

CITY OF ALABASTER, ALABAMA

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2021

Published by

Finance Department

CITY OF ALABASTER, ALABAMA
 Annual Comprehensive Financial Report
 For the Fiscal Year Ended September 30, 2021

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Scott Brakefield
Mayor
Brian Binzer
City Administrator



Council Members
Sophie Martin
Rick Ellis
Stacy Rakestraw
Greg Farrell
Jamie Cole
Seth Gandy
Kerri Pate

City of Alabaster, Alabama

March 23, 2022

The Citizens of
The City of Alabaster
Alabaster, Alabama

The Annual Comprehensive Financial Report (ACFR) of The City of Alabaster (the City), for the fiscal year ended September 30, 2021, 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 respects 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 units. 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, 2021. 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 located entirely within Shelby County. It serves a population of approximately 33,285 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 various 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 units and why they are 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.

In March of 2021 Governor Kay Ivey signed into law Act 2021-157 which will move municipal elections off of the year of presidential elections. As part of the bill, the current elected officials will now serve until November of 2025 instead of November 2024, giving each elected official elected in the 2020 municipal elections an extra year to serve.

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 year end, per the Alabama Department of Labor, the unemployment rate for Shelby County was 1.8% while the average unemployment rate for the entire state was 3.2%.

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 14.6% over the past year. Property taxes are based on the assessed value of property within the City and increased 6.8% over the past year. Business licenses are generally based on the gross receipts of businesses within the City and have decreased by 0.2% over the past year.

During the past year, general fund expenditures for public safety have increased 9.4% and general fund expenditures for public ways and facilities have increased 11.8%. The City remains committed to providing the necessary services to citizens in the most efficient and cost-effective manner available. The City had \$7.189 million in capital improvement expenditures paid out of the capital projects fund and general fund. Payments to the Alabaster Board of Education represent 17.4% 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 component of fund balance) in the General Fund as of year end was \$12,068,163, representing 33.3% of total General Fund expenditures for the current fiscal year. 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 annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the fourth 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 annual comprehensive 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 annual comprehensive 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 annual comprehensive 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 an accurate and 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

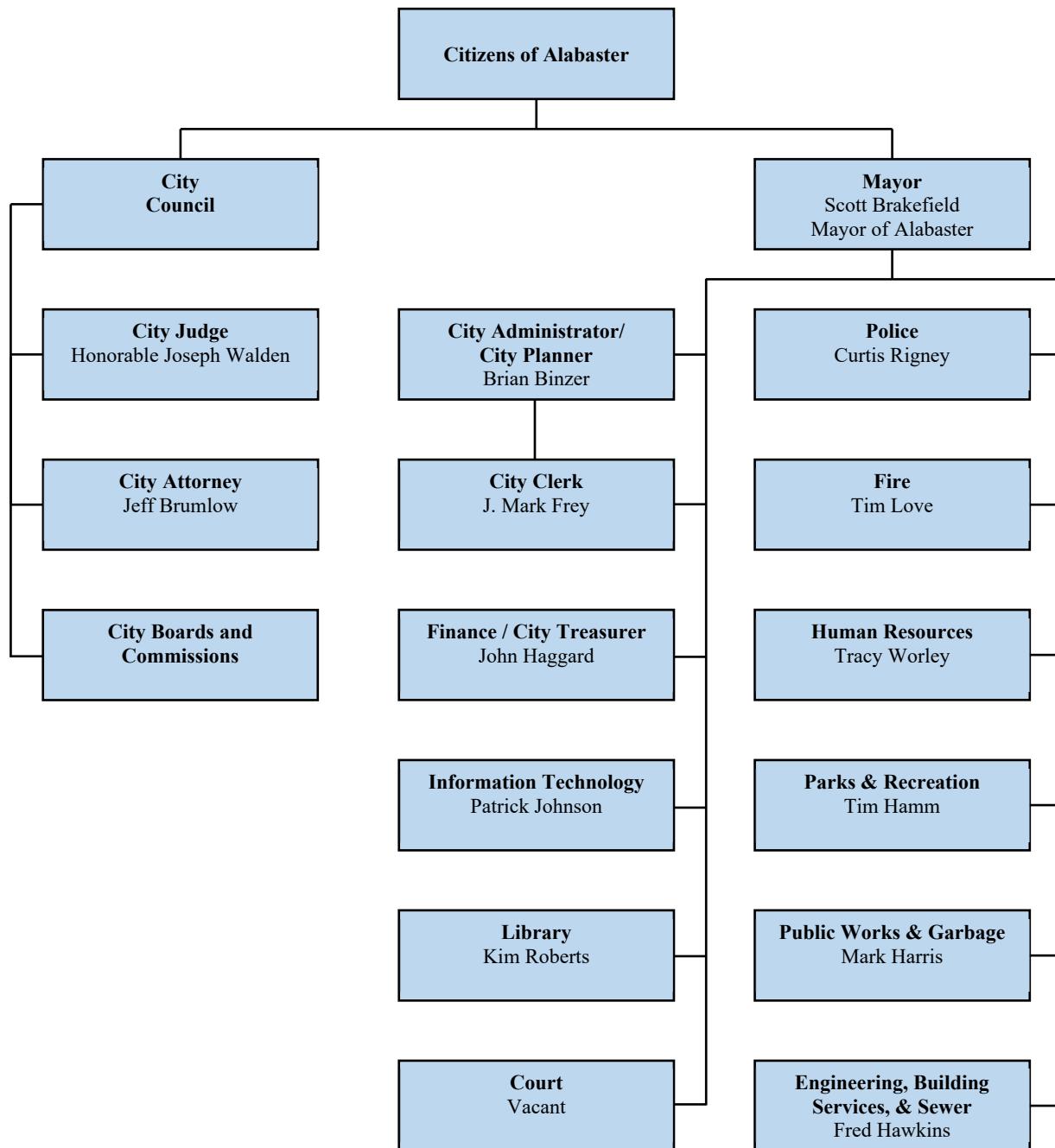
Christopher P. Morill

Executive Director/CEO

CITY OF ALABASTER, ALABAMA

Organizational Chart

September 30, 2021



CITY OF ALABASTER, ALABAMA

Elected and Appointed Officials

September 30, 2021

Elected Officials

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

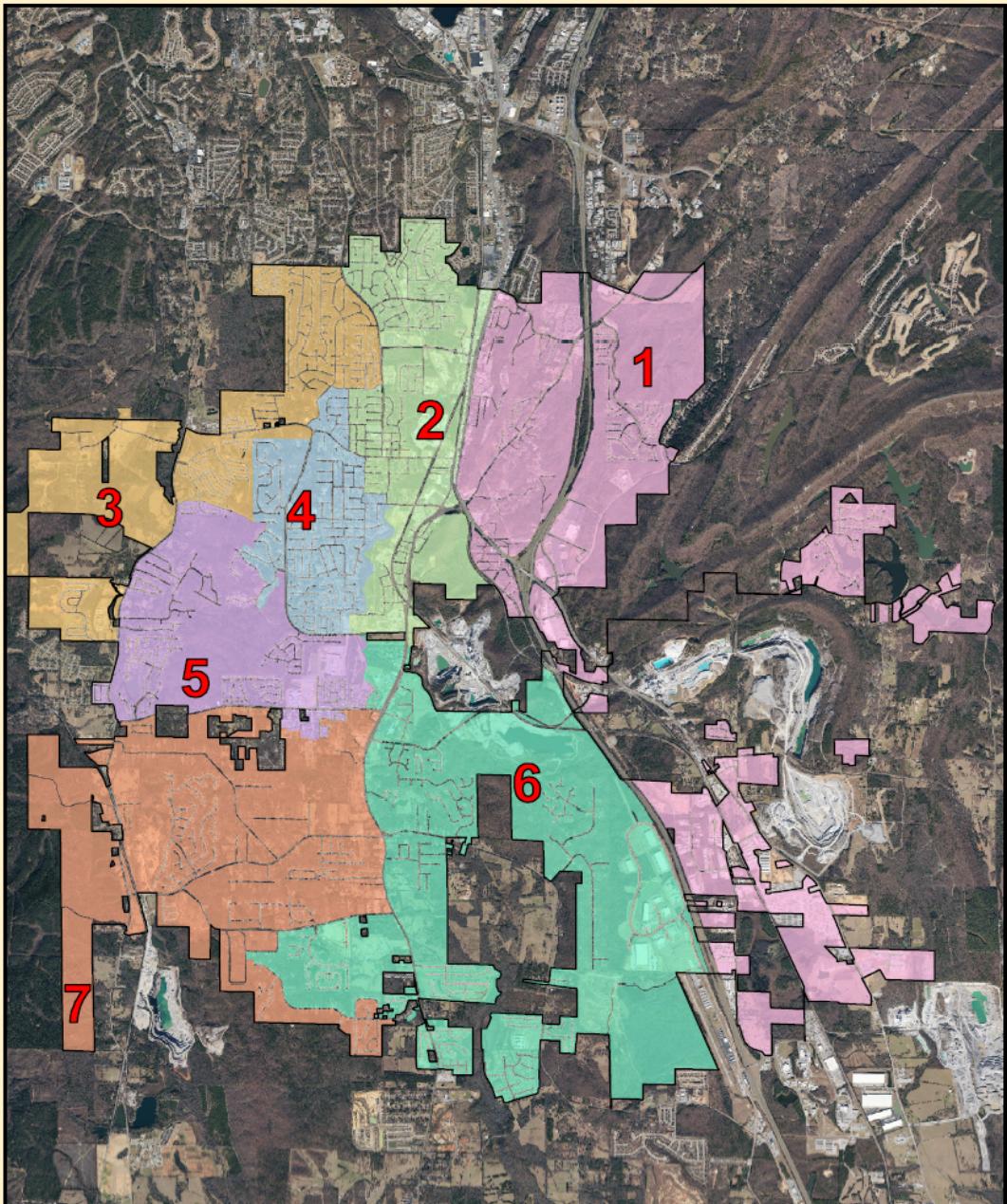
Scott Brakefield
Sophie Martin
Rick Ellis
Stacy Rakestraw
Greg Farrell
Jamie Cole
Seth Gandy
Kerri Pate

Appointed Officials

City Administrator
City Clerk
Chief of Police
Fire Chief
Treasurer

Brian Binzer
J. Mark Frey
Curtis Rigney
Tim Love
John Haggard

CITY OF ALABASTER, ALABAMA
Ward Map of the City of Alabaster, Alabama
September 30, 2021



Ward Map

0 0.25 0.5 1 1.5 2 Miles



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, 2021 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, 2021 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 74-81 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, and 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 capital projects, debt service, special revenue, and 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 March 23, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of 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.

Birmingham, Alabama
March 23, 2022

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, 2021. 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 2021 by \$70.4 million.
- The Statement of Activities shows the Primary Government received taxes and other revenue of \$54.1 million and had expenses of \$44.3 million.
- The City's governmental funds reported a combined ending fund balance of \$44 million. This is \$10 million greater than last fiscal year due to issuance of debt in the amount of \$16 million offset by revenues in excess of expenditures related to current year activities.
- The City retired \$3.2 million of outstanding debt principal through scheduled debt service payments.
- The General Fund gave the Alabaster Board of Education \$6.3 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 thirteen individual governmental funds:

- The General Fund, the Capital Projects Fund, the Debt Service Fund, the American Rescue Plan Act Fund, and the Public Building Authority (a blended component unit) 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 82 and 83 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 72 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 74 through 80 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 84 through 95.

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 82 through 83 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 \$70.4 million at the close of the recent fiscal year. Of this figure, \$59.6 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.

Management's Discussion and Analysis (unaudited)
September 30, 2021 *City of Alabaster, Alabama*

An additional portion of the City's net position, \$16 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).

The following table reflects the condensed Statement of Net Position:

City of Alabaster Statement of Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 57,633	\$ 40,702	\$ 11,084	\$ 9,826	\$ 68,717	\$ 50,528
Capital assets	65,525	56,723	34,342	34,189	99,867	90,912
Total assets	<u>123,158</u>	<u>97,425</u>	<u>45,426</u>	<u>44,015</u>	<u>168,584</u>	<u>141,440</u>
Deferred outflows of resources	8,037	6,249	859	798	8,896	7,047
Long-term liabilities	75,310	58,028	10,145	11,721	85,455	69,749
Other liabilities	13,858	10,845	1,854	1,225	15,712	12,070
Total liabilities	<u>89,168</u>	<u>68,873</u>	<u>11,999</u>	<u>12,946</u>	<u>101,167</u>	<u>81,819</u>
Deferred inflows	5,689	5,772	198	230	5,887	6,002
Net position:						
Net investment in capital assets	34,836	23,293	24,734	23,694	59,570	46,987
Restricted	13,202	19,526	2,765	3,055	15,967	22,581
Unrestricted	(11,700)	(13,790)	6,589	4,888	(5,111)	(8,902)
Total net position	<u>\$ 36,338</u>	<u>\$ 29,029</u>	<u>\$ 34,088</u>	<u>\$ 31,637</u>	<u>\$ 70,426</u>	<u>\$ 60,666</u>

For more detailed information, see the Statement of Net Position on page 26.

Management's Discussion and Analysis (unaudited)
September 30, 2021 *City of Alabaster, Alabama*

The following table reflects the revenue and expenses of the total primary government:

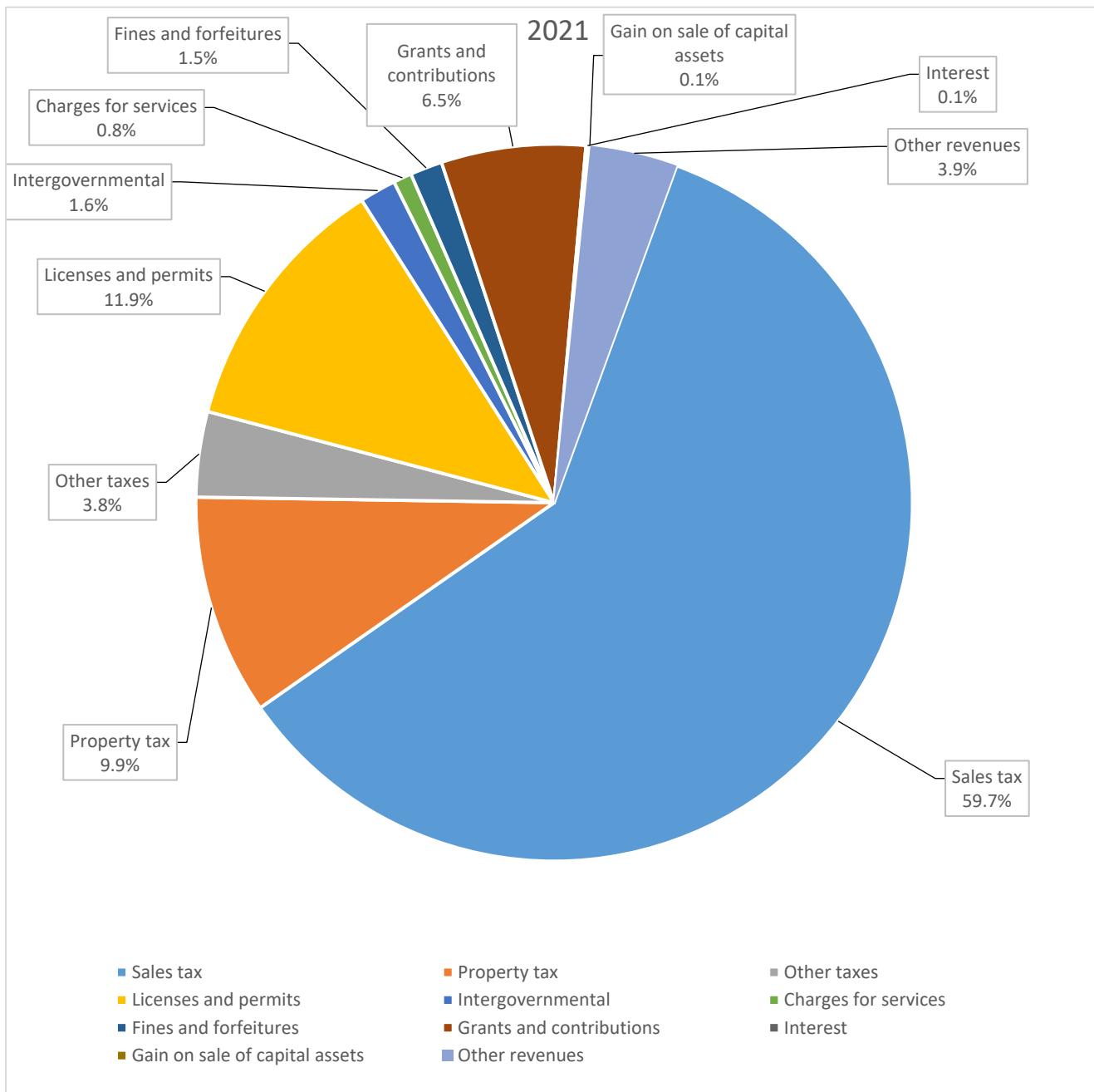
City of Alabaster Statement of Activities (in thousands)							
	Governmental		Business-type		Totals		
	Activities	2021	Activities	2021	2020	2021	2020
Revenues:							
Program revenues:							
Fees, fines, and charges for services	\$ 6,332	\$ 6,163	\$ 9,399	\$ 8,823	\$ 15,731	\$ 14,986	
Operating grants and contributions	2,862	1,270	-	-	2,862	1,270	
Capital grants and contributions	784	600	-	-	784	600	
General revenues:							
Property taxes	4,442	4,158	-	-	4,442	4,158	
Sales and use taxes	26,698	23,307	-	-	26,698	23,307	
Other taxes	1,719	1,893	-	-	1,719	1,893	
Interest	59	212	18	52	77	264	
Other revenue	1,788	1,912	-	8	1,788	1,920	
Total revenues	<u>44,684</u>	<u>39,515</u>	<u>9,417</u>	<u>8,883</u>	<u>54,101</u>	<u>48,398</u>	
Expenses:							
General government	6,315	5,691	-	-	6,315	5,691	
Public protection	17,022	15,387	-	-	17,022	15,387	
Public ways and facilities	6,036	5,456	-	-	6,036	5,456	
Interest and fiscal agent fees	6,307	1,473	-	-	6,307	1,473	
Alabaster City Schools	1,668	5,456	-	-	1,668	5,456	
Sewer Fund	-	-	5,051	4,710	5,051	4,710	
Garbage Fund	-	-	1,942	1,646	1,942	1,646	
Total expenses	<u>37,348</u>	<u>33,463</u>	<u>6,993</u>	<u>6,356</u>	<u>44,341</u>	<u>39,819</u>	
Increase in net position before transfers	7,336	6,052	2,424	2,527	9,760	8,579	
Transfers	<u>(27)</u>	<u>379</u>	<u>27</u>	<u>(379)</u>	<u>-</u>	<u>-</u>	
Change in net position	<u>7,309</u>	<u>6,431</u>	<u>2,451</u>	<u>2,148</u>	<u>9,760</u>	<u>8,579</u>	
Net position - beginning 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>	
Net position - end of year	<u><u>\$ 36,338</u></u>	<u><u>\$ 29,029</u></u>	<u><u>\$ 34,088</u></u>	<u><u>\$ 31,637</u></u>	<u><u>\$ 70,426</u></u>	<u><u>\$ 60,666</u></u>	

For more detailed information, see the Statement of Activities on page 28.

Governmental Activities

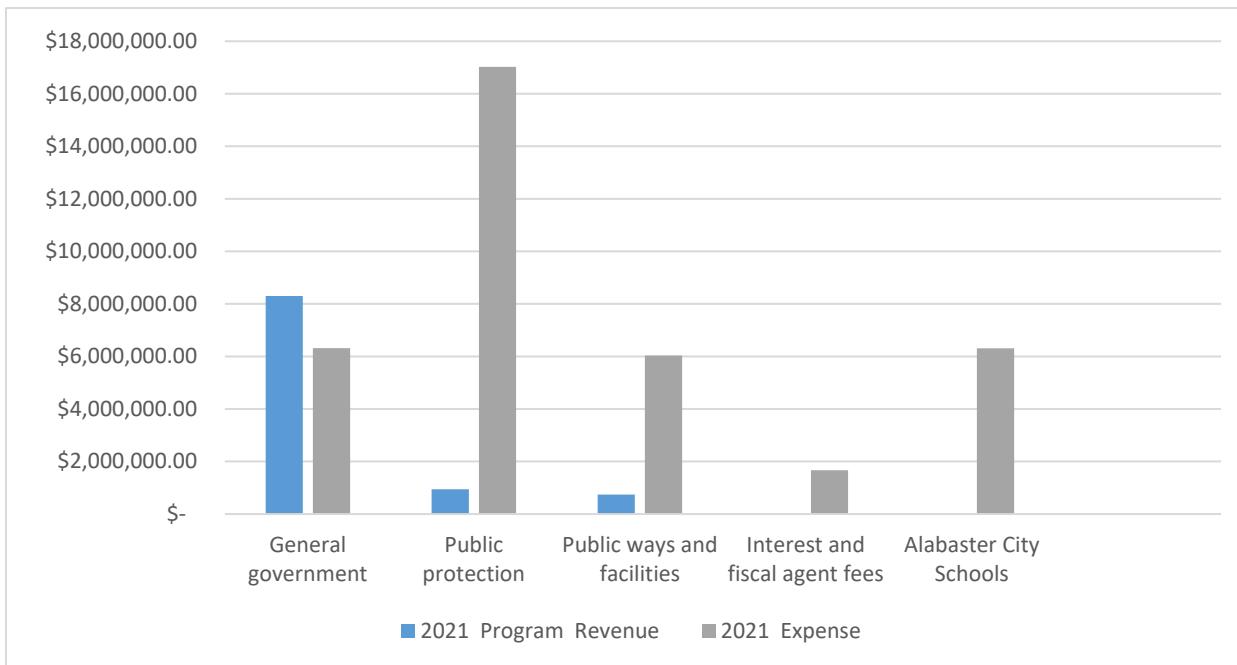
The City's governmental activities rely heavily on property taxes and sales taxes to support governmental operations. Property taxes provided 9.9% and sales taxes provided 59.7% of the City's total governmental revenues. Sales tax revenue increased by 14.6% from 2020. It should be noted that program revenues covered 26.7% of governmental operating expenses and the government's taxpayers and the City's other general revenues covered 73.3% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

Revenue - Governmental Activities



The most significant governmental expense for the City is providing public protection services such as fire and police protection. This comprised 45.6% of the total governmental expenses. Public protection expenses increased by \$1.6 million, or 10.6%, from 2020. The second largest cost incurred by the City for governmental activities is general government expenses, which is 16.9% of total governmental expenses. General government expenses increased by \$624 thousand, or 11.0%, from 2020. The total cost of all governmental activities increased by \$3.9 million, while total revenues increased by \$5.2 million.

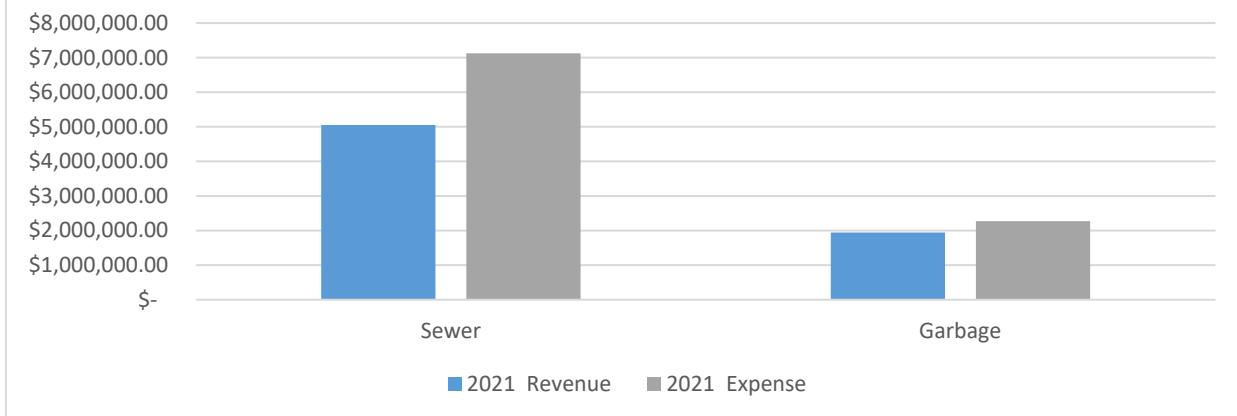
Program Revenues and Expenses - Governmental Activities



Business-Type Activities

The cost of all proprietary (business-type) activities was \$7 million, which is a \$637 thousand increase from 2020. The amount paid by users of the sewer and garbage services was \$9.4 million, which is an increase of 6.1% from 2020. This increase was primarily due to an inflationary increase in sewer and garbage rates as well as an increase in customers during 2021. Within the total business-type activities of the City, these activities reported change in net position of \$2.5 million, which is an increase of 14.1% from 2020. The overall 2021 increase in net position is primarily attributable to revenue increases larger than expense increases. They City's business-type activities are currently preparing for major capital investments within the next 3-5 years.

Business-type Activities Revenues and Expenses before Transfers and Capital Contributions



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental Funds

The combined fund balance of the City's governmental funds increased \$10.0 million in 2021. This increase was primarily due to \$2.1 million of American Rescue Plan Act funds received from the Federal Government combined with the creation of the Public Building Authority in 2021 that issued \$16 million of debt to construct a new police station within the City. The total combined fund balance of the City's governmental funds, as of September 30, 2021, was \$44.4 million. Of this amount, \$8.3 million consisted of unassigned fund balance. Nonspendable fund balance was \$135 thousand, and fund balance that was committed, generally specified in council ordinances, totaled \$3.8 million. The remainder of the total fund balance totaled \$32.2 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 \$44.7 million, an increase of 13.1% from 2020. Sales tax revenue increased by \$3.4 million or 14.6%.

Looking at each major governmental fund individually, the fund balance for the General Fund at September 30, 2021 was \$12.4 million, an increase of \$351 thousand from the prior year. This increase in fund balance was primarily attributable to a \$3.4 million increase in sales tax revenues offset by net transfers to other governmental funds totaling \$4.7 million. The fund balance at September 30, 2021 for the Capital Projects Fund was \$20.2 million, an increase of \$74 thousand. The increase was primarily attributable to transfers into the Capital Projects Fund from both the General Fund and the Public Building Authority just slightly exceeding current year capital expenditures. The fund balance for the Debt Service Fund at September 30, 2021 was \$1.5 million, an \$361 thousand increase. The increase is attributable to the fact that transfers to the Debt Service Fund from the General Fund for the purpose of funding debt service payments were greater than the yearly required debt service payments from the fund. In the current fiscal year, two new major governmental funds were added to the City. The American Rescue Plan Act fund was created to track receipts of federal grant money and associated expenditures of that grant money related to the American Rescue Plan Act passed by U.S. Congress. The Public Building Authority was created by an act of the City Council to borrow funds, construct a new police station, and then lease that police station back to the City once complete. The fund balances for the American Rescue Plan Act Fund and the Public Building Authority at September 30, 2021 were \$0 and \$8.9 million, respectively.

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 \$29.1 million and \$5 million, respectively. The total change in net position for the Sewer Fund and Garbage Fund was \$2.5 million and -\$72 thousand, respectively. The increase in net position for the Sewer Fund was primarily attributable to the payment of debt principal in the current year and capital expenditures. The allocation of funds for debt principal payments and capital expenditures means that \$2 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 \$400 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 74. 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, 2021, actual revenues for the General Fund exceeded the final budgeted amounts by \$96 thousand, or 0.2%. There are no single major contributing factors to the variance in budget to actual revenue numbers since the variance is so small.

As of September 30, 2021, actual expenditures for the General Fund exceeded the final budgeted amounts by \$246 thousand or .75%. Similar to revenues, there is no one major contributing factor to this variance given that the variance between budget and actual expenditures is so small.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of September 30, 2021, totaled \$99.8 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 2021 consisted of \$7.7 million in construction in progress towards building a new police station and park expansions. 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.

Management's Discussion and Analysis (unaudited)
September 30, 2021 *City of Alabaster, Alabama*

City of Alabaster Capital Assets (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Buildings and improvements	\$ 15,994	\$ 15,521	\$ 2,173	\$ 2,173	\$ 18,167	\$ 17,694
Equipment	3,803	3,640	23,577	22,809	27,380	26,449
Infrastructure	27,326	27,299	26,742	26,698	54,068	53,997
Vehicles	10,532	8,941	3,677	3,430	14,209	12,371
Land and improvements	18,754	18,189	722	246	19,476	18,435
Construction in progress	13,775	6,042	38	-	13,813	6,042
	<u>90,184</u>	<u>79,632</u>	<u>56,929</u>	<u>55,356</u>	<u>147,113</u>	<u>134,988</u>
Accumulated depreciation	(24,659)	(22,909)	(22,587)	(21,167)	(47,246)	(44,076)
Total	<u>\$ 65,525</u>	<u>\$ 56,723</u>	<u>\$ 34,342</u>	<u>\$ 34,189</u>	<u>\$ 99,867</u>	<u>\$ 90,912</u>

Long-Term Debt

General obligation warrants are secured by the full faith and credit of the City and payable from the proceeds of various taxes. The City continues to maintain a high bond rating from Moody's Investors Service (Aa3) and Standard & Poor's (AA). Refer to Note 6 to the financial statements for additional information on long-term debt. As of September 30, 2021, the governmental activities had outstanding warrants totaling \$54.3 million and business-type activities had outstanding warrants totaling \$10.1 million.

The City's total debt increased by \$12.2 million during the current fiscal year. This increase was due to the Public Building Authority issuing \$16 million of debt to construct a new police station offset by scheduled principal payments on other outstanding debt.

City of Alabaster Long-Term Debt (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General Obligation Warrants	\$ 37,420	\$ 40,759	\$ 10,069	\$ 11,065	\$ 47,489	\$ 51,824
Lease Revenue Bonds	16,859	-	-	-	16,859	-
Capital Lease Obligations	-	304	-	-	-	304
Total	<u>\$ 54,279</u>	<u>\$ 41,063</u>	<u>\$ 10,069</u>	<u>\$ 11,065</u>	<u>\$ 64,348</u>	<u>\$ 52,128</u>

ECONOMIC CONDITIONS AFFECTING THE CITY

For the fiscal year beginning October 1, 2021, 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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Commercial Development Authority
Assets				
Current assets				
Cash and cash equivalents	\$ 11,945,419	\$ 5,614,814	\$ 17,560,233	\$ -
Receivables, net	6,586,151	1,335,486	7,921,637	-
Prepaid expenses	121,039	-	121,039	-
Parts and supplies	-	1,201,102	1,201,102	-
Cash and cash equivalents - restricted	28,120,128	2,932,857	31,052,985	202,217
Due from other governments	10,860,000	-	10,860,000	-
Total current assets	<u>57,632,737</u>	<u>11,084,259</u>	<u>68,716,996</u>	<u>202,217</u>
Noncurrent assets				
Nondepreciable capital assets	32,529,733	760,184	33,289,917	9,359,481
Depreciable capital assets, net	32,995,370	33,581,953	66,577,323	2,926,666
Total noncurrent assets	<u>65,525,103</u>	<u>34,342,137</u>	<u>99,867,240</u>	<u>12,286,147</u>
Total assets	<u>123,157,840</u>	<u>45,426,396</u>	<u>168,584,236</u>	<u>12,488,364</u>
Deferred outflows of resources				
Deferred outflows related to pensions	4,538,848	370,742	4,909,590	-
Deferred outflows related to OPEB	3,096,812	27,999	3,124,811	-
Deferred charge on refunding	401,444	460,102	861,546	-
Total deferred outflows of resources	<u>8,037,104</u>	<u>858,843</u>	<u>8,895,947</u>	<u>-</u>
Liabilities				
Current liabilities				
Accounts payable	5,660,253	381,364	6,041,617	-
Accrued payroll and benefits	409,640	48,025	457,665	-
Accrued interest payable	643,043	167,850	810,893	-
Due (from) to other funds	(225)	225	-	-
Due to other governments	1,035,680	-	1,035,680	10,860,000
Unearned revenue	1,908,019	-	1,908,019	-
Payable from restricted assets - cash bonds	194,541	-	194,541	-
Current maturities of long-term liabilities				
Warrants and bonds payable, net	3,559,727	1,215,545	4,775,272	-
Compensated absences	446,992	40,775	487,767	-
Total current liabilities	<u>13,857,670</u>	<u>1,853,784</u>	<u>15,711,454</u>	<u>10,860,000</u>

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

CITY OF ALABASTER, ALABAMA

Statement of Net Position

September 30, 2021

(Continued)

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Commercial Development Authority	
Noncurrent liabilities					
Warrants and bonds payable, net	\$ 50,718,887	\$ 8,853,120	\$ 59,572,007	\$ -	-
Compensated absences	441,035	40,775	481,810		-
Net pension liability	13,499,747	1,205,781	14,705,528		-
Net OPEB liability	10,650,280	45,481	10,695,761		-
Total noncurrent liabilities	<u>75,309,949</u>	<u>10,145,157</u>	<u>85,455,106</u>		-
Total liabilities	<u>89,167,619</u>	<u>11,998,941</u>	<u>101,166,560</u>		<u>10,860,000</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	4,064,699	-	4,064,699		-
Deferred inflows related to pensions	1,291,812	196,646	1,488,458		-
Deferred inflows related to OPEB	332,754	1,606	334,360		-
Total deferred inflows of resources	<u>5,689,265</u>	<u>198,252</u>	<u>5,887,517</u>		-
Net position					
Net investment in capital assets	34,835,604	24,733,574	59,569,178		1,426,147
Restricted for					
Debt service	2,042,929	558,027	2,600,956		-
Capital projects	9,969,878	2,206,980	12,176,858		202,217
Library	168,044	-	168,044		-
Public protection	439,873	-	439,873		-
Infrastructure maintenance	581,581	-	581,581		-
Unrestricted	<u>(11,699,849)</u>	<u>6,589,465</u>	<u>(5,110,384)</u>		-
Total net position	<u>\$ 36,338,060</u>	<u>\$ 34,088,046</u>	<u>\$ 70,426,106</u>	<u>\$ 1,628,364</u>	

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

CITY OF ALABASTER, ALABAMA
Statement of Activities
For the Year Ended September 30, 2021

Function/Programs	Expenses							Net (Expense) Revenue and Changes in Net Position			Component Unit Commercial Development Authority				
		Program Revenues			Primary Government		Total								
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities									
Primary government															
Governmental activities															
General government	\$ 6,315,275	\$ 5,418,239	\$ 2,094,774	\$ 783,972	\$ 1,981,710	\$ -	\$ 1,981,710	\$ -	\$ -	\$ -					
Public protection	17,022,344	530,729	408,953	-	(16,082,662)	-	(16,082,662)	-	-	-					
Public ways and facilities	6,036,166	383,073	358,169	418	(5,294,506)	-	(5,294,506)	-	-	-					
Alabaster City Schools	6,306,975	-	-	-	(6,306,975)	-	(6,306,975)	-	-	-					
Interest on long-term debt	1,667,575	-	-	-	(1,667,575)	-	(1,667,575)	-	-	-					
Total governmental activities	37,348,335	6,332,041	2,861,896	784,390	(27,370,008)	-	(27,370,008)	-	-	-					
Business-type activities															
Sewer	5,050,404	7,127,323	-	-	-	2,076,919	2,076,919	-	-	-					
Garbage	1,942,266	2,272,226	-	-	-	329,960	329,960	-	-	-					
Total business-type activities	6,992,670	9,399,549	-	-	-	2,406,879	2,406,879	-	-	-					
Total primary government	\$ 44,341,005	\$ 15,731,590	\$ 2,861,896	\$ 784,390	(27,370,008)	2,406,879	2,406,879	(24,963,129)	-	-					
Component unit															
Community Development Authority	\$ 94,485	\$ -	\$ -	\$ -	-	-	-	(94,485)	-	-					
General revenues and other items															
Taxes:															
Sales					26,697,868	-	26,697,868	-	-	-					
Property					4,442,211	-	4,442,211	-	-	-					
Other					1,719,191	-	1,719,191	-	-	-					
Interest earnings					58,784	17,889	76,673	-	-	-					
Gain on disposal of capital assets					27,473	-	27,473	-	(201,493)	-					
Other revenue					1,760,085	-	1,760,085	-	7,300	-					
Transfers in (out)					(26,566)	26,566	-	-	-	-					
Total general revenues and other items	34,679,046	44,455	34,723,501	-	(194,193)	-	-	-	-	-					
Change in net position															
Net position - beginning of year	7,309,038	2,451,334	9,760,372	-	(288,678)	-	-	-	-	-					
Net position - end of year	\$ 36,338,060	\$ 34,088,046	\$ 70,426,106	\$ 1,628,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					

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

CITY OF ALABASTER, ALABAMA
Balance Sheet
Governmental Funds
September 30, 2021

	General	Capital Projects	Debt Service	American Rescue Plan Act	Public Building Authority	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 11,945,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,945,419
Taxes receivable, net	6,561,238	-	-	-	-	-	6,561,238
Other receivables	13,558	-	-	-	-	11,355	24,913
Prepaid items	121,039	-	-	-	-	-	121,039
Cash and cash equivalents - restricted	4,020,485	9,552,257	1,485,843	2,296,107	9,396,852	1,368,584	28,120,128
Due (to) from other funds	2,385	-	-	-	-	-	2,385
Due from other governments	-	10,860,000	-	-	-	-	10,860,000
Total assets	\$ 22,664,124	\$ 20,412,257	\$ 1,485,843	\$ 2,296,107	\$ 9,396,852	\$ 1,379,939	\$ 57,635,122
Liabilities							
Accounts payable	\$ 4,673,458	\$ 101,715	\$ -	\$ 388,696	\$ 489,806	\$ 6,578	\$ 5,660,253
Accrued payroll and benefits	415,596	-	-	-	-	-	415,596
Due to other governments	1,035,680	-	-	-	-	-	1,035,680
Due to other funds	-	2,160	-	-	-	-	2,160
Unearned revenue	608	-	-	1,907,411	-	-	1,908,019
Payable from restricted assets - cash bonds	52,284	-	-	-	-	142,257	194,541
Total liabilities	\$ 6,177,626	103,875	-	2,296,107	489,806	148,835	9,216,249
Deferred inflows of resources							
Property taxes levied for subsequent year	4,064,699	-	-	-	-	-	4,064,699
Total deferred inflows of resources	4,064,699	-	-	-	-	-	4,064,699
Fund balance							
Nonspendable:							
Other receivables	13,558	-	-	-	-	-	13,558
Prepaid expenses	121,039	-	-	-	-	-	121,039
Restricted for:							
Debt service	-	-	1,485,843	-	557,086	-	2,042,929
Capital improvements	-	20,308,382	-	-	8,349,960	260,645	28,918,987
Library	167,305	-	-	-	-	739	168,044
Public protection	51,734	-	-	-	-	388,139	439,873
Infrastructure maintenance	-	-	-	-	-	581,581	581,581
Committed for:							
City Board of Education	516,329	-	-	-	-	-	516,329
Alabaster reserve fund	3,285,117	-	-	-	-	-	3,285,117
Unassigned	8,266,717	-	-	-	-	-	8,266,717
Total fund balance	\$ 12,421,799	20,308,382	\$ 1,485,843	-	\$ 8,907,046	\$ 1,231,104	\$ 44,354,174
Total liabilities, deferred inflows of resources and fund balance	\$ 22,664,124	\$ 20,412,257	\$ 1,485,843	\$ 2,296,107	\$ 9,396,852	\$ 1,379,939	\$ 57,635,122

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, 2021

Total fund balances - governmental funds \$ 44,354,174

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	90,184,670
Less accumulated depreciation	<u>(24,659,567)</u>
	65,525,103

Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid. (643,043)

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	(36,275,000)
Lease revenue bonds	(16,030,000)
Warrant discounts and premiums	(1,973,614)
Deferred outflow of resources for deferred charges	401,444
Deferred outflows of resources for pensions	4,538,848
Deferred outflows of resources for OPEB	3,096,812
Deferred inflows related to pensions	(1,291,812)
Deferred inflows related to OPEB	(332,754)
Compensated absences	(882,071)
Net pension liability	(13,499,747)
Net OPEB liability	<u>(10,650,280)</u>
	<u>(72,898,174)</u>

Total net position - governmental activities \$ 36,338,060

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, 2021

	General	Capital Projects	Debt Service	American Rescue Plan Act	Public Building Authority	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes							
Sales and use	\$ 26,697,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,697,868
Property	4,442,211	-	-	-	-	-	4,442,211
Other	1,719,191	-	-	-	-	-	1,719,191
Licenses and permits	5,312,364	-	-	-	-	-	5,312,364
Intergovernmental	408,953	-	-	-	-	326,082	735,035
Charges for services	370,409	-	-	-	-	-	370,409
Fines and forfeitures	529,124	-	-	-	-	120,144	649,268
Donations, gifts, and grants	26,321	783,972	-	2,068,871	-	32,087	2,911,251
Interest	32,591	21,877	191	-	1,928	2,197	58,784
Other	1,751,629	-	-	-	-	8,456	1,760,085
Total revenue	<u>41,290,661</u>	<u>805,849</u>	<u>191</u>	<u>2,068,871</u>	<u>1,928</u>	<u>488,966</u>	<u>44,656,466</u>
Expenditures							
General government	8,653,183	-	-	803,697	-	-	9,456,880
Public protection	15,217,634	-	-	-	-	58,874	15,276,508
Public ways and facilities	4,973,587	58,988	-	-	-	31,383	5,063,958
Alabaster City Schools	6,306,975	-	-	-	-	-	6,306,975
Capital outlay	742,183	6,447,575	-	-	3,602,367	-	10,792,125
Debt service							
Principal retirement	304,189	-	3,190,000	-	-	-	3,494,189
Interest and fees	20,027	-	1,176,926	-	392,739	-	1,589,692
Total expenditures	<u>36,217,778</u>	<u>6,506,563</u>	<u>4,366,926</u>	<u>803,697</u>	<u>3,995,106</u>	<u>90,257</u>	<u>51,980,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,072,883</u>	<u>(5,700,714)</u>	<u>(4,366,735)</u>	<u>1,265,174</u>	<u>(3,993,178)</u>	<u>398,709</u>	<u>(7,323,861)</u>
Other financing sources (uses)							
Proceeds from sale of capital assets	27,473	-	-	-	-	-	27,473
Issuance of warrants	-	-	-	-	16,030,000	-	16,030,000
Premiums from issuance of warrants	-	-	-	-	878,330	-	878,330
Payments to refund warrant	-	-	-	-	-	-	-
Transfers in	1,744,529	5,774,583	4,727,535	-	766,477	-	13,013,124
Transfers out	(6,494,012)	-	-	(1,265,174)	(4,774,583)	(75,000)	(12,608,769)
Total other financing sources (uses)	<u>(4,722,010)</u>	<u>5,774,583</u>	<u>4,727,535</u>	<u>(1,265,174)</u>	<u>12,900,224</u>	<u>(75,000)</u>	<u>17,340,158</u>
Net change in fund balance	350,873	73,869	360,800	-	8,907,046	323,709	10,016,297
Fund balance - beginning of year	<u>12,070,926</u>	<u>20,234,513</u>	<u>1,125,043</u>	<u>-</u>	<u>-</u>	<u>907,395</u>	<u>34,337,877</u>
Fund balance - end of year	<u>\$ 12,421,799</u>	<u>\$ 20,308,382</u>	<u>\$ 1,485,843</u>	<u>\$ -</u>	<u>\$ 8,907,046</u>	<u>\$ 1,231,104</u>	<u>\$ 44,354,174</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, 2021

Net changes in fund balances - governmental funds	\$ 10,016,297
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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	10,792,125	
Less depreciation expense	<u>(1,990,436)</u>	8,801,689

The proceeds from the sale of capital assets (\$27,473) are reported as other
 financing sources in the governmental funds. However, the net book value of
 the capital assets (\$0) 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 \$27,473.

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	3,494,189	
Issuance of warrants	<u>(16,030,000)</u>	(16,030,000)
Premium on issuance of warrants	(878,330)	(878,330)
Warrant discount, premiums and deferred amount on refunding	<u>141,979</u>	(13,272,162)

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	26,762	
Net increase in pension expense	<u>(744,726)</u>	(744,726)
Net decrease in claims payable	3,800,000	3,800,000
Net increase in post-employment benefit payable	<u>(1,098,959)</u>	(1,098,959)
Decrease in accrued interest	<u>(219,863)</u>	1,763,214

Change in net position - governmental activities	<u>\$ 7,309,038</u>
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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, 2021

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 4,510,356	\$ 1,104,458	\$ 5,614,814
Receivables, net	997,990	337,496	1,335,486
Parts and supplies	-	1,201,102	1,201,102
Cash and cash equivalents - restricted	2,932,857	-	2,932,857
Total current assets	<u>8,441,203</u>	<u>2,643,056</u>	<u>11,084,259</u>
Noncurrent assets			
Nondepreciable capital assets	760,184	-	760,184
Depreciable capital assets, net	30,881,680	2,700,273	33,581,953
Total noncurrent assets	<u>31,641,864</u>	<u>2,700,273</u>	<u>34,342,137</u>
Total assets	<u>40,083,067</u>	<u>5,343,329</u>	<u>45,426,396</u>
Deferred outflows of resources			
Deferred outflows related to pensions	285,556	85,186	370,742
Deferred outflows related to OPEB	-	27,999	27,999
Deferred charge on refunding	460,102	-	460,102
Total deferred outflows of resources	<u>745,658</u>	<u>113,185</u>	<u>858,843</u>
Liabilities			
Current liabilities			
Accounts payable	341,223	40,141	381,364
Accrued payroll and benefits	35,128	12,897	48,025
Accrued interest	167,850	-	167,850
Due to other funds	225	-	225
Current maturities of long-term liabilities			
Warrants payable	1,215,545	-	1,215,545
Compensated absences	30,999	9,776	40,775
Total current liabilities	<u>1,790,970</u>	<u>62,814</u>	<u>1,853,784</u>
Noncurrent liabilities			
Warrants payable, net	8,853,120	-	8,853,120
Compensated absences	30,999	9,776	40,775
Net pension liability	879,379	326,402	1,205,781
Net OPEB liability	-	45,481	45,481
Total noncurrent liabilities	<u>9,763,498</u>	<u>381,659</u>	<u>10,145,157</u>
Total liabilities	<u>11,554,468</u>	<u>444,473</u>	<u>11,998,941</u>
Deferred inflows of resources			
Deferred inflows related to pensions	181,429	15,217	196,646
Deferred inflows related to OPEB	-	1,606	1,606
Total deferred inflows of resources	<u>181,429</u>	<u>16,823</u>	<u>198,252</u>
Net position			
Net investment in capital assets	22,033,301	2,700,273	24,733,574
Restricted for:			
Debt service	558,027	-	558,027
Capital improvements	2,206,980	-	2,206,980
Unrestricted	4,294,520	2,294,945	6,589,465
Total net position	<u>\$ 29,092,828</u>	<u>\$ 4,995,218</u>	<u>\$ 34,088,046</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, 2021

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Operating revenues			
Charges for services	\$ 7,127,323	\$ 2,272,226	\$ 9,399,549
Total operating revenues	<u>7,127,323</u>	<u>2,272,226</u>	<u>9,399,549</u>
Operating expenses			
Administration, operations, and maintenance	3,621,557	1,659,995	5,281,552
Depreciation and amortization	1,211,118	282,271	1,493,389
Total operating expenses	<u>4,832,675</u>	<u>1,942,266</u>	<u>6,774,941</u>
Operating income	<u>2,294,648</u>	<u>329,960</u>	<u>2,624,608</u>
Nonoperating revenues (expenses)			
Interest income	15,470	2,419	17,889
Interest expense	(217,729)	-	(217,729)
Total nonoperating revenues (expenses)	<u>(202,259)</u>	<u>2,419</u>	<u>(199,840)</u>
Income before transfers	2,092,389	332,379	2,424,768
Transfers out	<u>430,921</u>	<u>(404,355)</u>	<u>26,566</u>
	<u>430,921</u>	<u>(404,355)</u>	<u>26,566</u>
Change in net position	2,523,310	(71,976)	2,451,334
Net position - beginning of year	<u>26,569,518</u>	<u>5,067,194</u>	<u>31,636,712</u>
Net position - end of year	<u>\$ 29,092,828</u>	<u>\$ 4,995,218</u>	<u>\$ 34,088,046</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, 2021

Cash flows from operating activities

Cash received from customers
Cash paid to suppliers for goods and services
Cash paid to employees
Net cash provided by operating activities

Business-type Activities - Enterprise Funds		
Sewer	Garbage	Totals
\$ 6,997,133	\$ 2,283,891	\$ 9,281,024
(1,951,993)	(716,819)	(2,668,812)
(1,941,153)	(912,306)	(2,853,459)
<u>3,103,987</u>	<u>654,766</u>	<u>3,758,753</u>

Cash flows from noncapital financing activities

Transfers to other funds
Net cash provided (used) by noncapital financing activities

430,921	(404,355)	26,566
<u>430,921</u>	<u>(404,355)</u>	<u>26,566</u>

Cash flows from capital and related financing activities

Purchase of property, plant, and equipment
Principal payments on debt
Interest payments on debt
Net cash used by capital and related financing activities

(1,503,159)	(142,956)	(1,646,115)
(775,000)	-	(775,000)
(242,292)	-	(242,292)
<u>(2,520,451)</u>	<u>(142,956)</u>	<u>(2,663,407)</u>

Cash flows from investing activities

Interest on cash and investments
Net cash provided by investing activities
Net increase in cash and cash equivalents
Cash and cash equivalents - beginning of year
Cash and cash equivalents - end of year

15,470	2,419	17,889
<u>15,470</u>	<u>2,419</u>	<u>17,889</u>
1,029,927	109,874	1,139,801
6,413,286	994,584	7,407,870
<u>\$ 7,443,213</u>	<u>\$ 1,104,458</u>	<u>\$ 8,547,671</u>

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 2,294,648	\$ 329,960	\$ 2,624,608
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,211,118	282,271	1,493,389
(Increase) decrease in:			
Accounts receivable	(130,190)	(39,196)	(169,386)
Prepaid expenses	-	50,861	50,861
Increase (decrease) in:			
Accounts payable	82,623	3,304	85,927
Accrued payroll and related liabilities	(354,212)	27,566	(326,646)
Net cash provided by operating activities	<u>\$ 3,103,987</u>	<u>\$ 654,766</u>	<u>\$ 3,758,753</u>

Reconciliation of cash and cash equivalents

Cash and cash equivalents	\$ 4,510,356	\$ 1,104,458	\$ 5,614,814
Cash and cash equivalents - restricted	2,932,857	-	2,932,857
Total cash and cash equivalents - end of year	<u>\$ 7,443,213</u>	<u>\$ 1,104,458</u>	<u>\$ 8,547,671</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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The City's reporting entity applies all relevant GASB pronouncements. In preparing the financial statements, management evaluated subsequent events through March 23, 2022, 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.

Blended Component Unit

Public Building Authority (PBA) - The Public Building Authority was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of land and buildings within the City. City staff provides management assistance to the PBA. The funds of the PBA have been included in the Governmental Activities in the financial statements. The Board of Directors of the PBA are appointed by the City Council. Although it is legally separated from the City, the PBA is reported as if it were part of the primary government because its primary purpose is to issue revenue bonds to finance major capital improvements on behalf of the City.

Discretely Presented Component Unit

Commercial Development Authority (CDA) - The CDA was created by Act of the Alabama Legislature to acquire, own, and lease property and other assets 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 CDA is a legally separate, tax-exempt entity that raises and holds economic resources for the direct benefit of the governmental unit. The economic resources held by the CDA are entirely for the direct benefit of the primary government. The primary government is entitled to a majority of the economic resources received or held by the CDA. The economic resources held by the CDA that the primary government is entitled to are significant to the primary government.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting - Continued

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.

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, 2021
(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.

American Rescue Plan Act (ARPA) Fund - To account for grant proceeds and expenditures related to the City's American Rescue Act plan funding.

Public Building Authority Fund - To account for financial resources, including debt service, that are received and used for the acquisition, construction, or improvement of land and buildings.

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:

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

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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).

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 Annual Comprehensive 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.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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, 2021
(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, 2021 were insured.

NOTE 3 - RECEIVABLES AND PAYABLES

Receivables consisted of the following at September 30, 2021:

	Governmental Activities	Business-type Activities	Total
Taxes	\$ 6,561,238	\$ -	\$ 6,561,238
Customers	-	1,428,564	1,428,564
Other	24,913	-	24,913
Gross receivables	6,586,151	1,428,564	8,014,715
Less: allowance for uncollectible accounts	-	(93,078)	(93,078)
Net receivables	<u><u>\$ 6,586,151</u></u>	<u><u>\$ 1,335,486</u></u>	<u><u>\$ 7,921,637</u></u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2021

(Continued)

NOTE 3 - RECEIVABLES AND PAYABLES - Continued

Payables consisted of the following at September 30, 2021:

	Governmental Activities	Business-type Activities	Total
Trade	\$ 985,042	\$ 381,364	\$ 1,366,406
Capital assets	591,521	-	591,521
Claims payable	4,083,690	-	4,083,690
Net payables	<u><u>\$ 5,660,253</u></u>	<u><u>\$ 381,364</u></u>	<u><u>\$ 6,041,617</u></u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities consisted of the following for the year ended September 30, 2021:

	Governmental Activities		
	October 1, 2020	Additions	Disposals
Depreciable assets			
Buildings and improvements	\$ 15,521,542	\$ 472,008	\$ -
Equipment	3,639,734	189,679	26,700
Infrastructure	27,298,889	27,481	-
Vehicles	8,940,960	1,804,795	213,451
	<u>55,401,125</u>	<u>2,493,963</u>	<u>240,151</u>
Less accumulated depreciation			
Buildings and improvements	7,492,138	519,136	-
Equipment	2,574,221	242,224	26,700
Infrastructure	6,677,845	547,070	-
Vehicles	6,165,078	682,006	213,451
	<u>22,909,282</u>	<u>1,990,436</u>	<u>240,151</u>
	<u>32,491,843</u>	<u>503,527</u>	<u>-</u>
Nondepreciable assets			
Land and improvements	18,189,311	565,000	-
Construction in progress	6,042,260	7,733,162	-
	<u>24,231,571</u>	<u>8,298,162</u>	<u>-</u>
	<u>\$ 56,723,414</u>	<u>\$ 8,801,689</u>	<u>\$ -</u>
			<u>\$ 65,525,103</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 4 - CAPITAL ASSETS - Continued

Capital asset activity for business-type activities consisted of the following for the year ended September 30, 2021:

	Business-type Activities			
	October 1, 2020	Additions	Disposals	September 30, 2021
Depreciable assets				
Buildings and improvements	\$ 2,173,392	\$ -	\$ -	\$ 2,173,392
Equipment	22,808,623	768,484	-	23,577,107
Infrastructure	26,698,131	43,801	-	26,741,932
Vehicles	3,430,230	319,416	73,232	3,676,414
	<u>55,110,376</u>	<u>1,131,701</u>	<u>73,232</u>	<u>56,168,845</u>
Less accumulated depreciation				
Buildings and improvements	159,496	57,847	-	217,343
Equipment	9,872,971	515,386	-	10,388,357
Infrastructure	9,556,012	553,048	-	10,109,060
Vehicles	1,578,256	367,108	73,232	1,872,132
	<u>21,166,735</u>	<u>1,493,389</u>	<u>73,232</u>	<u>22,586,892</u>
	<u>33,943,641</u>	<u>(361,688)</u>	<u>-</u>	<u>33,581,953</u>
Nondepreciable assets				
Land and improvements	245,770	476,084	-	721,854
Construction in progress	-	38,330	-	38,330
	<u>245,770</u>	<u>514,414</u>	<u>-</u>	<u>760,184</u>
	<u>\$ 34,189,411</u>	<u>\$ 152,726</u>	<u>\$ -</u>	<u>\$ 34,342,137</u>

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

Governmental activities

General government	\$ 478,675
Public protection	682,816
Public ways and facilities	828,945
	<u>\$ 1,990,436</u>

Business-type activities

Sewer	\$ 1,211,118
Garbage	282,271
	<u>\$ 1,493,389</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
 September 30, 2021
 (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, 2021:

	Governmental Activities		
	October 1, 2020	Additions	Disposals
Depreciable assets			September 30, 2021
Infrastructure	\$ 4,000,000	\$ -	\$ 4,000,000
Less accumulated depreciation			
Infrastructure	993,334	80,000	1,073,334
	<u>3,006,666</u>	<u>(80,000)</u>	<u>2,926,666</u>
Nondepreciable assets			
Land and improvements	10,437,606	-	1,078,125
	<u>\$ 13,444,272</u>	<u>\$ (80,000)</u>	<u>\$ 12,286,147</u>

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, 2021.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund payables and receivables consisted of the following at September 30, 2021:

	Interfund Receivables (Payables)
General Fund	\$ 2,385
Capital Projects Fund	(2,160)
Sewer	(225)
	<u>\$ -</u>

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

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2021

(Continued)

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund transfers consisted of the following during the year ended September 30, 2021:

Transfer out	Transfer In				Public Building Authority (PBA)	Total transfers out
	General	Capital Projects	Debt Service			
General Fund	\$ -	\$ 1,000,000	\$ 4,727,535	\$ 766,477	\$ 6,494,012	
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
American Rescue Plan Act	1,265,174	-	-	-	-	1,265,174
Public Building Authority	-	4,774,583	-	-	-	4,774,583
Other Governmental	75,000	-	-	-	-	75,000
Sewer	430,921	-	-	-	-	430,921
Garbage	404,355	-	-	-	-	404,355
Total transfers in	\$ 2,175,450	\$ 5,774,583	\$ 4,727,535	\$ 766,477		\$ 13,444,045

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, 2021
 (Continued)

NOTE 6 - LONG-TERM DEBT - Continued

The general obligation warrants payable for governmental activities consisted of the following at September 30, 2021:

	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%	\$ 165,000
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%	1,215,000
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%	3,150,000
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%	2,170,000
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%	8,810,000
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%	<u>6,085,000</u>
Total warrants payable	36,275,000
Deferred amounts for:	
Unamortized premiums	1,170,960
Unamortized discounts	(26,354)
Total warrants payable, net	<u><u>\$ 37,419,606</u></u>

CITY OF ALABASTER, ALABAMA
 Notes to the Financial Statements
 September 30, 2021
 (Continued)

NOTE 6 - LONG-TERM DEBT - Continued

The lease revenue bonds payable for governmental activities consisted of the following at September 30, 2021:

	Governmental Activities
Series 2020 Lease Revenue Bonds, dated October 6, 2020, due in semi-annual payments through October 1, 2050, bearing interest rates of 2.00% to 4.00%	16,030,000
Deferred amounts for:	
Unamortized premiums	829,008
Total revenue bonds payable, net	<u><u>\$ 16,859,008</u></u>

The general obligation warrants payable for business-type activities consisted of the following at September 30, 2021:

	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%	\$ 9,180,000
Deferred amounts for:	
Unamortized premiums	888,665
Total warrants payable, net	<u><u>\$ 888,665</u></u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
 September 30, 2021
 (Continued)

NOTE 6 - LONG-TERM DEBT - Continued

Future principal and interest requirements of the general obligation warrants and lease revenue bonds for governmental activities consist of the following for the years ending September 30:

	Governmental Activities			
	General Obligation Warrants		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 3,045,000	\$ 1,093,070	\$ 320,000	\$ 446,477
2023	3,105,000	1,020,196	325,000	467,735
2024	3,175,000	952,335	335,000	461,235
2025	3,255,000	873,277	345,000	454,535
2026	3,320,000	785,742	355,000	440,735
2027-2031	16,320,000	2,418,157	2,015,000	1,978,075
2032-2036	4,055,000	163,700	2,455,000	1,545,375
2037-2041	-	-	2,875,000	1,123,025
2042-2046	-	-	3,290,000	705,215
2047-2051	-	-	3,715,000	283,250
	\$ 36,275,000	\$ 7,306,477	\$ 16,030,000	\$ 7,905,657

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

	Business-type Activities		
	Principal	Interest	
2022	\$ 1,015,000	\$ 335,700	
2023	1,050,000	305,250	
2024	1,085,000	273,750	
2025	1,115,000	241,200	
2026	1,155,000	196,600	
2027-2031	3,760,000	304,600	
	\$ 9,180,000	\$ 1,657,100	

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2021

(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

Changes in long-term liabilities for governmental activities consisted of the following at September 30, 2021:

Governmental Activities	October 1, 2020	Additions	Retirements	September 30, 2021	Due within one year
Warrants payable					
General obligation warrants	\$39,465,000	\$ -	\$ 3,190,000	\$ 36,275,000	\$ 3,045,000
Lease revenue bonds	- -	16,030,000	- -	16,030,000	320,000
Less: discounts and premiums, net	1,293,782	878,330	198,498	1,973,614	194,727
Total warrants payable	<u>40,758,782</u>	<u>16,908,330</u>	<u>3,388,498</u>	<u>54,278,614</u>	<u>3,559,727</u>
Capital leases payable	304,189	- -	304,189	- -	- -
Compensated absences	919,787	433,941	465,701	888,027	446,992
	<u>\$41,982,758</u>	<u>\$ 17,342,271</u>	<u>\$ 4,158,388</u>	<u>\$ 55,166,641</u>	<u>\$ 4,006,719</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.

The Series 2020 Bonds are special, limited obligations of The Public Building Authority of the City of Alabaster (the "PBA"), a blended component unit, and are payable solely from, and secured by a pledge of, the revenues and receipts derived by the PBA from the leasing of facilities by the City of Alabaster (the "City") defined in the lease revenue bond documents. Lease revenue bond payments made from the General Fund to the Public Building Authority are included in operating transfers.

Changes in long-term liabilities for business-type activities consisted of the following at September 30, 2021:

Business-type Activities	October 1, 2020	Additions	Retirements	September 30, 2021	Due within one year
Warrants payable					
General obligation warrants	\$ 9,955,000	\$ - -	\$ 775,000	\$ 9,180,000	\$ 1,015,000
Less: discounts and premiums, net	1,109,907	- -	221,242	888,665	200,545
Total warrants payable	<u>11,064,907</u>	<u>- -</u>	<u>996,242</u>	<u>10,068,665</u>	<u>1,215,545</u>
Compensated absences	80,613	41,243	40,306	81,550	40,775
	<u>\$11,145,520</u>	<u>\$ 41,243</u>	<u>\$ 1,036,548</u>	<u>\$ 10,150,215</u>	<u>\$ 1,256,320</u>

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

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, 2021, \$24,430,000 of defeased bonds and warrants remained outstanding.

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 \$681,991 at September 30, 2021 for those fees collected during the month of September.

During the year ended September 30, 2021, the City recognized a total of \$9,399,549 in sewer and garbage fees collected by the Water Board.

At September 30, 2021, the CDA owed the Capital Projects Fund \$10,860,000. 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

In a prior year, the City entered into three lease agreements to finance the purchases of police vehicles and fire trucks. As of September 30, 2021, principal amounts due related to capital lease obligations totaled \$0. Interest expense paid under the capital lease agreement totaled \$4,252 during the year ended September 30, 2021.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(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 valuation took into account amendments to the System effective through the valuation date. 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, 2021

(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.

Act 2019-132 allowed local employers that participate in the System to elect to provide Tier 1 retirement benefits to their Tier 2 employees, upon approval by the Board of Control, and is reflected in the valuations prepared for the individual employers. The City of Alabaster elected to provide Tier 1 benefits to Tier 2 employees. As a result, effective October 1, 2020, the benefits provided to Tier 2 employees are the same as those provided to Tier 1 employees.

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.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 9 - PENSION PLAN - Continued

Benefits Provided - Continued

The ERS serves approximately 907 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	28,672
Terminated employees entitled to but not yet receiving benefits	1,974
Terminated employees not entitled to a benefit	14,133
Active members	56,369
Post-DROP participants who are still in active service	97
	<hr/> <hr/> <hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/> <hr/> <hr/>

The City's membership as of the measurement date of September 30, 2020 consisted of:

Retired members or their beneficiaries currently receiving benefits	68
Vested inactive members	6
Non-vested inactive members	36
Active members	243
Post-DROP participants who are still in active service	<hr/> <hr/> <hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/> <hr/> <hr/>

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. City of Alabaster did not elect to increase contribution rates for its 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.

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 9 - PENSION PLAN - Continued

Contributions - Continued

In accordance with the provisions of Act 2019-132, the City's Tier 2 covered members of the ERS contribute 7.5% of earnable compensation to the ERS. The City's Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.5% of earnable compensation.

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, 2021, the City's active employee contribution rate was 6.35% of covered employee payroll for Tier 1 members and 5.81% for Tier 2 employees, and the City's average contribution rate to fund the normal and accrued liability costs was 8.86% of pensionable payroll for Tier 1 members and 9.25% of pensionable payroll for Tier 2 members.

The City's contractually required contribution rate for the year ended September 30, 2021 was 9.71% of pensionable pay for Tier 1 employees, and 6.29% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2018, 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 \$1,427,593 for the year ended September 30, 2021.

CITY OF ALABASTER, ALABAMA
 Notes to the Financial Statements
 September 30, 2021
 (Continued)

NOTE 9 - PENSION PLAN - Continued

Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2019, rolled forward to September 30, 2020, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Act 2019-132</u>	<u>Act 2019-132</u>
(a) Total pension liability as of September 30, 2019	\$ 49,577,796	\$ 50,648,163	\$ 51,168,374
(b) Discount rate	7.70%	7.70%	7.70%
(c) Entry age normal cost for the period October 1, 2019 - September 30, 2020	1,307,609	1,307,609	1,411,733
(d) Transfers among employers:	-	(15,045)	(15,045)
(e) Actual benefit payments and refunds for the period October 1, 2019 - September 30, 2020	<u>(2,113,929)</u>	<u>(2,113,929)</u>	<u>(2,113,929)</u>
(f) Total pension liability as of September 30, 2020 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 52,507,580</u>	<u>\$ 53,645,320</u>	<u>\$ 54,309,712</u>
(g) Difference between expected and actual:		\$ 1,137,740	
(h) Less liability transferred for immediate recognition:		(15,045)	
(i) Difference between expected and actual experience (gain)/loss = (g) - (h)		<u>\$ 1,152,785</u>	

Actuarial Assumptions

The total pension liability, as of September 30, 2020, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. 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, 2021
(Continued)

NOTE 9 - PENSION PLAN - Continued

Actuarial Assumptions - 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, 2018, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	17.0%	4.4%
U.S. large stocks	32.0%	8.0%
U.S. mid stocks	9.0%	10.0%
U.S. small stocks	4.0%	11.0%
International developed market stocks	12.0%	9.5%
International emerging market stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real estate	10.0%	7.5%
Cash	3.0%	1.5%
	100.0%	

*Includes assumed rate of inflation of 2.50%.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(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, 2019	\$ 49,577,796	\$ 37,489,175	\$ 12,088,621
Changes for the year:			
Service cost	1,307,609	-	1,307,609
Interest	3,736,104	-	3,736,104
Changes of benefit terms	664,392	-	664,392
Difference between expected and actual experience	1,152,785	-	1,152,785
Contributions - employer	-	1,244,513	(1,244,513)
Contributions - employee	-	857,988	(857,988)
Net investment income	-	2,141,482	(2,141,482)
Benefits of payments, including refunds of employee contributions	(2,113,929)	(2,113,929)	-
Transfers among employers	(15,045)	(15,045)	-
Net changes:	4,731,916	2,115,009	2,616,907
Balances at September 30, 2020	<u>\$ 54,309,712</u>	<u>\$ 39,604,184</u>	<u>\$ 14,705,528</u>

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2021
(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	\$ 21,819,589	\$ 14,705,528	\$ 8,769,088

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. 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, 2021
 (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, 2021, the City recognized pension expense of \$2,227,281. At September 30, 2021, 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	\$ 1,271,594	\$ 1,488,458
Changes of assumptions	991,315	-
Net difference between projected and actual earnings on pension plan investments	1,219,088	-
Employer contributions subsequent to the measurement date	<u>1,427,593</u>	<u>-</u>
	<u><u>\$ 4,909,590</u></u>	<u><u>\$ 1,488,458</u></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
2022	\$ 346,324
2023	646,976
2024	760,805
2025	116,669
2026	(43,136)
Thereafter	165,901

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2021
(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, 2021, 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	<u>216</u>
	<u><u>241</u></u>

Total OPEB Liability

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

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	3.00% including inflation
Discount rate	2.21% annually (beginning of year)
Healthcare cost trend rates	2.15% annually (as of end of year measurement date) 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, 2021, 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, 2021 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2021.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at September 30, 2020	\$ 9,455,799
Changes for the year:	
Service cost	404,110
Interest	213,439
Changes of assumptions	525,393
Difference between expected and actual experience	310,616
Benefit payments and net transfers	(213,596)
Net changes	1,239,962
Balances at September 30, 2021	<u><u>\$ 10,695,761</u></u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(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 (1.15%) or 1-percentage-point higher (3.15%) than the current discount rate:

	1% Decrease (1.15%)	Current Discount Rate (2.15%)	1% Increase (3.15%)
Plan's total OPEB liability	\$ 12,316,108	\$ 10,695,761	\$ 9,368,207

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	\$ 9,216,637	\$ 10,695,761	\$ 12,536,634

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2021

(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, 2021, the City recognized OPEB expense totaling \$918,585. At September 30, 2021, 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	\$ 282,378	\$ 334,360
Changes of assumptions	2,842,433	-
	\$ 3,124,811	\$ 334,360

Amounts reported as deferred outflows of resources and deferred inflows of resources to other post-employment benefits will be recognized in OPEB expense as follows:

	Deferred Outflows/ (Inflows) of Resources
2022	\$ 279,045
2023	279,045
2024	279,045
2025	279,045
2026	279,045
Thereafter	1,395,226

CITY OF ALABASTER, ALABAMA
Notes to the Financial Statements
September 30, 2021
(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, 2021, 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 was 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. On June 21, 2021, the United States Eleventh Circuit Court affirmed the District Court ruling. The City's management has decided not to continue the appeals process. The judgment and all attorney's fees and post-judgment interest through September 30, 2021, are included in the Governmental Activities accounts payable balance on the Statement of Net Position as well as the General Fund accounts payable balance on the Governmental Funds Balance Sheet. The full liability was paid out of the City's General Fund to the appropriate courts on October 25, 2021.

In the last three years, the City has not entered into any settlements that exceeded the City's self-insured retention limits.

NOTE 12 - ECONOMIC DEPENDENCY

The City is economically dependent on a small number of principal taxpayers. Sales and use tax revenue accounted for 58.8% of total governmental fund-type revenues for the year ended September 30, 2021. Sales and use tax revenues received from one major taxpayer accounted for 14.7% of the total sales and use tax collected City-wide. In addition, business license revenues received from one major company accounted for 32.11% of the total business license revenues collected City-wide.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(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, 2021, the City abated taxes totaling \$352,739 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 Alaland shopping center on Highway 31	Sales	44.5%	\$ 79,415
To bring Ulta to Promenade Shopping Center	Sales	50.0%	58,025
To bring Dick's, Panda Express, and Verizon to Promenade Shopping Center	Sales	25.0%	124,371
Development of manufacturing facility in Alabaster	Property	100.0%	10,461
Development of manufacturing facility in Alabaster	Property	100.0%	11,135
Development of distribution facility in Alabaster	Property	100.0%	69,332
			<u>\$ 352,739</u>

NOTE 14 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS

The GASB has issued the following statements and implementation guides:

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 this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022. 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 will take effect for financial statements starting with the fiscal year that ends December 31, 2021. The City is currently evaluating the impact GASB 89 may have on its financial statements.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2021

(Continued)

NOTE 14 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS - Continued

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 will take effect for financial statements starting with the fiscal year that ends December 31, 2022. 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 will take effect for financial statements starting with the fiscal year that ends June 30, 2022. 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 requirement in paragraph 11b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 will take effect for financial statements starting with the fiscal year that ends June 30, 2022. The City is currently evaluating the impact GASB 93 may have on its financial statements.

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 will take effect for financial statements starting with the fiscal year that ends June 30, 2023. 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 will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The City is currently evaluating the impact GASB 96 may have on its financial statements.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2021

(Continued)

NOTE 14 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS - Continued

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. There was no financial statement impact as a result of the implementation of paragraph 4 & 5 of the Statement. All other requirements of GASB 97 will take effect for financial statements starting with the fiscal year that ends June 30, 2022. The City is currently evaluating the impact those requirements of GASB 97 may have on its financial statements.

The GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, to establish the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. The City implemented GASB 98 for the fiscal year ending September 30, 2021.

The GASB issued Implementation Guide No. 2019-3, *Leases*, to provide guidance for reporting 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 this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2022. The City is currently evaluating the impact the implementation guide may have on its financial statements.

The GASB issued Implementation Guide No. 2020-1, *Implementation Guidance Update - 2020*, to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide will take effect as follows: a. Questions 4.1–4.5, 4.18, and 5.3 for financial statements starting with the fiscal year that ends June 30, 2022, b. Questions 4.6–4.17 for financial statements starting with the fiscal year that ends December 31, 2022, and all reporting periods thereafter, c. Questions 4.19–4.21 for financial statements starting with the fiscal year that ends December 31, 2022, d. Questions 5.1, 5.2, 5.4, and 5.5 for financial statements starting with the fiscal year that ends June 30, 2022 and e. The provisions of paragraph 6 are effective immediately. The City is currently evaluating the impact the implementation guide may have on its financial statements.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 14 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS - Continued

The GASB issued Implementation Guide No. 2021-1, *Implementation Guidance Update - 2021*, to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide will take effect as follows: a. Questions 4.1–4.3, 4.23, and 5.2–5.4 and the supersession of Questions Z.51.4–Z.51.7 in Implementation Guide 2015-1 for financial statements starting with the fiscal year that ends June 30, 2023, b. Questions 4.4–4.21 for financial statements starting with the fiscal year that ends June 30, 2023, and all reporting periods thereafter, c. Question 4.22 for financial statements starting with the fiscal year that ends June 30, 2022, and d. Question 5.1 for financial statements starting with the fiscal year that ends June 30, 2024. The City is currently evaluating the impact the implementation guide may have on its financial statements.

For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org.

NOTE 15 - COMMITMENTS

At September 30, 2021, the City had contractual commitments totaling \$9,809,331 for the construction of its police station, for culvert repairs, and for expansion and improvements at City parks.

NOTE 16 - 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 17 - SUBSEQUENT EVENTS

On January 24, 2022, the City passed a resolution authorizing the Mayor to execute an agreement with the Alabaster City Schools Board of Education to purchase the former Thompson Intermediate School Building and property for a price not to exceed \$8,000,000 in total paid out in installments over 20 years. At the time of issuance of the financial statements, the purchase contract had not been executed by both parties.

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Sales and use	\$ 23,024,131	\$ 26,830,425	\$ 26,697,868	\$ (132,557)
Property	4,292,459	4,448,330	4,442,211	(6,119)
Other	1,633,171	1,700,770	1,719,191	18,421
Licenses and permits	5,055,732	5,166,954	5,312,364	145,410
Intergovernmental	125,000	395,630	408,953	13,323
Charges for services	358,125	361,546	370,409	8,863
Fines and forfeitures	488,424	520,030	529,124	9,094
Donations, gifts, and grants	19,650	26,320	26,321	1
Interest	45,000	32,000	32,591	591
Other	1,988,997	1,713,315	1,751,629	38,314
Total revenue	<u>37,030,689</u>	<u>41,195,320</u>	<u>41,290,661</u>	<u>95,341</u>
Expenditures, current				
General government				
Administrative	2,418,904	6,277,537	6,342,822	(65,285)
Finance	679,548	693,843	703,362	(9,519)
Personnel	1,254,098	1,362,021	1,339,357	22,664
Elected officials	260,391	266,512	259,444	7,068
Newsletter	120,000	120,000	102,353	17,647
Total general government	<u>4,732,941</u>	<u>8,719,913</u>	<u>8,747,338</u>	<u>(27,425)</u>
Public protection				
Police	8,762,316	8,960,637	8,809,240	151,397
Municipal court	547,578	524,778	494,806	29,972
Fire	6,445,909	6,684,639	6,638,207	46,432
Total public protection	<u>15,755,803</u>	<u>16,170,054</u>	<u>15,942,253</u>	<u>227,801</u>
Public ways and facilities				
Library	882,338	883,860	847,733	36,127
Public works	1,436,191	1,454,367	1,377,601	76,766
Parks and recreation	3,149,828	3,155,328	2,995,878	159,450
Total public ways and facilities	<u>5,468,357</u>	<u>5,493,555</u>	<u>5,221,212</u>	<u>272,343</u>
Alabaster City Schools				
Payments to the Alabaster Board of Education	5,386,663	6,308,400	6,306,975	1,425
Total Alabaster City Schools	<u>5,386,663</u>	<u>6,308,400</u>	<u>6,306,975</u>	<u>1,425</u>
Total expenditures	<u>31,343,764</u>	<u>36,691,922</u>	<u>36,217,778</u>	<u>474,144</u>
Excess of revenues over expenditures	<u>5,686,925</u>	<u>4,503,398</u>	<u>5,072,883</u>	<u>569,485</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	10,000	25,335	27,473	2,138
Transfers (out) in	(5,569,345)	(4,029,083)	(4,749,483)	(720,400)
Total other financing sources (uses)	<u>(5,559,345)</u>	<u>(4,003,748)</u>	<u>(4,722,010)</u>	<u>(718,262)</u>
Net change in fund balance	<u>\$ 127,580</u>	<u>\$ 499,650</u>	<u>\$ 350,873</u>	<u>\$ (148,777)</u>

See notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,307,609	\$ 1,261,525	\$ 1,206,530	\$ 1,209,192	\$ 1,133,362	\$ 1,107,963	\$ 1,071,349
Interest	3,736,104	3,581,836	3,502,407	3,314,074	3,001,907	2,825,314	2,636,186
Changes of benefit terms	664,392						
Differences between expected and actual experience	1,152,785	(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	(2,113,929)	(2,108,928)	(2,035,712)	(1,676,289)	(1,646,482)	(1,543,314)	(1,143,546)
Transfers among employees	(15,045)	(160,902)	(121,518)	1,016	(21,679)	-	-
Net change in total pension liability	4,731,916	2,005,983	1,361,615	2,609,814	5,253,302	2,258,995	2,563,989
Total pension liability - beginning	49,577,796	47,571,813	46,210,198	43,600,384	38,347,082	36,088,087	33,524,098
Total pension liability - ending (a)	\$ 54,309,712	\$ 49,577,796	\$ 47,571,813	\$ 46,210,198	\$ 43,600,384	\$ 38,347,082	\$ 36,088,087
Plan fiduciary net position							
Contributions - employer	\$ 1,244,513	\$ 1,353,145	\$ 1,207,753	\$ 1,099,193	\$ 1,112,726	\$ 1,041,311	\$ 1,039,130
Contributions - member	857,988	850,074	810,904	767,928	746,133	721,895	691,926
Net investment income	2,141,482	939,384	3,107,563	3,808,336	2,731,430	313,475	2,802,343
Benefit payments, including refunds of employee contributions	(2,113,929)	(2,108,928)	(2,035,712)	(1,676,289)	(1,646,482)	(1,543,314)	(1,143,546)
Transfers among employers	(15,045)	(160,902)	(121,518)	1,016	(21,679)	(242,352)	(53,073)
Net change in plan fiduciary net position	2,115,009	872,773	2,968,990	4,000,184	2,922,128	291,015	3,336,780
Plan net position - beginning	37,489,175	36,616,402	33,647,412	29,647,228	26,725,100	26,434,085	23,097,305
Plan net position - ending (b)	\$ 39,604,184	\$ 37,489,175	\$ 36,616,402	\$ 33,647,412	\$ 29,647,228	\$ 26,725,100	\$ 26,434,085
Net pension liability (a) - (b)	\$ 14,705,528	\$ 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	72.92%	75.62%	76.97%	72.81%	68.00%	69.69%	73.25%
Covered-employee payroll	\$ 14,261,436	\$ 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-employee payroll	103.11%	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 Seven Years Ended September 30,

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,370,341	\$ 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	1,370,341	1,244,513	1,304,443	1,176,745	1,099,193	1,161,460	1,085,256
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 15,473,621	\$ 14,261,436	\$ 14,102,477	\$ 13,877,934	\$ 13,387,819	\$ 13,162,698	\$ 12,697,022
Contributions as a percentage of covered-employee payroll	8.86%	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 Four Years Ended September 30,

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 404,110	\$ 374,353	\$ 203,817	\$ 195,865
Interest	213,439	274,460	251,989	247,553
Differences between expected and actual experience	310,616	(401,232)	-	-
Changes of assumptions	525,393	2,837,763	-	-
Benefit payments and net transfers	(213,596)	(202,461)	(179,033)	(97,573)
Net change in total OPEB liability	1,239,962	2,882,883	276,773	345,845
Total OPEB liability - beginning	9,455,799	6,572,916	6,296,143	5,950,298
Total OPEB liability - ending	\$ 10,695,761	\$ 9,455,799	\$ 6,572,916	\$ 6,296,143
Covered-employee payroll	\$ 12,726,289	\$ 12,355,620	\$ 11,225,959	\$ 11,225,959
Total OPEB liability as a percentage of covered employee payroll	84.04%	76.53%	58.55%	56.09%

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, 2021
(Continued)

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's American Rescue Plan Act Fund and Public Building Authority were established during the fiscal year. At the time of establishment, the City's annual budgetary procedures had already been completed. Although both are presented as major funds, neither fund is legally required to adopt a budget, and neither fund adopted a budget for the year ended September 30, 2021. As a result, no Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual is presented for the American Rescue Plan Act Fund or the Public Building Authority 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.

See notes to required supplementary information.

CITY OF ALABASTER, ALABAMA
Notes to the Required Supplementary Information
September 30, 2021
(Continued)

NOTE 1 - BUDGETARY INFORMATION - Continued

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.

The following represents expenditures in excess of appropriations of the following amounts by department for the fiscal year ended September 30, 2021:

General government	\$	
Administrative	\$	65,285
Finance	\$	9,519
Transfers Out	\$	720,400

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 2021 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2020 to September 30, 2021:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	23.0 years
Asset valuation method	Five-year smoothed market
Inflation	2.750%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

See notes to required supplementary information.

CITY OF ALABASTER, ALABAMA
Notes to the Required Supplementary Information
September 30, 2021
(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, 2020 to September 30, 2021:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.00%
Salary increases	3.00%
Discount rate	2.15% 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	SOA RP-2014 Combined Mortality Table
Turnover	Age specific table with an average of 5% when applied to the active census

See notes to required supplementary information.

SUPPLEMENTARY INFORMATION

CITY OF ALABASTER, ALABAMA

Combining Balance Sheets
Nonmajor Governmental Funds
September 30, 2021

	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	\$ 402,902	\$ 146,677	\$ 114,044	\$ 320,860	\$ 165,530	\$ 62,650	\$ 60,004	\$ 2,195	\$ 93,722	\$ 965,682	\$ 1,368,584	
Other receivables	-	-	-	-	8,781	-	538	-	2,036	11,355	11,355	
Total assets	\$ 402,902	\$ 146,677	\$ 114,044	\$ 320,860	\$ 174,311	\$ 62,650	\$ 60,542	\$ 2,195	\$ 95,758	\$ 977,037	\$ 1,379,939	
Liabilities and fund balance												
Current liabilities												
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 5,122	\$ -	\$ -	\$ 1,456	\$ -	\$ 6,578	\$ 6,578	
Payable from restricted assets - cash bonds	142,257	-	-	-	-	-	-	-	-	-	142,257	
Total liabilities	142,257	-	-	-	5,122	-	-	1,456	-	6,578	148,835	
Fund balance												
Restricted for:												
Capital improvements	260,645	-	-	-	-	-	-	-	-	-	260,645	
Library	-	-	-	-	-	-	-	739	-	739	739	
Public protection	-	-	-	-	169,189	62,650	60,542	-	95,758	388,139	388,139	
Infrastructure maintenance	-	146,677	114,044	320,860	-	-	-	-	-	581,581	581,581	
Total fund balance	260,645	146,677	114,044	320,860	169,189	62,650	60,542	739	95,758	970,459	1,231,104	
Total liabilities and fund balance	\$ 402,902	\$ 146,677	\$ 114,044	\$ 320,860	\$ 174,311	\$ 62,650	\$ 60,542	\$ 2,195	\$ 95,758	\$ 977,037	\$ 1,379,939	

CITY OF ALABASTER, ALABAMA
 Combining Statements of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2021

	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		
Revenues												
Intergovernmental		\$ -	\$ 75,446	\$ 59,560	\$ 191,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,082	\$ 326,082
Fines and forfeitures		-	-	-	-	90,114	2,828	5,590	-	21,612	120,144	120,144
Donations, gifts, and grants		-	-	-	-	-	-	-	32,087	-	32,087	32,087
Interest		593	231	178	469	414	-	125	13	174	1,604	2,197
Miscellaneous		-	-	-	-	-	8,456	-	-	-	8,456	8,456
Total revenues		593	75,677	59,738	191,545	90,528	11,284	5,715	32,100	21,786	488,373	488,966
Expenditures, current												
Public protection		-	-	-	-	57,263	-	1,611	-	-	58,874	58,874
Public ways and facilities		-	-	-	-	-	-	-	31,383	-	31,383	31,383
		-	-	-	-	57,263	-	1,611	31,383	-	90,257	90,257
Other financing (uses) sources												
Transfers out		-	-	-	-	(75,000)	-	-	-	-	(75,000)	(75,000)
Net change in fund balance		593	75,677	59,738	191,545	(41,735)	11,284	4,104	717	21,786	323,116	323,709
Fund balance - beginning of year		260,052	71,000	54,306	129,315	210,924	51,366	56,438	22	73,972	647,343	907,395
Fund balance - end of year		<u>\$ 260,645</u>	<u>\$ 146,677</u>	<u>\$ 114,044</u>	<u>\$ 320,860</u>	<u>\$ 169,189</u>	<u>\$ 62,650</u>	<u>\$ 60,542</u>	<u>\$ 739</u>	<u>\$ 95,758</u>	<u>\$ 970,459</u>	<u>\$ 1,231,104</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 290,000	\$ -	\$ -	\$ -
Donations, gifts, and grants	-	783,972	783,972	-
Interest	20,000	21,068	21,877	809
Total revenue	<u>310,000</u>	<u>805,040</u>	<u>805,849</u>	<u>809</u>
Expenditures, current				
Public ways and facilities	1,661,400	(4,782,027)	58,988	(4,841,015)
Capital outlay	20,294,144	7,367,090	6,447,575	919,515
Total expenditures	<u>21,955,544</u>	<u>2,585,063</u>	<u>6,506,563</u>	<u>(3,921,500)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,645,544)</u>	<u>(1,780,023)</u>	<u>(5,700,714)</u>	<u>3,920,691</u>
Other financing sources (uses)				
Transfers in	-	420,000	5,774,583	(5,354,583)
Total other financing sources (uses)	<u>-</u>	<u>420,000</u>	<u>5,774,583</u>	<u>(5,354,583)</u>
Net change in fund balance	<u><u>\$ (21,645,544)</u></u>	<u><u>\$ (1,360,023)</u></u>	<u><u>\$ 73,869</u></u>	<u><u>\$ (1,433,892)</u></u>

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Interest	\$ 20,000	\$ 500	\$ 191	\$ (309)
Total revenue	<u>20,000</u>	<u>500</u>	<u>191</u>	<u>(309)</u>
Expenditures, current				
Principal retirement	3,405,000	3,405,000	3,190,000	215,000
Interest and fees	1,458,427	1,458,427	1,176,926	281,501
Total expenditures	<u>4,863,427</u>	<u>4,863,427</u>	<u>4,366,926</u>	<u>496,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,843,427)</u>	<u>(4,862,927)</u>	<u>(4,366,735)</u>	<u>(496,192)</u>
Other financing sources (uses)				
Issuance of warrants	-	-	-	-
Premiums from issuance of warrants	-	-	-	-
Payments to refund warrant	-	-	-	-
Transfers in	-	5,579,843	4,727,535	852,308
Transfers out	<u>(16,500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(16,500,000)</u>	<u>5,579,843</u>	<u>4,727,535</u>	<u>852,308</u>
Net change in fund balance	<u>\$ (21,343,427)</u>	<u>\$ 716,916</u>	<u>\$ 360,800</u>	<u>\$ 356,116</u>

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 70,000	\$ 70,000	\$ 75,446	\$ 5,446
Interest	250	250	231	(19)
Total revenue	<u>70,250</u>	<u>70,250</u>	<u>75,677</u>	<u>5,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,250</u>	<u>70,250</u>	<u>75,677</u>	<u>(5,427)</u>
Other financing sources (uses)				
Transfers out	(70,000)	(110,000)	-	(110,000)
Total other financing sources (uses)	<u>(70,000)</u>	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
Net change in fund balance	<u>\$ 250</u>	<u>\$ (39,750)</u>	<u>\$ 75,677</u>	<u>\$ (115,427)</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 59,560	\$ (440)
Interest	200	200	178	(22)
Total revenue	<u>60,200</u>	<u>60,200</u>	<u>59,738</u>	<u>(462)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,200</u>	<u>60,200</u>	<u>59,738</u>	<u>462</u>
Other financing sources (uses)				
Transfers out	(15,000)	(85,000)	-	(85,000)
Total other financing sources (uses)	<u>(15,000)</u>	<u>(85,000)</u>	<u>-</u>	<u>(85,000)</u>
Net change in fund balance	<u>\$ 45,200</u>	<u>\$ (24,800)</u>	<u>\$ 59,738</u>	<u>\$ (84,538)</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 125,000	\$ 155,000	\$ 191,076	\$ 36,076
Interest	1,000	300	469	169
Total revenue	<u>126,000</u>	<u>155,300</u>	<u>191,545</u>	<u>36,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>126,000</u>	<u>155,300</u>	<u>191,545</u>	<u>(36,245)</u>
Net change in fund balance	<u>\$ 1,000</u>	<u>\$ (69,700)</u>	<u>\$ 191,545</u>	<u>\$ (261,245)</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 70,000	\$ 80,000	\$ 90,114	\$ 10,114
Interest	450	450	414	(36)
Total revenue	<u>70,450</u>	<u>80,450</u>	<u>90,528</u>	<u>10,078</u>
Expenditures, current				
Public protection	53,950	56,993	57,263	(270)
Total expenditures	<u>53,950</u>	<u>56,993</u>	<u>57,263</u>	<u>(270)</u>
Excess (deficiency) of revenues over (under) expenditures	16,500	23,457	33,265	(9,808)
Other financing sources (uses)				
Transfers out	(75,000)	(75,000)	(75,000)	-
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (58,500)</u>	<u>\$ (51,543)</u>	<u>\$ (41,735)</u>	<u>\$ (9,808)</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 2,828	\$ 2,828
Other	-	8,456	8,456	-
Total revenue	-	8,456	11,284	2,828
Excess (deficiency) of revenues over (under) expenditures	-	8,456	11,284	(2,828)
Net change in fund balance	\$ -	\$ 8,456	\$ 11,284	\$ (2,828)

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 5,000	\$ 3,800	\$ 5,590	\$ 1,790
Interest	-	100	125	25
Total revenue	<u>5,000</u>	<u>3,900</u>	<u>5,715</u>	<u>1,815</u>
Expenditures, current				
Public protection	5,000	5,000	1,611	3,389
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,611</u>	<u>3,389</u>
Excess (deficiency) of revenues over (under) expenditures	-	(1,100)	4,104	(5,204)
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,100)</u>	<u>\$ 4,104</u>	<u>\$ (5,204)</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Donations, gifts, and grants	\$ 30,000	\$ 32,087	\$ 32,087	\$ -
Interest	-	10	13	3
Total revenue	<u>30,000</u>	<u>32,097</u>	<u>32,100</u>	<u>3</u>
Expenditures, current				
Public ways and facilities	22,000	30,613	31,383	(770)
Total expenditures	<u>22,000</u>	<u>30,613</u>	<u>31,383</u>	<u>(770)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,000</u>	<u>1,484</u>	<u>717</u>	<u>767</u>
Other financing sources (uses)				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 8,000</u>	<u>\$ 1,484</u>	<u>\$ 717</u>	<u>\$ 767</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 15,000	\$ 13,500	\$ 21,612	\$ 8,112
Interest	-	100	174	74
Total revenue	<u>15,000</u>	<u>13,600</u>	<u>21,786</u>	<u>8,186</u>
Expenditures, current				
Public protection	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,000</u>	<u>13,600</u>	<u>21,786</u>	<u>(8,186)</u>
Net change in fund balance	<u><u>\$ 15,000</u></u>	<u><u>\$ 13,600</u></u>	<u><u>\$ 21,786</u></u>	<u><u>\$ (8,186)</u></u>

CITY OF ALABASTER, ALABAMA

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Sewer Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Operating revenues				
Charges for services	\$ 6,830,625	\$ 6,976,133	\$ 7,127,323	\$ 151,190
Total operating revenues	<u>6,830,625</u>	<u>6,976,133</u>	<u>7,127,323</u>	<u>151,190</u>
Operating expenses				
Administration, operations, and maintenance	4,499,463	4,510,886	3,621,557	889,329
Depreciation and amortization	-	-	1,211,118	(1,211,118)
Total operating expenses	<u>4,499,463</u>	<u>4,510,886</u>	<u>4,832,675</u>	<u>(321,789)</u>
Operating income	<u>2,331,162</u>	<u>2,465,247</u>	<u>2,294,648</u>	<u>(170,599)</u>
Non-operating revenues (expenses)				
Interest income	11,400	15,300	15,470	170
Gain on sale of assets	-	749	-	(749)
Interest expense	<u>(310,833)</u>	<u>(310,833)</u>	<u>(217,729)</u>	<u>93,104</u>
Total non-operating revenues (expenses)	<u>(299,433)</u>	<u>(294,784)</u>	<u>(202,259)</u>	<u>92,525</u>
Income before transfers	<u>2,031,729</u>	<u>2,170,463</u>	<u>2,092,389</u>	<u>(78,074)</u>
Transfers in	-	-	-	-
Transfers out	-	-	430,921	430,921
	<u>-</u>	<u>-</u>	<u>430,921</u>	<u>430,921</u>
Change in net position	<u>\$ 2,031,729</u>	<u>\$ 2,170,463</u>	<u>\$ 2,523,310</u>	<u>\$ 352,847</u>

CITY OF ALABASTER, ALABAMA

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Garbage Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Operating revenues				
Charges for services	\$ 2,140,394	\$ 2,210,050	\$ 2,272,226	\$ 62,176
Total operating revenues	<u>2,140,394</u>	<u>2,210,050</u>	<u>2,272,226</u>	<u>62,176</u>
Operating expenses				
Administration, operations, and maintenance	1,520,911	1,588,843	1,659,995	(71,152)
Depreciation and amortization	-	-	282,271	(282,271)
Total operating expenses	<u>1,520,911</u>	<u>1,588,843</u>	<u>1,942,266</u>	<u>(353,423)</u>
Operating income	619,483	621,207	329,960	(291,247)
Non-operating revenues (expenses)				
Interest income	1,800	2,250	2,419	169
Interest expense	-	-	-	-
Total non-operating revenues (expenses)	<u>1,800</u>	<u>2,250</u>	<u>2,419</u>	<u>169</u>
Income before transfers	621,283	623,457	332,379	(291,078)
Transfers in	-	-	-	-
Transfers out	(406,205)	(404,355)	(404,355)	-
	<u>(406,205)</u>	<u>(404,355)</u>	<u>(404,355)</u>	<u>-</u>
Change in net position	<u>\$ 215,078</u>	<u>\$ 219,102</u>	<u>\$ (71,976)</u>	<u>\$ (291,078)</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Alabaster's annual comprehensive 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	98
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	105
These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax.	
Debt Capacity	108
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	112
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	114
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 annual comprehensive report for the relevant year.

CITY OF ALABASTER, ALABAMA

Net Position by Component

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	\$ (1,140,094)	\$ 3,786,510	\$ 4,605,009	\$ 7,539,651	\$ 9,997,341	\$ 13,924,182	\$ 7,177,922	\$ 19,272,518	\$ 23,293,169	\$ 34,835,604
Restricted	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	13,202,305
Unrestricted	3,938,056	1,408,775	(887,659)	(7,311,897)	(6,926,064)	(5,901,256)	(13,426,108)	(15,254,824)	(13,790,121)	(11,699,849)
Total governmental activities net position	<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>\$ 16,751,280</u>	<u>\$ 22,597,828</u>	<u>\$ 29,029,022</u>	<u>\$ 36,338,060</u>
BUSINESS-TYPE ACTIVITIES:										
Net investment in capital assets	\$ 14,012,380	\$ 13,414,609	\$ 14,280,622	\$ 13,534,948	\$ 16,707,356	\$ 17,797,509	\$ 20,287,367	\$ 22,948,107	\$ 23,694,199	\$ 24,733,574
Restricted	3,193,519	4,591,691	4,442,175	4,141,397	4,143,283	3,551,046	3,257,604	1,955,070	2,202,348	2,765,007
Unrestricted	1,527,134	1,867,193	2,076,734	3,329,812	1,162,358	1,862,945	3,879,985	4,585,480	5,740,165	6,589,465
Total business-type activities net position	<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>\$ 27,424,956</u>	<u>\$ 29,488,657</u>	<u>\$ 31,636,712</u>	<u>\$ 34,088,046</u>
PRIMARY GOVERNMENT:										
Net investment in capital assets	\$ 12,872,286	\$ 17,201,119	\$ 18,885,631	\$ 21,074,599	\$ 26,704,697	\$ 31,721,691	\$ 27,465,289	\$ 42,220,625	\$ 46,987,368	\$ 59,569,178
Restricted	21,483,617	19,629,643	20,451,012	9,834,544	9,091,271	7,240,610	26,257,070	20,535,204	21,728,322	15,967,312
Unrestricted	5,465,190	3,275,968	1,189,075	(3,982,085)	(5,763,706)	(4,038,311)	(9,546,123)	(10,669,344)	(8,049,956)	(5,110,384)
Total primary government activities net position	<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>\$ 44,176,236</u>	<u>\$ 52,086,485</u>	<u>\$ 60,665,734</u>	<u>\$ 70,426,106</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 statement number 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

CITY OF ALABASTER, ALABAMA

Change in Net Position
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 4,150,878	\$ 3,583,735	\$ 3,775,162	\$ 3,480,383	\$ 4,158,766	\$ 3,921,824	\$ 4,101,889	\$ 4,065,932	\$ 5,691,147	\$ 6,315,275
Public protection	11,287,635	12,034,649	12,506,354	13,109,407	13,456,908	14,013,057	14,926,315	14,668,791	15,386,841	17,022,344
Public ways and facilities	5,606,450	5,334,909	6,165,130	5,544,769	6,108,188	5,947,852	5,621,378	5,574,883	5,455,580	6,036,166
Interest and fiscal agent fees	4,036,819	1,358,997	1,415,788	1,247,734	1,349,761	1,751,394	1,828,449	1,466,107	1,472,563	1,667,575
Alabaster City Schools	-	6,619,587	5,051,429	4,786,650	5,051,840	5,248,608	5,339,258	5,383,370	5,456,014	6,306,975
Total governmental activities expenses	25,081,782	28,931,877	28,913,863	28,168,943	30,125,463	30,882,735	31,817,289	31,159,083	33,462,145	37,348,335
Business-type activities:										
Sewer fund	4,216,082	4,289,091	4,693,094	4,783,187	4,801,538	4,959,354	4,990,171	4,534,884	4,710,204	5,050,404
Garbage fund	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	1,942,266
Total business-type activities expenses	5,721,019	5,836,713	6,288,842	6,395,947	6,465,845	6,635,022	6,639,807	6,085,280	6,355,927	6,992,670
Total primary government expenses	\$ 30,802,801	\$ 34,768,590	\$ 35,202,705	\$ 34,564,890	\$ 36,591,308	\$ 37,517,757	\$ 38,457,096	\$ 37,244,363	\$ 39,818,072	\$ 44,341,005
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 5,418,239
Public protection	1,073,031	1,137,176	1,154,153	757,604	629,183	596,822	571,001	512,161	566,376	530,729
Public ways and facilities	403,834	408,707	418,779	481,762	446,213	492,797	654,909	480,133	249,191	383,073
Interest and fiscal agent fees	-	-	-	-	-	-	-	-	-	-
Alabaster City Schools	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	230,471	205,082	176,333	288,631	145,202	128,088	316,567	152,688	1,270,149	2,861,896
Capital grants and contributions	332,804	711,620	285,710	258,968	266,448	381,147	650,121	558,026	600,060	784,390
Total governmental activities program revenues	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	9,978,327

CITY OF ALABASTER, ALABAMA

Change in Net Position

Last Ten Fiscal Years

(Continued)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Charges for services:										
Sewer fund	\$ 5,391,530	\$ 5,489,372	\$ 5,655,249	\$ 6,057,895	\$ 6,079,734	\$ 6,188,063	\$ 5,489,966	\$ 6,594,233	\$ 6,708,428	\$ 7,127,323
Garbage fund	1,813,732	1,882,424	1,930,326	2,098,938	2,080,767	2,130,030	1,862,332	2,188,230	2,114,330	2,272,226
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>7,205,262</u>	<u>7,371,796</u>	<u>7,585,575</u>	<u>8,156,833</u>	<u>8,160,501</u>	<u>8,318,093</u>	<u>7,352,298</u>	<u>8,782,463</u>	<u>8,822,758</u>	<u>9,399,549</u>
Total primary government program revenues	<u><u>\$ 13,616,120</u></u>	<u><u>\$ 13,062,351</u></u>	<u><u>\$ 13,106,419</u></u>	<u><u>\$ 13,744,651</u></u>	<u><u>\$ 13,676,233</u></u>	<u><u>\$ 14,381,839</u></u>	<u><u>\$ 14,386,189</u></u>	<u><u>\$ 15,423,504</u></u>	<u><u>\$ 16,856,193</u></u>	<u><u>\$ 19,377,876</u></u>
General Revenues and Other Changes in Net Positions										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 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	\$ 26,697,868
Property taxes	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	4,442,211
Other taxes	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	1,719,191
Interest	51,862	5,399	5,727	5,594	26,757	32,634	114,607	233,601	211,799	58,784
Other revenue	-	-	-	654,947	514,107	1,336,196	1,460,259	2,264,031	1,892,111	1,760,085
Contribution of capital assets	1,092,442	97,463	459,392	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	(74,890)	30,568	19,428	27,473
Total governmental activities	<u>21,215,454</u>	<u>21,497,500</u>	<u>22,465,969</u>	<u>24,516,238</u>	<u>26,018,095</u>	<u>27,802,941</u>	<u>28,656,790</u>	<u>30,133,835</u>	<u>31,480,615</u>	<u>34,705,612</u>
Business-type activities:										
Interest	72,899	104,928	148	163	934	17,074	28,016	59,242	52,613	17,889
Other revenue	76,017	389,449	24,157	(19,564)	1,250	207,631	-	-	-	-
Contribution of capital assets	278,319		25,000							
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	1,991	7,900	-
Total business-type activities	<u>427,235</u>	<u>494,377</u>	<u>49,305</u>	<u>(19,401)</u>	<u>2,184</u>	<u>224,705</u>	<u>28,016</u>	<u>61,233</u>	<u>60,513</u>	<u>17,889</u>

CITY OF ALABASTER, ALABAMA

Change in Net Position

Last Ten Fiscal Years

(Continued)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Transfers:										
Governmental activities	\$ 750,000	\$ 889,000	\$ 420,000	\$ 690,000	\$ 690,000	\$ 709,273	\$ (3,888,562)	\$ 1,025,650	\$ 379,289	\$ (26,566)
Business-type activities	(750,000)	(889,000)	(420,000)	(690,000)	(690,000)	(709,273)	3,888,562	(1,025,650)	(379,289)	26,566
Total transfers	-	-	-	-	-	-	-	-	-	-
Total primary government	<u>\$ 21,642,689</u>	<u>\$ 21,991,877</u>	<u>\$ 22,515,274</u>	<u>\$ 24,496,837</u>	<u>\$ 26,020,279</u>	<u>\$ 28,027,646</u>	<u>\$ 28,684,806</u>	<u>\$ 30,195,068</u>	<u>\$ 31,541,128</u>	<u>\$ 34,723,501</u>
Change in Net Position										
Governmental activities	\$ 3,294,530	\$ (854,822)	\$ (507,050)	\$ 2,625,113	\$ 2,098,364	\$ 3,693,225	\$ (15,170)	\$ 6,641,443	\$ 6,431,194	\$ 7,309,038
Business-type activities	1,161,478	1,140,460	926,038	1,051,485	1,006,840	1,198,503	4,629,069	1,732,766	2,148,055	2,451,334
Total primary government	<u>\$ 4,456,008</u>	<u>\$ 285,638</u>	<u>\$ 418,988</u>	<u>\$ 3,676,598</u>	<u>\$ 3,105,204</u>	<u>\$ 4,891,728</u>	<u>\$ 4,613,899</u>	<u>\$ 8,374,209</u>	<u>\$ 8,579,249</u>	<u>\$ 9,760,372</u>

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 statement number 68 *Accounting and Financial Reporting for Pensions* or for the impact of GASB statement number 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 statement number 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ -	\$ -	\$ 170,745	\$ 169,835	\$ 169,835	\$ 234,803	\$ 213,784	\$ 192,369	\$ 1,183,596	\$ 134,597
Restricted	88,447	99,949	102,382	140,785	140,785	111,407	160,149	173,800	205,225	219,039
Committed	4,354,853	1,937,756	1,920,094	2,611,229	2,611,229	2,911,229	3,235,988	3,590,988	3,755,919	3,801,446
Assigned	49,906	46,786	46,857	69,540	69,540	93,319	114,165	-	-	-
Unassigned	1,553,298	1,410,366	(68,429)	2,078,689	2,078,689	2,767,622	2,736,579	4,897,539	6,926,186	8,266,717
Total general fund	\$ 6,046,504	\$ 3,494,857	\$ 2,171,649	\$ 5,070,078	\$ 5,070,078	\$ 6,118,380	\$ 6,460,665	\$ 8,854,696	\$ 12,070,926	\$ 12,421,799
All Other Governmental Funds										
Reserved, reported in debt service fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved, reported in capital projects fund	-	-	-	-	-	-	-	-	-	-
Reserved, reported in special revenue funds	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in special revenue funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	10,660,000	11,188,139	12,160,000	1,500,000	1,500,000	1,500,000	1,500,000	-	10,000	-
Restricted	7,914,258	4,724,628	4,187,427	4,052,362	4,052,362	4,836,581	3,529,415	22,825,666	22,256,951	31,932,375
Total all other governmental funds	\$ 18,574,258	\$ 15,912,767	\$ 16,347,427	\$ 5,552,362	\$ 5,552,362	\$ 6,336,581	\$ 5,029,415	\$ 22,825,666	\$ 22,266,951	\$ 31,932,375

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

Note: Periods prior to 2018 have not been retroactively restated for the impact of GASB statement number 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 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	\$ 32,859,270
Licenses and permits	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	5,312,364
Intergovernmental	325,805	742,840	294,782	472,605	367,788	327,068	474,384	335,164	1,511,640	735,035
Charges for services	467,011	472,870	479,492	481,762	446,213	492,797	408,009	379,752	176,471	370,409
Fines and forfeitures	820,222	1,014,464	799,065	757,604	629,183	596,822	817,901	613,899	639,786	649,268
Donations, gifts, and grants	105,393	45,146	49,525	74,994	43,862	182,167	492,307	340,550	358,569	2,911,251
Interest	51,862	5,398	5,727	5,542	26,757	32,639	114,607	233,601	211,799	58,784
Other revenues	590,348	209,870	551,345	655,000	514,107	1,344,303	1,600,275	2,426,236	2,034,708	1,760,085
Total revenues	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	44,656,466
Expenditures										
General government	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	9,456,880
Public protection	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	15,276,508
Public ways and facilities	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	5,063,958
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	6,306,975
Payments to the schools	-	90,805	69,000	-	-	-	-	-	-	-
Other payments	-	36,719	12,757	4,472	-	-	-	-	-	-
Debt service:										
Debt retirement	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	3,494,189
Interest and fiscal agent fees	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	1,589,692
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	10,792,125
Total expenditures	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	51,980,327

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	16,030,000	
Note payable issued	- -	1,500,000	- -	- -	- -	- -	- -	- -	- -	- -
Capital lease obligation issued	- -	400,000	- -	- -	- -	1,366,564	- -	- -	- -	- -
Proceeds from sale of capital assets	- -	- -	- -	- -	- -	40,762	33,146	25,000	27,473	
Bond premium (discount)	(523,837)	- -	- -	- -	- -	887,591	- -	729,950	878,330	
Transfers in	4,081,712	4,513,913	4,990,654	4,950,955	5,114,941	7,286,226	- -	7,819,095	8,024,128	13,013,124
Transfers out	(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)	(12,608,769)
Total other financing sources (uses)	<u>6,470,434</u>	<u>2,189,000</u>	<u>2,320,000</u>	<u>690,000</u>	<u>2,130,000</u>	<u>690,000</u>	<u>9,341,355</u>	<u>1,058,796</u>	<u>594,239</u>	<u>17,340,158</u>
Net changes in fund balances	<u><u>\$ 10,479,421</u></u>	<u><u>\$ (5,213,138)</u></u>	<u><u>\$ (888,549)</u></u>	<u><u>\$ 1,546,641</u></u>	<u><u>\$ 1,832,521</u></u>	<u><u>\$ (937,826)</u></u>	<u><u>\$ 10,162,569</u></u>	<u><u>\$ 1,593,484</u></u>	<u><u>\$ 1,064,031</u></u>	<u><u>\$ 10,016,297</u></u>
Debt service as a percentage of noncapital expenditures	12.70%	11.17%	12.92%	12.23%	13.70%	17.01%	13.01%	14.31%	14.57%	12.34%

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Automotive Sales	\$ 453,344	\$ 478,097	\$ 500,210	\$ 615,139	\$ 704,882	\$ 713,844	\$ 703,694	\$ 698,323	\$ 799,140	\$ 1,072,511
Food Stores	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	2,777,990
Home Furnishings & Building Supply	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	3,109,755
Medical Sales & Pharmacy	375,974	527,030	492,757	516,774	1,556,610	1,306,417	983,213	784,585	717,986	734,310
Merchandise Retail	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	9,291,667
Restaurants	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	4,919,317
Service Stations & Auto Parts	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	1,450,831
Other Sales	1,926,822	2,273,095	2,138,103	2,327,510	1,859,137	2,528,097	2,853,205	3,158,246	2,306,225	3,764,310
Total	\$ 15,619,294	\$ 16,896,082	\$ 17,445,166	\$ 18,936,974	\$ 20,338,072	\$ 21,055,097	\$ 21,615,731	\$ 22,344,474	\$ 22,236,633	\$ 27,120,691

The City's portion or direct sales tax rate was 4% beginning on December 1, 2011 and was 3% 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
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%
2021	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	2012 Rank	2021 Rank
Walmart Supercenter	1	1
Lowe's Home Improvement	2	2
Target	4	3
Walmart Neighborhood Market		4
Publix	3	5
TJ Maxx	10	6
Aldi		7
Ross Dress for Less, Inc.		8
Dicks Sporting Goods		9
Chick-Fil-A		10
Belk	6	
Best Buy	5	
JC Penney	7	
AGC Automotive Alabama, Inc.	8	
America's Thrift Stores	9	
Total Sales and Use Taxes - Principal Payers	45.05%	44.06%

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

Source: City of Alabaster Revenue Department

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

Fiscal Year	Governmental Activities				Business-Type Activities					Percentage of			Percentage of			Per Capita
	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)	Total Personal Income	Estimated Value of Taxable Property (b)	Actual Value of Taxable Property	Estimated Population (a)	Actual Population (a)	
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	930,418,572	5.80%	401,483,420	13.43%	33,202	1,624	
2018	46,194,233	-	1,246,566	-	14,578,949	-	83,248	-	62,102,996	964,053,272	6.44%	423,648,440	14.66%	32,567	1,907	
2019	43,480,022	-	763,489	-	12,748,668	-	19,268	-	57,011,447	1,018,608,472	5.60%	456,733,560	12.48%	33,487	1,702	
2020	40,758,782	-	304,189	-	11,064,907	-	-	-	52,127,878	1,051,741,116	4.96%	480,410,480	10.85%	33,284	1,566	
2021	54,278,614	-	-	-	10,068,665	-	-	-	64,347,279	*	*	*	*	*	*	

(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
					Estimated	Actual		
2012	46,770,000	1,405,912	45,364,088	323,300,340		14.03%	31,587	1,436.16
2013	46,184,292	1,746,507	44,437,785	334,104,300		13.30%	31,890	1,393.47
2014	43,915,874	1,986,574	41,929,300	339,300,940		12.36%	32,115	1,305.60
2015	41,114,202	1,653,164	39,461,038	356,267,120		11.08%	32,707	1,206.50
2016	40,241,159	1,318,141	38,923,018	403,616,580		9.64%	32,948	1,181.35
2017	37,394,893	988,432	36,406,461	401,483,420		9.07%	33,202	1,096.51
2018	60,773,182	1,607,928	59,165,254	423,648,440		13.97%	32,567	1,816.72
2019	56,228,710	1,838,056	54,390,654	456,733,560		11.91%	33,487	1,624.23
2020	51,823,689	1,125,043	50,698,646	480,410,480		10.55%	33,284	1,523.21
2021	64,347,279	1,485,843	62,861,436	*		*	*	*

(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, 2021

	Total Debt Outstanding	Percentage Applicable to City of Alabaster (a)	Amount Applicable to City of Alabaster
Direct Debt:			
City of Alabaster	\$ 54,278,614	100.00%	\$ 54,278,614
Total direct debt	<u>54,278,614</u>		<u>54,278,614</u>
Overlapping Debt:			
Alabaster Board of Education	132,675,461	100.00%	132,675,461
Shelby County	45,907,290	15.10%	6,932,001
Shelby County Board of Education	<u>160,599,936</u>	15.10%	<u>24,250,590</u>
Total overlapping debt	<u>339,182,687</u>		<u>163,858,052</u>
Total direct and overlapping debt	<u><u>\$ 393,461,301</u></u>		<u><u>\$ 218,136,666</u></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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	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	95,435,344
Total net debt applicable to limit	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	54,278,614
Legal debt margin	20,610,580	22,762,216	26,089,484	29,645,017	36,522,149	40,021,898	36,862,185	43,133,997	55,019,125	41,156,730
Total net debt applicable to the limit as a percentage of debt limit	69.41%	66.99%	62.73%	59.80%	52.42%	48.52%	56.32%	50.65%	42.74%	56.87%

Legal Debt Margin Calculation

Assessed value of property	\$ 477,176,720
Debt limit - 20 percent of total assessed value	95,435,344
Debt applicable to limit:	
General Obligation Warrants	54,278,614
Leases	-
	<u>54,278,614</u>
	<u><u>\$ 41,156,730</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	School Enrollment (c)	Shelby County Unemployment Rate (b)
2012	31,587	810,896,250	25,671.83	6,095	4.80%
2013	31,890	801,892,227	25,145.57	6,090	4.60%
2014	32,115	882,721,280	27,486.26	6,050	4.10%
2015	32,707	810,228,112	24,772.32	6,012	4.20%
2016	32,948	930,418,572	28,239.00	6,055	4.60%
2017	33,202	964,053,272	29,036.00	6,041	2.40%
2018	32,567	1,018,608,472	31,277.32	6,110	2.80%
2019	33,487	1,058,155,713	31,599.00	6,115	1.80%
2020	33,284	1,051,741,116	31,599.00	6,076	4.10%
2021	*	*	*	6,234	1.80%

(a) Obtained from the U.S. Census Bureau. Data prior to 2018 obtained through Community Fact Finder. Beginning with 2018 data, the U.S. Census Bureau transitioned to providing data via data.census.gov. At the time of ACFR 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			2021		
	Employees	Rank	Percentage of Total City Employment (a)	Employees	Rank	Percentage of Total City Employment (a)
Shelby Baptist Medical Center	1,050	1	NA	1068	1	NA
AGC Automotive Americas	405	2		320	4	
Mspark	323	3		200	t-7	
Lhoist North America	250	4				
Shelby Ridge Health & Rehab Select	230	5		200	t-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 City Schools				789	2	
MacLean Power Systems				354	3	
Hibbett Sports				320	5	
Avanti Polar Lipids				274	6	
Ahava Healthcare				185	9	
Walmart				180	10	
Total top 10	<u>3,029</u>			<u>3,890</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 2012 (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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Administration / City Clerk	9	9	9	9	5	6	6	4	4	4
Human Resources	2	2	2	2	2	2	2	3	3	3
Information Technology	-	-	1	1	1	2	3	3	3	3
Finance	4	5	5	5	6	6	6	6	6	6
Engineering & Building Service	-	-	-	-	-	-	-	2	8	8
Library	9	9	9	8	8	8	8	9	8	8
Municipal Court	5	5	5	5	5	6	6	6	6	6
Public Safety										
Police	76	80	82	79	80	84	84	88	88	88
Fire	54	58	60	60	63	64	64	64	62	65
Public Works	16	16	14	14	14	18	11	11	10	10
Garbage	-	-	-	-	-	-	12	12	12	12
Parks & Recreation	28	30	30	28	28	25	25	27	29	29
Sewer	17	17	19	24	24	24	24	24	23	23
Total	220	231	236	235	236	245	251	259	262	265

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

Function		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government											
Business licenses issued	1	3,594	3,782	3,955	4,249	4,441	4,401	4,426	4,407	4,464	4,568
Public Safety											
Police											
Arrests	2	1,886	1,606	1,528	1,355	1,357	1,417	1,438	1,416	780	895
Fire											
Emergency responses	3	3,775	4,280	4,905	5,415	5,620	3,646	3,812	3,668	3,832	4,186
Engineering & Building Services	8										
Building construction permits issued	4	226	212	247	413	396	484	470	923	1,578	1,110
Library											
Materials checked out	5	177,162	177,340	174,989	162,944	149,844	167,772	167,435	166,980	155,921	127,783
Municipal Court											
Traffic Cases	6	3,854	3,683	2,557	2,268	2,090	2,019	1,634	2,891	3,837	3,305
Non-Traffic Cases	6	1,126	1,055	798	725	622	676	591	566	902	505
Sanitation											
Single homes:											
Regular garbage service	7	10,381	10,512	10,482	10,716	10,869	10,890	10,903	10,616	11,064	10,903
Sewer											
Average daily flow (gallons per day)	9	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	4,468,000

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

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

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

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

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

6 Source: Municipal Court (based on fiscal year)

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

8 Source : Engineering and Building Services Department (based on a calendar year)

9 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Vehicles	2	2	2	3	3	3	3	2	2	2
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	62	62	74	73	83	77	89	84	85	87
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Vehicles	19	20	21	22	24	24	25	25	24	26
Refuse Collection										
Garbage Trucks	0	0	0	0	0	0	6	6	6	6
Debris Trucks	2	3	5	6	6	6	6	8	9	9
Other Vehicles	1	1	1	1	1	1	1	1	1	2
Public Works										
Traffic Signals	18	18	19	19	19	19	19	19	19	19
Vehicles	7	10	10	11	12	11	11	10	13	15
Recreation Services										
Parks										
Acres	283.94	283.94	283.94	283.94	283.94	283.94	283.94	283.94	288.94	288.94
Vehicles	10	11	13	14	17	17	19	19	22	23
Sewer										
Vehicles	7	7	10	10	15	17	18	18	19	24
Pump Stations	51	52	52	52	52	52	56	57	57	57