

CITY OF ALABASTER, ALABAMA

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2022

Published by

Finance Department

CITY OF ALABASTER, ALABAMA
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal.....	5
Certificate of Achievement for Excellence in Financial Reporting.....	8
Organizational Chart	9
Elected and Appointed Officials	10
Ward Map of the City of Alabaster, Alabama.....	11
FINANCIAL SECTION	
Independent Auditors' Report	12
Management's Discussion and Analysis	16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	27
Statement of Activities	29
Fund Financial Statements	
Balance Sheet - Governmental Funds	30
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	32
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	33
Statement of Net Position - Proprietary Funds.....	34
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	35
Statement of Cash Flows - Proprietary Funds.....	36
Notes to the Financial Statements.....	37
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual - General Fund	75
Schedule of Changes in the Net Pension Liability and Related Ratios	76
Schedule of Employer Contributions - Pension	77
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	78
Notes to the Required Supplementary Information.....	79

CITY OF ALABASTER, ALABAMA
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022

TABLE OF CONTENTS

	Page
SUPPLEMENTARY INFORMATION	
Combining Balance Sheets - Nonmajor Governmental Funds.....	83
Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	84
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund.....	85
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	86
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - American Rescue Plan Act Fund.....	87
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Seven Cent Gas Tax Fund	88
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Four Cent Gas Tax Fund.....	89
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Ten Cent Gas Tax Fund.....	90
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Corrections Fund	91
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Drug Seizure Fund.....	92
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Municipal Training Fund.....	93
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library State Aid Fund.....	94
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Municipal Judicial Fund	95
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Sewer Fund	96
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Garbage Fund	97
STATISTICAL SECTION	
Guide to Statistical Tables	99
Financial Trends	
Net Position by Component.....	100
Change in Net Position	101
Fund Balances of Governmental Funds	104
Changes in Fund Balances of Governmental Funds	105
Revenue Capacity	
Sales Tax Revenue Payers by Category.....	107
Direct and Overlapping Sales Tax Rates	108
Principal Sales and Use Taxpayers	109

CITY OF ALABASTER, ALABAMA
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022

TABLE OF CONTENTS

	Page
Debt Capacity	
Ratios of Outstanding Debt by Type	110
Ratios of Net General Bonded Debt Outstanding	111
Direct and Overlapping Governmental Activities Debt.....	112
Legal Debt Margin Information.....	113
Demographic and Economic Information	
Demographic and Economic Statistics	114
Principal Employers.....	115
Operating Information	
Full-time Equivalent City Government Employees by Function.....	116
Operating Indicators by Function/Program.....	117
Capital Asset Statistics by Function/Program.....	118

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, 2023

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, 2022, 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, 2022. 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 33,675 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 2.6%.

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 12.0% over the past year. Property taxes are based on the assessed value of property within the City and increased by 6.3% over the past year. Business licenses are generally based on the gross receipts of businesses within the City and have increased by 10.2% over the past year.

During the past year, General Fund expenditures for public safety have increased 4.7% and general fund expenditures for public ways and facilities have increased by 7.2%. The City remains committed to providing the necessary services to citizens in the most efficient and cost-effective manner available. The City had \$11.952 million in capital improvement expenditures paid out of the Capital Projects Fund and General Fund and \$6.276 million out of the Public Building Authority. Payments to the Alabaster Board of Education represent 19.4% 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 \$12,724,854, representing 36.0% 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, 2021. This was the fifth 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, 2021

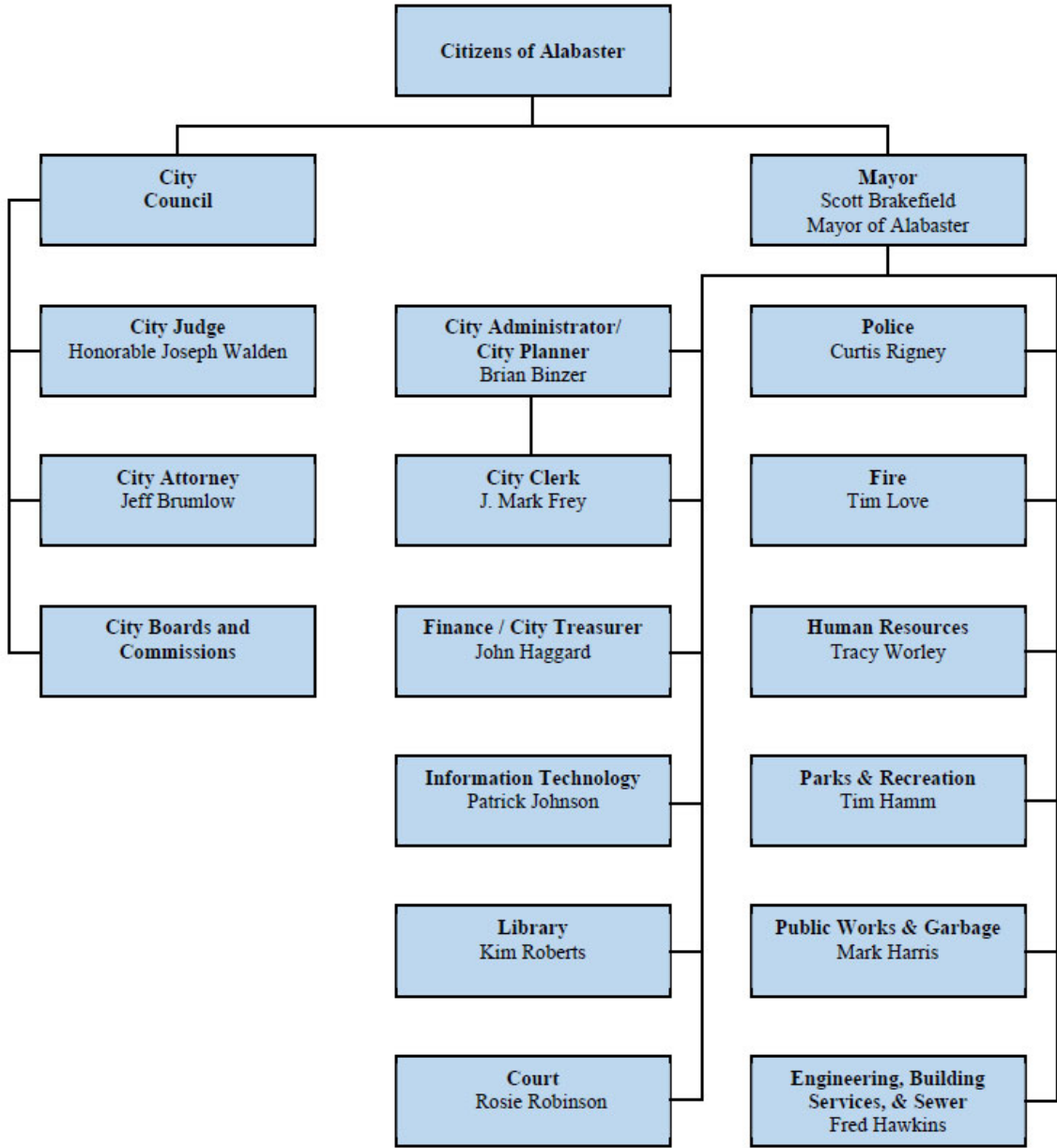
Christopher P. Morill

Executive Director/CEO

CITY OF ALABASTER, ALABAMA

Organizational Chart

September 30, 2022



CITY OF ALABASTER, ALABAMA

Elected and Appointed Officials

September 30, 2022

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

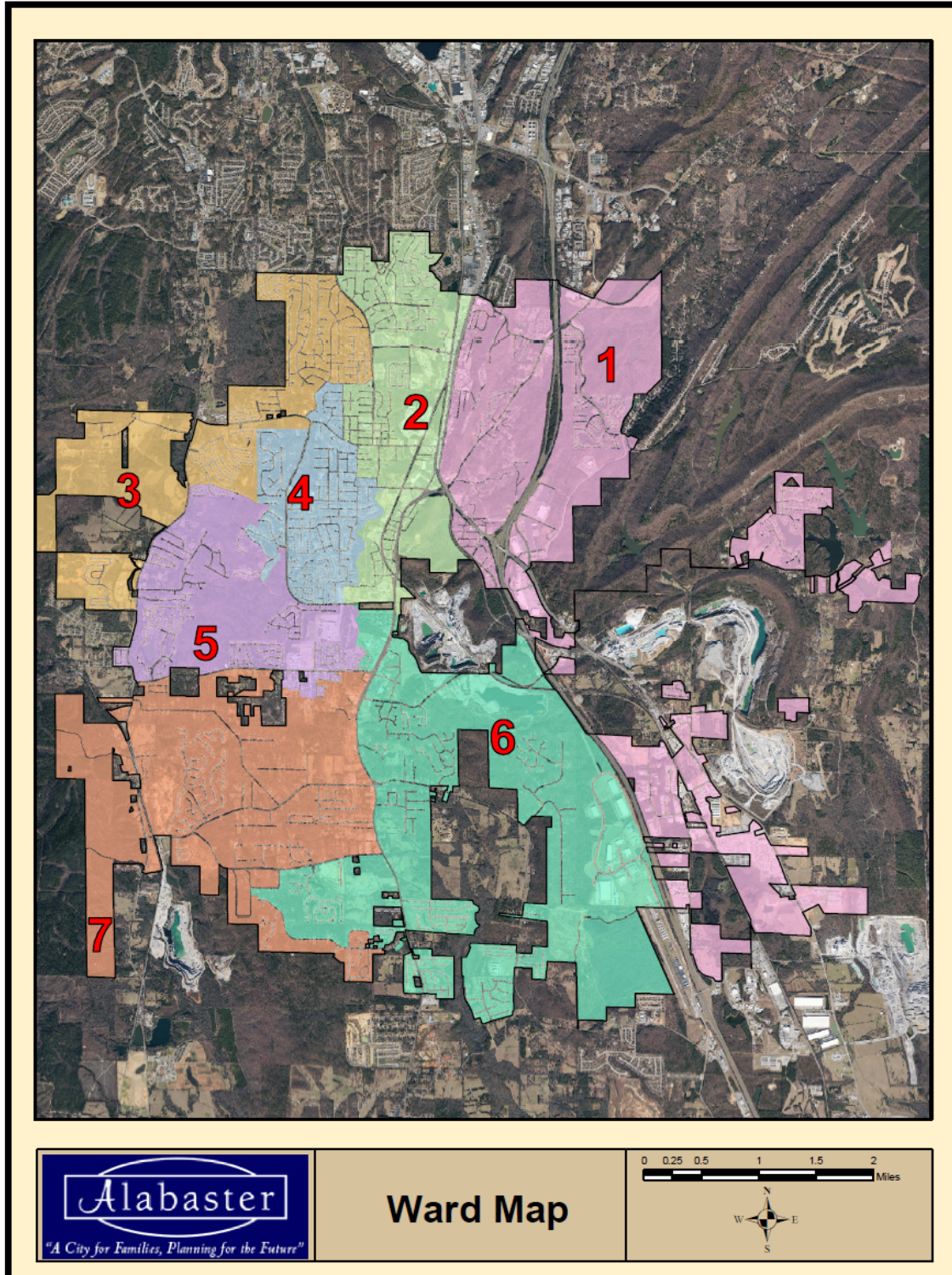
J. Mark Frey

Curtis Rigney

Tim Love

John Haggard

CITY OF ALABASTER, ALABAMA
Ward Map of the City of Alabaster, Alabama
September 30, 2022



INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022 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.

Basis for Opinions

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

Correction of Error

As discussed in Note 2 to the financial statements, the City noted errors resulting in the overstatement of previously reported notes receivable in the capital project funds, and an overstatement of capital assets and loans payable in the discretely presented component unit as September 30, 2021. Accordingly, an adjustment has been made to net position and fund balance as of September 30, 2021, to correct the error. Our opinion is not modified with respect to these matters.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 16-26 and 75-81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, 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.

BMSS, LLC

Birmingham, Alabama
March 23, 2023

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, 2022. 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 2022 by \$74.7 million.
- The Statement of Activities shows the Primary Government received taxes and other revenue of \$63.7 million and had expenses of \$48.8 million.
- The City's governmental funds reported a combined ending fund balance of \$48 million. This is \$14.3 million greater than last fiscal year due to issuance of debt in the amount of \$20.5 million offset by expenditures related to capital outlay.
- The City retired \$4.4 million of outstanding debt principal through scheduled debt service payments.
- The General Fund gave the Alabaster Board of Education \$6.9 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 a 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 27 through 29 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 83 and 84 of this report.

The basic governmental fund financial statements can be found on pages 30 through 33 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 34 through 36 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 37 through 73 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 75 through 81 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 83 through 97.

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 83 through 84 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 \$74.7 million at the close of the recent fiscal year. Of this figure, \$59.1 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.

An additional portion of the City's net position, \$20.2 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		Business-type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current assets	\$ 57,160	\$57,633	\$ 31,794	\$ 11,084	\$ 88,954	\$ 68,717
Capital assets	81,625	65,525	34,923	34,342	116,548	99,867
Total assets	138,785	123,158	66,717	45,426	205,502	168,584
Deferred outflows of resources	15,001	8,037	1,202	859	16,203	8,896
Long-term liabilities	96,633	75,310	26,308	10,145	122,941	85,455
Other liabilities	9,824	13,858	2,840	1,854	12,664	15,712
Total liabilities	106,457	89,168	29,148	11,999	135,605	101,167
Deferred inflows	10,662	5,689	711	198	11,373	5,887
Net position						
Net investment in capital assets	30,531	34,836	28,599	24,734	59,130	59,570
Restricted	17,758	13,202	2,396	2,765	20,154	15,967
Unrestricted	(11,622)	(11,700)	7,065	6,589	(4,557)	(5,111)
Total net position	\$ 36,667	\$ 36,338	\$ 38,060	\$ 34,088	\$ 74,727	\$ 70,426

For more detailed information, see the Statement of Net Position on page 27.

Management's Discussion and Analysis (unaudited)

September 30, 2022

City of Alabaster, Alabama

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

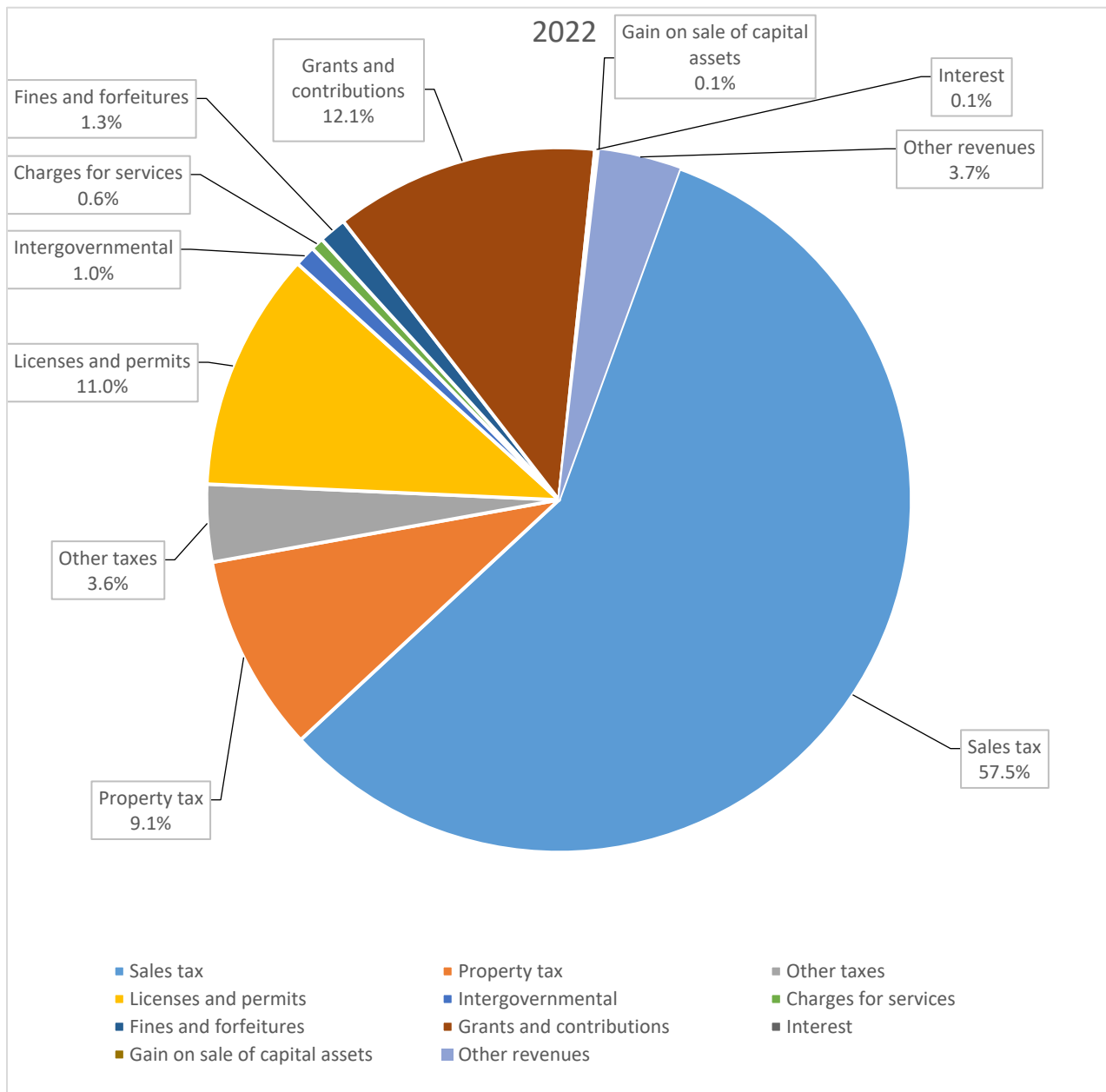
City of Alabaster Statement of Activities (in thousands)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Fees, fines, and charges for services	\$ 6,676	\$ 6,332	\$ 11,625	\$ 9,399	\$ 18,301	\$ 15,731
Operating grants and contributions	6,454	2,862	-	-	6,454	2,862
Capital grants and contributions	339	784	-	-	339	784
General revenues						
Property taxes	4,721	4,442	-	-	4,721	4,442
Sales and use taxes	29,912	26,698	-	-	29,912	26,698
Other taxes	1,846	1,719	-	-	1,846	1,719
Interest	77	59	21	18	98	77
Other revenue	1,967	1,788	107	-	2,074	1,788
Total revenues	<u>51,992</u>	<u>44,684</u>	<u>11,753</u>	<u>9,417</u>	<u>63,745</u>	<u>54,101</u>
Expenses						
General government	8,501	6,315	-	-	8,501	6,315
Public protection	17,826	17,022	-	-	17,826	17,022
Public ways and facilities	6,468	6,036	-	-	6,468	6,036
Interest and fiscal agent fees	6,851	6,307	-	-	6,851	6,307
Alabaster City Schools	1,613	1,668	-	-	1,613	1,668
Sewer Fund	-	-	5,644	5,051	5,644	5,051
Garbage Fund	-	-	1,881	1,942	1,881	1,942
Total expenses	<u>41,259</u>	<u>37,348</u>	<u>7,525</u>	<u>6,993</u>	<u>48,784</u>	<u>44,341</u>
Increase in net position before transfers	10,733	7,336	4,228	2,424	14,961	9,760
Transfers	256	(27)	(256)	27	-	-
Change in net position	10,989	7,309	3,972	2,451	14,961	9,760
Net position - beginning of year	36,338	29,029	34,088	31,637	70,426	60,666
Prior period adjustment	(10,660)	-	-	-	(10,660)	-
Net position - beginning of year, as restated	25,678	29,029	34,088	31,637	59,766	60,666
Net position - end of year	<u>\$ 36,667</u>	<u>\$ 36,338</u>	<u>\$ 38,060</u>	<u>\$ 34,088</u>	<u>\$ 74,727</u>	<u>\$ 70,426</u>

For more detailed information, see the Statement of Activities on page 29.

Governmental Activities

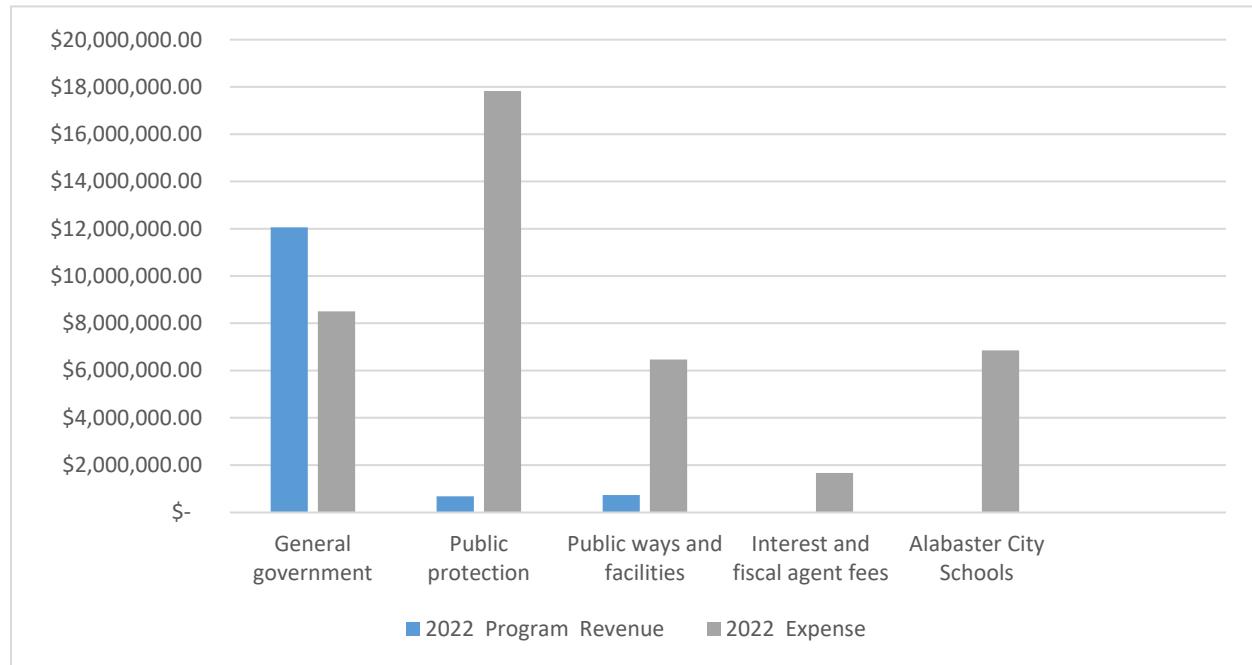
The City's governmental activities rely heavily on property taxes and sales taxes to support governmental operations. Property taxes provided 9.1% and sales taxes provided 57.5% of the City's total governmental revenues. Sales tax revenue increased by 12.0% from 2021. It should be noted that program revenues covered 32.6% of governmental operating expenses and the government's taxpayers and the City's other general revenues covered 67.4% 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 43.2% of the total governmental expenses. Public protection expenses increased by \$804 thousand, or 4.7%, from 2021. The second largest cost incurred by the City for governmental activities is general government expenses, which is 20.6% of total governmental expenses. General government expenses increased by \$2.2 million, or 34.6%, from 2021. The total cost of all governmental activities increased by \$3.9 million, while total revenues increased by \$7.3 million.

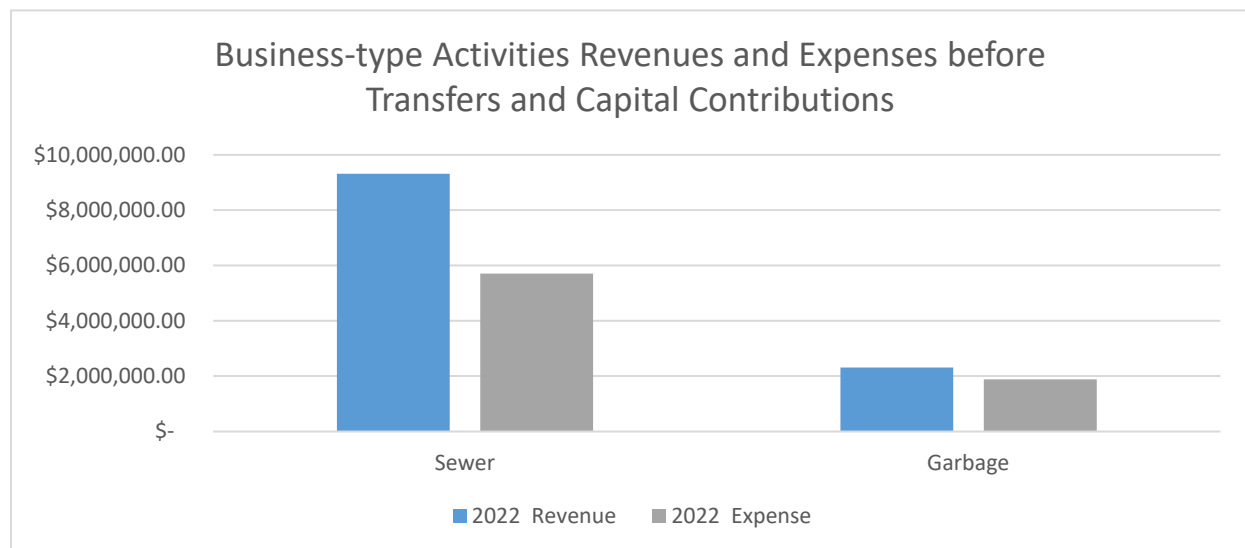
Program Revenues and Expenses - Governmental Activities



Business-Type Activities

The cost of all proprietary (business-type) activities was \$7.5 million, which is a \$532 thousand, or 7.6%, increase from 2021. This increase was primarily due to an inflationary increase in sewer and garbage.

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



The amount paid by users of the sewer and garbage services was \$11.8 million, which is the result of an increase in rates as well as an increase in customers during 2022. Within the total business-type activities of the City, these activities reported change in net position of \$4 million, which is an increase of 11.6% from 2021. The overall 2022 increase in net position is primarily attributable to revenue increases larger than expense increases. The City's business-type activities are currently preparing for major capital investments within the next 3 to 5 years.

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 \$14.3 million in 2022. This increase was primarily due to \$5.8 million of American Rescue Plan Act funds received from the Federal Government combined with the issuance of \$20.5 million of debt to purchase property and for capital improvements within the City, offset by expenditures for capital outlay. The total combined fund balance of the City's governmental funds, as of September 30, 2022, was \$48.0 million. Of this amount, \$8.9 million consisted of unassigned fund balance. Nonspendable fund balance was \$293 thousand, and fund balance that was committed, generally specified in council ordinances, totaled \$3.9 million. The remainder of the total fund balance totaled \$35.0 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 \$52.0 million, an increase of 16.3% from 2021. Sales tax revenue increased by \$3.2 million or 12.0%.

Looking at each major governmental fund individually, the fund balance for the General Fund at September 30, 2022 was \$13.0 million, an increase of \$595 thousand from the prior year. This increase in fund balance was primarily attributable to a \$3.2 million increase in sales tax revenues offset by net transfers to other governmental funds. The fund balance at September 30, 2022 for the Capital Projects Fund was \$29.7 million, an increase of \$20.0 million. The increase was primarily attributable to issuance of debt in the current year to be used for capital expenditures. The fund balance for the Debt Service Fund at September 30, 2022 was \$1.9 million, a \$415 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. The fund balance for the American Rescue Plan Act Fund at September 30, 2022 was \$0, as the fund was created in the prior year 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 fund balance at September 30, 2022 for the Public Building Authority was \$2.6 million, a decrease of \$6.3 million, resulting from capital outlay for the construction of the City's public safety building.

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 \$32.8 million and \$5.3 million, respectively. The total change in net position for the Sewer Fund and Garbage Fund was \$3.7 million and \$285 thousand, respectively. The increase in net position for the Sewer Fund was primarily attributable to the increase in charges for services revenue in the current year. The allocation of funds for debt principal payments and capital expenditures means that \$1.015 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 increase in net position for the Garbage Fund was primarily attributable to increase in charges for services revenue offset by \$237 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 75. 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, 2022, actual revenues for the General Fund exceeded the final budgeted amounts by \$1.1 million, or 2.4%. The variance is primarily the result of greater than budgeted sales tax revenues.

As of September 30, 2022, actual expenditures for the General Fund were less than the final budgeted amounts by \$1.4 million or 3.8%. The variance is the result of lower than anticipated spending in the current fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of September 30, 2022, totaled \$116.5 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 5 in the notes to the financial statements. Major purchases for 2022 consisted of \$8 million in property from the Alabaster Board of Education and \$6.2 million in construction in progress towards building a new police station. The largest portion of disposed assets in the current year were old public safety vehicles that were taken out of service and replaced with newer vehicles.

City of Alabaster Capital Assets (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Buildings and improvements	\$ 24,131	\$ 15,994	\$ 2,167	\$ 2,173	\$ 26,298	\$ 18,167
Equipment	4,271	3,803	24,301	23,577	28,572	27,380
Infrastructure	33,959	27,326	26,773	26,742	60,732	54,068
Vehicles	10,913	10,532	3,782	3,677	14,695	14,209
Land and improvements	19,055	18,754	946	722	20,001	19,476
Construction in progress	15,846	13,775	697	38	16,543	13,813
	\$108,175	90,184	58,666	56,929	166,841	147,113
Accumulated depreciation	(26,548)	(24,659)	(23,743)	(22,587)	(50,291)	(47,246)
Total	\$ 81,627	\$ 65,525	\$ 34,923	\$ 34,342	\$ 116,550	\$ 99,867

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 7 to the financial statements for additional information on long-term debt. As of September 30, 2022, the governmental activities had outstanding warrants totaling \$72.8 million and business-type activities had outstanding warrants totaling \$26.8 million.

The City's total debt increased by \$35.3 million during the current fiscal year. This increase was due to the City issuing \$38 million of debt to purchase property, for other capital improvements, and for sewer infrastructure improvements, offset by scheduled principal payments on other outstanding debt.

City of Alabaster Long-Term Debt (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General Obligation Warrants	\$ 56,358	\$ 37,420	\$ 26,823	\$ 10,069	\$ 83,181	\$ 47,489
Lease Revenue Bonds	16,491	16,859	-	-	16,491	16,859
Total	\$ 72,849	\$ 54,279	\$ 26,823	\$ 10,069	\$ 99,672	\$ 64,348

ECONOMIC CONDITIONS AFFECTING THE CITY

For the fiscal year beginning October 1, 2022, the City of Alabaster has continued to show above average performance in comparison to national and state benchmarks. While the increase of online retailing through the State of Alabama's Simplified Sellers Use Tax (SSUT) remains a challenge due to a lower tax rate charged through this program than locally, low unemployment, expansion of local businesses, and continued growth in population has been able to offset any online retailing challenges in the current environment. When compared to benchmarks such as overall unemployment, tax growth, and home sales, Alabaster has continued its positive trends from the last decade. The City continues to emphasize expansion in retail, healthcare, industrial, and residential sectors of the economy through responsible planning and the strategic use of incentive programs.

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Commercial Development Authority
Assets				
Current assets				
Cash and cash equivalents	\$ 8,930,968	\$ 8,776,731	\$ 17,707,699	\$ -
Receivables, net	7,590,873	1,546,999	9,137,872	-
Prepaid expenses	250,311	4,281	254,592	-
Parts and supplies	-	1,267,869	1,267,869	-
Cash and cash equivalents - restricted	40,288,205	20,198,618	60,486,823	47,082
Due from other governments	100,000	-	100,000	-
Total current assets	57,160,357	31,794,498	88,954,855	47,082
Noncurrent assets				
Nondepreciable capital assets	34,901,086	1,642,584	36,543,670	405,723
Depreciable capital assets, net	46,724,120	33,280,601	80,004,721	-
Total noncurrent assets	81,625,206	34,923,185	116,548,391	405,723
Total assets	138,785,563	66,717,683	205,503,246	452,805
Deferred outflows of resources				
Deferred outflows related to pensions	5,131,196	438,642	5,569,838	-
Deferred outflows related to OPEB	9,561,460	407,054	9,968,514	-
Deferred charge on refunding	308,657	356,271	664,928	-
Total deferred outflows of resources	15,001,313	1,201,967	16,203,280	-
Liabilities				
Current liabilities				
Accounts payable	2,798,797	792,910	3,591,707	-
Accrued payroll and benefits	427,730	49,970	477,700	-
Accrued interest payable	650,021	185,567	835,588	-
Due (from) to other funds	(26,642)	26,642	-	-
Due to other governments	1,152,755	-	1,152,755	100,000
Unearned revenue	17,498	-	17,498	-
Payable from restricted assets - cash bonds	224,625	-	224,625	-
Current maturities of long-term liabilities				
Warrants and bonds payable, net	4,099,255	1,740,225	5,839,480	-
Compensated absences	481,401	45,027	526,428	-
Total current liabilities	9,825,440	2,840,341	12,665,781	100,000

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

CITY OF ALABASTER, ALABAMA

Statement of Net Position

September 30, 2022

(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Commercial Development Authority
Noncurrent liabilities				
Warrants and bonds payable, net	\$ 68,749,494	\$ 25,083,132	\$ 93,832,626	\$ -
Compensated absences	481,401	45,026	526,427	-
Net pension liability	8,821,523	669,513	9,491,036	-
Net OPEB liability	18,580,108	510,447	19,090,555	-
Total noncurrent liabilities	<u>96,632,526</u>	<u>26,308,118</u>	<u>122,940,644</u>	<u>-</u>
 Total liabilities	<u>106,457,966</u>	<u>29,148,459</u>	<u>135,606,425</u>	<u>100,000</u>
 Deferred inflows of resources				
Property taxes levied for subsequent year	4,581,528	-	4,581,528	-
Deferred inflows related to pensions	5,778,958	711,011	6,489,969	-
Deferred inflows related to OPEB	301,170	(246)	300,924	-
Total deferred inflows of resources	<u>10,661,656</u>	<u>710,765</u>	<u>11,372,421</u>	<u>-</u>
 Net position				
Net investment in capital assets	30,531,023	28,598,965	59,129,988	305,723
Restricted for				
Debt service	2,460,784	256,712	2,717,496	-
Capital projects	14,650,176	2,139,572	16,789,748	47,082
Library	77,129	-	77,129	-
Public protection	364,375	-	364,375	-
Infrastructure maintenance	205,955	-	205,955	-
Unrestricted	<u>(11,622,188)</u>	<u>7,065,177</u>	<u>(4,557,011)</u>	<u>-</u>
 Total net position	<u>\$ 36,667,254</u>	<u>\$ 38,060,426</u>	<u>\$ 74,727,680</u>	<u>\$ 352,805</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, 2022

		Net (Expense) Revenue and Changes in Net Position						
Function/Programs	Expenses	Program Revenues			Primary Government			Component Unit
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Commercial Development Authority
Primary government								
Governmental activities								
General government	\$ 8,500,586	\$ 5,795,200	\$ 5,922,705	\$ 338,652	\$ 3,555,971	\$ -	\$ 3,555,971	\$ -
Public protection	17,826,376	558,002	119,236	-	(17,149,138)	-	(17,149,138)	-
Public ways and facilities	6,468,316	322,554	412,186	635	(5,732,941)	-	(5,732,941)	-
Alabaster City Schools	6,850,557	-	-	-	(6,850,557)	-	(6,850,557)	-
Interest on long-term debt	1,613,057	-	-	-	(1,613,057)	-	(1,613,057)	-
Total governmental activities	41,258,892	6,675,756	6,454,127	339,287	(27,789,722)	-	(27,789,722)	-
Business-type activities								
Sewer	5,643,633	9,314,448	-	-	-	3,670,815	3,670,815	-
Garbage	1,881,198	2,310,255	-	-	-	429,057	429,057	-
Total business-type activities	7,524,831	11,624,703	-	-	-	4,099,872	4,099,872	-
Total primary government	\$ 48,783,723	\$ 18,300,459	\$ 6,454,127	\$ 339,287	(27,789,722)	4,099,872	(23,689,850)	-
Component unit								
Community Development Authority	\$ 55,136	\$ -	\$ -	\$ -				(55,136)
General revenues and other items								
Taxes								
Sales					29,911,639	-	29,911,639	-
Property					4,721,433	-	4,721,433	-
Other					1,845,886	-	1,845,886	-
Interest earnings					77,397	20,690	98,087	-
Gain on disposal of capital assets					38,935	107,865	146,800	-
Other revenue					1,927,579	-	1,927,579	-
Transfers in (out)					256,047	(256,047)	-	-
Total general revenues and other items					38,778,916	(127,492)	38,651,424	-
Change in net position					10,989,194	3,972,380	14,961,574	(55,136)
Net position - beginning of year, as originally reported					36,338,060	34,088,046	70,426,106	1,628,364
Prior period adjustment					(10,660,000)	-	(10,660,000)	(1,220,423)
Net position - beginning of year, restated					25,678,060	34,088,046	59,766,106	407,941
Net position - end of year					\$ 36,667,254	\$ 38,060,426	\$ 74,727,680	\$ 352,805

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

CITY OF ALABASTER, ALABAMA

Balance Sheet Governmental Funds September 30, 2022

	General	Capital Projects	Debt Service	Americian Rescue Plan Act	Public Building Authority	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 8,930,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,930,968
Taxes receivable, net	7,566,182	-	-	-	-	-	7,566,182
Other receivables	43,135	-	-	-	-	(18,444)	24,691
Prepaid items	109,408	140,903	-	-	-	-	250,311
Cash and cash equivalents - restricted	4,005,747	29,671,535	1,900,752	-	3,749,444	960,727	40,288,205
Due from other funds	92,244	837,730	-	-	-	-	929,974
Due from other governments	-	100,000	-	-	-	-	100,000
Total assets	<u>\$ 20,747,684</u>	<u>\$ 30,750,168</u>	<u>\$ 1,900,752</u>	<u>\$ -</u>	<u>\$ 3,749,444</u>	<u>\$ 942,283</u>	<u>\$ 58,090,331</u>
Liabilities							
Accounts payable	\$ 652,614	\$ 1,033,910	\$ -	\$ -	\$ 1,103,193	\$ 9,080	\$ 2,798,797
Accrued payroll and benefits	427,730	-	-	-	-	-	427,730
Due to other governments	1,152,755	-	-	-	-	-	1,152,755
Due to other funds	837,730	65,602	-	-	-	-	903,332
Unearned revenue	17,498	-	-	-	-	-	17,498
Payable from restricted assets - cash bonds	61,268	-	-	-	-	163,357	224,625
Total liabilities	<u>3,149,595</u>	<u>1,099,512</u>	<u>-</u>	<u>-</u>	<u>1,103,193</u>	<u>172,437</u>	<u>5,524,737</u>
Deferred inflows of resources							
Property taxes levied for subsequent year	4,581,528	-	-	-	-	-	4,581,528
Total deferred inflows of resources	<u>4,581,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,581,528</u>
Fund balance							
Nonspendable							
Other receivables	43,135	-	-	-	-	-	43,135
Prepaid expenses	109,408	140,903	-	-	-	-	250,311
Restricted for							
Debt service	-	-	1,900,752	-	560,032	-	2,460,784
Capital improvements	-	29,509,753	-	-	2,086,219	261,551	31,857,523
Library	76,780	-	-	-	-	349	77,129
Public protection	62,384	-	-	-	-	301,991	364,375
Infrastructure maintenance	-	-	-	-	-	205,955	205,955
Committed for							
City Board of Education	574,691	-	-	-	-	-	574,691
Alabaster reserve fund	3,291,892	-	-	-	-	-	3,291,892
Unassigned	8,858,271	-	-	-	-	-	8,858,271
Total fund balance	<u>13,016,561</u>	<u>29,650,656</u>	<u>1,900,752</u>	<u>-</u>	<u>2,646,251</u>	<u>769,846</u>	<u>47,984,066</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 20,747,684</u>	<u>\$ 30,750,168</u>	<u>\$ 1,900,752</u>	<u>\$ -</u>	<u>\$ 3,749,444</u>	<u>\$ 942,283</u>	<u>\$ 58,090,331</u>

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

CITY OF ALABASTER, ALABAMA
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2022

Total fund balances - governmental funds \$ 47,984,066

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	108,173,961	
Less accumulated depreciation	<u>(26,548,755)</u>	81,625,206

Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid.	(650,021)
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Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Warrants payable	(53,775,000)	
Lease revenue bonds	(15,710,000)	
Warrant discounts and premiums	(3,363,749)	
Deferred outflow of resources for deferred charges	308,657	
Deferred outflows of resources for pensions	5,131,196	
Deferred outflows of resources for OPEB	9,561,460	
Deferred inflows related to pensions	(5,778,958)	
Deferred inflows related to OPEB	(301,170)	
Compensated absences	(962,802)	
Net pension liability	(8,821,523)	
Net OPEB liability	<u>(18,580,108)</u>	<u>(92,291,997)</u>

Total net position - governmental activities	\$ <u>36,667,254</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF ALABASTER, ALABAMA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

	General	Capital Projects	Debt Service	American Rescue Plan Act	Public Building Authority	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes							
Sales and use	\$ 29,911,639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,911,639
Property	4,721,433	-	-	-	-	-	4,721,433
Other	1,845,886	-	-	-	-	-	1,845,886
Licenses and permits	5,705,843	-	-	-	-	-	5,705,843
Intergovernmental	119,236	-	-	-	-	380,015	499,251
Charges for services	307,332	-	-	-	-	-	307,332
Fines and forfeitures	542,870	-	-	-	-	119,711	662,581
Donations, gifts, and grants	34,419	335,652	-	5,891,921	-	32,171	6,294,163
Interest	33,054	18,871	9,169	-	13,907	2,396	77,397
Other	1,927,579	-	-	-	-	-	1,927,579
Total revenue	<u>45,149,291</u>	<u>354,523</u>	<u>9,169</u>	<u>5,891,921</u>	<u>13,907</u>	<u>534,293</u>	<u>51,953,104</u>
Expenditures							
General government	5,423,487	-	-	218,318	-	27,055	5,668,860
Public protection	16,421,449	-	-	-	-	81,651	16,503,100
Public ways and facilities	5,493,819	2,223,413	-	-	-	32,073	7,749,305
Alabaster City Schools	6,850,557	-	-	-	-	-	6,850,557
Capital outlay	1,157,138	10,794,590	-	-	6,276,478	14,850	18,243,056
Debt service							
Principal retirement	-	-	3,045,000	-	320,000	-	3,365,000
Interest and fees	14,150	140,744	1,093,070	-	470,937	-	1,718,901
Total expenditures	<u>35,360,600</u>	<u>13,158,747</u>	<u>4,138,070</u>	<u>218,318</u>	<u>7,067,415</u>	<u>155,629</u>	<u>60,098,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,788,691</u>	<u>(12,804,224)</u>	<u>(4,128,901)</u>	<u>5,673,603</u>	<u>(7,053,508)</u>	<u>378,664</u>	<u>(8,145,675)</u>
Other financing sources (uses)							
Proceeds from sale of capital assets	57,875	-	-	-	-	-	57,875
Issuance of warrants	-	20,545,000	-	-	-	-	20,545,000
Premiums from issuance of warrants	-	1,595,744	-	-	-	-	1,595,744
Transfers in	347,650	10,665,754	4,543,810	-	792,713	200	16,350,127
Transfers out	(9,599,454)	-	-	(5,673,603)	-	(840,120)	(16,113,177)
Total other financing sources (uses)	<u>(9,193,929)</u>	<u>32,806,498</u>	<u>4,543,810</u>	<u>(5,673,603)</u>	<u>792,713</u>	<u>(839,920)</u>	<u>22,435,569</u>
Net change in fund balance	594,762	20,002,274	414,909	-	(6,260,795)	(461,256)	14,289,894
Fund balance - beginning 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>1,231,102</u>	<u>44,354,172</u>
Prior period adjustment	-	(10,660,000)	-	-	-	-	(10,660,000)
Fund balance - end of year	<u>\$ 13,016,561</u>	<u>\$ 29,650,656</u>	<u>\$ 1,900,752</u>	<u>\$ -</u>	<u>\$ 2,646,251</u>	<u>\$ 769,846</u>	<u>\$ 47,984,066</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, 2022

Net changes in fund balances - governmental funds \$ 14,289,894

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	18,243,056	
Less depreciation expense	(2,143,110)	16,099,946

The proceeds from the sale of capital assets (\$57,875) are reported as other
financing sources in the governmental funds. However, the net book value of
the capital assets (\$18,940) 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. (18,940)

Donations of capital assets do not provide current financial resources and are not
recorded in governmental funds. However, donations of capital assets increase
net position. 19,097

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	3,365,000	
Issuance of warrants	(20,545,000)	
Premium on issuance of warrants	(1,595,744)	
Warrant discount, premiums and deferred amount on refunding	112,822	(18,662,922)

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	(80,731)	
Net increase in pension expense	783,424	
Net increase in post-employment benefit payable	(1,433,596)	
Increase in accrued interest	(6,978)	(737,881)

Change in net position - governmental activities \$ 10,989,194

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

CITY OF ALABASTER, ALABAMA

Statement of Net Position

Proprietary Funds

September 30, 2022

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 7,386,539	\$ 1,390,192	\$ 8,776,731
Receivables, net	1,195,953	351,046	1,546,999
Prepaid expenses	4,281	-	4,281
Parts and supplies	-	1,267,869	1,267,869
Cash and cash equivalents - restricted	20,198,618	-	20,198,618
Total current assets	28,785,391	3,009,107	31,794,498
Noncurrent assets			
Nondepreciable capital assets	1,642,584	-	1,642,584
Depreciable capital assets, net	30,583,798	2,696,803	33,280,601
Total noncurrent assets	32,226,382	2,696,803	34,923,185
Total assets	61,011,773	5,705,910	66,717,683
Deferred outflows of resources			
Deferred outflows related to pensions	335,051	103,591	438,642
Deferred outflows related to OPEB	-	407,054	407,054
Deferred charge on refunding	356,271	-	356,271
Total deferred outflows of resources	691,322	510,645	1,201,967
Liabilities			
Current liabilities			
Accounts payable	758,183	34,727	792,910
Accrued payroll and benefits	35,316	14,654	49,970
Accrued interest	185,567	-	185,567
Due to other funds	8,566	18,076	26,642
Current maturities of long-term liabilities			
Warrants payable	1,740,225	-	1,740,225
Compensated absences	33,475	11,552	45,027
Total current liabilities	2,761,332	79,009	2,840,341
Noncurrent liabilities			
Warrants payable, net	25,083,132	-	25,083,132
Compensated absences	33,474	11,552	45,026
Net pension liability	488,474	181,039	669,513
Net OPEB liability	-	510,447	510,447
Total noncurrent liabilities	25,605,080	703,038	26,308,118
Total liabilities	28,366,412	782,047	29,148,459
Deferred inflows of resources			
Deferred inflows related to pensions	556,368	154,643	711,011
Deferred inflows related to OPEB	-	(246)	(246)
Total deferred inflows of resources	556,368	154,397	710,765
Net position			
Net investment in capital assets	25,902,162	2,696,803	28,598,965
Restricted for			
Debt service	256,712	-	256,712
Capital improvements	2,139,572	-	2,139,572
Unrestricted	4,481,869	2,583,308	7,065,177
Total net position	\$ 32,780,315	\$ 5,280,111	\$ 38,060,426

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, 2022

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Operating revenues			
Charges for services	\$ 9,314,448	\$ 2,310,255	\$ 11,624,703
Total operating revenues	<u>9,314,448</u>	<u>2,310,255</u>	<u>11,624,703</u>
Operating expenses			
Administration, operations, and maintenance	3,952,647	1,582,912	5,535,559
Depreciation and amortization	1,262,397	298,286	1,560,683
Total operating expenses	<u>5,215,044</u>	<u>1,881,198</u>	<u>7,096,242</u>
Operating income	<u>4,099,404</u>	<u>429,057</u>	<u>4,528,461</u>
Non-operating revenues (expenses)			
Interest income	17,904	2,786	20,690
Gain on sale of assets	17,865	90,000	107,865
Interest expense	(428,589)	-	(428,589)
Total non-operating revenues (expenses)	<u>(392,820)</u>	<u>92,786</u>	<u>(300,034)</u>
Income before transfers	3,706,584	521,843	4,228,427
Transfers out	<u>(19,097)</u>	<u>(236,950)</u>	<u>(256,047)</u>
	<u>(19,097)</u>	<u>(236,950)</u>	<u>(256,047)</u>
Change in net position	3,687,487	284,893	3,972,380
Net position - beginning of year	<u>29,092,828</u>	<u>4,995,218</u>	<u>34,088,046</u>
Net position - end of year	<u>\$ 32,780,315</u>	<u>\$ 5,280,111</u>	<u>\$ 38,060,426</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, 2022

	Business-type Activities - Enterprise Funds		
	Sewer	Garbage	Totals
Cash flows from operating activities			
Cash received from customers	\$ 9,112,204	\$ 2,229,938	\$ 11,342,142
Cash paid to suppliers for goods and services	(1,645,089)	(679,359)	(2,324,448)
Cash paid to employees	(1,942,579)	(825,865)	(2,768,444)
Net cash provided by operating activities	<u>5,524,536</u>	<u>724,714</u>	<u>6,249,250</u>
Cash flows from noncapital financing activities			
Transfers to other funds	-	(236,950)	(236,950)
Net cash used by noncapital financing activities	<u>-</u>	<u>(236,950)</u>	<u>(236,950)</u>
Cash flows from capital and related financing activities			
Purchase of property, plant, and equipment	(1,866,012)	(294,816)	(2,160,828)
Proceeds from sale of capital assets	17,865	90,000	107,865
Principal payments on debt	(1,015,000)	-	(1,015,000)
Proceeds from issuance of debt	17,800,000	-	17,800,000
Interest payments on debt	(337,349)	-	(337,349)
Net cash provided (used) by capital and related financing activities	<u>14,599,504</u>	<u>(204,816)</u>	<u>14,394,688</u>
Cash flows from investing activities			
Interest on cash and investments	17,904	2,786	20,690
Net cash provided by investing activities	<u>17,904</u>	<u>2,786</u>	<u>20,690</u>
Net increase in cash and cash equivalents	20,141,944	285,734	20,427,678
Cash and cash equivalents - beginning of year	<u>7,443,213</u>	<u>1,104,458</u>	<u>8,547,671</u>
Cash and cash equivalents - end of year	<u>\$ 27,585,157</u>	<u>\$ 1,390,192</u>	<u>\$ 28,975,349</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 4,099,404	\$ 429,057	\$ 4,528,461
Adjustment to reconcile operating income to net cash provided by operating activities			
Depreciation	1,262,397	298,286	1,560,683
(Increase) decrease in			
Accounts receivable	(197,963)	(13,550)	(211,513)
Prepaid expenses	(4,281)	(66,767)	(71,048)
Increase (decrease) in			
Accounts payable	425,301	12,662	437,963
Accrued payroll and related liabilities	(60,322)	65,026	4,704
Net cash provided by operating activities	<u>\$ 5,524,536</u>	<u>\$ 724,714</u>	<u>\$ 6,249,250</u>
Reconciliation of cash and cash equivalents			
Cash and cash equivalents	\$ 7,386,539	\$ 1,390,192	\$ 8,776,731
Cash and cash equivalents - restricted	20,198,618	-	20,198,618
Total cash and cash equivalents - end of year	<u>\$ 27,585,157</u>	<u>\$ 1,390,192</u>	<u>\$ 28,975,349</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, 2022

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, 2023, 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 provide 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 an 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. The CDA does not have separately issued financial statements.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(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, 2022

(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, 2022

(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 Plan Act 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, 2022

(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, 2022

(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, 2022

(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. Deferred outflows of resources represent a consumption of net assets 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, 2022

(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. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. 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, 2022

(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, 2022

(Continued)

NOTE 2 - PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2022, the City discovered that in a prior period, the CDA transferred ownership of land and property, which collateralized a loan in the amount of \$10,660,000 to the CDA from the City's Capital Project Fund. Due to no longer retaining ownership of the property, the City deemed that the CDA was unable to repay the receivable in the prior period. As such, notes receivable by the Capital Projects Fund and net assets were overstated by \$10,660,000 as of September 30, 2021. The total of the prior period adjustment decreased the City's government-wide net position by \$10,660,000. In addition, the CDA non-depreciable and depreciable capital asset were overstated by \$8,953,757 and \$2,926,666, respectively, as of September 30, 2021. In addition, the CDA loan payable to the Capital Project Fund was overstated by \$10,660,000 as of September 30, 2021. The total prior period adjustment decreased the CDA's net position by \$1,220,423.

NOTE 3 - 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, 2022 were insured.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 4 - RECEIVABLES AND PAYABLES

Receivables consisted of the following at September 30, 2022:

	Governmental Activities	Business-type Activities	Total
Taxes	\$ 7,566,182	\$ -	\$ 7,566,182
Customers	-	1,614,203	1,614,203
Other	24,691	-	24,691
Gross receivables	7,590,873	1,614,203	9,205,076
Less: allowance for uncollectible accounts	-	(67,204)	(67,204)
Net receivables	<u>\$ 7,590,873</u>	<u>\$ 1,546,999</u>	<u>\$ 9,137,872</u>

Payables consisted of the following at September 30, 2022:

	Governmental Activities	Business-type Activities	Total
Trade	\$ 2,037,528	\$ 792,910	\$ 2,830,438
Capital assets	761,269	-	761,269
Net payables	<u>\$ 2,798,797</u>	<u>\$ 792,910</u>	<u>\$ 3,591,707</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 5 - CAPITAL ASSETS

Capital asset activity for governmental activities consisted of the following for the year ended September 30, 2022:

	Governmental Activities			
	October 1, 2021	Additions	Disposals	September 30, 2022
Depreciable assets				
Buildings and improvements	\$ 15,993,550	\$ 8,145,901	\$ 8,473	\$ 24,130,978
Equipment	3,802,713	468,166	91	4,270,788
Infrastructure	27,326,370	6,632,751	602	33,958,519
Vehicles	10,532,304	687,525	307,239	10,912,590
	<u>57,654,937</u>	<u>15,934,343</u>	<u>316,405</u>	<u>73,272,875</u>
Less accumulated depreciation				
Buildings and improvements	8,011,274	530,879	5,195	8,536,958
Equipment	2,789,745	270,545	-	3,060,290
Infrastructure	7,224,915	562,218	-	7,787,133
Vehicles	6,633,633	779,468	248,727	7,164,374
	<u>24,659,567</u>	<u>2,143,110</u>	<u>253,922</u>	<u>26,548,755</u>
	<u>32,995,370</u>	<u>13,791,233</u>	<u>62,483</u>	<u>46,724,120</u>
Nondepreciable assets				
Land and improvements	18,754,311	301,000	-	19,055,311
Construction in progress	13,775,422	7,679,827	5,609,474	15,845,775
	<u>32,529,733</u>	<u>7,980,827</u>	<u>5,609,474</u>	<u>34,901,086</u>
	<u>\$ 65,525,103</u>	<u>\$ 21,772,060</u>	<u>\$ 5,671,957</u>	<u>\$ 81,625,206</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 5 - CAPITAL ASSETS - Continued

Capital asset activity for business-type activities consisted of the following for the year ended September 30, 2022:

	Business-type Activities			
	October 1, 2021	Additions	Disposals	September 30, 2022
Depreciable assets				
Buildings and improvements	\$ 2,173,392	\$ 6,240	\$ 12,425	\$ 2,167,207
Equipment	23,577,107	808,997	85,000	24,301,104
Infrastructure	26,741,932	31,049	-	26,772,981
Vehicles	3,676,414	444,568	338,970	3,782,012
	<u>56,168,845</u>	<u>1,290,854</u>	<u>436,395</u>	<u>57,023,304</u>
Less accumulated depreciation				
Buildings and improvements	217,343	57,102	-	274,445
Equipment	10,388,357	573,233	85,000	10,876,590
Infrastructure	10,109,060	555,962	-	10,665,022
Vehicles	1,872,132	374,387	319,873	1,926,646
	<u>22,586,892</u>	<u>1,560,684</u>	<u>404,873</u>	<u>23,742,703</u>
	<u>33,581,953</u>	<u>(269,830)</u>	<u>31,522</u>	<u>33,280,601</u>
Nondepreciable assets				
Land and improvements	721,854	224,056	-	945,910
Construction in progress	38,330	658,344	-	696,674
	<u>760,184</u>	<u>882,400</u>	<u>-</u>	<u>1,642,584</u>
	<u>\$ 34,342,137</u>	<u>\$ 612,570</u>	<u>\$ 31,522</u>	<u>\$ 34,923,185</u>

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

Governmental activities

General government	\$ 584,107
Public protection	712,698
Public ways and facilities	846,305
	<u>\$ 2,143,110</u>

Business-type activities

Sewer	\$ 1,262,398
Garbage	298,286
	<u>\$ 1,560,684</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 5 - CAPITAL ASSETS - Continued

Capital asset activity for the discretely presented component unit, CDA, consisted of the following for the year ended September 30, 2022:

	Governmental Activities			
	October 1, 2021	Additions	Disposals	September 30, 2022
Depreciable assets				
Infrastructure	\$ 4,000,000	\$ -	\$ 4,000,000	\$ -
Less accumulated depreciation				
Infrastructure	1,073,334	-	1,073,334	-
	2,926,666	-	2,926,666	-
Nondepreciable assets				
Land and improvements	9,359,481	-	8,953,758	405,723
	\$ 12,286,147	\$ -	\$ 11,880,424	\$ 405,723

Depreciation expense for all depreciable assets is charged to functions/programs of the discretely presented component unit. Depreciation expense totaled \$0 for the year ended September 30, 2022.

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund payables and receivables consisted of the following at September 30, 2022:

	Interfund Receivables (Payables)
General Fund	\$ (745,486)
Capital Projects Fund	772,128
Sewer	(8,566)
Garbage	(18,076)
	<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, 2022

(Continued)

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund transfers consisted of the following during the year ended September 30, 2022:

Transfer out	Transfer In				Total transfers out
	General	Capital Projects	Debt Service	Public Building Authority	
General Fund	\$ -	\$ 4,262,931	\$ 4,543,810	\$ 792,713	\$ 9,599,454
Debt Service	-	-	-	-	-
American Rescue Plan Act	-	5,673,603	-	-	5,673,603
Other Governmental	110,700	729,220	-	-	839,920
Sewer	19,097	-	-	-	19,097
Garbage	236,950	-	-	-	236,950
Total transfers in	\$ 366,747	\$ 10,665,754	\$ 4,543,810	\$ 792,713	\$ 16,369,024

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 7 - 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, 2022

(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

The general obligation warrants payable for governmental activities consisted of the following at September 30, 2022:

	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%	\$ 125,000
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%	375,000
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%	2,445,000
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%	2,135,000
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%	8,250,000
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%	5,220,000
Series 2022-B General Obligation Warrants, dated September 15, 2022, due in semi-annual payments through August 1, 2036, bearing an interest rate of 5.00%	13,545,000

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

	Governmental Activities
Series 2022-C General Obligation Warrants, dated September 21, 2022, due in annual payments through September 1, 2042, bearing an interest rate of 5.00%	\$ 7,000,000
Total warrants payable	53,775,000
Deferred amounts for	
Unamortized premiums	2,603,145
Unamortized discounts	(20,067)
Total warrants payable, net	<u>\$ 56,358,078</u>

The lease revenue bonds payable for governmental activities consisted of the following at September 30, 2022:

	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%	\$ 15,710,000
Deferred amounts for	
Unamortized premiums	780,671
Total revenue bonds payable, net	<u>\$ 16,490,671</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

The general obligation warrants payable for business-type activities consisted of the following at September 30, 2022:

	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%	\$ 8,165,000
Series 2022-A General Obligation Warrants, dated September 15, 2022, due in semi-annual payments through August 1, 2036, bearing interest rates of 4.00% to 4.125%	<u>17,465,000</u>
Total warrants payable	25,630,000
Deferred amounts for	
Unamortized premiums	<u>1,193,357</u>
Total warrants payable, net	<u><u>\$ 26,823,357</u></u>

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
2023	\$ 3,455,000	\$ 1,693,946	\$ 325,000	\$ 467,735
2024	3,525,000	1,626,085	335,000	461,235
2025	3,605,000	1,547,027	345,000	454,535
2026	3,670,000	1,459,492	355,000	440,735
2027	3,765,000	1,372,223	370,000	426,535
2028-2032	18,310,000	5,203,034	2,100,000	1,897,475
2033-2037	15,695,000	1,610,050	2,540,000	1,457,525
2038-2042	1,750,000	-	2,960,000	1,036,775
2043-2047	-	-	3,370,000	626,255
2048-2051	-	-	3,010,000	190,375
	<u>\$ 53,775,000</u>	<u>\$ 14,511,857</u>	<u>\$ 15,710,000</u>	<u>\$ 7,459,180</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

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
2023	\$ 1,530,000	\$ 970,211
2024	1,495,000	1,012,100
2025	1,540,000	963,150
2026	1,595,000	901,550
2027	1,665,000	837,750
2028-2032	5,190,000	3,247,950
2033-2037	3,365,000	2,365,750
2038-2042	4,170,000	1,561,150
2043-2047	5,080,000	645,563
	<u>\$ 25,630,000</u>	<u>\$ 12,505,174</u>

Changes in long-term liabilities for governmental activities consisted of the following at September 30, 2022:

Governmental Activities	October 1, 2021	Additions	Retirements	September 30, 2022	Due within one year
Warrants payable					
General obligation warrants	\$ 36,275,000	\$ 20,545,000	\$ 3,045,000	\$ 53,775,000	\$ 3,455,000
Lease revenue bonds	16,030,000	-	320,000	15,710,000	325,000
Less: discounts and premiums, net	1,973,614	1,595,744	205,609	3,363,749	319,255
Total warrants payable	<u>54,278,614</u>	<u>22,140,744</u>	<u>3,570,609</u>	<u>72,848,749</u>	<u>4,099,255</u>
Compensated absences	888,027	518,789	444,014	962,802	481,401
	<u>\$ 55,166,641</u>	<u>\$ 22,659,533</u>	<u>\$ 4,014,623</u>	<u>\$ 73,811,551</u>	<u>\$ 4,580,656</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.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

The Series 2020 Bonds are special, limited obligations of The Public Building Authority of the City of Alabaster, 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 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, 2022:

Business-type Activities	October 1, 2021	Additions	Retirements	September 30, 2022	Due within one year
Warrants payable					
General obligation warrants	\$ 9,180,000	\$ 17,465,000	\$ 1,015,000	\$ 25,630,000	\$ 1,530,000
Less: discounts and premiums, net	888,665	508,046	203,354	1,193,357	210,225
Total warrants payable	10,068,665	17,973,046	1,218,354	26,823,357	1,740,225
Compensated absences	81,550	49,278	40,775	90,053	45,027
	<u>\$ 10,150,215</u>	<u>\$ 18,022,324</u>	<u>\$ 1,259,129</u>	<u>\$ 26,913,410</u>	<u>\$ 1,785,252</u>

In prior years, the government defeased various general obligation bonds and warrants by placing the proceeds of the new bonds or warrants in an irrevocable trust account to provide for all future debt service payments on the old bonds and warrants. Accordingly, the trust account assets and the liabilities for the defeased bonds and warrants are not included in the government's financial statements. At September 30, 2022, \$20,455,000 of defeased bonds and warrants remained outstanding.

NOTE 8 - 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 \$1,546,999 at September 30, 2022 for those fees collected during the month of September.

During the year ended September 30, 2022, the City recognized a total of \$11,624,703 in sewer and garbage fees collected by the Water Board.

At September 30, 2022, the CDA owed the Capital Projects Fund \$100,000. The purpose of the loan was to enable the CDA to purchase land and fulfill contractual obligations. The note is non-interest bearing.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(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 the 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 the 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 the ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in the ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(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, 2022

(Continued)

NOTE 9 - PENSION PLAN - Continued

Benefits Provided - Continued

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

Retirees and beneficiaries currently receiving benefits	29,727
Terminated employees entitled to but not yet receiving benefits	2,130
Terminated employees not entitled to a benefit	16,415
Active members	56,184
Post-DROP participants who are still in active service	54
	<u>104,510</u>

The City's membership as of the measurement date of September 30, 2021 consisted of:

Retired members or their beneficiaries currently receiving benefits	77
Vested inactive members	6
Non-vested inactive members	35
Active members	249
Post-DROP participants who are still in active service	-
	<u>367</u>

Contributions

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

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 9 - PENSION PLAN - Continued

Contributions - Continued

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.

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, 2022, the City's active employee contribution rate was 5.67% of covered employee payroll for Tier 1 members and 7.87% for Tier 2 employees, and the City's average contribution rate to fund the normal and accrued liability costs was 9.85% of pensionable payroll for Tier 1 members and 7.75% of pensionable payroll for Tier 2 members.

The City's contractually required contribution rate for the year ended September 30, 2022 was 9.90% of pensionable pay for Tier 1 employees, and 6.60% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$1,529,819 for the year ended September 30, 2022.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 9 - PENSION PLAN - Continued

Net Pension Liability

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

	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>	<u>Actual after 2020 Experience Study</u>
(a) Total pension liability as of September 30, 2020	\$ 54,309,712	\$ 52,366,075	\$ 52,366,075	\$ 54,886,183
(b) Discount rate	7.70%	7.70%	7.70%	7.45%
(c) Entry age normal cost for the period October 1, 2020 - September 30, 2021	1,350,231	1,350,231	1,350,231	1,513,214
(d) Transfers among employers:	-	(67,986)	(67,986)	(67,986)
(e) Actual benefit payments and refunds for the period October 1, 2020 - September 30, 2021	(2,405,799)	(2,405,799)	(2,405,799)	(2,405,799)
(f) Total pension liability as of September 30, 2021 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 57,343,369</u>	<u>\$ 55,182,086</u>	<u>\$ 55,182,086</u>	<u>\$ 57,925,016</u>
(g) Difference between expected and actual		\$ (2,161,283)		
(h) Less liability transferred for immediate recognition		<u>(67,986)</u>		
(i) Difference between expected and actual experience (gain)/loss = (g) - (h)		<u>\$ (2,093,297)</u>		
(j) Difference between actual TPL before and after Act 2019-132 - benefit change (gain)/loss			\$ -	
(k) Difference between Actual TPL Before and After 2020 Experience Study - Assumption Change (Gain)/Loss				\$ 2,742,930

Actuarial Assumptions

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

1. An investment rate of return of 7.7% (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, 2022

(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, 2019, 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	15.0%	2.8%
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%	9.0%
Real estate	10.0%	6.5%
Cash	5.0%	1.5%
	<u>100.0%</u>	

*Includes assumed rate of inflation of 2.00%.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2020	\$ 54,309,712	\$ 39,604,184	\$ 14,705,528
Changes for the year			
Service cost	1,350,231	-	1,350,231
Interest	4,089,225	-	4,089,225
Changes of benefit terms	-	-	-
Changes of assumptions	2,742,930	-	2,742,930
Difference between expected and actual experience	(2,093,297)	-	(2,093,297)
Contributions - employer	-	1,370,341	(1,370,341)
Contributions - employee	-	1,135,011	(1,135,011)
Net investment income	-	8,798,229	(8,798,229)
Benefits of payments, including refunds of employee contributions	(2,405,799)	(2,405,799)	-
Transfers among employers	(67,986)	(67,986)	-
Net changes	3,615,304	8,829,796	(5,214,492)
Balances at September 30, 2021	\$ 57,925,016	\$ 48,433,980	\$ 9,491,036

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(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 7.45%, 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 (6.45%) or 1-percentage-point higher (8.45%) than the current rate (dollar amounts in thousands):

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Plan's net pension liability	\$ 17,349,526	\$ 9,491,036	\$ 2,971,558

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2021. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes 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, 2022

(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, 2022, the City recognized pension expense of \$596,777. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,032,728	\$ 2,988,429
Changes of assumptions	3,067,104	-
Net difference between projected and actual earnings on pension plan investments	-	3,501,540
Employer contributions subsequent to the measurement date	1,470,006	-
	<u>\$ 5,569,838</u>	<u>\$ 6,489,969</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
2023	\$ (413,531)
2024	(299,702)
2025	(943,838)
2026	(1,103,645)
2027	178,042
Thereafter	192,537

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(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 1" members). Employees hired on and after January 1, 2013 (called "Tier 2" 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	35
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	238
	<hr/>
	273

Total OPEB Liability

The City's total OPEB liability of September 30, 2022 was measured as of September 30, 2022 and was determined by an actuarial valuation as of that date.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00% including inflation
Discount rate	2.15% annually (beginning of year)
	4.02% annually (as of end of year measurement date)
Healthcare cost trend rates	5.50% annually

The discount rate was based on the average of the Bond Buyers' 20-Year General Obligation municipal bond index as of September 30, 2022, 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, 2022 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2022.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at September 30, 2021	\$ 10,695,761
Changes for the year	
Service cost	411,285
Interest	234,380
Changes of assumptions	4,687,206
Difference between expected and actual experience	3,264,109
Benefit payments and net transfers	(202,186)
Net changes	8,394,794
Balances at September 30, 2022	<u>\$ 19,090,555</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.02%) or 1-percentage-point higher (5.02%) than the current discount rate:

	1% Decrease (3.02%)	Current Discount Rate (4.02%)	1% Increase (5.02%)
Plan's total OPEB liability	<u>\$ 22,396,273</u>	<u>\$ 19,090,555</u>	<u>\$ 16,446,991</u>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current discount rate:

	1% Decrease (4.50%)	Current Trend Rate (5.50%)	1% Increase (6.50%)
Plan's total OPEB liability	<u>\$ 16,253,092</u>	<u>\$ 19,090,555</u>	<u>\$ 22,675,202</u>

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(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, 2022, the City recognized OPEB expense totaling \$1,719,842. At September 30, 2022, 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	\$ 3,191,838	\$ 300,924
Changes of assumptions	6,776,676	-
	<u>\$ 9,968,514</u>	<u>\$ 300,924</u>

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
2023	\$ 1,074,177
2024	1,074,177
2025	1,074,177
2026	1,074,177
2027	1,074,177
Thereafter	4,296,707

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 11 - NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

The Sewer fund had amortization of premiums of \$203,354 and amortization of deferred amounts on refunding of \$103,831 for the year ended September 30, 2022.

NOTE 12 - 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, 2022, 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.

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

NOTE 13 - ECONOMIC DEPENDENCY

The City is economically dependent on a small number of principal taxpayers. Sales and use tax revenue accounted for 57.5% of total governmental fund-type revenues for the year ended September 30, 2022. Sales and use tax revenues received from one major taxpayer accounted for 14.4% of the total sales and use tax collected City-wide. In addition, business license revenues received from one major company accounted for 24.1% of the total business license revenues collected City-wide.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 14 - 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, 2022, the City abated taxes totaling \$348,420 under this Act, as summarized below.

Purpose	Type of Taxes Abated	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Development of Alalanding shopping center on Highway 31	Sales	33.5%	\$ 58,948
To bring Ulta to Promenade Shopping Center	Sales	47.5%	77,020
To bring Dick's, Panda Express, and Verizon to Promenade Shopping Center	Sales	18.3%	84,844
To bring Dunkin' Donuts to Alabaster	Sales	37.5%	28,278
Development of manufacturing facility in Alabaster	Property	100.0%	6,348
Development of manufacturing facility in Alabaster	Property	100.0%	13,204
Development of manufacturing facility in Alabaster	Property	100.0%	2,526
Development of manufacturing facility in Alabaster	Property	100.0%	10,932
Development of distribution facility in Alabaster	Property	100.0%	66,320
			<u>\$ 348,420</u>

NOTE 15 - 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 were in effect for financial statements starting with the fiscal year that ends June 30, 2022. The City implemented GASB 87 for the fiscal year ending September 30, 2022. Adoption did not effect the City's current year financial statements.

CITY OF ALABASTER, ALABAMA

Notes to the Financial Statements

September 30, 2022

(Continued)

NOTE 15 - 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 were in effect for financial statements starting with the fiscal year that ends June 30, 2022. The City implemented GASB 92 for the fiscal year ending September 30, 2022. Adoption did not effect the City's current year 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 were in effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 were in effect for financial statements starting with the fiscal year that ends June 30, 2022. The City implemented GASB 93 for the fiscal year ending September 30, 2022. Adoption did not effect the City's current year 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, 2022

(Continued)

NOTE 15 - 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 were in effect for financial statements starting with the fiscal year that ends June 30, 2022. The City implemented GASB 97 for the fiscal year ending September 30, 2022.

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 implemented GASB 87 for the fiscal year ending September 30, 2022. Adoption did not effect the City's current year financial statements.

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

NOTE 16 - COMMITMENTS

At September 30, 2022, the City had contractual commitments totaling \$6,491,175 for the construction of its police station, for culvert repairs, and for expansion and improvements at City parks.

NOTE 17 - SUBSEQUENT EVENTS

On February 27, 2023, the Alabaster City Council voted to increase the City's sales and use tax rate from 4% to 5%. This change will become effective beginning on May 1, 2023.

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Sales and use	\$ 28,146,449	\$ 29,206,331	\$ 29,911,639	\$ 705,308
Property	4,620,225	4,719,000	4,721,433	2,433
Other	1,691,500	1,769,475	1,845,886	76,411
Licenses and permits	5,208,965	5,606,800	5,705,843	99,043
Intergovernmental	125,000	125,000	119,236	(5,764)
Charges for services	382,550	281,156	307,332	26,176
Fines and forfeitures	501,500	509,500	542,870	33,370
Donations, gifts, and grants	18,400	32,100	34,419	2,319
Interest	30,000	30,000	33,054	3,054
Other	1,606,500	1,803,732	1,927,579	123,847
Total revenue	<u>42,331,089</u>	<u>44,083,094</u>	<u>45,149,291</u>	<u>1,066,197</u>
Expenditures, current				
General government				
Administrative	3,027,176	3,108,546	3,064,188	44,358
Finance	736,016	798,148	773,344	24,804
Personnel	1,626,676	1,652,610	1,512,383	140,227
Elected officials	261,841	260,692	247,970	12,722
Newsletter	120,000	97,375	97,375	-
Total general government	<u>5,771,709</u>	<u>5,917,371</u>	<u>5,695,260</u>	<u>222,111</u>
Public protection				
Police	9,488,036	10,315,981	9,608,818	707,163
Municipal court	571,052	558,603	518,401	40,202
Fire	6,861,391	7,075,028	6,948,567	126,461
Total public protection	<u>16,920,479</u>	<u>17,949,612</u>	<u>17,075,786</u>	<u>873,826</u>
Public ways and facilities				
Library	890,811	1,016,361	948,075	68,286
Public works	1,562,369	1,555,661	1,447,821	107,840
Parks and recreation	3,629,576	3,468,946	3,343,101	125,845
Total public ways and facilities	<u>6,082,756</u>	<u>6,040,968</u>	<u>5,738,997</u>	<u>301,971</u>
Alabaster City Schools				
Payments to the Alabaster Board of Education	6,458,017	6,843,001	6,850,557	(7,556)
Total Alabaster City Schools	<u>6,458,017</u>	<u>6,843,001</u>	<u>6,850,557</u>	<u>(7,556)</u>
Total expenditures	<u>35,232,961</u>	<u>36,750,952</u>	<u>35,360,600</u>	<u>1,390,352</u>
Excess of revenues over expenditures	<u>7,098,128</u>	<u>7,332,142</u>	<u>9,788,691</u>	<u>2,456,549</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	25,000	115,858	57,875	(57,983)
Transfers (out) in	(6,836,939)	(6,989,289)	(9,251,804)	(2,262,515)
Total other financing sources (uses)	<u>(6,811,939)</u>	<u>(6,873,431)</u>	<u>(9,193,929)</u>	<u>(2,320,498)</u>
Net change in fund balance	<u>\$ 286,189</u>	<u>\$ 458,711</u>	<u>\$ 594,762</u>	<u>\$ 136,051</u>

See notes to required supplementary information.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 1,350,231	\$ 1,307,609	\$ 1,261,525	\$ 1,206,530	\$ 1,209,192	\$ 1,133,362	\$ 1,107,963	\$ 1,071,349
Interest	4,089,225	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	(2,093,297)	1,152,785	(567,548)	(1,476,961)	(238,179)	698,319	(130,968)	-
Changes of assumptions	2,742,930	-	-	286,869	-	2,087,875	-	-
Benefit payments, including refunds of employee contributions	(2,405,799)	(2,113,929)	(2,108,928)	(2,035,712)	(1,676,289)	(1,646,482)	(1,543,314)	(1,143,546)
Transfers among employees	(67,986)	(15,045)	(160,902)	(121,518)	1,016	(21,679)	-	-
Net change in total pension liability	3,615,304	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	54,309,712	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)	\$57,925,016	\$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	\$ 1,370,341	\$ 1,244,513	\$ 1,353,145	\$ 1,207,753	\$ 1,099,193	\$ 1,112,726	\$ 1,041,311	\$ 1,039,130
Contributions - member	1,135,011	857,988	850,074	810,904	767,928	746,133	721,895	691,926
Net investment income	8,798,229	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	(2,405,799)	(2,113,929)	(2,108,928)	(2,035,712)	(1,676,289)	(1,646,482)	(1,543,314)	(1,143,546)
Transfers among employers	(67,986)	(15,045)	(160,902)	(121,518)	1,016	(21,679)	(242,352)	(53,073)
Net change in plan fiduciary net position	8,829,796	2,115,009	872,773	2,968,990	4,000,184	2,922,128	291,015	3,336,780
Plan net position - beginning	39,604,184	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)	\$48,433,980	\$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)	\$ 9,491,036	\$ 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	83.61%	72.92%	75.62%	76.97%	72.81%	68.00%	69.69%	73.25%
Covered-employee payroll	\$ 15,473,621	\$ 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	61.34%	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 Eight Years Ended September 30,

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,470,006	\$ 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	1,470,006	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	\$ 16,165,764	\$ 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	9.09%	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 Five Years Ended September 30,

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 411,285	\$ 404,110	\$ 374,353	\$ 203,817	\$ 195,865
Interest	234,380	213,439	274,460	251,989	247,553
Differences between expected and actual experience	3,264,109	310,616	(401,232)	-	-
Changes of assumptions	4,687,206	525,393	2,837,763	-	-
Benefit payments and net transfers	(202,186)	(213,596)	(202,461)	(179,033)	(97,573)
Net change in total OPEB liability	8,394,794	1,239,962	2,882,883	276,773	345,845
Total OPEB liability - beginning	10,695,761	9,455,799	6,572,916	6,296,143	5,950,298
Total OPEB liability - ending	\$ 19,090,555	\$ 10,695,761	\$ 9,455,799	\$ 6,572,916	\$ 6,296,143
Covered-employee payroll	\$ 14,148,954	\$ 12,726,289	\$ 12,355,620	\$ 11,225,959	\$ 11,225,959
Total OPEB liability as a percentage of covered employee payroll	134.93%	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, 2022
(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
American Rescue Plan Act Fund
Special Revenue Funds:
 Four Cent Gas Tax Fund
 Seven Cent Gas Tax Fund
 Ten Cent Gas Tax Fund
 Corrections Fund
 Drug Seizure Fund
 Municipal Training Fund
 Library State Aid Fund
 Municipal Judicial Fund

The City's Public Building Authority Fund, although presented as a major fund, is not legally required to adopt a budget, and did not adopt a budget for the year ended September 30, 2022. As a result, no Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual is presented for 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.

CITY OF ALABASTER, ALABAMA
Notes to the Required Supplementary Information
September 30, 2022
(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, 2022:

Alabaster City Schools

Payments to the Alabaster Board of Education	\$	7,556
Transfers out		2,262,515

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 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2021 to September 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Five-year smoothed fair value
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

CITY OF ALABASTER, ALABAMA
Notes to the Required Supplementary Information
September 30, 2022
(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, 2021 to September 30, 2022:

Actuarial cost method	Individual entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Fair value
Inflation	3% annually
Salary increases	3% annually
Discount rate	4.02% 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

SUPPLEMENTARY INFORMATION

CITY OF ALABASTER, ALABAMA
Combining Balance Sheets
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

	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	\$ 424,908	\$ 74,523	\$ 29,550	\$ 128,936	\$ 184,222	\$ 48,454	\$ 62,680	\$ 751	\$ 6,703	\$ 535,819	\$ 960,727
Other receivables	-	(27,054)	-	-	6,634	-	437	-	1,539	(18,444)	(18,444)
Total assets	<u>\$ 424,908</u>	<u>\$ 47,469</u>	<u>\$ 29,550</u>	<u>\$ 128,936</u>	<u>\$ 190,856</u>	<u>\$ 48,454</u>	<u>\$ 63,117</u>	<u>\$ 751</u>	<u>\$ 8,242</u>	<u>\$ 517,375</u>	<u>\$ 942,283</u>
Liabilities and fund balance											
Current liabilities											
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 7,190	\$ -	\$ 1,488	\$ 402	\$ -	\$ 9,080	\$ 9,080
Payable from restricted assets - cash bonds	163,357	-	-	-	-	-	-	-	-	-	163,357
Total liabilities	<u>163,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,190</u>	<u>-</u>	<u>1,488</u>	<u>402</u>	<u>-</u>	<u>9,080</u>	<u>172,437</u>
Fund balance											
Restricted for											
Capital improvements	261,551	-	-	-	-	-	-	-	-	-	261,551
Library	-	-	-	-	-	-	-	349	-	349	349
Public protection	-	-	-	-	183,666	48,454	61,629	-	8,242	301,991	301,991
Infrastructure maintenance	-	47,469	29,550	128,936	-	-	-	-	-	205,955	205,955
Total fund balance	<u>261,551</u>	<u>47,469</u>	<u>29,550</u>	<u>128,936</u>	<u>183,666</u>	<u>48,454</u>	<u>61,629</u>	<u>349</u>	<u>8,242</u>	<u>508,295</u>	<u>769,846</u>
Total liabilities and fund balance	<u>\$ 424,908</u>	<u>\$ 47,469</u>	<u>\$ 29,550</u>	<u>\$ 128,936</u>	<u>\$ 190,856</u>	<u>\$ 48,454</u>	<u>\$ 63,117</u>	<u>\$ 751</u>	<u>\$ 8,242</u>	<u>\$ 517,375</u>	<u>\$ 942,283</u>

CITY OF ALABASTER, ALABAMA
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

	Capital Projects	Special Revenue									Total Nonmajor Governmental Funds
	Subdivision Capital Projects	7 Cent Gas Tax	4 Cent Gas Tax	10 Cent Gas Tax	Corrections	Drug Seizure	Municipal Training	Library State Aid	Municipal Judicial	Total	
Revenues											
Intergovernmental	\$ -	\$ 74,539	\$ 58,959	\$ 246,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,015	\$ 380,015
Fines and forfeitures	-	-	-	-	91,388	654	5,331	-	22,338	119,711	119,711
Donations, gifts, and grants	-	-	-	-	-	-	-	32,171	-	32,171	32,171
Interest	906	228	147	459	369	-	129	12	146	1,490	2,396
Total revenues	906	74,767	59,106	246,976	91,757	654	5,460	32,183	22,484	533,387	534,293
Expenditures, current											
General government	-	27,055	-	-	-	-	-	-	-	27,055	27,055
Public protection	-	-	-	-	77,278	-	4,373	-	-	81,651	81,651
Public ways and facilities	-	-	-	-	-	-	-	32,073	-	32,073	32,073
	-	27,055	-	-	77,278	-	4,373	32,073	-	140,779	140,779
Capital outlay	-	-	-	-	-	14,850	-	-	-	14,850	14,850
Other financing (uses) sources											
Transfers in	-	-	-	-	-	-	-	200	-	200	200
Transfers out	-	(146,920)	(143,600)	(438,900)	-	-	-	(700)	(110,000)	(840,120)	(840,120)
	-	(146,920)	(143,600)	(438,900)	-	-	-	(500)	(110,000)	(839,920)	(839,920)
Net change in fund balance	906	(99,208)	(84,494)	(191,924)	14,479	(14,196)	1,087	(390)	(87,516)	(462,162)	(461,256)
Fund balance - beginning of year	260,645	146,677	114,044	320,860	169,187	62,650	60,542	739	95,758	970,457	1,231,102
Fund balance - end of year	\$ 261,551	\$ 47,469	\$ 29,550	\$ 128,936	\$ 183,666	\$ 48,454	\$ 61,629	\$ 349	\$ 8,242	\$ 508,295	\$ 769,846

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 300,000	\$ -	\$ -	\$ -
Donations, gifts, and grants	-	335,652	335,652	-
Interest	20,000	15,000	18,871	3,871
Total revenue	<u>320,000</u>	<u>350,652</u>	<u>354,523</u>	<u>3,871</u>
Expenditures, current				
Public ways and facilities	2,751,400	2,212,585	2,223,413	(10,828)
Capital outlay	3,450,000	4,445,845	10,794,590	(6,348,745)
Debt service				
Interest and fees	-	140,744	140,744	-
Total expenditures	<u>6,201,400</u>	<u>6,799,174</u>	<u>13,158,747</u>	<u>(6,359,573)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,881,400)</u>	<u>(6,448,522)</u>	<u>(12,804,224)</u>	<u>6,355,702</u>
Other financing sources (uses)				
Issuance of warrants	-	13,545,000	20,545,000	(7,000,000)
Premiums from issuance of warrants	-	1,595,744	1,595,744	-
Transfers in	-	8,452,338	10,665,754	(2,213,416)
Total other financing sources (uses)	<u>-</u>	<u>23,593,082</u>	<u>32,806,498</u>	<u>(9,213,416)</u>
Net change in fund balance	<u>\$ (5,881,400)</u>	<u>\$ 17,144,560</u>	<u>\$ 20,002,274</u>	<u>\$ (2,857,714)</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest	\$ 150	\$ 150	\$ 9,169	\$ 9,019
Total revenue	150	150	9,169	9,019
Expenditures, current				
Principal retirement	3,405,000	3,405,000	3,045,000	360,000
Interest and fees	1,098,487	1,098,487	1,093,070	5,417
Total expenditures	4,503,487	4,503,487	4,138,070	365,417
Excess (deficiency) of revenues over (under) expenditures	(4,503,337)	(4,503,337)	(4,128,901)	(374,436)
Other financing sources (uses)				
Transfers in	-	4,494,625	4,543,810	(49,185)
Total other financing sources (uses)	-	4,494,625	4,543,810	(49,185)
Net change in fund balance	\$ (4,503,337)	\$ (8,712)	\$ 414,909	\$ (423,621)

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
American Rescue Plan Act Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Donations, gifts, and grants	\$ 3,000,000	\$ 3,000,000	\$ 5,891,921	\$ 2,891,921
Total revenue	3,000,000	3,000,000	5,891,921	2,891,921
Expenditures, current				
General government	-	-	218,318	(218,318)
Total expenditures	-	-	218,318	(218,318)
Excess (deficiency) of revenues over (under) expenditures	3,000,000	3,000,000	5,673,603	(2,673,603)
Other financing sources (uses)				
Transfers out	(3,000,000)	(3,000,000)	(5,673,603)	2,673,603
Total other financing sources (uses)	(3,000,000)	(3,000,000)	(5,673,603)	2,673,603
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 70,000	\$ 70,000	\$ 74,539	\$ 4,539
Interest	200	200	228	28
Total revenue	70,200	70,200	74,767	4,567
Expenditures, current				
General government	-	-	27,055	(27,055)
Total expenditures	-	-	27,055	(27,055)
Excess (deficiency) of revenues over (under) expenditures	70,200	70,200	47,712	22,488
Other financing sources (uses)				
Transfers out	(70,000)	(70,000)	(146,920)	76,920
Total other financing sources (uses)	(70,000)	(70,000)	(146,920)	76,920
Net change in fund balance	\$ 200	\$ 200	\$ (99,208)	\$ 99,408

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 58,959	\$ (1,041)
Interest	100	100	147	47
Total revenue	60,100	60,100	59,106	(994)
Excess (deficiency) of revenues over (under) expenditures	60,100	60,100	59,106	994
Other financing sources (uses)				
Transfers out	(60,000)	(60,000)	(143,600)	83,600
Total other financing sources (uses)	(60,000)	(60,000)	(143,600)	83,600
Net change in fund balance	\$ 100	\$ 100	\$ (84,494)	\$ 84,594

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 246,517	\$ 66,517
Interest	350	350	459	109
Total revenue	180,350	180,350	246,976	66,626
Excess (deficiency) of revenues over (under) expenditures	180,350	180,350	246,976	(66,626)
Other financing sources (uses)				
Transfers out	(180,350)	(180,350)	(438,900)	258,550
Total other financing sources (uses)	(180,350)	(180,350)	(438,900)	258,550
Net change in fund balance	\$ -	\$ -	\$ (191,924)	\$ 191,924

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Corrections Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines and forfeitures	\$ 70,000	\$ 70,000	\$ 91,388	\$ 21,388
Interest	400	400	369	(31)
Total revenue	<u>70,400</u>	<u>70,400</u>	<u>91,757</u>	<u>21,357</u>
Expenditures, current				
Public protection	53,300	53,300	77,278	(23,978)
Total expenditures	<u>53,300</u>	<u>53,300</u>	<u>77,278</u>	<u>(23,978)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,100</u>	<u>17,100</u>	<u>14,479</u>	<u>2,621</u>
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>-</u>	<u>(75,000)</u>
Net change in fund balance	<u>\$ (57,900)</u>	<u>\$ (57,900)</u>	<u>\$ 14,479</u>	<u>\$ (72,379)</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 654	\$ 654
Total revenue	-	-	654	654
Expenditures, current				
Capital outlay	-	-	14,850	(14,850)
Total expenditures	-	-	14,850	(14,850)
Excess (deficiency) of revenues over (under) expenditures	-	-	(14,196)	14,196
Net change in fund balance	\$ -	\$ -	\$ (14,196)	\$ 14,196

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 4,500	\$ 4,500	\$ 5,331	\$ 831
Interest	100	100	129	29
Total revenue	4,600	4,600	5,460	860
Expenditures, current				
Public protection	4,500	4,500	4,373	127
Total expenditures	4,500	4,500	4,373	127
Excess (deficiency) of revenues over (under) expenditures	100	100	1,087	(987)
Net change in fund balance	\$ 100	\$ 100	\$ 1,087	\$ (987)

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Donations, gifts, and grants	\$ 31,875	\$ 31,875	\$ 32,171	\$ 296
Interest	50	50	12	(38)
Total revenue	31,925	31,925	32,183	258
Expenditures, current				
Public ways and facilities	31,925	31,925	32,073	(148)
Total expenditures	31,925	31,925	32,073	(148)
Excess (deficiency) of revenues over (under) expenditures	-	-	110	(110)
Other financing sources (uses)				
Transfers in	-	-	200	(200)
Transfers out	-	-	(700)	700
Total other financing sources (uses)	-	-	(500)	500
Net change in fund balance	\$ -	\$ -	\$ (390)	\$ 390

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 17,500	\$ 17,500	\$ 22,338	\$ 4,838
Interest	100	100	146	46
Total revenue	17,600	17,600	22,484	4,884
Expenditures, current				
Public protection	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	17,600	17,600	22,484	(4,884)
Other financing sources (uses)				
Transfers out	(17,600)	(17,600)	(110,000)	92,400
Total other financing sources (uses)	(17,600)	(17,600)	(110,000)	92,400
Net change in fund balance	\$ -	\$ -	\$ (87,516)	\$ 87,516

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Sewer Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating revenues				
Charges for services	\$ 6,974,000	\$ 6,974,000	\$ 9,314,448	\$ 2,340,448
Total operating revenues	6,974,000	6,974,000	9,314,448	2,340,448
Operating expenses				
Administration, operations, and maintenance	3,752,743	4,131,898	3,952,647	179,251
Depreciation and amortization	-	-	1,262,397	(1,262,397)
Total operating expenses	3,752,743	4,131,898	5,215,044	(1,083,146)
Operating income	3,221,257	2,842,102	4,099,404	1,257,302
Non-operating revenues (expenses)				
Interest income	12,500	12,500	17,904	5,404
Gain on sale of assets	-	-	17,865	17,865
Interest expense	(339,200)	(514,096)	(428,589)	85,507
Total non-operating revenues (expenses)	(326,700)	(501,596)	(392,820)	108,776
Income before transfers	2,894,557	2,340,506	3,706,584	1,366,078
Transfers in	-	-	-	-
Transfers out	-	-	(19,097)	(19,097)
	-	-	(19,097)	(19,097)
Change in net position	\$ 2,894,557	\$ 2,340,506	\$ 3,687,487	\$ 1,346,981

CITY OF ALABASTER, ALABAMA
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Garbage Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating revenues				
Charges for services	\$ 2,208,172	\$ 2,300,350	\$ 2,310,255	\$ 9,905
Total operating revenues	<u>2,208,172</u>	<u>2,300,350</u>	<u>2,310,255</u>	<u>9,905</u>
Operating expenses				
Administration, operations, and maintenance	1,575,935	1,591,495	1,582,912	8,583
Depreciation and amortization	-	-	298,286	(298,286)
Total operating expenses	<u>1,575,935</u>	<u>1,591,495</u>	<u>1,881,198</u>	<u>(289,703)</u>
Operating income	<u>632,237</u>	<u>708,855</u>	<u>429,057</u>	<u>(279,798)</u>
Non-operating revenues (expenses)				
Interest income	1,850	2,450	2,786	336
Gain on sale of assets	-	90,000	90,000	-
Total non-operating revenues (expenses)	<u>1,850</u>	<u>92,450</u>	<u>92,786</u>	<u>336</u>
Income before transfers	634,087	801,305	521,843	(279,462)
Transfers in	-	-	-	-
Transfers out	<u>(406,200)</u>	<u>(404,200)</u>	<u>(236,950)</u>	<u>167,250</u>
	<u>(406,200)</u>	<u>(404,200)</u>	<u>(236,950)</u>	<u>167,250</u>
Change in net position	<u>\$ 227,887</u>	<u>\$ 397,105</u>	<u>\$ 284,893</u>	<u>\$ (112,212)</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	100
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	107
These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax.	
Debt Capacity	110
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	114
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	116
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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 42,995,211
Restricted	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	5,294,231
Unrestricted	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)	(11,678,749)
Total governmental activities net position	\$ 20,233,237	\$ 19,726,187	\$ 5,920,901	\$ 8,019,265	\$ 11,712,490	\$ 16,751,280	\$ 22,597,828	\$ 29,029,022	\$ 36,338,060	\$ 36,610,693
Business-type Activities										
Net investment in capital assets	\$ 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	\$ 8,456,099
Restricted	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	2,139,572
Unrestricted	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	27,402,302
Total business-type activities net position	\$ 19,873,493	\$ 20,799,531	\$ 21,006,157	\$ 22,012,997	\$ 23,211,500	\$ 27,424,956	\$ 29,488,657	\$ 31,636,712	\$ 34,088,046	\$ 37,997,973
Primary Government										
Net investment in capital assets	\$ 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	\$ 51,451,310
Restricted	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	7,433,803
Unrestricted	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)	15,723,553
Total primary government activities net position	\$ 40,106,730	\$ 40,525,718	\$ 26,927,058	\$ 30,032,262	\$ 34,923,990	\$ 44,176,236	\$ 52,086,485	\$ 60,665,734	\$ 70,426,106	\$ 74,608,666

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
General government	\$ 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	\$ 8,500,586
Public protection	12,034,649	12,506,354	13,109,407	13,456,908	14,013,057	14,926,315	14,668,791	15,386,841	17,022,343	17,826,376
Public ways and facilities	5,334,909	6,165,130	5,544,769	6,108,188	5,947,852	5,621,378	5,574,883	5,455,580	6,026,204	6,468,316
Interest and fiscal agent fees	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	6,850,557
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	1,669,618
Total governmental activities expenses	28,931,877	28,913,863	28,168,943	30,125,463	30,882,735	31,817,289	31,159,083	33,462,145	37,338,372	41,315,453
Business-type activities										
Sewer fund	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	5,706,086
Garbage fund	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	1,881,198
Total business-type activities expenses	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	7,587,284
Total primary government expenses	\$34,768,590	\$35,202,705	\$34,564,890	\$36,591,308	\$37,517,757	\$38,457,096	\$37,244,363	\$39,818,072	\$44,331,042	\$48,902,737
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 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	\$ 5,795,200
Public protection	1,137,176	1,154,153	757,604	629,183	596,822	571,001	512,161	566,376	530,729	558,002
Public ways and facilities	408,707	418,779	481,762	446,213	492,797	654,909	480,133	249,191	383,073	322,554
Interest and fiscal agent fees	-	-	-	-	-	-	-	-	-	-
Alabaster City Schools	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	205,082	176,333	288,631	145,202	128,088	316,567	152,688	1,270,149	2,535,814	6,454,127
Capital grants and contributions	711,620	285,710	258,968	266,448	381,147	650,121	558,026	600,060	784,390	339,287
Total governmental activities program revenues	5,690,555	5,520,844	5,587,818	5,515,732	6,063,746	7,033,891	6,641,041	8,033,435	9,652,245	13,469,170

CITY OF ALABASTER, ALABAMA

Change in Net Position

Last Ten Fiscal Years

(Continued)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities										
Charges for services										
Sewer fund	\$ 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	\$ 9,314,448
Garbage fund	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	2,310,255
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	7,371,796	7,585,575	8,156,833	8,160,501	8,318,093	7,352,298	8,782,463	8,822,758	9,399,549	11,624,703
Total primary government program revenues	\$13,062,351	\$13,106,419	\$13,744,651	\$13,676,233	\$14,381,839	\$14,386,189	\$15,423,504	\$16,856,193	\$19,051,794	\$25,093,873
General revenues and other changes in net positions										
Governmental activities										
Taxes										
Sales and use taxes	\$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	\$29,911,639
Property taxes	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	4,721,433
Other taxes	1,205,557	1,231,616	1,507,684	1,549,645	1,568,464	1,724,405	1,764,406	1,892,673	2,045,273	1,845,886
Interest	5,399	5,727	5,594	26,757	32,634	114,607	233,601	211,799	58,784	77,397
Other revenue	-	-	654,947	514,107	1,336,196	1,460,259	2,264,031	1,892,111	1,750,122	1,927,579
Contribution of capital assets	97,463	459,392	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	(74,890)	30,568	19,428	27,473	38,935
Total governmental activities	21,497,500	22,465,969	24,516,238	26,018,095	27,802,941	28,656,790	30,133,835	31,480,615	35,021,731	38,522,869
Business-type activities										
Interest	104,928	148	163	934	17,074	28,016	59,242	52,613	17,889	20,690
Other revenue	389,449	24,157	(19,564)	1,250	207,631	-	-	-	-	-
Contribution of capital assets	-	25,000	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	1,991	7,900	-	107,865
Total business-type activities	494,377	49,305	(19,401)	2,184	224,705	28,016	61,233	60,513	17,889	128,555

CITY OF ALABASTER, ALABAMA

Change in Net Position

Last Ten Fiscal Years

(Continued)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Transfers										
Governmental activities	\$ 889,000	\$ 420,000	\$ 690,000	\$ 690,000	\$ 709,273	\$ (3,888,562)	\$ 1,025,650	\$ 379,289	\$ (26,566)	\$ 256,047
Business-type activities	(889,000)	(420,000)	(690,000)	(690,000)	(709,273)	3,888,562	(1,025,650)	(379,289)	26,566	(256,047)
Total transfers	-	-	-	-	-	-	-	-	-	-
Total primary government	\$21,991,877	\$22,515,274	\$24,496,837	\$26,020,279	\$28,027,646	\$28,684,806	\$30,195,068	\$31,541,128	\$35,039,620	\$38,651,424
Change in net position										
Governmental activities	\$ (854,822)	\$ (507,050)	\$ 2,625,113	\$ 2,098,364	\$ 3,693,225	\$ (15,170)	\$ 6,641,443	\$ 6,431,194	\$ 7,309,038	\$10,932,633
Business-type activities	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	3,909,927
Total primary government	\$ 285,638	\$ 418,988	\$ 3,676,598	\$ 3,105,204	\$ 4,891,728	\$ 4,613,899	\$ 8,374,209	\$ 8,579,249	\$ 9,760,372	\$14,842,560

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ -	\$ 170,745	\$ 169,835	\$ 234,803	\$ 213,784	\$ 192,369	\$ 129,101	\$ 1,183,596	\$ 134,597	\$ 152,543
Restricted	99,949	102,382	140,785	111,407	160,149	173,800	194,513	205,225	219,039	139,164
Committed	1,937,756	1,920,094	2,611,229	2,911,229	3,235,988	3,590,988	3,896,016	3,755,919	3,801,446	3,866,583
Assigned	46,786	46,857	69,540	93,319	114,165	-	-	-	-	-
Unassigned	1,410,366	(68,429)	2,078,689	2,767,622	2,736,579	4,897,539	5,556,471	6,926,186	8,266,717	8,858,271
Total General Fund	<u>\$ 3,494,857</u>	<u>\$ 2,171,649</u>	<u>\$ 5,070,078</u>	<u>\$ 6,118,380</u>	<u>\$ 6,460,665</u>	<u>\$ 8,854,696</u>	<u>\$ 9,776,101</u>	<u>\$12,070,926</u>	<u>\$12,421,799</u>	<u>\$13,016,561</u>
All other governmental funds										
Nonspendable	\$11,188,139	\$12,160,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	\$ 10,000	\$ -	\$ 140,903
Restricted	4,724,628	4,187,427	4,052,362	4,836,581	3,529,415	22,825,666	23,497,745	22,256,951	31,932,375	34,826,602
Total all other governmental funds	<u>\$15,912,767</u>	<u>\$16,347,427</u>	<u>\$ 5,552,362</u>	<u>\$ 6,336,581</u>	<u>\$ 5,029,415</u>	<u>\$22,825,666</u>	<u>\$23,497,745</u>	<u>\$22,266,951</u>	<u>\$31,932,375</u>	<u>\$34,967,505</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$21,521,268	\$22,128,499	\$23,855,697	\$25,477,231	\$26,434,111	\$27,156,814	\$27,605,635	\$ 29,357,277	\$33,185,352	\$36,478,958
Licenses and permits	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	5,705,843
Intergovernmental	742,840	294,782	472,605	367,788	327,068	474,384	335,164	1,511,640	409,371	499,251
Charges for services	472,870	479,492	481,762	446,213	492,797	408,009	379,752	176,471	370,180	307,332
Fines and forfeitures	1,014,464	799,065	757,604	629,183	596,822	817,901	613,899	639,786	544,402	662,581
Donations, gifts, and grants	45,146	49,525	74,994	43,862	182,167	492,307	340,550	358,569	2,900,871	6,294,163
Interest	5,398	5,727	5,542	26,757	32,639	114,607	233,601	211,799	58,784	77,397
Other revenues	209,870	551,345	655,000	514,107	1,344,303	1,600,275	2,426,236	2,034,708	1,865,180	1,927,579
Total revenues	27,090,589	27,537,422	30,104,057	31,533,827	33,874,799	35,765,571	36,709,308	39,494,622	44,646,504	51,953,104
Expenditures										
General government	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	5,668,860
Public protection	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	16,503,100
Public ways and facilities	4,740,265	5,185,744	4,681,529	5,090,516	4,902,700	4,720,641	4,723,213	5,408,644	5,053,996	7,749,305
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	6,850,557
Payments to the schools	90,805	69,000	-	-	-	-	-	-	-	-
Other payments	36,719	12,757	4,472	-	-	-	-	-	-	-
Debt service										
Debt retirement	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	3,365,000
Interest and fiscal agent fees	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	1,718,901
Bond issuance cost	7,500	-	-	-	-	-	-	-	-	-
Capital outlay	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	18,243,056
Total expenditures	\$34,492,727	\$30,745,971	\$29,247,416	\$31,831,306	\$35,502,625	\$34,944,357	\$36,174,620	\$ 39,024,830	\$51,970,365	\$60,098,779

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other financing sources (uses)										
Other financing uses - refunding of debt	\$ -	\$ -	\$ -	\$ (5,425,000)	\$ -	\$ (8,100,000)	\$ -	\$ (13,155,000)	\$ -	\$ -
Proceeds of debt	1,300,000	-	-	6,865,000	-	19,035,000	-	12,615,000	16,030,000	20,545,000
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	57,875
Bond premium (discount)	-	-	-	-	-	887,591	-	729,950	878,330	1,595,744
Transfers in	4,513,913	4,990,654	4,950,955	5,114,941	7,286,226	-	7,819,095	8,024,128	13,013,124	16,350,127
Transfers out	(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)	(16,113,177)
Total other financing sources (uses)	2,189,000	2,320,000	690,000	2,130,000	690,000	9,341,355	1,058,796	594,239	17,340,158	22,435,569
Net changes in fund balances	\$ (5,213,138)	\$ (888,549)	\$ 1,546,641	\$ 1,832,521	\$ (937,826)	\$ 10,162,569	\$ 1,593,484	\$ 1,064,031	\$ 10,016,297	\$ 14,289,894
Debt service as a percentage of noncapital expenditures	11.17%	12.92%	12.23%	13.70%	17.01%	13.01%	14.31%	14.57%	12.35%	12.15%

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Automotive Sales	\$478,097	\$500,210	\$615,139	\$704,882	\$713,844	\$703,694	\$698,323	\$799,140	\$1,072,511	\$1,209,276
Food Stores	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	2,773,212
Home Furnishings & Building Supply	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	3,713,562
Medical Sales & Pharmacy	527,030	492,757	516,774	1,556,610	1,306,417	983,213	784,585	717,986	734,310	926,907
Merchandise Retail	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	10,995,024
Restaurants	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	4,266,882
Service Stations & Auto Parts	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	1,855,757
Other Sales	2,273,096	2,138,103	2,327,510	1,859,137	2,528,097	2,853,205	3,158,246	2,306,225	3,764,310	4,154,153
Total	\$16,896,083	\$17,445,166	\$18,936,974	\$20,338,072	\$21,055,097	\$21,615,731	\$22,344,474	\$22,236,633	\$27,120,691	\$29,894,773

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
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%
2022	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	2013 Rank	2022 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% 35.35%

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

Source: City of Alabaster Revenue Department

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

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Total Personal Income (a)	Percentage of Total Personal Income	Estimated Actual Value of Taxable Property (b)	Percentage of Estimated Actual Value of Taxable Property	Population (a)	Per Capita
	General Obligation Warrants	Limited Obligation Warrants	Capital Lease	Term Loan	General Obligation Warrants	Limited Obligation Warrants	Capital Lease	Term Loan							
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	37,419,606	16,859,008	-	-	10,068,665	-	-	-	64,347,279	1,221,024,408	5.27%	485,963,713	13.24%	33,676	1,911
2022	37,284,329	16,490,671	-	-	26,823,357	-	-	-	80,598,357	*	*	*	*	*	*

(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
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	485,963,713	12.94%	33,676	1,866.65
2022	80,598,357	1,900,752	78,697,605	*	*	*	*

(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, 2022

	Total Debt Outstanding	Percentage Applicable to City of Alabaster (a)	Amount Applicable to City of Alabaster
Direct debt			
City of Alabaster	\$ 53,775,000	100.00%	\$ 53,775,000
Total direct debt	53,775,000		53,775,000
Overlapping debt			
Alabaster Board of Education	129,616,211	100.00%	129,616,211
Shelby County	41,780,000	15.10%	6,308,780
Shelby County Board of Education	149,027,497	15.10%	22,503,152
Total overlapping debt	320,423,708		158,428,143
Total direct and overlapping debt	<u>\$ 374,198,708</u>		<u>\$ 212,203,143</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 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	\$ 97,192,743
Total net debt applicable to limit	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	54,278,614
Legal debt margin	\$ 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	\$ 42,914,129
Total net debt applicable to the limit as a percentage of debt limit	66.99%	62.73%	59.80%	52.42%	48.52%	56.32%	50.65%	42.74%	56.87%	55.85%

Legal Debt Margin Calculation

Assessed value of property	\$485,963,713
Debt limit - 20 percent of total assessed value	97,192,743
Debt applicable to limit:	
General Obligation Warrants	54,278,614
Leases	-
	<u>54,278,614</u>
	<u>\$ 42,914,129</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)
2013	31,890	\$ 801,892,227	\$ 25,146	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	33,676	1,221,024,408	36,258.00	6,234	1.80%
2022	*	*	*	6,288	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 Ten Years Ago

Employer	2013			2022		
	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				189	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>3,290</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.

(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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Administration / City Clerk	9	9	9	5	6	6	4	4	4	5
Human resources	2	2	2	2	2	2	3	3	3	3
Information technology	-	1	1	1	2	3	3	3	3	3
Finance	5	5	5	6	6	6	6	6	6	6
Engineering and building services	-	-	-	-	-	-	2	8	8	9
Library	9	9	8	8	8	8	9	8	8	8
Municipal court	5	5	5	5	6	6	6	6	6	6
Public safety										
Police	80	82	79	80	84	84	88	88	88	88
Fire	58	60	60	63	64	64	64	62	65	64
Public works	16	14	14	14	18	11	11	10	10	9
Garbage	-	-	-	-	-	12	12	12	12	14
Parks and recreation	30	30	28	28	25	25	27	29	29	30
Sewer	17	19	24	24	24	24	24	23	23	26
Total	231	236	235	236	245	251	259	262	265	271

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

Function		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government											
Business licenses issued	1	3,782	3,955	4,249	4,441	4,401	4,426	4,407	4,464	4,568	4,870
Public safety											
Police											
Arrests	2	1,606	1,528	1,355	1,357	1,417	1,438	1,416	780	895	1,013
Fire											
Emergency responses	3	4,280	4,905	5,415	5,620	3,646	3,812	3,668	3,832	4,186	4,286
Engineering and building services	8										
Building construction permits issued	4	212	247	413	396	484	470	923	1,578	1,110	1,199
Library											
Materials checked out	5	177,340	174,989	162,944	149,844	167,772	167,435	166,980	155,921	127,783	144,220
Digital downloads	5										119,787
Municipal court											
Traffic cases	6	3,683	2,557	2,268	2,090	2,019	1,634	2,891	3,837	3,305	2,542
Non-traffic cases	6	1,055	798	725	622	676	591	566	902	505	661
Sanitation											
Single homes											
Regular garbage service	7	10,512	10,482	10,716	10,869	10,890	10,903	10,616	11,064	10,903	11,336
Sewer											
Average daily flow (gallons per day)	9	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	3,920,000

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 a calendar year)

6 Source: Municipal Court (based on a 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Vehicles	5	5	6	6	6	7	6	6	7	8
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	62	74	73	83	77	89	84	85	87	93
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire vehicles	20	21	22	24	24	25	25	24	26	27
Refuse collection										
Garbage trucks	-	-	-	-	-	6	6	6	6	8
Debris trucks	3	5	6	6	6	6	8	9	9	9
Other vehicles	1	1	1	1	1	1	1	1	2	2
Public works										
Traffic signals	18	19	19	19	19	19	19	19	19	19
Vehicles	10	10	11	12	11	11	10	13	15	15
Recreation services										
Parks										
Acres	283.94	283.94	283.94	283.94	283.94	283.94	283.94	288.94	288.94	288.94
Vehicles	11	13	14	17	17	19	19	22	23	22
Sewer										
Vehicles	7	10	10	15	17	18	18	19	24	22
Pump stations	52	52	52	52	52	56	57	57	57	58

CITY OF ALABASTER, ALABAMA

Single Audit Report

September 30, 2022

TABLE OF CONTENTS

	Page
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	5
Schedule of Expenditures of Federal Awards.....	8
Notes to the Schedule of Expenditures of Federal Awards.....	9
Schedule of Findings and Questioned Costs.....	10
Summary Schedule of Prior Audit Findings.....	11

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Mayor and City Council
The City of Alabaster, Alabama
Alabaster, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Alabaster, Alabama, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Alabaster, Alabama's basic financial statements, and have issued our report thereon dated March 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Alabaster, Alabama's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Alabaster, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Alabaster, Alabama's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Alabaster, Alabama's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Alabaster, Alabama's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alabaster, Alabama's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BMSS, LLC

Birmingham, Alabama
March 23, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Mayor and City Council
The City of Alabaster, Alabama
Alabaster, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Alabaster, Alabama's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Alabaster, Alabama's major federal programs for the year ended September 30, 2022. The City of Alabaster, Alabama's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Alabaster, Alabama complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Alabaster, Alabama and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Alabaster, Alabama's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Alabaster, Alabama's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Alabaster, Alabama's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance with it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Alabaster, Alabama's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Alabaster, Alabama's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Alabaster, Alabama's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Alabaster, Alabama's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses in internal control over compliance. Given those limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Alabaster, Alabama's basic financial statements. We issued our report thereon dated March 23, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BMSS, LLC

Birmingham, Alabama
March 23, 2023

CITY OF ALABASTER, ALABAMA
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2022

Federal Grantor/Pass-through Agency/Program Title	Assistance Listing Number	Grant, Contract, or Pass-Through Number	Federal Expenditures
U.S. Department of Treasury			
Pass-through the Alabama Department Treasury			
Coronavirus State and Local Fiscal Recovery Fund	21.027		\$ 5,891,921
U.S. Department of Health and Human Services			
Direct Program			
Drug-Free Communities Support Program Grants	93.276	H79SP081829	<u>101,444</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,993,365</u></u>

See notes to the Schedule of Expenditures of Federal Awards.

CITY OF ALABASTER, ALABAMA
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Alabaster, Alabama under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Alabaster, Alabama, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the City of Alabaster, Alabama.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The City of Alabaster, Alabama has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

CITY OF ALABASTER, ALABAMA
Schedule of Findings and Questioned Costs
September 30, 2022

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City of Alabaster, Alabama were prepared in accordance with GAAP.
2. No material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Alabaster, Alabama which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses in internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the City of Alabaster, Alabama expresses an unmodified opinion on the major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program included the Coronavirus State and Local Fiscal Recovery Fund (Assistance Listing number 21.027).
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. The City of Alabaster, Alabama qualified as a low-risk auditee.

FINANCIAL STATEMENT FINDINGS

There are no current financial statement findings required to be reported in accordance with *Government Auditing Standards*.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current findings or questioned costs that are considered material instances of noncompliance in accordance with the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

CITY OF ALABASTER, ALABAMA
Summary Schedule of Prior Audit Findings
September 30, 2022

PRIOR FINANCIAL STATEMENT FINDINGS

There are no prior year financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**PRIOR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

There were no prior year findings or questioned costs that are considered material instances of noncompliance in accordance with Title 2 U.S. Code of Federal Regulations (CFR) *Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.