000	701,895	38,058,105	330,044,780	11.53%	31,281	1,216.65
2012	46,770,000	1,405,912	45,364,088	323,300,340	14.03%	31,587	1,436.16
2013	46,184,292	1,746,507	44,437,785	334,104,300	13.30%	31,890	1,393.47
2014	43,915,874	1,986,574	41,929,300	339,300,940	12.36%	32,115	1,305.60
2015	41,114,202	1,653,164	39,461,038	356,267,120	11.08%	32,707	1,206.50
2016	40,241,159	1,318,141	38,923,018	403,616,580	9.64%	32,948	1,181.35
2017	37,394,893	988,432	36,406,461	401,483,420	9.07%	33,202	1,096.51
2018	60,773,182	1,607,928	59,165,254	423,648,440	13.97%	32,567	1,816.72
2019	56,228,710	1,838,056	54,390,654	456,733,560	11.91%	*	*

(a) Obtained from Shelby County Tax Assessor's Office

(b) Obtained from the U.S. Census Bureau

* Information not available

CITY OF ALABASTER, ALABAMA
 Direct and Overlapping Governmental Activities Debt
 For the Year Ended September 30, 2019

	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to City of Alabaster (a)</u>	<u>Amount Applicable to City of Alabaster</u>
Direct debt:			
City of Alabaster	\$ 57,011,467	100.00%	\$ 57,011,467
Total direct debt	<u>57,011,467</u>		<u>57,011,467</u>
Overlapping debt:			
Alabaster Board of Education	123,139,888	100.00%	123,139,888
Shelby County	55,428,610	15.54%	8,615,626
Shelby County Board of Education	<u>165,644,561</u>	15.54%	<u>25,747,200</u>
Total overlapping debt	<u>344,213,059</u>		<u>157,502,714</u>
Total direct and overlapping debt	<u>\$ 401,224,526</u>		<u>\$ 214,514,181</u>

Note: No specific revenue base is associated with debt repayment.

(a) The percentage applicable to the City of Alabaster is calculated by taking the population for the City in the applicable county and dividing it by the estimated population in the same county.

Sources:

Alabaster Board of Education
 Shelby County Commission
 Shelby County Board of Education

CITY OF ALABASTER, ALABAMA
 Legal Debt Margin Information
 Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 69,030,844	\$ 67,602,140	\$ 67,380,580	\$ 68,946,508	\$ 70,005,358	\$ 73,735,676	\$ 76,763,308	\$ 77,741,452	\$ 84,386,232	\$ 87,396,776
Total net debt applicable to limit	39,743,851	38,760,000	46,770,000	46,184,292	43,915,874	44,090,659	40,241,159	37,719,554	47,524,047	44,262,779
Legal debt margin	29,286,993	28,842,140	20,610,580	22,762,216	26,089,484	29,645,017	36,522,149	40,021,898	36,862,185	43,133,997
Total net debt applicable to the limit as a percentage of debt limit	57.57%	57.34%	69.41%	66.99%	62.73%	59.80%	52.42%	48.52%	56.32%	50.65%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value of property	\$ 436,893,880
Debt limit - 20 percent of total assessed value	87,396,776
Debt applicable to limit:	
General Obligation Warrants	43,480,022
Leases	782,757
	<u>44,262,779</u>
	<u>\$ 43,133,997</u>

CITY OF ALABASTER, ALABAMA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (a)	Per Capita Personal Income	Median Age	School Enrollment (c)	Shelby County Unemployment Rate (b)
2010	31,095	759,191,458	24,415.23	36.9	6,062	6.70%
2011	31,281	815,335,968	26,064.89	36.1	6,048	6.10%
2012	31,587	810,896,250	25,671.83	36.1	6,095	4.80%
2013	31,890	801,892,227	25,145.57	36.2	6,090	4.60%
2014	32,115	882,721,280	27,486.26	36.3	6,050	4.10%
2015	32,707	810,228,112	24,772.32	36.6	6,012	4.20%
2016	32,948	930,418,572	28,239.00	37.1	6,055	4.60%
2017	33,202	964,053,272	29,036.00	37.0	6,041	2.40%
2018	32,567	*	*	37.0	6,110	2.80%
2019	*	*	*	*	6,115	1.80%

(a) Obtained from the U.S. Census Bureau. Data prior to 2018 obtained through Community Fact Finder. Beginning with 2018 data, the U.S. Census Bureau transitioned to providing data via data.census.gov. At the time of CAFR publication, only five-year averages were available for Alabaster at data.census.gov. Those five-year averages are what is reported.

(b) Obtained from the Bureau of Labor Statistics unemployment rates by county, not seasonally adjusted as of September of each fiscal year

(c) Obtained from the Alabaster City Board of Education and the Shelby County Board of Education

* Data unavailable

CITY OF ALABASTER, ALABAMA
Principal Employers
Current Year and Four Years Ago

Employer	2013			2019		
	Employees	Rank	Percentage of Total City Employment (a)	Employees	Rank	Percentage of Total City Employment (a)
Shelby Baptist Medical Center	1,050	1	NA	1100	1	NA
AGC Automotive Americas	405	2		320	3	
Mspark	323	3		200	6	
Lhoist North America	250	4		230	5	
Shelby Ridge Health & Rehab Select	230	5		200	6	
Chandler Health & Rehab	225	6				
Deshazo Crane	187	7		170	10	
Docupak	139	8				
Alabama Crown Distributing Co.	120	9				
Sealing Equipment Products., Inc	100	10				
Alabaster Board of Education				750	2	
Hibbett Sports				200	6	
Ahava Healthcare				185	9	
MacLean Power Systems				260	4	
Total top 10	3,029			3,615		
Total all employees in the City (a)	NA			NA		

Source: Greater Shelby County Chamber of Commerce

Note: Information does not include City government employees.

Note: Schedule presents 2013 due to the fact that consistent, reliable information for 2008 (nine years ago) was not readily available. 2013 is the furthest period back which reliable information could be obtained.

(a) The City does not have an occupational tax or other mechanism to accurately know these numbers.

CITY OF ALABASTER, ALABAMA
 Full-Time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Administration / city clerk	8	8	8	8	8	8	4	4	4	4
City administrator	-	-	-	1	1	1	1	1	1	1
Human resources	2	2	2	2	2	2	2	2	2	3
Information technology	-	-	-	-	1	1	1	2	3	3
Finance & revenue	5	5	4	5	5	5	6	6	6	6
Engineering	-	1	1	1	1	1	1	1	1	2
Library	9	9	9	9	9	8	8	6	8	8
Municipal court	5	5	5	5	5	5	5	6	6	6
Public safety										
Police										
Officers	61	65	60	64	65	62	62	66	66	70
Civilians	3	3	4	5	5	5	5	6	6	5
Animal control	1	2	2	2	1	1	1	1	1	1
Dispatch	7	10	10	9	11	11	12	11	11	12
Fire										
Firefighters & officers	51	51	49	53	55	55	56	56	56	50
Civilians	5	5	5	5	5	5	7	8	8	6
Public works	16	16	16	16	14	14	14	18	11	11
Garbage	-	-	-	-	-	-	-	-	12	12
Parks & recreation										
Maintenance / recreation	24	24	24	26	26	23	23	20	20	28
Senior center	3	3	4	4	4	5	5	5	5	5
Sewer	17	17	17	17	19	24	24	24	24	24
Total	217	226	220	232	237	236	237	243	251	257

CITY OF ALABASTER, ALABAMA
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government											
Business licenses issued	1	3,498	3,543	3,594	3,782	3,955	4,249	4,441	4,401	4,426	4,407
Public safety											
Police											
Arrests	2	1,650	1,723	1,886	1,606	1,528	1,355	1,357	1,417	1,438	1,416
Fire											
Emergency responses	3	3,098	3,917	3,775	4,280	4,905	5,415	5,620	3,646	3,812	3,668
Inspections	3	14,179	10,144	11,299	9,023	3,225	5,309	6,111	3,152	5,301	4,433
Building construction permits issued	4	205	209	226	212	247	413	396	484	470	923
Library											
Materials checked out	5	201,927	193,706	177,162	177,340	174,989	162,944	149,844	167,772	167,435	166,980
Municipal court											
Traffic cases	6	6,256	4,717	3,854	3,683	2,557	2,268	2,090	2,019	1,634	2,891
Non-traffic cases	6	1,011	971	1,126	1,055	798	725	622	676	591	566
Sanitation											
Single homes:											
Regular garbage service	7	10,270	10,306	10,381	10,512	10,482	10,716	10,869	10,890	10,903	10,616
Sewer											
Average daily flow (gallons per day)	8	3,240,000	2,920,000	3,530,000	3,590,000	3,320,000	3,370,000	3,150,000	3,340,000	4,330,000	4,230,000

1 Source: Alabaster Revenue Department (based on a calendar year)

2 Source: Alabaster Police Department (based on a calendar year)

3 Source: Alabaster Fire Department (based on a calendar year)

4 Source: Building Department (based on a calendar year)

5 Source: Albert L. Scott Library (based on calendar year)

6 Source: Municipal Court (based on calendar year)

7 Source: Alabaster Water Board. Number reflects number of homes served for the month of September for each fiscal year.

8 Source: Alabaster Environmental Services Department (based on a calendar year)

CITY OF ALABASTER, ALABAMA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Vehicles	1	1	2	2	2	3	3	3	3	2
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	51	61	62	62	74	73	83	77	89	84
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire vehicles	18	18	19	20	21	22	24	24	25	27
Refuse collection										
Garbage trucks	-	-	-	-	-	-	-	-	6	6
Debris trucks	2	2	2	3	5	6	6	6	6	8
Public works										
Streetlights	54	54	54	54	54	54	54	54	54	54
Traffic signals	17	17	18	18	19	19	19	19	19	19
Vehicles	7	7	7	10	10	11	12	11	11	10
Recreation services										
Parks										
Acres	141.1	141.1	141.1	141.1	141.1	141.1	141.1	141.1	158.1	158.1
Vehicles	10	10	10	11	13	14	17	17	19	19
Sewer										
Vehicles	7	7	7	7	10	10	15	17	18	18
Pump stations	50	50	51	52	52	52	52	52	56	57