

CITY OF ALABASTER, ALABAMA

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2020

Published by

Finance Department

CITY OF ALABASTER, ALABAMA
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal.....	5
Certificate of Achievement for Excellence in Financial Reporting.....	8
Organizational Chart	9
Elected and Appointed Officials	10
Ward Map of the City of Alabaster, Alabama.....	11
FINANCIAL SECTION	
Independent Auditors' Report	12
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	26
Statement of Activities	28
Fund Financial Statements	
Balance Sheet - Governmental Funds	29
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	30
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.....	31
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	32
Statement of Net Position - Proprietary Funds.....	33
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	34
Statement of Cash Flows - Proprietary Funds	35
Notes to the Financial Statements.....	36
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual - General Fund	71
Schedule of Changes in the Net Pension Liability and Related Ratios	72
Schedule of Employer Contributions - Pension	73
Schedule of Changes in the Total OPEB Liability and Related Ratios	74
Notes to the Required Supplementary Information	75

CITY OF ALABASTER, ALABAMA
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020

TABLE OF CONTENTS

	Page
SUPPLEMENTARY INFORMATION	
Combining Balance Sheets - Nonmajor Governmental Funds.....	79
Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	80
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund.....	81
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	82
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Seven Cent Gas Tax Fund	83
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Four Cent Gas Tax Fund.....	84
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Ten Cent Gas Tax Fund.....	85
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Corrections Fund	86
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Drug Seizure Fund.....	87
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Municipal Training Fund.....	88
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library State Aid Fund.....	89
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Municipal Judicial Fund	90
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Sewer Fund	91
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Garbage Fund	92
STATISTICAL SECTION	
Guide to Statistical Tables	94
Financial Trends	
Net Position by Component.....	95
Change in Net Position	96
Fund Balances of Governmental Funds.....	99
Changes in Fund Balances of Governmental Funds	100
Revenue Capacity	
Sales Tax Revenue Payers by Category.....	102
Direct and Overlapping Sales Tax Rates	103
Principal Sales and Use Taxpayers	104

CITY OF ALABASTER, ALABAMA
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020

TABLE OF CONTENTS

	Page
Debt Capacity	
Ratios of Outstanding Debt by Type	105
Ratios of Net General Bonded Debt Outstanding	106
Direct and Overlapping Governmental Activities Debt.....	107
Legal Debt Margin Information.....	108
Demographic and Economic Information	
Demographic and Economic Statistics	109
Principal Employers.....	110
Operating Information	
Full-time Equivalent City Government Employees by Function.....	111
Operating Indicators by Function/Program.....	112
Capital Asset Statistics by Function/Program.....	113

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, 2020 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, 2020. 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 Mayor appoints, disciplines, and removes 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, 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 of each year. 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 elections were held in August 2020 with new elected officials taking office in November 2020. In the August 2020 elections, Scott Brakefield was elected mayor, Jamie Cole was elected council person of Ward 5, and Seth Gandy was elected council person for Ward 6. All other wards remained unchanged.

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 4.1% while the average unemployment rate for the entire state was 6.7%.

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 6.4% over the past year. Property taxes are based on the assessed value of property within the City and increased 5.6% over the past year. Business licenses are generally based on the gross receipts of businesses within the City and have decreased by 0.9% over the past year.

During the past year, general fund expenditures for public safety have decreased 0.2% and general fund expenditures for public ways and facilities have increased 14.5%. The City remains committed to providing the necessary services to citizens in the most efficient and cost-effective manner available. The City had \$4.9 million in capital improvement expenditures paid out of the capital projects fund and general fund. Payments to the Alabaster Board of Education represent 18.5% 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 \$10,682,105 representing 36.2% of total General Fund expenditures for the current fiscal year. \$3,278,088 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, 2019. This was the third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy 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, 2019

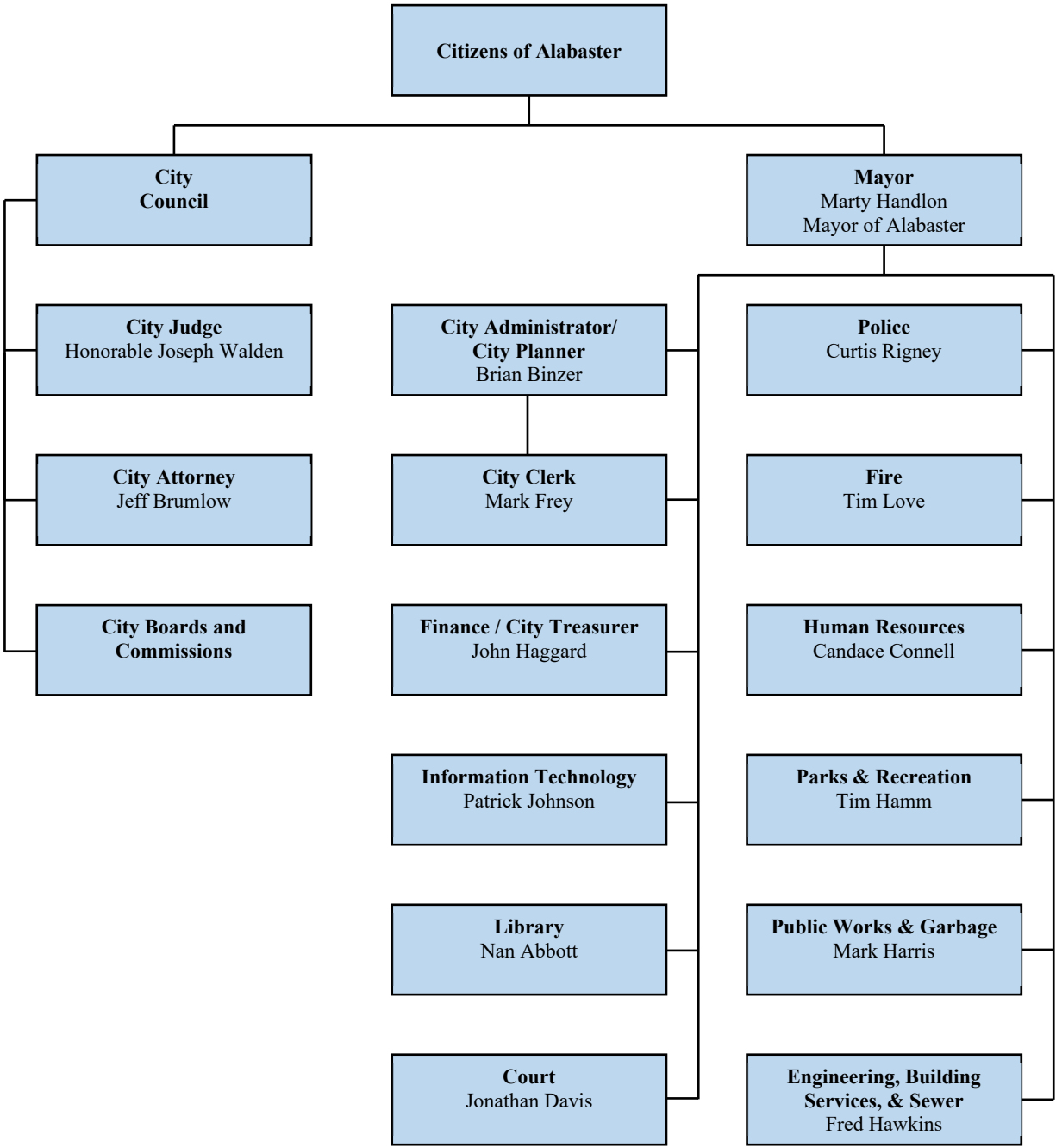
Christopher P. Morill

Executive Director/CEO

CITY OF ALABASTER, ALABAMA

Organizational Chart

September 30, 2020



CITY OF ALABASTER, ALABAMA

Elected and Appointed Officials

September 30, 2020

Elected Officials

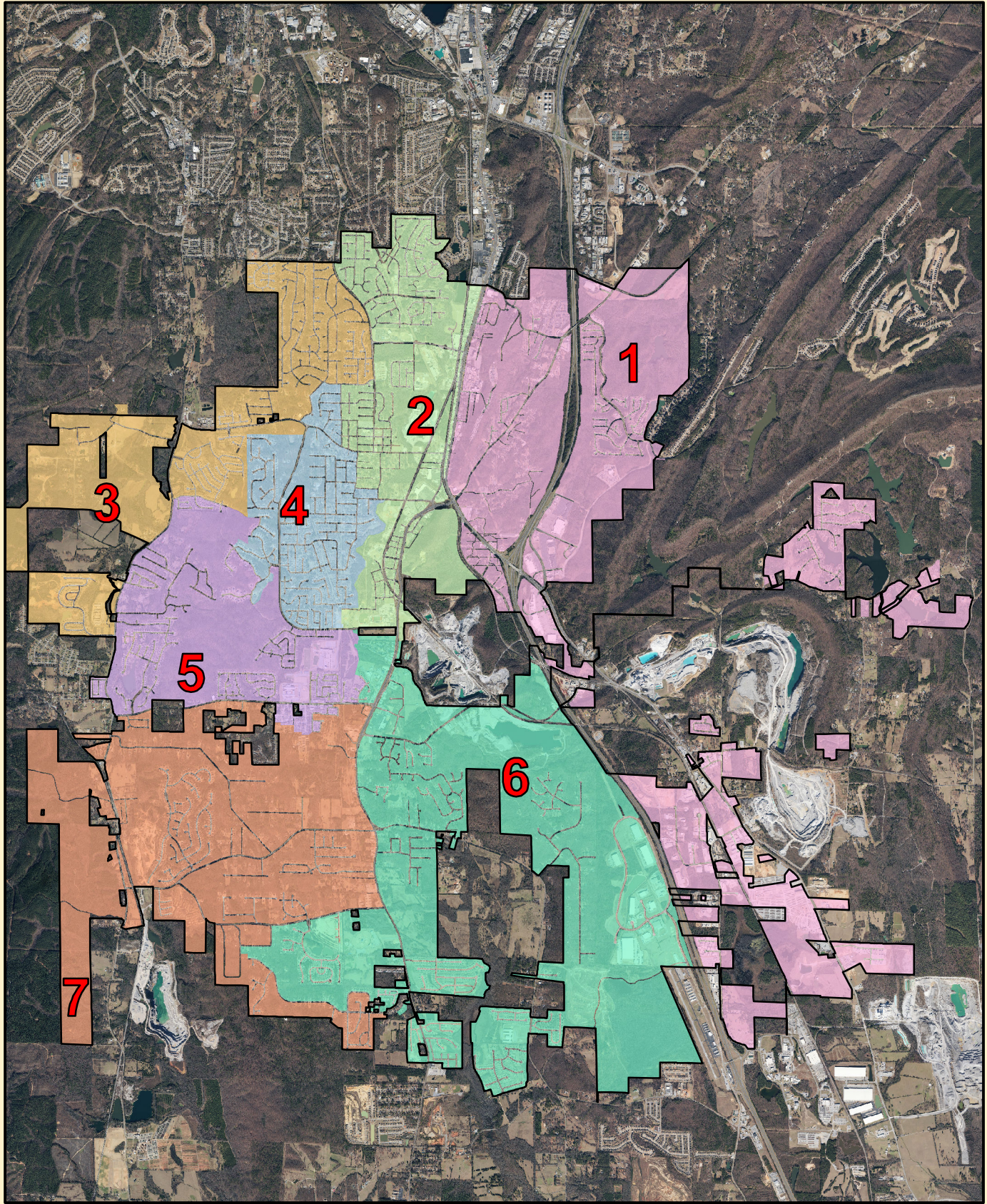
Mayor
City Council – Ward 1
City Council – Ward 2
City Council – Ward 3
City Council – Ward 4
City Council – Ward 5
City Council – Ward 6, Council President
City Council – Ward 7

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

Brian Binzer
Mark Frey
Curtis Rigney
Tim Love
John Haggard



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2020 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2020 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 15-25 and 71-78 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 capital projects, debt service, special revenue, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021, on our consideration of the City of Alabaster, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Alabaster, Alabama's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Alabaster, Alabama's internal control over financial reporting and compliance.

BMSS, LLC

Birmingham, Alabama
February 19, 2021

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, 2020. 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 2020 by \$60.1 million.
- The Statement of Activities shows the Primary Government received taxes and other revenue of \$39.9 million and had expenses of \$33.5 million.
- The City's governmental funds reported a combined ending fund balance of \$34.3 million. This is \$1 million greater than last fiscal year due to a \$1 million increase in fund balance related to current year activities.
- The City retired \$3.4 million of outstanding debt principal through scheduled debt service payments.
- The General Fund gave the Alabaster Board of Education \$5.5 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 26 through 28 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 79 and 80 of this report.

The basic governmental fund financial statements can be found on pages 29 through 32 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 33 through 35 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 36 through 69 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 71 through 78 of this report. In addition, the City of Alabaster adopts budgets for its major governmental funds, nonmajor governmental funds, and proprietary funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with these budgets. These are included in the supplementary information section on pages 81 through 92.

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 79 through 80 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$60.1 million at the close of the recent fiscal year. Of this figure, \$47.0 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, \$22.6 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	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 40,702	\$ 39,763	\$ 9,826	\$ 8,394	\$ 50,528	\$ 48,157
Capital assets	56,723	53,737	34,189	34,904	90,912	88,641
Total assets	97,425	93,500	44,015	43,298	141,440	136,798
Deferred outflows of resources	6,249	3,576	798	1,038	7,047	4,614
Long-term liabilities	58,028	57,452	11,721	11,875	69,749	69,327
Other liabilities	10,845	10,964	1,225	2,658	12,070	13,622
Total liabilities	68,873	68,416	12,946	14,533	81,819	82,949
Deferred inflows	5,772	6,062	230	314	6,002	6,376
Net position:						
Net investment in capital assets	23,293	19,273	23,694	22,948	46,987	42,221
Restricted	19,526	18,580	3,055	1,955	22,581	20,535
Unrestricted	(13,790)	(15,255)	4,888	4,586	(8,902)	(10,669)
Total net position	\$ 29,029	\$ 22,598	\$ 31,637	\$ 29,489	\$ 60,666	\$ 52,087

City of Alabaster Statement of Activities (in thousands)

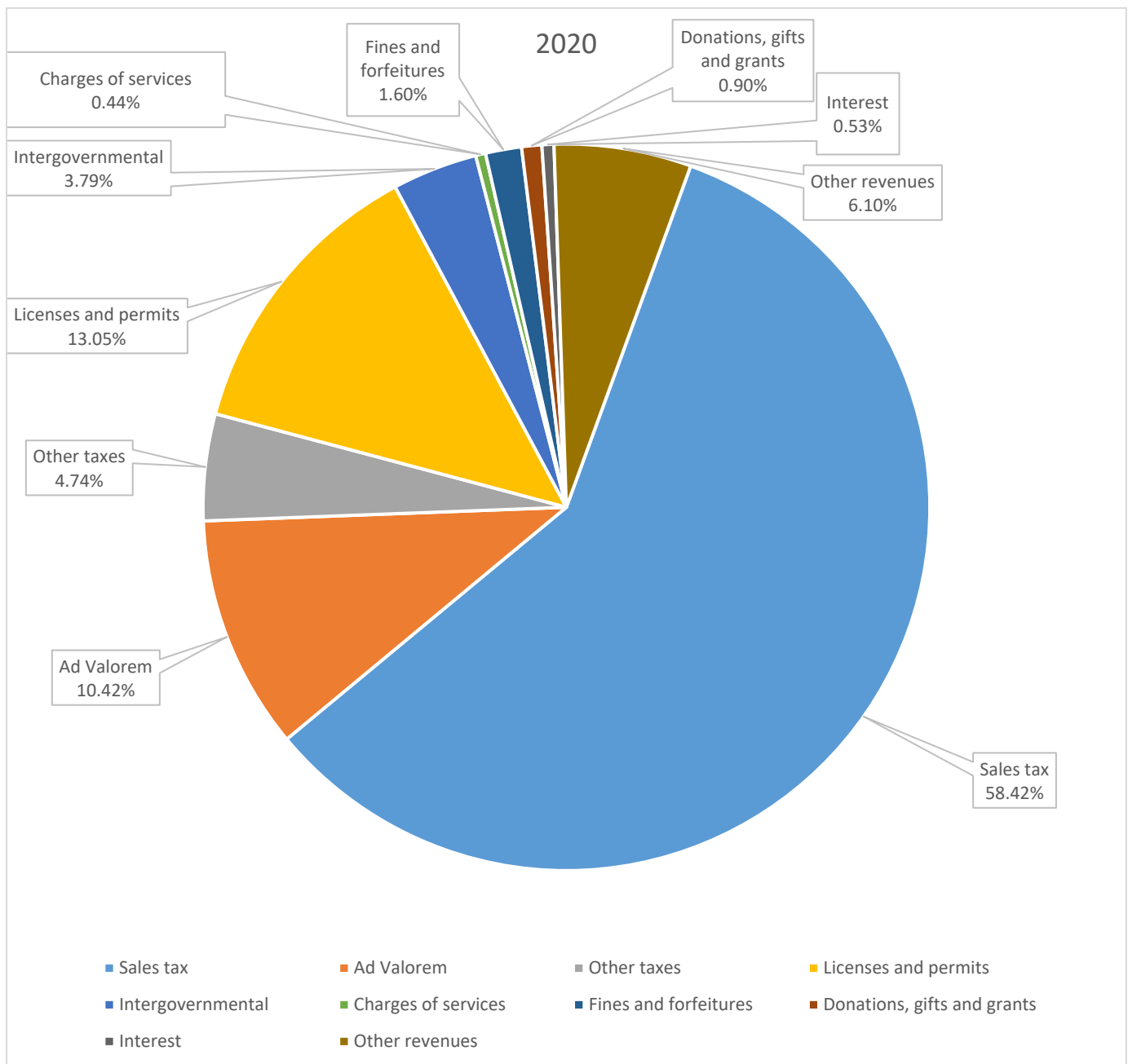
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Fees, fines, and charges for services	\$ 6,163	\$ 5,930	\$ 8,823	\$ 8,783	\$ 14,986	\$ 14,713
Operating grants and contributions	1,270	153	-	-	1,270	153
Capital grants and contributions	600	558	-	-	600	558
General revenues:						
Property taxes	4,158	3,938	-	-	4,158	3,938
Sales and use taxes	23,307	21,903	-	-	23,307	21,903
Other taxes	1,893	1,764	-	-	1,893	1,764
Interest	212	234	52	59	264	293
Other revenue	1,912	2,295	8	2	1,920	2,297
Total revenues	<u>39,515</u>	<u>36,775</u>	<u>8,883</u>	<u>8,844</u>	<u>48,398</u>	<u>45,619</u>
Expenses:						
General government	5,691	4,866	-	-	5,691	4,866
Public protection	15,387	14,669	-	-	15,387	14,669
Public ways and facilities	5,456	5,575	-	-	5,456	5,575
Interest and fiscal agent fees	1,473	1,466	-	-	1,473	1,466
Alabaster City Schools	5,456	5,383	-	-	5,456	5,383
Sewer Fund	-	-	4,710	4,535	4,710	4,535
Garbage Fund	-	-	1,646	1,550	1,646	1,550
Total expenses	<u>33,463</u>	<u>31,959</u>	<u>6,356</u>	<u>6,085</u>	<u>39,819</u>	<u>38,044</u>
Increase (decrease) in net position before transfers	6,052	4,816	2,527	2,759	8,579	7,575
Transfers	<u>379</u>	<u>1,026</u>	<u>(379)</u>	<u>(1,026)</u>	<u>-</u>	<u>-</u>
Change in net position	6,431	5,842	2,148	1,733	8,579	7,575
Net position - beginning 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>
Net position - end of year	<u>\$ 29,029</u>	<u>\$ 22,598</u>	<u>\$ 31,637</u>	<u>\$ 29,489</u>	<u>\$ 60,666</u>	<u>\$ 52,087</u>

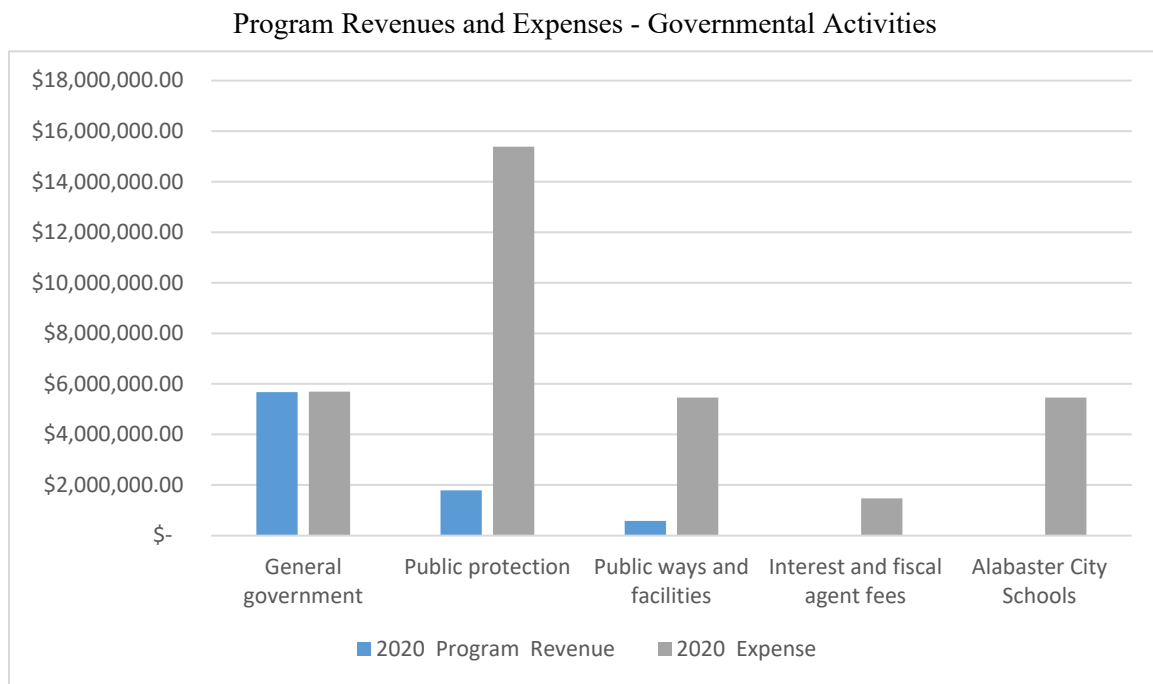
Governmental Activities

The City's governmental activities rely heavily on property taxes and sales taxes to support governmental operations. Property taxes provided 10.5% and sales taxes provided 59.0% of the City's total governmental revenues. Sales tax revenue increased by 6.4% from 2019. It should be noted that program revenues covered 24.0% of governmental operating expenses and the government's taxpayers and the City's other general revenues covered 76.0% 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 46.0% of the total governmental expenses. Public protection expenses increased by \$718 thousand, or 4.9%, from 2019. The second largest cost incurred by the City for governmental activities is general government expenses, which is 17.0% of total governmental expenses. General government expenses increased by \$825 thousand, or 17.0%, from 2019. General government expenses increased primarily due to a contribution of \$822 thousand made to the State of Alabama to assist in widening a state highway through Alabaster. The total cost of all governmental activities increased by \$1.5 million, while total revenues increased by \$2.7 million.

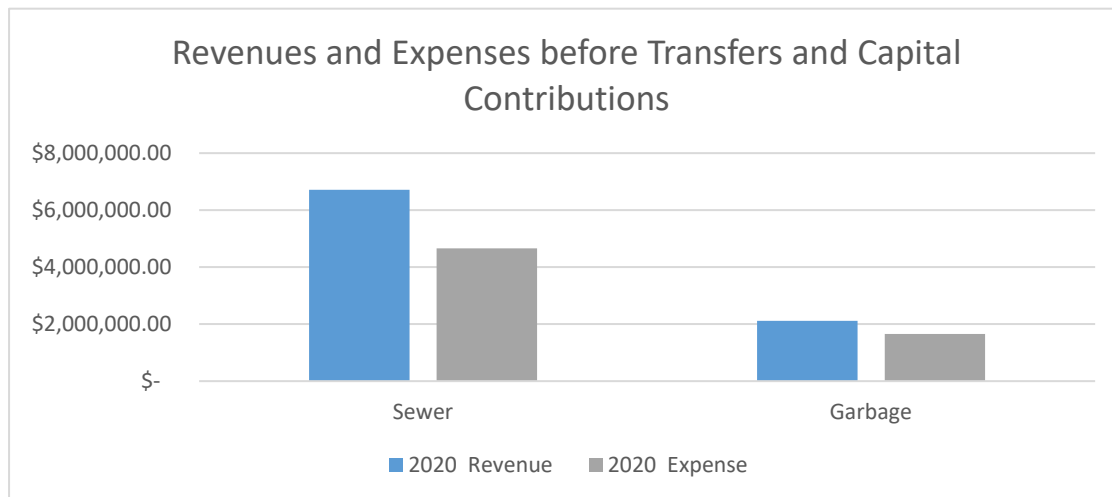
Revenue - Governmental Activities





Business-Type Activities

The cost of all proprietary (business-type) activities was \$6.3 million, which is a \$271 thousand increase from 2019. The amount paid by users of the sewer and garbage services was \$8.8 million, which is an increase of 0.5% from 2019. This increase was primarily due to an inflationary increase in sewer and garbage rates as well as an increase in customers during 2020. Within the total business-type activities of the City, these activities reported change in net position of \$2.1 million, which is an increase of 24.0% from 2019. The overall 2020 increase in net position is primarily attributable to a decrease of \$429k in transfers from the Sewer Fund to the City's General Fund.



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 \$1.1 million in 2020. This increase was due to General Fund revenues exceeding prior year amounts while General Fund expenditures remained fairly consistent and were slightly offset by capital expenditures in the Capital Projects Fund exceeding transfers into the fund. The total combined fund balance of the City's governmental funds, as of September 30, 2020, was \$34.3 million. Of this amount, \$6.9 million consisted of unassigned fund balance. Nonspendable fund balance was \$1.2 million, and fund balance that was committed, generally specified in council ordinances, totaled \$3.8 million. The remainder of the total fund balance totaled \$22.4 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 \$39.5 million, an increase of 7.6% from 2019. Sales tax revenue increased by \$1.4 million or 6.4%.

Looking at each major governmental fund individually, the fund balance for the General Fund at September 30, 2020 was \$12.1 million, an increase of \$2.3 million from the prior year. This increase in fund balance was primarily attributable to a \$1.4 million increase in sales tax revenues and a \$429 thousand increase in licenses and permits coupled with expenditures which only increased \$367 thousand. The fund balance at September 30, 2020 for the Capital Projects Fund was \$20.2 million, an decrease of \$308 thousand. The decrease was primarily attributable to spending \$3.9 million on capital outlay such as construction of a new police station and was offset by a large transfer into the Capital Projects Fund from the General Fund of \$4.0 million near year end. The fund balance for the Debt Service Fund at September 30, 2020 was \$1.1 million, an \$713 thousand decrease. The decrease is attributable to the fact that transfers to the Debt Service Fund from the General Fund for the purpose of funding debt service payments did not meet the yearly required debt service payments from the fund.

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 \$26.6 million and \$5.1 million, respectively. The total change in net position for the Sewer Fund and Garbage Fund was \$2.4 million and -\$228 thousand, respectively. The increase in net position for the Sewer Fund was primarily attributable to the payment of debt principal in the current year. The allocation of funds for debt principal payments means that \$3.4 million of cashflow for the current year went towards reducing liabilities on the Statement of Net Position and was not reflected as an expense on the Statement of Revenues, Expenses, and Changes in Net Position. The decrease in net position for the Garbage Fund was primarily attributable to a \$700 thousand transfer to the City's General Fund to reimburse the General Fund for debt payments made on behalf of the Garbage Fund. 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 71. 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, 2020, actual revenues for the General Fund exceeded the final budgeted amounts by \$1.9 million or 5.3%. The primary reason for this variance was due to receiving grant revenue after year end that related to fiscal year 2020 expenditures and therefore required accrual at year end totaling \$1.2 million.

As of September 30, 2020, actual expenditures for the General Fund were less than the final budgeted amounts by \$488 thousand or 1.6%. 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, 2020, totaled \$90.9 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 2020 consisted of \$4.1 million in construction in progress towards building a new police station and \$550 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	
	2020	2019	2020	2019	2020	2019
Buildings and improvements	\$ 15,521	\$ 15,187	\$ 2,173	\$ 2,084	\$ 17,694	\$ 17,271
Equipment	3,640	3,339	22,809	22,258	26,449	25,597
Infrastructure	27,299	26,702	26,698	26,698	53,997	53,400
Vehicles	8,941	9,313	3,430	3,363	12,371	12,676
Land and improvements	18,189	18,140	246	246	18,435	18,386
Construction in progress	6,042	2,839	-	-	6,042	2,839
	79,632	75,520	55,356	54,649	134,988	130,169
Accumulated depreciation	(22,909)	(21,783)	(21,167)	(19,745)	(44,076)	(41,528)
Total	\$ 56,723	\$ 53,737	\$ 34,189	\$ 34,904	\$ 90,912	\$ 88,641

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, 2020, the governmental activities had outstanding warrants totaling \$40.8 million and business-type activities had outstanding warrants totaling \$11.1 million. As of September 30, 2020, governmental activities had capital lease payables totaling \$304 thousand.

The City's total debt decreased by \$4.9 million during the current fiscal year. This decrease was due to making scheduled payments on debt service and issuing no new debt in 2020 other than refunding a sewer bond at a better interest rate, which did not increase the total debt owed by the Sewer Fund.

City of Alabaster Long-Term Debt (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General Obligation Warrants	\$ 40,759	\$ 43,480	\$ 11,065	\$ 12,749	\$ 51,824	\$ 56,229
Capital Lease Obligations	304	763	-	19	304	782
Total	\$ 41,063	\$ 44,243	\$ 11,065	\$ 12,768	\$ 52,128	\$ 57,011

ECONOMIC CONDITIONS AFFECTING THE CITY

For the fiscal year ending September 30, 2020 the City of Alabaster has continued to show above average performance in comparison to national and state benchmarks. While the COVID-19 pandemic did affect the area, due to government stimulus, low unemployment in the area, and shifts in consumer spending, the City was able to see economic growth despite the negative effects of the pandemic. 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.

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Commercial Development Authority
Assets				
Current assets				
Cash and cash equivalents	\$ 6,092,224	\$ 4,353,621	\$ 10,445,845	\$ -
Receivables, net	7,562,606	1,166,100	8,728,706	-
Prepaid expenses	115,286	-	115,286	-
Parts and supplies	-	1,251,963	1,251,963	-
Cash and cash equivalents - restricted	15,073,871	3,054,249	18,128,120	330,483
Due from other governments	11,857,713	-	11,857,713	-
Total current assets	<u>40,701,700</u>	<u>9,825,933</u>	<u>50,527,633</u>	<u>330,483</u>
Noncurrent assets				
Nondepreciable capital assets	24,231,571	245,770	24,477,341	10,437,606
Depreciable capital assets, net	32,491,843	33,943,641	66,435,484	3,006,666
Total noncurrent assets	<u>56,723,414</u>	<u>34,189,411</u>	<u>90,912,825</u>	<u>13,444,272</u>
Total assets	<u>97,425,114</u>	<u>44,015,344</u>	<u>141,440,458</u>	<u>13,774,755</u>
Deferred outflows of resources				
Deferred outflows related to pensions	3,206,593	211,484	3,418,077	-
Deferred outflows related to OPEB	2,584,751	16,532	2,601,283	-
Deferred charge on refunding	457,962	569,695	1,027,657	-
Total deferred outflows of resources	<u>6,249,306</u>	<u>797,711</u>	<u>7,047,017</u>	<u>-</u>
Liabilities				
Current liabilities				
Accounts payable	1,226,814	295,527	1,522,341	-
Accrued payroll and benefits	296,544	33,741	330,285	-
Accrued interest payable	423,180	80,764	503,944	-
Due (from) to other funds	(135)	135	-	-
Due to other governments	946,043	-	946,043	11,857,713
Payable from restricted assets - cash bonds	43,992	-	43,992	-
Estimated claims payable	3,800,000	-	3,800,000	-
Current maturities of long-term liabilities				
Warrants payable, net	3,339,176	775,000	4,114,176	-
Capital lease payable	304,189	-	304,189	-
Compensated absences	465,371	40,306	505,677	-
Total current liabilities	<u>10,845,174</u>	<u>1,225,473</u>	<u>12,070,647</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, 2020

(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Commercial Development Authority
Noncurrent liabilities				
Warrants payable, net	\$ 37,419,606	\$ 10,289,907	\$ 47,709,513	\$ -
Compensated absences	454,416	40,307	494,723	-
Net pension liability	11,147,157	941,464	12,088,621	-
Net OPEB liability	9,006,556	449,243	9,455,799	-
Total noncurrent liabilities	58,027,735	11,720,921	69,748,656	-
 Total liabilities	68,872,909	12,946,394	81,819,303	11,857,713
 Deferred inflows of resources				
Property taxes levied for subsequent year	3,839,611	-	3,839,611	-
Deferred inflows related to pensions	1,567,420	227,611	1,795,031	-
Deferred inflows related to OPEB	365,458	2,338	367,796	-
Total deferred inflows of resources	5,772,489	229,949	6,002,438	-
 Net position				
Net investment in capital assets	23,293,169	23,694,199	46,987,368	1,586,559
Restricted for				
Debt service	1,125,043	851,991	1,977,034	-
Capital projects	17,548,363	2,202,258	19,750,621	330,483
Library	160,255	-	160,255	-
Public protection	437,692	-	437,692	-
Infrastructure maintenance	254,621	-	254,621	-
Unrestricted	(13,790,121)	4,888,264	(8,901,857)	-
 Total net position	\$ 29,029,022	\$ 31,636,712	\$ 60,665,734	\$ 1,917,042

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, 2020

					Net (Expense) Revenue and Changes in Net Position			
		Program Revenues			Primary Government			Component Unit
Function/Programs	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Community Development Authority
Primary government								
Governmental activities								
General government	\$ 5,691,147	\$ 5,347,659	\$ 21,816	\$ 305,280	\$ (16,392)	\$ -	\$ (16,392)	\$ -
Public protection	15,386,841	566,376	1,216,860	-	(13,603,605)	-	(13,603,605)	-
Public ways and facilities	5,455,580	249,191	31,473	294,780	(4,880,136)	-	(4,880,136)	-
Alabaster City Schools	5,456,014	-	-	-	(5,456,014)	-	(5,456,014)	-
Interest on long-term debt	1,472,563	-	-	-	(1,472,563)	-	(1,472,563)	-
Total governmental activities	33,462,145	6,163,226	1,270,149	600,060	(25,428,710)	-	(25,428,710)	-
Business-type activities								
Sewer	4,710,204	6,708,428	-	-	-	1,998,224	1,998,224	-
Garbage	1,645,723	2,114,330	-	-	-	468,607	468,607	-
Total business-type activities	6,355,927	8,822,758	-	-	-	2,466,831	2,466,831	-
Total primary government	\$ 39,818,072	\$ 14,985,984	\$ 1,270,149	\$ 600,060	(25,428,710)	2,466,831	(22,961,879)	-
Component unit								
Community Development Authority	\$ 90,560	\$ -	\$ -	\$ -				(90,560)
General revenues and other items								
Taxes:								
Sales					23,306,765	-	23,306,765	-
Property					4,157,839	-	4,157,839	-
Other					1,892,673	-	1,892,673	-
Interest earnings					211,799	52,613	264,412	-
Gain on disposal of capital assets					19,428	7,900	27,328	153,695
Other revenue					1,892,111	-	1,892,111	20,144
Transfers in (out)					379,289	(379,289)	-	-
Total general revenues and other items					31,859,904	(318,776)	31,541,128	173,839
Change in net position					6,431,194	2,148,055	8,579,249	83,279
Net position - beginning of year					22,597,828	29,488,657	52,086,485	1,833,763
Net position - end of year					\$ 29,029,022	\$ 31,636,712	\$ 60,665,734	\$ 1,917,042

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

CITY OF ALABASTER, ALABAMA

Balance Sheet Governmental Funds September 30, 2020

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,092,224	\$ -	\$ -	\$ -	\$ 6,092,224
Taxes receivable, net	6,479,303	-	-	-	6,479,303
Other receivables	1,078,310	-	-	4,993	1,083,303
Prepaid items	105,286	10,000	-	-	115,286
Cash and cash equivalents - restricted	3,961,144	9,080,360	1,125,043	907,324	15,073,871
Due from other funds	135	-	-	-	135
Due from other governments	-	11,857,713	-	-	11,857,713
Total assets	<u>\$ 17,716,402</u>	<u>\$ 20,948,073</u>	<u>\$ 1,125,043</u>	<u>\$ 912,317</u>	<u>\$ 40,701,835</u>
Liabilities					
Accounts payable	\$ 508,332	\$ 713,560	\$ -	\$ 4,922	\$ 1,226,814
Accrued payroll and benefits	307,498	-	-	-	307,498
Due to other governments	946,043	-	-	-	946,043
Payable from restricted assets - cash bonds	43,992	-	-	-	43,992
Total liabilities	<u>1,805,865</u>	<u>713,560</u>	<u>-</u>	<u>4,922</u>	<u>2,524,347</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	3,839,611	-	-	-	3,839,611
Total deferred inflows of resources	<u>3,839,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,839,611</u>
Fund balance					
Nonspendable:					
Other receivables	1,078,310	-	-	-	1,078,310
Prepaid expenses	105,286	10,000	-	-	115,286
Restricted for:					
Debt service	-	-	1,125,043	-	1,125,043
Capital improvements	-	20,224,513	-	260,052	20,484,565
Library	160,233	-	-	22	160,255
Public protection	44,992	-	-	392,700	437,692
Infrastructure maintenance	-	-	-	254,621	254,621
Committed for:					
City Board of Education	477,831	-	-	-	477,831
Alabaster reserve fund	3,278,088	-	-	-	3,278,088
Unassigned	6,926,186	-	-	-	6,926,186
Total fund balance	<u>12,070,926</u>	<u>20,234,513</u>	<u>1,125,043</u>	<u>907,395</u>	<u>34,337,877</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 17,716,402</u>	<u>\$ 20,948,073</u>	<u>\$ 1,125,043</u>	<u>\$ 912,317</u>	<u>\$ 40,701,835</u>

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, 2020

Total fund balances - governmental funds \$ 34,337,877

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	79,632,696	
Less accumulated depreciation	<u>(22,909,282)</u>	56,723,414

Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid.		(423,180)
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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	(39,465,000)	
Warrant discounts and premiums	(1,293,782)	
Capital lease obligations	(304,189)	
Estimated claims payable	(3,800,000)	
Deferred outflow of resources for deferred charges	457,962	
Deferred outflows of resources for pensions	3,206,593	
Deferred outflows of resources for OPEB	2,584,751	
Deferred inflows related to pensions	(1,567,420)	
Deferred inflows related to OPEB	(365,458)	
Compensated absences	(908,833)	
Net pension liability	(11,147,157)	
Net OPEB liability	<u>(9,006,556)</u>	<u>(61,609,089)</u>

Total net position - governmental activities		<u>\$ 29,029,022</u>
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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, 2020

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Sales and use	\$ 23,306,765	\$ -	\$ -	\$ -	\$ 23,306,765
Property	4,157,839	-	-	-	4,157,839
Other	1,632,087	-	-	260,586	1,892,673
Licenses and permits	5,204,372	-	-	-	5,204,372
Intergovernmental	1,217,313	294,327	-	-	1,511,640
Charges for services	176,471	-	-	-	176,471
Fines and forfeitures	436,813	-	-	202,973	639,786
Donations, gifts, and grants	71,066	256,030	-	31,473	358,569
Interest	97,845	51,935	57,521	4,498	211,799
Other	2,034,708	-	-	-	2,034,708
Total revenue	<u>38,335,279</u>	<u>602,292</u>	<u>57,521</u>	<u>499,530</u>	<u>39,494,622</u>
Expenditures					
General government	4,278,859	-	-	-	4,278,859
Public protection	13,913,823	-	-	55,899	13,969,722
Public ways and facilities	4,447,422	931,936	-	29,286	5,408,644
Alabaster City Schools	5,456,014	-	-	-	5,456,014
Capital outlay	957,703	3,990,300	-	-	4,948,003
Debt service					
Principal retirement	459,300	-	2,910,000	-	3,369,300
Interest and fees	28,628	-	1,565,660	-	1,594,288
Total expenditures	<u>29,541,749</u>	<u>4,922,236</u>	<u>4,475,660</u>	<u>85,185</u>	<u>39,024,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,793,530</u>	<u>(4,319,944)</u>	<u>(4,418,139)</u>	<u>414,345</u>	<u>469,792</u>
Other financing sources (uses)					
Proceeds from sale of capital assets	25,000	-	-	-	25,000
Issuance of warrants	-	-	12,615,000	-	12,615,000
Premiums from issuance of warrants	-	-	729,950	-	729,950
Payments to refund warrant	-	-	(13,155,000)	-	(13,155,000)
Transfers in	477,676	4,011,056	3,535,396	-	8,024,128
Transfers out	(7,001,381)	-	(20,220)	(623,238)	(7,644,839)
Total other financing sources (uses)	<u>(6,498,705)</u>	<u>4,011,056</u>	<u>3,705,126</u>	<u>(623,238)</u>	<u>594,239</u>
Net change in fund balance	2,294,825	(308,888)	(713,013)	(208,893)	1,064,031
Fund balance - beginning 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>
Fund balance - end of year	<u>\$ 12,070,926</u>	<u>\$ 20,234,513</u>	<u>\$ 1,125,043</u>	<u>\$ 907,395</u>	<u>\$ 34,337,877</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, 2020

Net changes in fund balances - governmental funds \$ 1,064,031

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	4,948,003	
Less depreciation expense	<u>(1,956,052)</u>	2,991,951

The proceeds from the sale of capital assets (\$25,000) are reported as other
financing sources in the governmental funds. However, the net book value of
the capital assets (\$5,572) 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 \$19,428. (5,572)

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	3,369,300	
Payment to refund warrants	13,155,000	
Issuance of warrants	(12,615,000)	
Premium on issuance of warrants	(729,950)	
Warrant discount amortization expense	<u>30,844</u>	3,210,194

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	(140,088)	
Net increase in pension expense	(134,935)	
Net increase in post-employment benefit payable	(645,268)	
Decrease in accrued interest	<u>90,881</u>	<u>(829,410)</u>

Change in net position - governmental activities \$ 6,431,194

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, 2020

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 3,359,037	\$ 994,584	\$ 4,353,621
Receivables, net	867,800	298,300	1,166,100
Parts and supplies	-	1,251,963	1,251,963
Cash and cash equivalents - restricted	3,054,249	-	3,054,249
Total current assets	<u>7,281,086</u>	<u>2,544,847</u>	<u>9,825,933</u>
Noncurrent assets			
Nondepreciable capital assets	245,770	-	245,770
Depreciable capital assets, net	31,104,053	2,839,588	33,943,641
Total noncurrent assets	<u>31,349,823</u>	<u>2,839,588</u>	<u>34,189,411</u>
Total assets	<u>38,630,909</u>	<u>5,384,435</u>	<u>44,015,344</u>
Deferred outflows of resources			
Deferred outflows related to pensions	180,004	31,480	211,484
Deferred outflows related to OPEB	-	16,532	16,532
Deferred charge on refunding	569,695	-	569,695
Total deferred outflows of resources	<u>749,699</u>	<u>48,012</u>	<u>797,711</u>
Liabilities			
Current liabilities			
Accounts payable	258,825	36,702	295,527
Accrued payroll and benefits	23,174	10,567	33,741
Accrued interest	80,764	-	80,764
Due to other funds	-	135	135
Current maturities of long-term liabilities			
Warrants payable	775,000	-	775,000
Compensated absences	26,995	13,311	40,306
Total current liabilities	<u>1,164,758</u>	<u>60,715</u>	<u>1,225,473</u>
Noncurrent liabilities			
Warrants payable, net	10,289,907	-	10,289,907
Compensated absences	26,995	13,312	40,307
Net pension liability	695,543	245,921	941,464
Net OPEB liability	430,921	18,322	449,243
Total noncurrent liabilities	<u>11,443,366</u>	<u>277,555</u>	<u>11,720,921</u>
Total liabilities	<u>12,608,124</u>	<u>338,270</u>	<u>12,946,394</u>
Deferred inflows of resources			
Deferred inflows related to pensions	202,966	24,645	227,611
Deferred inflows related to OPEB	-	2,338	2,338
Total deferred inflows of resources	<u>202,966</u>	<u>26,983</u>	<u>229,949</u>
Net position			
Net investment in capital assets	20,854,611	2,839,588	23,694,199
Restricted for:			
Debt service	851,991	-	851,991
Capital improvements	2,202,258	-	2,202,258
Unrestricted	2,660,658	2,227,606	4,888,264
Total net position	<u>\$ 26,569,518</u>	<u>\$ 5,067,194</u>	<u>\$ 31,636,712</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, 2020

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Operating revenues			
Charges for services	\$ 6,708,428	\$ 2,114,330	\$ 8,822,758
Total operating revenues	<u>6,708,428</u>	<u>2,114,330</u>	<u>8,822,758</u>
Operating expenses			
Administration, operations, and maintenance	3,133,846	1,384,117	4,517,963
Depreciation and amortization	1,159,900	261,516	1,421,416
Total operating expenses	<u>4,293,746</u>	<u>1,645,633</u>	<u>5,939,379</u>
Operating income	<u>2,414,682</u>	<u>468,697</u>	<u>2,883,379</u>
Nonoperating revenues (expenses)			
Interest income	49,027	3,586	52,613
Gain on sale of assets	7,900	-	7,900
Interest expense	(416,458)	(90)	(416,548)
Total nonoperating revenues (expenses)	<u>(359,531)</u>	<u>3,496</u>	<u>(356,035)</u>
Income before transfers	2,055,151	472,193	2,527,344
Transfers in	322,323	9,818	332,141
Transfers out	(1,350)	(710,080)	(711,430)
	<u>320,973</u>	<u>(700,262)</u>	<u>(379,289)</u>
Change in net position	2,376,124	(228,069)	2,148,055
Net position, beginning of year	<u>24,193,394</u>	<u>5,295,263</u>	<u>29,488,657</u>
Net position, end of year	<u>\$ 26,569,518</u>	<u>\$ 5,067,194</u>	<u>\$ 31,636,712</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, 2020

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Cash flows from operating activities			
Cash received from customers	\$ 6,973,172	\$ 2,175,608	\$ 9,148,780
Cash paid to suppliers for goods and services	(1,655,001)	(467,693)	(2,122,694)
Cash paid to employees	(1,623,064)	(648,900)	(2,271,964)
Net cash provided by operating activities	<u>3,695,107</u>	<u>1,059,015</u>	<u>4,754,122</u>
Cash flows from noncapital financing activities			
Transfers to other funds	320,973	(700,262)	(379,289)
Net cash provided (used) by noncapital financing activities	<u>320,973</u>	<u>(700,262)</u>	<u>(379,289)</u>
Cash flows from capital and related financing activities			
Purchase of property, plant, and equipment	(707,342)	-	(707,342)
Proceeds from sale of capital assets	7,900	-	7,900
Principal payments on debt	(12,655,000)	-	(12,655,000)
Principal payments on capital leases	-	(19,268)	(19,268)
Proceeds from issuance of debt	11,098,623	-	11,098,623
Interest payments on debt	(394,790)	(90)	(394,880)
Net cash used by capital and related financing activities	<u>(2,650,609)</u>	<u>(19,358)</u>	<u>(2,669,967)</u>
Cash flows from investing activities			
Interest on cash and investments	49,027	3,586	52,613
Net cash provided by investing activities	<u>49,027</u>	<u>3,586</u>	<u>52,613</u>
Net increase in cash and cash equivalents	1,414,498	342,981	1,757,479
Cash and cash equivalents at beginning of year	4,998,788	651,603	5,650,391
Cash and cash equivalents at end of year	<u>\$ 6,413,286</u>	<u>\$ 994,584</u>	<u>\$ 7,407,870</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 2,414,682	\$ 468,697	\$ 2,883,379
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,159,900	261,516	1,421,416
(Increase) decrease in:			
Accounts receivable	264,744	77,216	341,960
Prepaid expenses	-	(15,938)	(15,938)
Increase (decrease) in:			
Accounts payable	153,333	(9,168)	144,165
Accrued payroll and related liabilities	(297,552)	276,692	(20,860)
Net cash provided by operating activities	<u>\$ 3,695,107</u>	<u>\$ 1,059,015</u>	<u>\$ 4,754,122</u>
Reconciliation of cash and cash equivalents			
Cash and cash equivalents	\$ 3,359,037	\$ 994,584	\$ 4,353,621
Cash and cash equivalents - restricted	3,054,249	-	3,054,249
Total cash and cash equivalents at end of year	<u>\$ 6,413,286</u>	<u>\$ 994,584</u>	<u>\$ 7,407,870</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, 2020

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 February 19, 2021, 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; therefore, there is a potential burden on the primary government. 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, 2020

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-Wide and Fund Financial Statements - 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, 2020

(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, 2020

(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, 2020

(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 Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. Prepaids are presented using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

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, 2020

(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 \$1,000 and an estimated useful life in excess of three 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, 2020

(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, 2020

(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, 2020

(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, 2020

(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, 2020 were insured.

NOTE 3 - RECEIVABLES

Receivables consisted of the following at September 30, 2020:

	Governmental Activities	Business-type Activities	Total
Taxes	\$ 6,479,303	\$ -	\$ 6,479,303
Customers	-	1,259,178	1,259,178
Other	1,083,303	-	1,083,303
Gross receivables	7,562,606	1,259,178	8,821,784
Less: allowance for uncollectible accounts	-	(93,078)	(93,078)
Net receivables	<u>\$ 7,562,606</u>	<u>\$ 1,166,100</u>	<u>\$ 8,728,706</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities consisted of the following for the year ended September 30, 2020:

	Governmental Activities			
	October 1, 2019	Additions	Disposals	September 30, 2020
Depreciable assets				
Buildings and improvements	\$ 15,186,728	\$ 334,814	\$ -	\$ 15,521,542
Equipment	3,339,027	300,707	-	3,639,734
Infrastructure	26,701,984	596,905	-	27,298,889
Vehicles	9,312,750	463,211	835,001	8,940,960
	<u>54,540,489</u>	<u>1,695,637</u>	<u>835,001</u>	<u>55,401,125</u>
Less accumulated depreciation				
Buildings and improvements	6,977,337	514,801	-	7,492,138
Equipment	2,352,120	222,101	-	2,574,221
Infrastructure	6,132,228	545,617	-	6,677,845
Vehicles	6,320,974	673,533	829,429	6,165,078
	<u>21,782,659</u>	<u>1,956,052</u>	<u>829,429</u>	<u>22,909,282</u>
	<u>32,757,830</u>	<u>(260,415)</u>	<u>5,572</u>	<u>32,491,843</u>
Non-depreciable assets				
Land and improvements	18,140,061	49,250	-	18,189,311
Construction in progress	2,839,144	4,055,812	852,696	6,042,260
	<u>20,979,205</u>	<u>4,105,062</u>	<u>852,696</u>	<u>24,231,571</u>
	<u>\$ 53,737,035</u>	<u>\$ 3,844,647</u>	<u>\$ 858,268</u>	<u>\$ 56,723,414</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 4 - CAPITAL ASSETS - Continued

Capital asset activity for business-type activities consisted of the following for the year ended September 30, 2020:

	Business-type Activities			
	October 1, 2019	Additions	Disposals	September 30, 2020
Depreciable assets				
Buildings and improvements	\$ 2,083,994	\$ 89,398	\$ -	\$ 2,173,392
Equipment	22,258,370	550,253	-	22,808,623
Infrastructure	26,698,131	-	-	26,698,131
Vehicles	3,362,539	67,691	-	3,430,230
	<u>54,403,034</u>	<u>707,342</u>	<u>-</u>	<u>55,110,376</u>
Less accumulated depreciation				
Buildings and improvements	103,531	55,965	-	159,496
Equipment	9,388,979	483,992	-	9,872,971
Infrastructure	9,002,964	553,048	-	9,556,012
Vehicles	1,249,845	328,411	-	1,578,256
	<u>19,745,319</u>	<u>1,421,416</u>	<u>-</u>	<u>21,166,735</u>
	<u>34,657,715</u>	<u>(714,074)</u>	<u>-</u>	<u>33,943,641</u>
Non-depreciable assets				
Land and improvements	245,770	-	-	245,770
Construction in progress	-	-	-	-
	<u>245,770</u>	<u>-</u>	<u>-</u>	<u>245,770</u>
	<u>\$ 34,903,485</u>	<u>\$ (714,074)</u>	<u>\$ -</u>	<u>\$ 34,189,411</u>

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

Governmental activities

General government	\$ 407,207
Public protection	741,586
Public ways and facilities	<u>807,259</u>
	<u>\$ 1,956,052</u>

Business-type activities

Sewer	\$ 1,159,900
Garbage	<u>261,516</u>
	<u>\$ 1,421,416</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(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, 2020:

	Governmental Activities			
	October 1, 2019	Additions	Disposals	September 30, 2020
Depreciable assets				
Infrastructure	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000
Less accumulated depreciation				
Infrastructure	913,334	80,000	-	993,334
	3,086,666	(80,000)	-	3,006,666
Non-depreciable assets				
Land and improvements	10,590,480	20,000	172,874	10,437,606
	\$ 13,677,146	\$ (60,000)	\$ 172,874	\$ 13,444,272

Depreciation expense for all depreciable assets is charged to functions/programs of the discretely presented component unit. Depreciation expense totaled \$80,000 for the year ended September 30, 2020.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund payables and receivables consisted of the following at September 30, 2020:

	Interfund Receivables (Payables)
General Fund	\$ 135
Garbage	(135)
	<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, 2020

(Continued)

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund transfers consisted of the following during the year ended September 30, 2020:

Transfer out	Transfer In					Total transfer in
	General	Debt Service	Other Governmental	Sewer	Garbage	
General Fund	\$ -	\$ 20,220	\$ 62,182	\$ 1,350	\$ 406,205	\$ 489,957
Capital Projects	3,450,000	-	561,056	-	-	4,011,056
Debt Service	3,535,396	-	-	-	-	3,535,396
Sewer	18,448	-	-	-	303,875	322,323
Garbage	9,818	-	-	-	-	9,818
Total transfer out	\$ 7,013,662	\$ 20,220	\$ 623,238	\$ 1,350	\$ 710,080	\$ 8,368,550

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.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

The general obligation warrants payable for governmental activities consisted of the following at September 30, 2020:

	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%	\$ 200,000
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%	2,705,000
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%	3,840,000
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%	2,205,000
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%	8,920,000
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%	8,980,000
Series 2020-A General Obligation Warrants, dated December 18, 2019, due in semi-annual payments through January 1, 2033, bearing an interest rate of 3.00%	5,700,000
Series 2020-B Taxable General Obligation Warrants, dated December 18, 2019, due in semi-annual payments through April 1, 2028, bearing interest rates of 2.02% to 2.72%	6,915,000
Total warrants payable	39,465,000
Less deferred amounts for:	
Unamortized premiums	1,327,284
Unamortized discounts	(33,502)
Total warrants payable, net	<u>\$ 40,758,782</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

The general obligation warrants payable for business-type activities consisted of the following at September 30, 2020:

	Business-type Activities
Series 2020-C General Obligation Warrants, dated July 28, 2020, due in semi-annual payments through April 1, 2029, bearing interest rates of 3.00% to 4.00%	<u>\$ 9,955,000</u>
Total warrants payable	9,955,000
Less deferred amounts for:	
Unamortized premiums	<u>1,109,907</u>
Total warrants payable, net	<u><u>\$ 11,064,907</u></u>

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
2021	\$ 3,190,000	\$ 1,176,926	\$ 775,000	\$ 242,291
2022	3,045,000	1,093,070	1,015,000	335,700
2023	3,105,000	1,020,196	1,050,000	305,250
2024	3,175,000	952,335	1,085,000	273,750
2025	3,255,000	873,277	1,115,000	241,200
2026-2030	16,385,000	2,949,699	4,915,000	501,200
2031-2033	7,310,000	417,900	-	-
	<u>\$ 39,465,000</u>	<u>\$ 8,483,403</u>	<u>\$ 9,955,000</u>	<u>\$ 1,899,391</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

Changes in long-term liabilities for governmental activities consisted of the following at September 30, 2020:

Governmental Activities	October 1, 2019	Additions	Retirements	September 30, 2020	Due within one year
Warrants payable					
General obligation warrants	\$ 42,915,000	\$ 12,615,000	\$ 16,065,000	\$ 39,465,000	\$ 3,190,000
Less: discounts and premiums, net	565,022	729,950	1,190	1,293,782	149,176
Total warrants payable	43,480,022	13,344,950	16,066,190	40,758,782	3,339,176
Capital leases payable	763,489	-	459,300	304,189	304,189
Compensated absences	770,217	771,061	621,491	919,787	465,371
	<u>\$ 45,013,728</u>	<u>\$ 14,116,011</u>	<u>\$ 17,146,981</u>	<u>\$ 41,982,758</u>	<u>\$ 4,108,736</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, 2020:

Business-type Activities	October 1, 2019	Additions	Retirements	September 30, 2020	Due within one year
Warrants payable					
General obligation warrants	\$ 12,655,000	\$ 9,955,000	\$ 12,655,000	\$ 9,955,000	\$ 775,000
Less: discounts and premiums, net	93,688	1,263,375	247,156	1,109,907	-
Total warrants payable	12,748,688	11,218,375	12,902,156	11,064,907	775,000
Capital leases payable	19,268	-	19,268	-	-
Compensated absences	86,818	77,941	84,146	80,613	40,306
	<u>\$ 12,854,774</u>	<u>\$ 11,296,316</u>	<u>\$ 13,005,570</u>	<u>\$ 11,145,520</u>	<u>\$ 815,306</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, 2020, \$27,470,000 of defeased bonds and warrants remained outstanding.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(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 \$743,180 at September 30, 2020 for those fees collected during the month of September.

During the year ended September 30, 2020, the City recognized a total of \$8,822,758 in sewer and garbage fees collected by the Water Board.

At September 30, 2020, the 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 three lease agreements to finance the purchases of police vehicles and fire 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, 2020, the future minimum lease payments under the capital lease agreements are as follows for the fiscal years ending:

	Governmental Activities	Business-type Activities	Total
2021	\$ 308,444	\$ -	\$ 308,444
Future minimum lease payments	308,444	-	308,444
Less: amounts representing interest	(4,255)	-	(4,255)
Present value of minimum lease payments	304,189	-	304,189
Less: current portion	(304,189)	-	(304,189)
Long-term capital lease obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of September 30, 2020, the governmental activities lease had capitalized costs totaling \$2,037,832 and accumulated depreciation of \$690,590, and a net book value of \$1,347,242. Interest expense paid under the capital lease agreement totaled \$16,722 during the year ended September 30, 2020.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(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, 2020

(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 creditable 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 907 local participating employers. The ERS membership includes approximately 93,986 participants. As of September 30, 2019, membership consisted of:

Retirees and beneficiaries currently receiving benefits	25,871
Terminated employees entitled to but not yet receiving benefits	1,794
Terminated employees not entitled to a benefit	11,001
Active members	55,222
Post-DROP participants who are still in active service	98
	<hr/>
	93,986
	<hr/>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 9 - PENSION PLAN - Continued

The City's membership as of the measurement date of September 30, 2019 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	-
	<u>332</u>

Contributions

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

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

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 September 30, 2020, the City's active employee contribution rate was 5.84% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 8.73% of pensionable payroll.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 9 - PENSION PLAN - Continued

The City's contractually required contribution rate for the year ended September 30, 2020 was 9.97% of pensionable pay for Tier 1 employees, and 6.69% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2017, 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 \$1,297,280 for the year ended September 30, 2020.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2018, rolled forward to September 30, 2019, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual</u>
(a) Total pension liability as of September 30, 2018	\$ 47,571,813	\$ 47,044,842
(b) Discount rate	7.70%	7.70%
(c) Entry age normal cost for the period October 1, 2018 - September 30, 2019	1,261,525	1,261,525
(d) Transfers among employers:	-	(160,902)
(e) Actual benefit payments and refunds for the period October 1, 2018 - September 30, 2019	<u>(2,108,928)</u>	<u>(2,108,928)</u>
(f) Total pension liability as of September 30, 2019 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 50,306,246</u>	<u>\$ 49,577,796</u>
(g) Difference between expected and actual:		\$ (728,450)
(h) Less liability transferred for immediate recognition:		<u>(160,902)</u>
(i) Experience (gain)/loss = (g) - (h)		<u>\$ (567,548)</u>

Actuarial Assumptions

The total pension liability, as of September 30, 2019, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2018. 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, 2020

(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%
	<u>100.0%</u>	

*Includes assumed rate of inflation of 2.50%.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(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, 2018	\$ 47,571,813	\$ 36,616,402	\$ 10,955,411
Changes for the year:			
Service cost	1,261,525	-	1,261,525
Interest	3,581,836	-	3,581,836
Difference between expected and actual experience	(567,548)	-	(567,548)
Contributions - employer	-	1,353,145	(1,353,145)
Contributions - employee	-	850,074	(850,074)
Net investment income	-	939,384	(939,384)
Benefits of payments, including refunds of employee contributions	(2,108,928)	(2,108,928)	-
Transfers among employers	(160,902)	(160,902)	-
Net changes:	2,005,983	872,773	1,133,210
Balances at September 30, 2019	<u>\$ 49,577,796</u>	<u>\$ 37,489,175</u>	<u>\$ 12,088,621</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(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	\$ 18,658,238	\$ 12,088,621	\$ 6,613,383

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, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2019. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. 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, 2020

(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, 2020, the City recognized pension expense of \$1,466,596. At September 30, 2020, 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	\$ 357,675	\$ 1,795,031
Changes of assumptions	1,282,712	-
Net difference between projected and actual earnings on pension plan investments	480,401	-
Employer contributions subsequent to the measurement date	1,297,289	-
	<u>\$ 3,418,077</u>	<u>\$ 1,795,031</u>

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
2021	\$ (73,370)
2022	43,786
2023	344,438
2024	458,267
2025	(185,869)
Thereafter	(261,495)

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan Description

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	25
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	216
	<hr/>
	241

Total OPEB Liability

The City's total OPEB liability of September 30, 2020 was measured as of September 30, 2020 and was determined by an actuarial valuation as of that date.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00% including inflation
Discount rate	4.06% annually (beginning of year)
	2.21% 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, 2020, 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, 2020 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2020.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at September 30, 2019	\$ 6,572,916
Changes for the year:	
Service cost	374,353
Interest	274,460
Changes of assumptions	2,837,763
Difference between expected and actual experience	(401,232)
Benefit payments and net transfers	(202,461)
Net changes	2,882,883
Balances at September 30, 2020	<u>\$ 9,455,799</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Plan's total OPEB liability	<u>\$ 10,852,226</u>	<u>\$ 9,455,799</u>	<u>\$ 8,309,174</u>

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	<u>\$ 8,193,571</u>	<u>\$ 9,455,799</u>	<u>\$ 11,017,120</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

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

For the year ended September 30, 2020, the City recognized OPEB expense totaling \$3,050,144. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 367,796
Changes of assumptions	2,601,283	-
	<u>\$ 2,601,283</u>	<u>\$ 367,796</u>

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
2021	\$ 203,044
2022	203,044
2023	203,044
2024	203,044
2025	203,044
Thereafter	1,218,266

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(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, 2020, 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*.

The chart below recaps the number of settlements that have exceeded the City's self-insured retention limits in the last three years.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Property and casualty	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 12 - ECONOMIC DEPENDENCY

The City is economically dependent on a small number of principal taxpayers. Sales and use tax revenue accounted for 59.01% of total governmental fund-type revenues for the year ended September 30, 2020. Sales and use tax revenues received from one major taxpayer accounted for 16.88% of the total sales and use tax collected City-wide. In addition, business license revenues received from one major company accounted for 27.65% of the total business license revenues collected City-wide.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

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, 2020, the City abated taxes totaling \$431,076 under this Act, as summarized below.

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	45%	\$ 83,549
To bring Ulta to Promenade Shopping Center	Sales	49%	60,722
To bring Dick's, Panda Express, and Verizon to Promenade Shopping Center	Sales	26%	190,329
Development of manufacturing facility in Alabaster	Property	100%	1,996
Development of manufacturing facility in Alabaster	Property	100%	10,467
Development of manufacturing facility in Alabaster	Property	100%	11,801
Development of distribution facility in Alabaster	Property	100%	72,212
			<u>\$ 431,076</u>

NOTE 14 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. 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, 2019. 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, 2020

(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 June 15, 2021. 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, 2020. 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, 2019. 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. The requirements of GASB 91 are effective for fiscal years beginning after December 15, 2021. The City is currently evaluating the impact GASB 91 may have on its financial statements.

The GASB issued Statement No. 92, *Omnibus 2020* to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of GASB 92 are effective for fiscal years beginning after June 15, 2021. The City is currently evaluating the impact GASB 92 may have on its financial statements.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of GASB 93 are effective for fiscal years beginning after June 15, 2021. The City is currently evaluating the impact GASB 93 may have on its financial statements.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2020

(Continued)

NOTE 14 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS - Continued

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of GASB 94 are effective for fiscal years beginning after June 15, 2022. The City is currently evaluating the impact GASB 94 may have on its financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022. The City is currently evaluating the impact GASB 96 may have on its financial statements.

NOTE 15 - UNCERTAINTIES

A novel strain of coronavirus, COVID-19, emerged in the United States in early 2020. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its taxpayers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the City's financial condition or results of operations in the near term is uncertain.

NOTE 16 - SUBSEQUENT EVENTS

On September 9, 2020, the City Council of the City of Alabaster (Council) approved an application for the formation of The Public Building Authority of the City of Alabaster (PBA) under the provisions of Chapter 56 of Title 11 of the Code of Alabama 1975, as amended. On September 21, 2020, the Council appointed three residents of Alabaster to serve as the initial board of directors of the PBA. On October 6, 2020, the PBA issued bonds in the amount of \$16,030,000 to be used for the construction of a new police station building. On October 22, 2020, the PBA entered into a lease agreement with the City to lease the police station for an annual amount equal to the yearly principal and interest payments on the bonds issued. The total indebtedness of the PBA is expected to be repaid entirely with resources of the primary government. Therefore, beginning with the fiscal year ending September 30, 2021, the PBA and their respective assets and liabilities will be presented in the City's comprehensive annual financial report as a blended component unit.

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Sales and use	\$ 21,966,667	\$ 22,667,760	\$ 23,306,765	\$ 639,005
Property	4,100,000	4,150,700	4,157,839	7,139
Other	1,546,000	1,617,311	1,632,087	14,776
Licenses and permits	4,710,135	5,146,771	5,204,372	57,601
Intergovernmental	17,250	116,437	1,217,313	1,100,876
Charges for services	355,500	121,911	176,471	54,560
Fines and forfeitures	381,000	442,900	436,813	(6,087)
Donations, gifts, and grants	23,000	21,816	71,066	49,250
Interest	100,000	97,000	97,845	845
Other	1,369,625	2,024,494	2,034,708	10,214
Total revenue	<u>34,569,177</u>	<u>36,407,100</u>	<u>38,335,279</u>	<u>1,928,179</u>
Expenditures, current				
General government				
Administrative	2,677,463	2,432,314	2,288,662	143,652
Finance	639,205	642,208	645,393	(3,185)
Personnel	1,030,696	1,062,758	1,028,309	34,449
Elected officials	294,891	281,146	282,054	(908)
Newsletter	120,000	110,000	106,815	3,185
Total general government	<u>4,762,255</u>	<u>4,528,426</u>	<u>4,351,233</u>	<u>177,193</u>
Public protection				
Police	8,213,941	8,484,512	8,316,306	168,206
Municipal court	552,444	552,065	535,507	16,558
Fire	6,167,745	6,184,634	6,140,742	43,892
Total public protection	<u>14,934,130</u>	<u>15,221,211</u>	<u>14,992,555</u>	<u>228,656</u>
Public ways and facilities				
Library	868,450	836,637	786,606	50,031
Public works	1,361,274	1,375,622	1,342,670	32,952
Parks and recreation	3,314,812	2,701,671	2,612,671	89,000
Total public ways and facilities	<u>5,544,536</u>	<u>4,913,930</u>	<u>4,741,947</u>	<u>171,983</u>
Alabaster City Schools				
Payments to the Alabaster Board of Education	5,266,667	5,366,667	5,456,014	(89,347)
Total Alabaster City Schools	<u>5,266,667</u>	<u>5,366,667</u>	<u>5,456,014</u>	<u>(89,347)</u>
Total expenditures	<u>30,507,588</u>	<u>30,030,234</u>	<u>29,541,749</u>	<u>488,485</u>
Excess of revenues over expenditures	<u>4,061,589</u>	<u>6,376,866</u>	<u>8,793,530</u>	<u>2,416,664</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	10,000	30,385	25,000	(5,385)
Transfers (out) in	(4,538,552)	(6,398,396)	(6,523,705)	(125,309)
Total other financing sources (uses)	<u>(4,528,552)</u>	<u>(6,368,011)</u>	<u>(6,498,705)</u>	<u>(130,694)</u>
Net change in fund balance	<u>\$ (466,963)</u>	<u>\$ 8,855</u>	<u>\$ 2,294,825</u>	<u>\$ 2,285,970</u>

See notes to required supplementary information.

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

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,261,525	\$ 1,206,530	\$ 1,209,192	\$ 1,133,362	\$ 1,107,963	\$ 1,071,349
Interest	3,581,836	3,502,407	3,314,074	3,001,907	2,825,314	2,636,186
Differences between expected and actual experience	(567,548)	(1,476,961)	(238,179)	698,319	(130,968)	-
Changes of assumptions	-	286,869	-	2,087,875	-	-
Benefit payments, including refunds of employee contributions	(2,108,928)	(2,035,712)	(1,676,289)	(1,646,482)	(1,543,314)	(1,143,546)
Transfers among employees	(160,902)	(121,518)	1,016	(21,679)	-	-
Net change in total pension liability	2,005,983	1,361,615	2,609,814	5,253,302	2,258,995	2,563,989
Total pension liability - beginning	47,571,813	46,210,198	43,600,384	38,347,082	36,088,087	33,524,098
Total pension liability - ending (a)	\$49,577,796	\$47,571,813	\$46,210,198	\$43,600,384	\$38,347,082	\$36,088,087
Plan fiduciary net position						
Contributions - employer	\$ 1,353,145	\$ 1,207,753	\$ 1,099,193	\$ 1,112,726	\$ 1,041,311	\$ 1,039,130
Contributions - member	850,074	810,904	767,928	746,133	721,895	691,926
Net investment income	939,384	3,107,563	3,808,336	2,731,430	313,475	2,802,343
Benefit payments, including refunds of employee contributions	(2,108,928)	(2,035,712)	(1,676,289)	(1,646,482)	(1,543,314)	(1,143,546)
Transfers among employers	(160,902)	(121,518)	1,016	(21,679)	(242,352)	(53,073)
Net change in plan fiduciary net position	872,773	2,968,990	4,000,184	2,922,128	291,015	3,336,780
Plan net position - beginning	36,616,402	33,647,412	29,647,228	26,725,100	26,434,085	23,097,305
Plan net position - ending (b)	\$37,489,175	\$36,616,402	\$33,647,412	\$29,647,228	\$26,725,100	\$26,434,085
Net pension liability (a) - (b)	\$ 12,088,621	\$ 10,955,411	\$ 12,562,786	\$ 13,953,156	\$ 11,621,982	\$ 9,654,002
Plan fiduciary net position as a percentage of the total pension liability	75.62%	76.97%	72.81%	68.00%	69.69%	73.25%
Covered payroll	\$ 14,102,477	\$ 13,877,934	\$ 13,387,819	\$ 13,162,698	\$ 12,697,022	\$ 12,269,384
Net pension liability as a percentage of covered payroll	85.72%	78.94%	93.84%	106.01%	91.53%	78.68%

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 Six Years Ended September 30,

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,244,513	\$ 1,304,443	\$ 1,176,745	\$ 1,099,193	\$ 1,161,460	\$ 1,085,256
Contributions in relation to the actuarially determined contributions	1,244,513	1,304,443	1,176,745	1,099,193	1,161,460	1,085,256
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,261,436	\$ 14,102,477	\$ 13,877,934	\$ 13,387,819	\$ 13,162,698	\$ 12,697,022
Contributions as a percentage of covered payroll	8.73%	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
Last Three Years Ended September 30,

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 374,353	\$ 203,817	\$ 195,865
Interest	274,460	251,989	247,553
Differences between expected and actual experience	(401,232)	-	-
Changes of assumptions	2,837,763	-	-
Benefit payments and net transfers	(202,461)	(179,033)	(97,573)
Net change in total OPEB liability	2,882,883	276,773	345,845
Total OPEB liability - beginning	6,572,916	6,296,143	5,950,298
Total OPEB liability - ending	<u>\$ 9,455,799</u>	<u>\$ 6,572,916</u>	<u>\$ 6,296,143</u>
Covered payroll	<u>\$ 14,261,436</u>	<u>\$ 14,102,477</u>	<u>\$ 13,877,934</u>
Total OPEB liability as a percentage of covered payroll	<u>66.30%</u>	<u>46.61%</u>	<u>45.37%</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
Notes to the Required Supplementary Information
September 30, 2020

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
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, 2020
(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, 2020:

General government

Finance	\$	3,185
Elected officials		908

Alabaster City Schools

Payments to the Alabaster Board of Education	\$	89,347
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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 2020 were based on the September 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2019 to September 30, 2020:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	23.9 years
Asset valuation method	Five-year smoothed market
Inflation	2.750%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

CITY OF ALABASTER, ALABAMA
Notes to the Required Supplementary Information
September 30, 2020
(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, 2019 to September 30, 2020:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.00%, including inflation
Discount rate	2.21% 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 Combined Mortality Table
Turnover	Age specific table with an average of 5% when applied to the active census

SUPPLEMENTARY INFORMATION

CITY OF ALABASTER, ALABAMA

Combining Balance Sheets
Nonmajor Governmental Funds
September 30, 2020

	Capital Projects	Special Revenue									Total Nonmajor Governmental Funds
	Subdivision Capital Projects	7 Cent Gas Tax	4 Cent Gas Tax	10 Cent Gas Tax	Corrections	Drug Seizure	Municipal Training	Library State Aid	Municipal Judicial	Total	
Assets											
Current assets											
Cash and cash equivalents											
- restricted	\$ 260,052	\$ 71,000	\$ 54,306	\$ 129,315	\$ 212,003	\$ 51,366	\$ 56,166	\$ 22	\$ 73,094	\$ 647,272	\$ 907,324
Other receivables	-	-	-	-	3,843	-	272	-	878	4,993	4,993
Total assets	<u>\$ 260,052</u>	<u>\$ 71,000</u>	<u>\$ 54,306</u>	<u>\$ 129,315</u>	<u>\$ 215,846</u>	<u>\$ 51,366</u>	<u>\$ 56,438</u>	<u>\$ 22</u>	<u>\$ 73,972</u>	<u>\$ 652,265</u>	<u>\$ 912,317</u>
Liabilities and fund balance											
Current liabilities											
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 4,922	\$ -	\$ -	\$ -	\$ -	\$ 4,922	\$ 4,922
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,922</u>	<u>4,922</u>
Fund balance											
Restricted for:											
Capital improvements	260,052	-	-	-	-	-	-	-	-	-	260,052
Library	-	-	-	-	-	-	-	22	-	22	22
Public protection	-	-	-	-	210,924	51,366	56,438	-	73,972	392,700	392,700
Infrastructure maintenance	-	71,000	54,306	129,315	-	-	-	-	-	254,621	254,621
Total fund balance	<u>260,052</u>	<u>71,000</u>	<u>54,306</u>	<u>129,315</u>	<u>210,924</u>	<u>51,366</u>	<u>56,438</u>	<u>22</u>	<u>73,972</u>	<u>647,343</u>	<u>907,395</u>
Total liabilities and fund balance	<u>\$ 260,052</u>	<u>\$ 71,000</u>	<u>\$ 54,306</u>	<u>\$ 129,315</u>	<u>\$ 215,846</u>	<u>\$ 51,366</u>	<u>\$ 56,438</u>	<u>\$ 22</u>	<u>\$ 73,972</u>	<u>\$ 652,265</u>	<u>\$ 912,317</u>

CITY OF ALABASTER, ALABAMA
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Capital Projects	Special Revenue									Total Nonmajor Governmental Funds
	Subdivision Capital Projects	7 Cent Gas Tax	4 Cent Gas Tax	10 Cent Gas Tax	Corrections	Drug Seizure	Municipal Training	Library State Aid	Municipal Judicial	Total	
Revenues											
Taxes - intergovernmental	\$ -	\$ 73,618	\$ 57,899	\$ 129,069	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,586	\$ 260,586
Fines and forfeitures	59,961	-	-	-	74,416	45,920	4,903	-	17,773	143,012	202,973
Donations, gifts, and grants	-	-	-	-	-	-	-	31,473	-	31,473	31,473
Interest	1,780	369	310	246	1,018	-	347	29	399	2,718	4,498
Total revenues	61,741	73,987	58,209	129,315	75,434	45,920	5,250	31,502	18,172	437,789	499,530
Expenditures, current											
Public protection	-	-	-	-	54,083	-	1,816	-	-	55,899	55,899
Public ways and facilities	-	-	-	-	-	-	-	29,286	-	29,286	29,286
	-	-	-	-	54,083	-	1,816	29,286	-	85,185	85,185
Other financing (uses) sources											
Transfers out	(157,886)	(213,132)	(200,000)	-	(50,000)	-	-	(2,220)	-	(465,352)	(623,238)
Net change in fund balance	(96,145)	(139,145)	(141,791)	129,315	(28,649)	45,920	3,434	(4)	18,172	(112,748)	(208,893)
Fund balance - beginning of year	356,197	210,145	196,097	-	239,573	5,446	53,004	26	55,800	760,091	1,116,288
Fund balance - end of year	<u>\$ 260,052</u>	<u>\$ 71,000</u>	<u>\$ 54,306</u>	<u>\$ 129,315</u>	<u>\$ 210,924</u>	<u>\$ 51,366</u>	<u>\$ 56,438</u>	<u>\$ 22</u>	<u>\$ 73,972</u>	<u>\$ 647,343</u>	<u>\$ 907,395</u>

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 274,000	\$ 294,327	\$ 294,327	\$ -
Donations, gifts, and grants	-	256,030	256,030	-
Interest	30,000	52,000	51,935	(65)
Total revenue	304,000	602,357	602,292	(65)
Expenditures, current				
Public ways and facilities	2,000,000	909,020	931,936	(22,916)
Capital outlay	7,845,000	4,661,692	3,990,300	671,392
Total expenditures	9,845,000	5,570,712	4,922,236	648,476
Excess (deficiency) of revenues over (under) expenditures	(9,541,000)	(4,968,355)	(4,319,944)	(648,411)
Other financing sources (uses)				
Transfers in	-	3,911,055	4,011,056	(100,001)
Total other financing sources (uses)	-	3,911,055	4,011,056	(100,001)
Net change in fund balance	\$ (9,541,000)	\$ (1,057,300)	\$ (308,888)	\$ (748,412)

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest	\$ 30,000	\$ 57,500	\$ 57,521	\$ 21
Total revenue	30,000	57,500	57,521	21
Expenditures, current				
Principal retirement	2,875,000	16,249,277	2,910,000	13,339,277
Interest and fees	1,316,653	1,446,478	1,565,660	(119,182)
Total expenditures	4,191,653	17,695,755	4,475,660	13,220,095
Excess (deficiency) of revenues over (under) expenditures	(4,161,653)	(17,638,255)	(4,418,139)	(13,220,116)
Other financing sources (uses)				
Issuance of warrants	-	13,344,950	12,615,000	729,950
Premiums from issuance of warrants	-	-	729,950	(729,950)
Payments to refund warrant	-	-	(13,155,000)	13,155,000
Transfers in	-	3,534,385	3,535,396	(1,011)
Transfers out	(7,600,000)	(18,907)	(20,220)	1,313
Total other financing sources (uses)	(7,600,000)	16,860,428	3,705,126	13,155,302
Net change in fund balance	\$ (11,761,653)	\$ (777,827)	\$ (713,013)	\$ (64,814)

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Seven Cent Gas Tax Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Other	\$ 75,000	\$ 79,000	\$ 73,618	\$ (5,382)
Interest	500	375	369	(6)
Total revenue	<u>75,500</u>	<u>79,375</u>	<u>73,987</u>	<u>(5,388)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>75,500</u>	<u>79,375</u>	<u>73,987</u>	<u>5,388</u>
Other financing sources (uses)				
Transfers out	(75,000)	(213,132)	(213,132)	-
Total other financing sources (uses)	<u>(75,000)</u>	<u>(213,132)</u>	<u>(213,132)</u>	<u>-</u>
Net change in fund balance	<u>\$ 500</u>	<u>\$ (133,757)</u>	<u>\$ (139,145)</u>	<u>\$ 5,388</u>

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Four Cent Gas Tax Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Other	\$ 60,000	\$ 62,000	\$ 57,899	\$ (4,101)
Interest	500	300	310	10
Total revenue	<u>60,500</u>	<u>62,300</u>	<u>58,209</u>	<u>(4,091)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,500</u>	<u>62,300</u>	<u>58,209</u>	<u>4,091</u>
Other financing sources (uses)				
Transfers out	(60,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	<u>(60,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 500</u>	<u>\$ (137,700)</u>	<u>\$ (141,791)</u>	<u>\$ 4,091</u>

CITY OF ALABASTER, ALABAMA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Ten Cent Gas Tax Fund

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Other	\$ 125,000	\$ 127,500	\$ 129,069	\$ 1,569
Interest	1,000	1,000	246	(754)
Total revenue	<u>126,000</u>	<u>128,500</u>	<u>129,315</u>	<u>815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>126,000</u>	<u>128,500</u>	<u>129,315</u>	<u>(815)</u>
Net change in fund balance	<u>\$ 126,000</u>	<u>\$ 128,500</u>	<u>\$ 129,315</u>	<u>\$ (815)</u>

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Corrections Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines and forfeitures	\$ 65,000	\$ 75,000	\$ 74,416	\$ (584)
Interest	700	1,000	1,018	18
Total revenue	<u>65,700</u>	<u>76,000</u>	<u>75,434</u>	<u>(566)</u>
Expenditures, current				
Public protection	53,950	38,500	54,083	(15,583)
Total expenditures	<u>53,950</u>	<u>38,500</u>	<u>54,083</u>	<u>(15,583)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,750</u>	<u>37,500</u>	<u>21,351</u>	<u>16,149</u>
Other financing sources (uses)				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (38,250)</u>	<u>\$ (12,500)</u>	<u>\$ (28,649)</u>	<u>\$ 16,149</u>

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Drug Seizure Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines and forfeitures	\$ -	\$ 45,920	\$ 45,920	\$ -
Total revenue	-	45,920	45,920	-
Excess (deficiency) of revenues over (under) expenditures	-	45,920	45,920	-
Net change in fund balance	\$ -	\$ 45,920	\$ 45,920	\$ -

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Municipal Training Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines and forfeitures	\$ 4,000	\$ 4,500	\$ 4,903	\$ 403
Interest	-	345	347	2
Total revenue	<u>4,000</u>	<u>4,845</u>	<u>5,250</u>	<u>405</u>
Expenditures, current				
Public protection	5,000	1,650	1,816	(166)
Total expenditures	<u>5,000</u>	<u>1,650</u>	<u>1,816</u>	<u>(166)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,000)</u>	<u>3,195</u>	<u>3,434</u>	<u>(239)</u>
Net change in fund balance	<u>\$ (1,000)</u>	<u>\$ 3,195</u>	<u>\$ 3,434</u>	<u>\$ (239)</u>

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Library State Aid Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Donations, gifts, and grants	\$ 24,475	\$ 31,473	\$ 31,473	\$ -
Interest	-	30	29	(1)
Total revenue	<u>24,475</u>	<u>31,503</u>	<u>31,502</u>	<u>(1)</u>
Expenditures, current				
Public ways and facilities	21,000	29,750	29,286	464
Total expenditures	<u>21,000</u>	<u>29,750</u>	<u>29,286</u>	<u>464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,475</u>	<u>1,753</u>	<u>2,216</u>	<u>(463)</u>
Other financing sources (uses)				
Transfers out	-	-	(2,220)	2,220
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,220)</u>	<u>2,220</u>
Net change in fund balance	<u>\$ 3,475</u>	<u>\$ 1,753</u>	<u>\$ (4)</u>	<u>\$ 1,757</u>

CITY OF ALABASTER, ALABAMA

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Municipal Judicial Fund

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 15,000	\$ 17,000	\$ 17,773	\$ 773
Interest	-	385	399	14
Total revenue	15,000	17,385	18,172	787
Expenditures, current				
Public protection	2,000	-	-	-
Total expenditures	2,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	13,000	17,385	18,172	(787)
Net change in fund balance	\$ 13,000	\$ 17,385	\$ 18,172	\$ (787)

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Sewer Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating revenues				
Charges for services	\$ 6,165,000	\$ 6,782,770	\$ 6,708,428	\$ (74,342)
Total operating revenues	6,165,000	6,782,770	6,708,428	(74,342)
Operating expenses				
Administration, operations, and maintenance	5,322,374	3,323,187	3,133,846	189,341
Depreciation and amortization	-	1,175,000	1,159,900	15,100
Total operating expenses	5,322,374	4,498,187	4,293,746	204,441
Operating income	842,626	2,284,583	2,414,682	130,099
Non-operating revenues (expenses)				
Interest income	45,000	49,000	49,027	27
Gain on sale of assets	-	10,170	7,900	(2,270)
Interest expense	(388,483)	(558,483)	(416,458)	142,025
Total non-operating revenues (expenses)	(343,483)	(499,313)	(359,531)	139,782
Income before transfers	499,143	1,785,270	2,055,151	269,881
Transfers in	-	36,896	322,323	285,427
Transfers out	(430,000)	-	(1,350)	(1,350)
	(430,000)	36,896	320,973	284,077
Change in net position	\$ 69,143	\$ 1,822,166	\$ 2,376,124	\$ 553,958

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Garbage Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating revenues				
Charges for services	\$ 2,061,600	\$ 2,139,500	\$ 2,114,330	\$ (25,170)
Total operating revenues	<u>2,061,600</u>	<u>2,139,500</u>	<u>2,114,330</u>	<u>(25,170)</u>
Operating expenses				
Administration, operations, and maintenance	1,385,107	1,417,535	1,384,117	33,418
Depreciation and amortization	-	230,000	261,516	(31,516)
Total operating expenses	<u>1,385,107</u>	<u>1,647,535</u>	<u>1,645,633</u>	<u>1,902</u>
Operating income	<u>676,493</u>	<u>491,965</u>	<u>468,697</u>	<u>(23,268)</u>
Non-operating revenues (expenses)				
Interest income	3,600	3,500	3,586	86
Interest expense	(580)	(85)	(90)	(5)
Total non-operating revenues (expenses)	<u>3,020</u>	<u>3,415</u>	<u>3,496</u>	<u>81</u>
Income before transfers	679,513	495,380	472,193	(23,187)
Transfers in	-	19,637	9,818	(9,819)
Transfers out	<u>(406,205)</u>	<u>(406,205)</u>	<u>(710,080)</u>	<u>(303,875)</u>
	<u>(406,205)</u>	<u>(386,568)</u>	<u>(700,262)</u>	<u>(313,694)</u>
Change in net position	<u>\$ 273,308</u>	<u>\$ 108,812</u>	<u>\$ (228,069)</u>	<u>\$ (336,881)</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 says about the government's overall financial health

Contents	Page
Financial Trends	95
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	102
These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax.	
Debt Capacity	105
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	109
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	111
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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 23,293,169
Restricted	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	19,525,974
Unrestricted	(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)	(13,790,121)
Total governmental activities net position	<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>	<u>\$ 29,029,022</u>
Business-type activities:										
Net investment in capital assets	\$ 13,341,398	\$ 14,012,380	\$ 13,414,609	\$ 14,280,622	\$ 13,534,948	\$ 16,707,356	\$ 17,797,509	\$ 20,859,489	\$ 22,948,107	\$ 23,694,199
Restricted	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	3,054,249
Unrestricted	1,109,191	1,527,134	1,867,193	2,076,734	3,329,812	1,162,358	1,862,945	3,638,798	4,585,480	4,888,264
Total business-type activities net position	<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>	<u>\$ 31,636,712</u>
Primary government:										
Net investment in capital assets	\$ 19,219,128	\$ 12,872,286	\$ 17,201,119	\$ 18,885,631	\$ 21,074,599	\$ 26,704,697	\$ 31,721,691	\$ 28,088,908	\$ 42,220,625	\$ 46,987,368
Restricted	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	22,580,223
Unrestricted	877,433	5,465,190	3,275,968	1,189,075	(3,982,085)	(5,763,706)	(4,038,311)	(9,833,702)	(10,669,344)	(8,901,857)
Total primary government activities net position	<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>	<u>\$ 60,665,734</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 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	\$ 5,691,147
Public protection	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	15,386,841
Public ways and facilities	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	5,455,580
Interest and fiscal agent fees	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	5,456,014
Alabaster City Schools	-	-	6,619,587	5,051,429	4,786,650	5,051,840	5,248,608	5,339,258	5,383,370	1,472,563
Total governmental activities expenses	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	33,462,145
Business-type activities:										
Sewer fund	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	4,710,204
Garbage fund	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	1,645,723
Total business-type activities expenses	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	6,355,927
Total primary government expenses	\$ 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	\$ 39,818,072
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 5,347,659
Public protection	995,120	1,073,031	1,137,176	1,154,153	757,604	629,183	596,822	571,001	512,161	566,376
Public ways and facilities	405,381	403,834	408,707	418,779	481,762	446,213	492,797	654,909	480,133	249,191
Operating grants and contributions	239,596	230,471	205,082	176,333	288,631	145,202	128,088	316,567	152,688	1,270,149
Capital grants and contributions	231,215	332,804	711,620	285,710	258,968	266,448	381,147	650,121	558,026	600,060
Total governmental activities program revenues	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	8,033,435

CITY OF ALABASTER, ALABAMA

Change in Net Position

Last Ten Fiscal Years

(Continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services:										
Sewer fund	\$ 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	\$ 6,708,428
Garbage fund	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	2,114,330
Total business-type activities										
program revenues	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	8,822,758
Total primary government										
program revenues	\$ 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	\$ 16,856,193
General revenues and other										
changes in net positions										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 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	\$ 23,306,765
Property taxes	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	4,157,839
Other taxes	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	1,892,673
Interest	1,932	51,862	5,399	5,727	5,594	26,757	32,634	114,607	233,601	211,799
Other revenue	76,846	-	-	-	654,947	514,107	1,336,196	1,460,259	2,264,031	1,892,111
Contribution of capital assets	-	1,092,442	97,463	459,392	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	(74,890)	30,568	19,428
Total governmental activities	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	31,480,615
Business-type activities:										
Interest	72,250	72,899	104,928	148	163	934	17,074	28,016	59,242	52,613
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	7,900
Total business-type activities	242,544	427,235	494,377	49,305	(19,401)	2,184	224,705	28,016	61,233	60,513

CITY OF ALABASTER, ALABAMA

Change in Net Position

Last Ten Fiscal Years

(Continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transfers:										
Governmental activities	\$ 600,000	\$ 750,000	\$ 889,000	\$ 420,000	\$ 690,000	\$ 690,000	\$ 709,273	\$ (3,888,562)	\$ 1,025,650	\$ 379,289
Business-type activities	(600,000)	(750,000)	(889,000)	(420,000)	(690,000)	(690,000)	(709,273)	3,888,562	(1,025,650)	(379,289)
Total transfers	-	-	-	-	-	-	-	-	-	-
Total primary government	\$ 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	\$ 31,541,128
Change in net position										
Governmental activities	\$ (214,549)	\$ 3,294,530	\$ (854,822)	\$ (507,050)	\$ 2,625,113	\$ 2,098,364	\$ 3,693,225	\$ (10,065)	\$ 5,841,443	\$ 6,431,194
Business-type activities	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	2,148,055
Total primary government	\$ 503,970	\$ 4,456,008	\$ 285,638	\$ 418,988	\$ 3,676,598	\$ 3,105,204	\$ 4,891,728	\$ 4,949,939	\$ 7,574,209	\$ 8,579,249

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable	\$ 93	\$ -	\$ -	\$ 170,745	\$ 169,835	\$ 234,803	\$ 213,784	\$ 192,369	\$ 129,101	\$ 1,183,596
Restricted	85,700	88,447	99,949	102,382	140,785	111,407	160,149	173,800	194,513	205,225
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	3,755,919
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	6,926,186
Total general fund	<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>	<u>\$ 12,070,926</u>
All other governmental funds										
Nonspendable	\$ 10,660,000	\$ 10,660,000	\$ 11,188,139	\$ 12,160,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	\$ 10,000
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	22,256,951
Total all other governmental funds	<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>	<u>\$ 22,266,951</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$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	\$29,357,277
Licenses and permits	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	5,204,372
Intergovernmental	260,923	325,805	742,840	294,782	472,605	367,788	327,068	474,384	335,164	1,511,640
Charges for services	390,425	467,011	472,870	479,492	481,762	446,213	492,797	408,009	379,752	176,471
Fines and forfeitures	822,782	820,222	1,014,464	799,065	757,604	629,183	596,822	817,901	613,899	639,786
Donations, gifts, and grants	80,434	105,393	45,146	49,525	74,994	43,862	182,167	492,307	340,550	358,569
Interest	1,932	51,862	5,398	5,727	5,542	26,757	32,639	114,607	233,601	211,799
Other revenues	247,735	590,348	209,870	551,345	655,000	514,107	1,344,303	1,600,275	2,426,236	2,034,708
Total revenues	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	39,494,622
Expenditures										
General government	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	4,278,859
Public protection	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	13,969,722
Public ways and facilities	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	5,408,644
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	5,456,014
Payments to the schools	-	-	90,805	69,000	-	-	-	-	-	-
Other payments	-	-	36,719	12,757	4,472	-	-	-	-	-
Debt service:										
Debt retirement	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	3,369,300
Interest and fiscal agent fees	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	1,594,288
Bond issuance cost	-	155,653	7,500	-	-	-	-	-	-	-
Capital outlay	-	723,302	5,131,319	1,763,019	902,371	971,129	2,720,583	3,231,497	3,874,953	4,948,003
Total expenditures	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	39,024,830

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other financing sources (uses)										
Other financing uses -										
refunding of debt	\$ -	\$(29,790,729)	\$ -	\$ -	\$ -	\$(5,425,000)	\$ -	\$(8,100,000)	\$ -	\$(13,155,000)
Proceeds of debt	-	36,035,000	1,300,000	-	-	6,865,000	-	19,035,000	-	12,615,000
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	25,000
Bond premium (discount)	-	(523,837)	-	-	-	-	-	887,591	-	729,950
Transfers in	3,451,635	4,081,712	4,513,913	4,990,654	4,950,955	5,114,941	7,286,226	-	7,819,095	8,024,128
Transfers out	(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)	(7,644,839)
Total other financing sources (uses)	900,000	6,470,434	2,189,000	2,320,000	690,000	2,130,000	690,000	9,341,355	1,058,796	594,239
Net changes in fund balances	\$ 666,068	\$ 10,479,421	\$ (5,213,138)	\$ (888,549)	\$ 1,546,641	\$ 1,832,521	\$ (937,826)	\$ 10,162,569	\$ 1,593,484	\$ 1,064,031
Debt service as a percentage of noncapital expenditures	13.08%	12.70%	11.17%	12.92%	12.23%	13.70%	17.01%	13.01%	14.31%	14.57%

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Automotive sales	\$ 346,455	\$ 453,344	\$ 478,097	\$ 500,210	\$ 615,139	\$ 704,882	\$ 713,844	\$ 703,694	\$ 698,323	\$ 799,140
Food stores	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	2,633,160
Home furnishings & building supply	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	3,290,241
Medical sales & pharmacy	356,014	375,974	527,030	492,757	516,774	1,556,610	1,306,417	983,213	784,585	717,986
Merchandise retail	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	8,068,491
Restaurants	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	3,039,247
Service stations & auto parts	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	1,382,143
Other sales	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	3,376,357
Total	\$ 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	\$ 23,306,765

The City's portion of 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
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%
2020	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	2011 Rank	2020 Rank
Walmart Supercenter	1	1
Lowe's Home Improvement	2	2
Walmart Neighborhood Market		3
Target	4	4
Publix	3	5
Aldi		6
TJ Maxx		7
Chick-Fil-A		8
Ross Dress for Less, Inc.		9
Belk	6	10
Best Buy	5	
JC Penney	7	
Bruno's Supermarket	8	
Alabama Thrift Store	9	
Ernest McCarty Ford	10	
Total Sales and Use Taxes - Principal Payers	46.75%	45.18%

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

Governmental Activities					Business-Type Activities										
Fiscal Year	General Obligation Warrants	Limited Obligation Warrants	Capital Lease	Term Loan	General Obligation Warrants	Limited Obligation Warrants	Capital Lease	Term Loan	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
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	1,018,608,472	6.10%	423,648,440	14.66%	32,567	1,907
2019	43,480,022	-	763,489	-	12,748,668	-	19,268	-	57,011,447	1,058,155,713	5.39%	456,733,560	12.48%	33,487	1,702
2020	40,758,782	-	304,189	-	11,064,907	-	-	-	52,127,878	*	*	480,410,480	10.85%	*	*

(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
2011	\$ 62,125,000	\$ 701,895	\$ 61,423,105	\$ 330,044,780	18.61%	31,281	1,964
2012	68,835,000	1,405,912	67,429,088	323,300,340	20.86%	31,587	2,135
2013	68,844,292	1,746,507	67,097,785	334,104,300	20.08%	31,890	2,104
2014	65,075,874	1,986,574	63,089,300	339,300,940	18.59%	32,115	1,964
2015	60,783,088	1,653,164	59,129,924	356,267,120	16.60%	32,707	1,808
2016	58,156,159	1,318,141	56,838,018	403,616,580	14.08%	32,948	1,725
2017	53,609,983	988,432	52,621,551	401,483,420	13.11%	33,202	1,585
2018	60,773,182	1,607,928	59,165,254	423,648,440	13.97%	32,567	1,817
2019	56,228,690	1,838,056	54,390,634	456,733,560	11.91%	33,487	1,624
2020	51,823,689	1,125,043	50,698,646	480,410,480	10.55%	*	*

(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, 2020

	<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	\$ 41,062,971	100.00%	\$ 41,062,971
Total direct debt	41,062,971		41,062,971
Overlapping debt:			
Alabaster Board of Education	137,108,887	100.00%	137,108,887
Shelby County	50,169,620	15.10%	7,575,613
Shelby County Board of Education	154,226,399	15.10%	23,288,186
Total overlapping debt	341,504,906		167,972,686
Total direct and overlapping debt	<u>\$ 382,567,877</u>		<u>\$ 209,035,657</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 96,082,096
Total net debt applicable to limit	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	41,062,971
Legal debt margin	<u>\$ 28,842,140</u>	<u>\$ 20,610,580</u>	<u>\$ 22,762,216</u>	<u>\$ 26,089,484</u>	<u>\$ 29,645,017</u>	<u>\$ 36,522,149</u>	<u>\$ 40,021,898</u>	<u>\$ 36,862,185</u>	<u>\$ 43,133,997</u>	<u>\$ 55,019,125</u>
Total net debt applicable to the limit as a percentage of debt limit	57.34%	69.41%	66.99%	62.73%	59.80%	52.42%	48.52%	56.32%	50.65%	42.74%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value of property	\$ 480,410,480
Debt limit - 20 percent of total assessed value	96,082,096
Debt applicable to limit:	
General Obligation Warrants	40,758,782
Leases	<u>304,189</u>
	41,062,971
	<u><u>\$ 55,019,125</u></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)
2011	31,281	815,335,968	26,065	36.1	6,048	6.10%
2012	31,587	810,896,250	25,672	36.1	6,095	4.80%
2013	31,890	801,892,227	25,146	36.2	6,090	4.60%
2014	32,115	882,721,280	27,486	36.3	6,050	4.10%
2015	32,707	810,228,112	24,772	36.6	6,012	4.20%
2016	32,948	930,418,572	28,239	37.1	6,055	4.60%
2017	33,202	964,053,272	29,036	37.0	6,041	2.40%
2018	32,567	1,018,608,472	31,277	37.0	6,110	2.80%
2019	33,487	1,058,155,713	31,599	37.5	6,115	1.80%
2020	*	*	*	*	6,076	4.10%

(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			2020		
	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		263	4	
Mspark	323	3		200	7	
Lhoist North America	250	4		228	6	
Shelby Ridge Health & Rehab Select	230	5		200	7	
Chandler Health & Rehab	225	6				
Deshazo Crane	187	7				
Docupak	139	8				
Alabama Crown Distributing Co.	120	9				
Sealing Equipment Products., Inc	100	10				
Alabaster Board of Education				753	2	
Hibbett Sports				325	3	
Ahava Healthcare				185	9	
Walmart				260	5	
Publix				148	10	
Total top 10	<u>3,029</u>			<u>3,662</u>		
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 2011 (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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Administration / city clerk	8	8	8	8	8	4	4	4	4	3
City administrator	-	-	1	1	1	1	1	1	1	1
Human resources	2	2	2	2	2	2	2	2	3	3
Information technology	-	-	-	1	1	1	2	3	3	3
Finance & revenue	5	4	5	5	5	6	6	6	6	6
Engineering	1	1	1	1	1	1	1	1	2	8
Library	9	9	9	9	8	8	6	8	9	8
Municipal court	5	5	5	5	5	5	6	6	6	5
Public safety										
Police										
Officers	65	60	64	65	62	62	66	66	66	67
Civilians	3	4	5	5	5	5	6	6	5	4
Animal control	2	2	2	1	1	1	1	1	1	1
Dispatch	10	10	9	11	11	12	11	11	12	11
Fire										
Firefighters & officers	51	49	53	55	55	56	56	56	50	55
Civilians	5	5	5	5	5	7	8	8	6	4
Public works	16	16	16	14	14	14	18	11	11	9
Garbage	-	-	-	-	-	-	-	12	12	12
Parks & recreation										
Maintenance / recreation	24	24	26	26	23	23	20	20	24	23
Senior center	3	4	4	4	5	5	5	5	5	5
Sewer	17	17	17	19	24	24	24	24	24	23
Total	226	220	232	237	236	237	243	251	250	251

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

Function		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government											
Business licenses issued	1	3,543	3,594	3,782	3,955	4,249	4,441	4,401	4,426	4,407	4,454
Public safety											
Police											
Arrests	2	1,723	1,886	1,606	1,528	1,355	1,357	1,417	1,438	1,416	780
Fire											
Emergency responses	3	3,917	3,775	4,280	4,905	5,415	5,620	3,646	3,812	3,668	3,832
Engineering & building services											
Building construction permits issued	4	209	226	212	247	413	396	484	470	923	1,578
Library											
Materials checked out	5	193,706	177,162	177,340	174,989	162,944	149,844	167,772	167,435	166,980	155,921
Municipal court											
Traffic cases	6	4,717	3,854	3,683	2,557	2,268	2,090	2,019	1,634	2,891	3,837
Non-traffic cases	6	971	1,126	1,055	798	725	622	676	591	566	902
Sanitation											
Single homes:											
Regular garbage service	7	10,306	10,381	10,512	10,482	10,716	10,869	10,890	10,903	10,616	11,064
Sewer											
Average daily flow (gallons per day)	8	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	4,520,000

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: Engineering & 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Vehicles	1	2	2	2	3	3	3	3	2	2
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	61	62	62	74	73	83	77	89	84	85
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire vehicles	18	19	20	21	22	24	24	25	25	24
Refuse collection										
Garbage trucks	-	-	-	-	-	-	-	6	6	6
Debris trucks	2	2	3	5	6	6	6	6	8	9
Other vehicles	1	1	1	1	1	1	1	1	1	1
Public works										
Traffic signals	17	18	18	19	19	19	19	19	19	19
Vehicles	7	7	10	10	11	12	11	11	10	13
Recreation services										
Parks										
Acres	283.9	283.9	283.9	283.9	283.9	283.9	283.9	283.9	283.9	288.9
Vehicles	10	10	11	13	14	17	17	19	19	22
Sewer										
Vehicles	7	7	7	10	10	15	17	18	18	19
Pump stations	50	51	52	52	52	52	52	56	57	57