



FINANCIAL STATEMENTS

Year Ended September 30, 2021

REPORT FROM
TILL, HESTER, EYER & BROWN, P.C.
Certified Public Accountants
BIRMINGHAM, ALABAMA

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**CITY OF HUEYTOWN, ALABAMA
ELECTED OFFICIALS
September 30, 2021**

MAYOR

Honorable Steve Ware

TERM OF OFFICE

October 2020 - 2025

CITY COUNCIL MEMBERS

Fran Zinnerman - District 1

October 2020 - 2025

Michael S. Pickens - District 2

October 2020 - 2025

Chuck Hurliman - District 3

October 2020 - 2025

Anthony Q. Wright - District 4

October 2020 - 2025

Jay Jacks - District 5

October 2020 - 2025

TILL, HESTER, EYER & BROWN, P.C.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Hueytown, Alabama (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Hueytown, Alabama, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules for changes in the net pension liability and employer contributions for the Employees' Retirement System of Alabama and Other Post-Employment Benefits on pages 4 through 12 and 42 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hueytown, Alabama's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Till, Hester, Eyer & Brown, P.C.

March 28, 2022

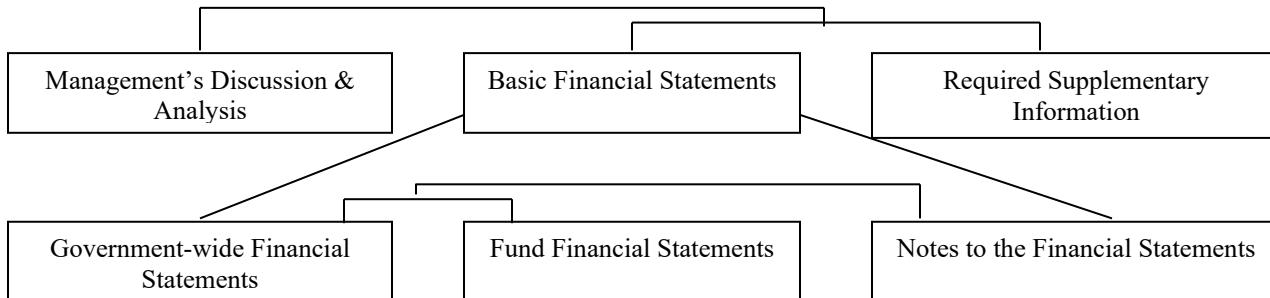
Management's Discussion and Analysis

As management of the City of Hueytown, Alabama, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Hueytown for the fiscal year ended September 30, 2021. We encourage readers to read the information presented here in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The unassigned fund balance of the governmental activities is \$10.6 million and may be used to meet the ongoing obligations of the governmental activities.
- The governmental funds fund balance increased \$4.8 million during the year, bringing the total fund balance of governmental funds to \$16.3 million. Of this amount, \$5.2 million is restricted under laws external to the City for specific purposes, \$277 thousand is nonspendable, \$264 thousand is assigned by management for specific purposes, and \$10.6 million is unreserved and available to finance the activities of the governmental funds.
- The General Fund reported a fund balance of \$11.6 million. The fund balance increased by \$3.2 million during the year.

REQUIRED COMPONENTS OF THE ANNUAL FINANCIAL REPORT



OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The *statement of net position* presents information on all of 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).

Management's Discussion and Analysis (unaudited)

September 30, 2021

City of Hueytown, Alabama

Both of the 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 activity*). 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 activity of the City is the sanitation operations. This activity is referred to in the financial statements as part of the *primary government*.

The government-wide financial statements can be found on pages 13 and 14 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 nine individual governmental funds:

- The General Fund and ARPA Grant Fund are considered a *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 nine 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 54 and 55 of this report.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

Proprietary Fund

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 an enterprise fund to account for its 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 Garbage Fund is considered a major proprietary fund of the City, and information is presented separately in the *proprietary fund statement of net position* and in the *proprietary fund statement of revenues, expenses, and changes in net position*.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

Management's Discussion and Analysis (unaudited)

September 30, 2021

City of Hueytown, Alabama

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 22 through 41 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 Hueytown 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 42 through 52 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 54 and 55 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 exceed liabilities by \$8.2 million at the close of the recent fiscal year. Of this figure, \$6.1 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. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$4.2 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).

Management's Discussion and Analysis (unaudited)
September 30, 2021

City of Hueytown, Alabama

City of Hueytown's Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 16,596	\$ 12,440	\$ 421	\$ 461	\$ 17,017	\$ 12,901
Capital assets	12,045	12,603	-	-	12,045	12,603
Total assets	28,641	25,043	421	461	29,062	25,504
Deferred outflows of resources	3,383	2,361	-	-	3,383	2,361
Long-term liabilities outstanding	22,910	21,866	-	-	22,910	21,866
Other liabilities	297	952	110	97	407	1,049
Total liabilities	23,207	22,818	110	97	23,317	22,915
Deferred outflows of resources	650	810	239	236	889	1,046
Net position:						
Net investment in capital assets	6,072	6,057	-	-	6,072	6,057
Restricted	4,237	2,603	-	-	4,237	2,603
Unrestricted	(2,142)	(4,884)	72	128	(2,070)	(4,756)
Total net position	\$ 8,167	\$ 3,776	\$ 72	\$ 128	\$ 8,239	\$ 3,904

Management's Discussion and Analysis (unaudited)

September 30, 2021

City of Hueytown, Alabama

City of Hueytown's Changes in Net Position (in thousands)

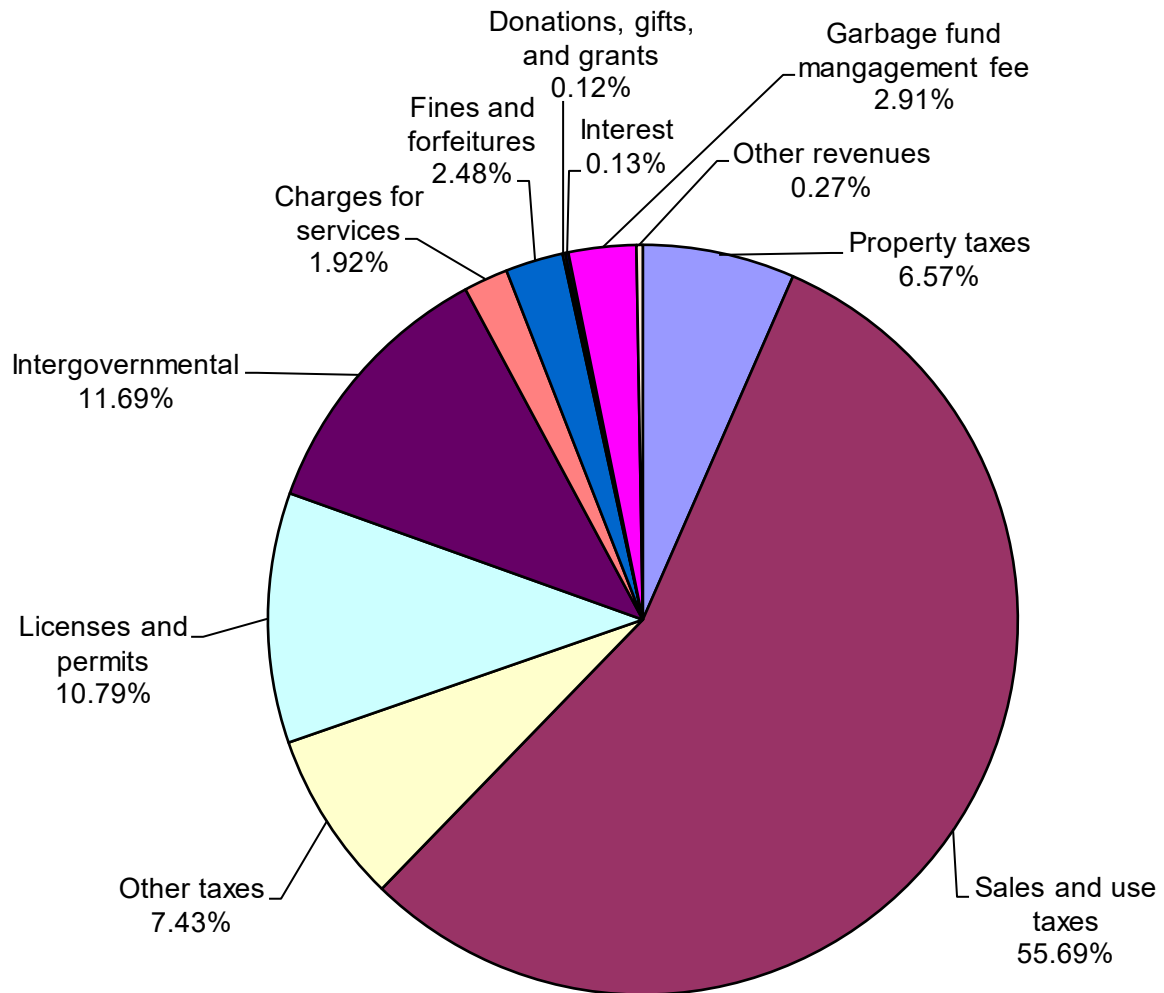
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 3,805	\$ 3,967	\$ 1,166	\$ 1,127	\$ 4,971	\$ 5,094
Operating grants and contributions	2,226	873	-	-	2,226	873
Capital grants and contributions	473	594	-	-	473	594
General revenues:						
Property taxes	1,252	1,189	-	-	1,252	1,189
Sales and use taxes	10,619	9,709	-	-	10,619	9,709
Other taxes	1,010	1,088	-	-	1,010	1,088
Interest	25	63	-	-	25	63
Gain on sale of assets	15	90	-	-	15	90
Total revenues	<u>19,425</u>	<u>17,573</u>	<u>1,166</u>	<u>1,127</u>	<u>20,591</u>	<u>18,700</u>
Expenses:						
General government	1,859	2,041	-	-	1,859	2,041
Public protection	10,335	9,962	-	-	10,335	9,962
Public ways and facilities	2,634	2,302	-	-	2,634	2,302
Interest and fiscal agent fees	206	304	-	-	206	304
Garbage Fund	-	-	1,222	1,141	1,222	1,141
Total expenses	<u>15,034</u>	<u>14,609</u>	<u>1,222</u>	<u>1,141</u>	<u>16,256</u>	<u>15,750</u>
Change in net position	4,391	2,964	(56)	(14)	4,335	2,950
Net position - beginning of year	3,776	812	128	142	3,904	954
Net position - end of year	<u>\$ 8,167</u>	<u>\$ 3,776</u>	<u>\$ 72</u>	<u>\$ 128</u>	<u>\$ 8,239</u>	<u>\$ 3,904</u>

Governmental Activities

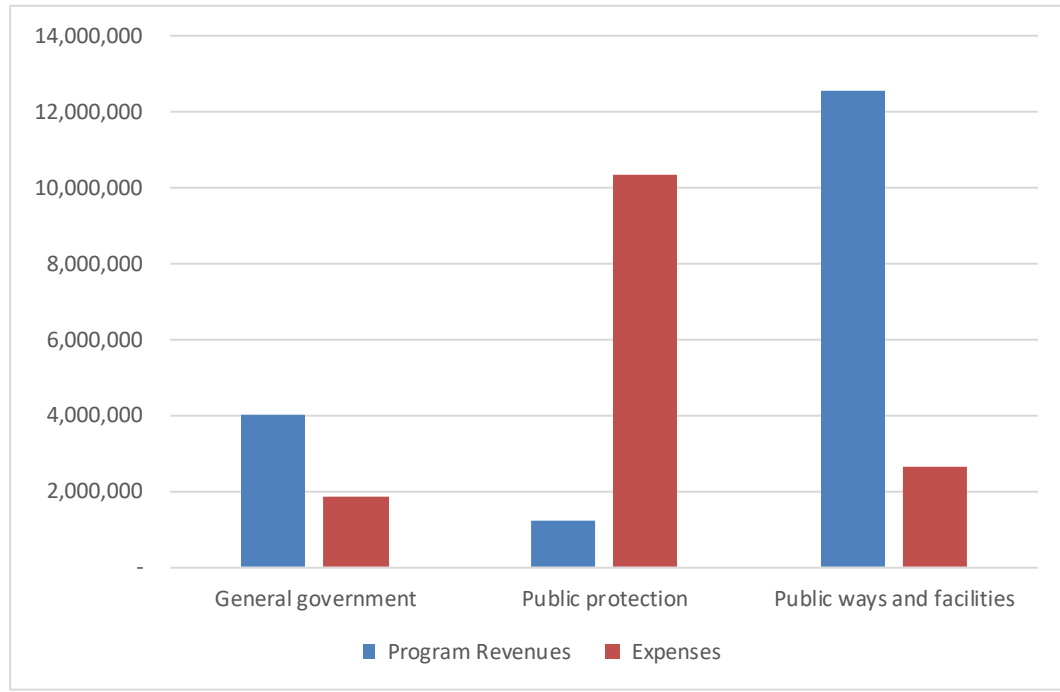
The City's governmental activities rely heavily on property taxes and sales taxes to support governmental operations. Property taxes provided 6.45% and sales taxes provided 54.67% of the City's total governmental revenues. Sales tax revenue increased by 9.37%. It should be noted that program revenues covered 43.26% of governmental operating expenses and the government's taxpayers and the City's other general revenues covered 56.74% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

The most significant governmental expense for the City is providing public protection services such as fire and police protection. This comprised 68.74% of the total governmental expenses. Public protection expenses increased by \$373 thousand, or 3.74%. The second largest cost incurred by the City for governmental activities is public ways and facilities, which is 17.52% of total governmental expenses. Public ways and facilities primarily includes library and public works. Expenses for public ways and facilities are offset by charges for services, operating grants and contributions and capital grants and contributions, which totaled \$608 thousand, \$406 thousand and \$243 thousand, respectively. The charges for services include registration and program fees. The total cost of all governmental activities increased by \$425 thousand while revenues increased by \$1.9 million.

Revenue by Source - Governmental Activities



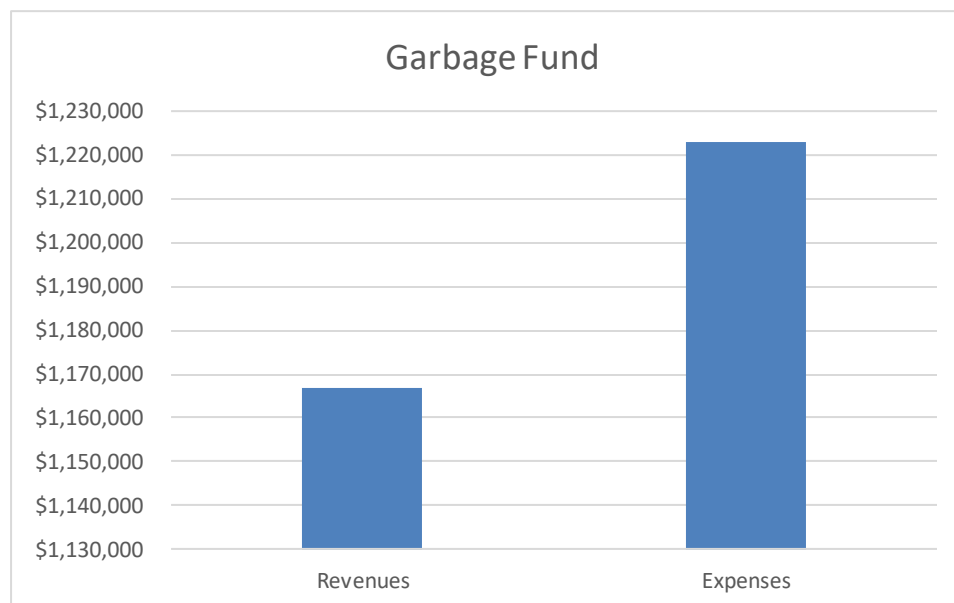
Program Revenues and Expenses - Governmental Activities



Business-Type Activities

The cost of the proprietary (business-type) activity was \$1.2 million, which is a 7.10 % increase from 2020. The amount paid by users of the garbage services was \$1.2 million, which is an increase of 3.46% from 2020. The proprietary (business-type) activity reported a net position of \$72 thousand, which is a decrease of 43.75% from 2020.

Revenues and Expenses before Transfers and Capital Contributions



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

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

The combined fund balance of the City's governmental funds increased \$4.8 million in 2021 and the total balance as of September 30, 2021, was \$16.3 million. Of this amount, \$10.6 million consists of unassigned fund balance, which is generally available for spending at the City's discretion. Nonspendable fund balance was \$277 thousand and fund balance that is designated for particular purposes, generally specified in council ordinances, totaled \$264 thousand. The remainder of the total fund balance is \$5.2 million, which is reserved to indicate that it is not available for new spending because it has 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 \$19.1 million, an increase of 11.49% from 2020. Sales tax revenue increased by \$910 thousand.

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

Unrestricted net position of the Garbage Fund was \$72 thousand. The total decrease in net position for the Garbage fund was \$56 thousand. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Hueytown's business-type activities.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

The Mayor and City Council approve a formal budget for the General Fund on the modified accrual basis of accounting. The other governmental funds do not have a formal budget. See required supplementary information on pages 42 through 48 for budget to actual comparisons for the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATIONCapital Assets

The City's investment in capital assets for governmental activities as of September 30, 2021, totals \$12.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment and infrastructure. For further information on capital assets see Note E in the notes to the financial statements.

City of Hueytown's Capital Assets (in thousands)			
	Governmental Activities		
	2021	2020	
Land	\$ 3,022	\$ 2,963	
Machinery and equipment	6,403	7,555	
Buildings, infrastructure and improvements	9,483	9,475	
Construction in progress	17	119	
	<u>18,925</u>	<u>20,112</u>	
Accumulated depreciation	<u>(6,880)</u>	<u>(7,509)</u>	
Total	<u>\$ 12,045</u>	<u>\$ 12,603</u>	

Management's Discussion and Analysis (unaudited)

September 30, 2021

City of Hueytown, Alabama

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. Refer to Note G to the financial statements for additional information on long-term debt.

ECONOMIC CONDITIONS AFFECTING THE CITY

The Mayor, City Safety Officer and Department Heads continue to monitor and assess conditions to plan as a response to the continued effects of the COVID pandemic. The plans priority is a practical attempt to balance the delivery of key City Services while preserving the employee and the Public's health and safety using guidance from the CDC, State and County Health Departments.

The Mayor has closed City Hall to non-safety related services for very short periods of time during the fiscal year. The closures were limited as conditions were discovered to protect the health and safety of City employees and the Public. The affected departments during the closures were the Municipal Court, Building & Zoning, Finance and City Clerk's office.

The City is able to continue with essential administrative functions such as Payroll, Building Safety Inspections and Court matters via remote access and/or strict limited time in the office coupled with COVID Testing and monitoring. Each City Department was able to re-assess their respective job tasks and worked to adjust work schedules/conditions to maximize continued support of City services without performance interruptions.

The City continues to experience issues with the US Postal Service delivering payments timely. The excessive postal delays coupled with the taxpayers "customers" experiencing staffing issues has created a significant increase of the staff's time communicating with customers about the status of their payments and issuing waiver of penalties and/or late payment fees.

The Municipal Court was able start hearing cases via video, thus creating a resolution to clearing the backlog in processing and/or hearing court cases. With the commitment of the Court staff and working with the City's Safety Officer and Mayor's staff, a plan was developed to continue conducting court.

The City was allocated in the first of two tranches \$1,819,350.80 from the American Rescue Relief Act (ARPA) to assist the City with continued response to the pandemic.

The City was able to secure funding for SCBA equipment (Air Packs) through a grant and purchased a rescue truck for the Fire Department.

The City created outdoor recreation space with the construction of two park pavilions at the Forest Road Storm Shelter site. The City purchased six laptops to be installed in patrol vehicles and 29 body cameras for the Police Department.

STATS:

- COVID related Hours Paid Time: 4,947
- COVID related payroll Dollars: \$120,776.89
- EMS Calls Only For Fiscal Year 2020 were 1,723 with 31% Non Transport and 69% Of The Calls As Other Dispositions
- EMS Calls Only For Fiscal Year 2021 were 1,940 with 34% Non Transport and 65% Of The Calls As Other Disposition

CONTACTING THE CITY

This financial report is designed with a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Hueytown City Hall, 1318 Hueytown Road, Hueytown, Alabama 35023, by calling (205) 491-7010, by sending an email to cityhall@hueytownal.gov or visiting our website at www.hueytownal.gov.

CITY OF HUEYTOWN, ALABAMA
STATEMENT OF NET POSITION
September 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,072,105	\$ 143,418	\$ 11,215,523
Receivables (net of allowance)	71,579	277,986	349,565
Prepaid expenditures	276,641	-	276,641
Restricted cash and cash equivalents	5,175,725	-	5,175,725
Capital assets:			
Land and construction in progress	3,039,154	-	3,039,154
Other assets, net of accumulated depreciation	9,006,210	-	9,006,210
Total assets	<u>28,641,414</u>	<u>421,404</u>	<u>29,062,818</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	3,366,055	-	3,366,055
Deferred outflows related to OPEB	16,868	-	16,868
	<u>3,382,923</u>	<u>-</u>	<u>3,382,923</u>
LIABILITIES			
Accounts payable	119,807	56,620	176,427
Accrued payroll and related liabilities	141,810	-	141,810
Deposits	-	53,768	53,768
Accrued interest	22,467	-	22,467
Other liabilities	13,149	-	13,149
Noncurrent liabilities:			
Due within 1 year	426,616	-	426,616
Due in more than 1 year	9,346,404	-	9,346,404
Net pension liability	12,584,139	-	12,584,139
Net other post employment benefit liability	552,434	-	552,434
Total liabilities	<u>23,206,826</u>	<u>110,388</u>	<u>23,317,214</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	650,270	-	650,270
Revenue applicable to future year	-	238,777	238,777
	<u>650,270</u>	<u>238,777</u>	<u>889,047</u>
NET POSITION			
Net investment in capital assets	6,072,497	-	6,072,497
Restricted for:			
Debt service	284,978	-	284,978
Capital projects	447,562	-	447,562
Public protection	171,387	-	171,387
Public ways and facilities	6,018	-	6,018
Infrastructure maintenance	1,504,202	-	1,504,202
Library	3,031	-	3,031
American Rescue Plan Act Recovery Plans	1,819,351	-	1,819,351
Unrestricted	<u>(2,141,785)</u>	<u>72,239</u>	<u>(2,069,546)</u>
Total net position	<u>\$ 8,167,241</u>	<u>\$ 72,239</u>	<u>\$ 8,239,480</u>

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 1,859,170	\$ 2,158,936	\$ 1,819,351	\$ 61,822	\$ 2,180,939	\$ -	\$ 2,180,939
Public protection	10,334,986	1,037,438	-	168,889	(9,128,659)	-	(9,128,659)
Public ways and facilities	2,634,281	608,575	406,292	242,819	(1,376,595)	-	(1,376,595)
Interest and fiscal agent fees	206,428	-	-	-	(206,428)	-	(206,428)
Total governmental activities	<u>15,034,865</u>	<u>3,804,949</u>	<u>2,225,643</u>	<u>473,530</u>	<u>(8,530,743)</u>	<u>-</u>	<u>(8,530,743)</u>
Business-Type Activities							
Solid waste	<u>1,222,963</u>	<u>1,166,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,979)</u>	<u>(55,979)</u>
Total Primary Government	<u>\$ 16,257,828</u>	<u>\$ 4,971,933</u>	<u>\$ 2,225,643</u>	<u>\$ 473,530</u>	<u>\$ (8,530,743)</u>	<u>\$ (55,979)</u>	<u>\$ (8,586,722)</u>
General revenues:							
Taxes:							
Property taxes					\$ 1,251,771	\$ -	\$ 1,251,771
Sales and use taxes					10,618,923	-	10,618,923
Other taxes					1,009,769	-	1,009,769
Interest					25,604	487	26,091
Gain on sale of assets					15,305	-	15,305
Total general revenues					<u>12,921,372</u>	<u>487</u>	<u>12,921,859</u>
Change in net position					4,390,629	(55,492)	4,335,137
Net position, beginning					3,776,612	127,731	3,904,343
Net position, ending					<u>\$ 8,167,241</u>	<u>\$ 72,239</u>	<u>\$ 8,239,480</u>

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2021

	General Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,072,105	\$ -	\$ -	\$ 11,072,105
Receivables	71,576	-	3	71,579
Due from other funds	-	-	51,846	51,846
Prepaid expenses	276,641	-	-	276,641
Restricted cash and cash equivalents	475,212	1,819,351	2,881,162	5,175,725
Total assets	<u>\$ 11,895,534</u>	<u>\$ 1,819,351</u>	<u>\$ 2,933,011</u>	<u>\$ 16,647,896</u>
LIABILITIES				
Accounts payable	\$ 117,029	\$ -	\$ 2,778	\$ 119,807
Due to other funds	35,779	-	16,067	51,846
Accrued payroll and related liabilities	141,810	-	-	141,810
Other liabilities	13,149	-	-	13,149
Total liabilities	<u>307,767</u>	<u>-</u>	<u>18,845</u>	<u>326,612</u>
FUND BALANCE				
Nonspendable	276,641	-	-	276,641
Restricted for:				
Debt service	-	-	307,445	307,445
Capital projects	447,562	-	931,132	1,378,694
Public protection	-	-	171,387	171,387
Public ways and facilities	6,018	-	-	6,018
Infrastructure maintenance	-	-	1,504,202	1,504,202
Library	3,031	-	-	3,031
American Rescue Plan Act Recovery Funds	-	1,819,351	-	1,819,351
Assigned for:				
Library	59,065	-	-	59,065
Public protection	205,257	-	-	205,257
Unassigned	10,590,193	-	-	10,590,193
Total fund balance	<u>11,587,767</u>	<u>1,819,351</u>	<u>2,914,166</u>	<u>16,321,284</u>
Total liabilities and fund balance	<u>\$ 11,895,534</u>	<u>\$ 1,819,351</u>	<u>\$ 2,933,011</u>	<u>\$ 16,647,896</u>

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2021

Total fund balance - governmental funds	\$ 16,321,284
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities that are not financial resources and are not reported in the funds (Note E).	12,045,364
Deferred outflows of resources are contributions to the pension and OPEB plan subsequent to the measurement date of the collective net pension liability and before the end of the employer's reported period are not financial resources and are not reported in the funds.	3,382,923
Long-term liabilities of governmental funds, including warrants payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds (Note B).	(22,932,060)
Deferred inflows of resources is the net difference between projected and actual earnings on pension plan investments that are not financial resources and are not reported in the funds (Note I).	<u>(650,270)</u>
Net position of governmental activities	\$ <u><u>8,167,241</u></u>

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended September 30, 2021

	General Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 1,251,771	\$ -	\$ -	\$ 1,251,771
Sales and use taxes	10,618,923	-	-	10,618,923
Other taxes	1,009,769	-	406,292	1,416,061
Licenses and permits	2,057,576	-	-	2,057,576
Intergovernmental	408,921	1,819,351	-	2,228,272
Charges for services	104,983	-	261,070	366,053
Fines and forfeitures	361,534	-	111,591	473,125
Donations, gifts and grants	23,109	-	-	23,109
Interest	20,681	-	4,923	25,604
Garbage fund management fee	555,034	-	-	555,034
Other revenues	51,809	-	-	51,809
Total revenues	<u>16,464,110</u>	<u>1,819,351</u>	<u>783,876</u>	<u>19,067,337</u>
EXPENDITURES				
General government	1,385,992	-	-	1,385,992
Public protection	9,097,724	-	541,741	9,639,465
Public ways and facilities	2,050,603	-	483,026	2,533,629
Debt service:				
Principal	-	-	540,539	540,539
Interest and fees	-	-	207,684	207,684
Total expenditures	<u>12,534,319</u>	<u>-</u>	<u>1,772,990</u>	<u>14,307,309</u>
Excess (deficiency) of revenues over expenditures	3,929,791	1,819,351	(989,114)	4,760,028
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	49,799	-	-	49,799
Transfers in	-	-	796,556	796,556
Transfers (out)	(796,556)	-	-	(796,556)
Total other financing sources (uses)	<u>(746,757)</u>	<u>-</u>	<u>796,556</u>	<u>49,799</u>
Net change in fund balance	3,183,034	1,819,351	(192,558)	4,809,827
Fund balance, beginning	<u>8,404,733</u>	<u>-</u>	<u>3,106,724</u>	<u>11,511,457</u>
Fund balance, ending	<u>\$ 11,587,767</u>	<u>\$ 1,819,351</u>	<u>\$ 2,914,166</u>	<u>\$ 16,321,284</u>

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Net change in fund balances - total governmental funds	\$	4,809,827
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Amounts reported for governmental activities in the
Statement of Activities are different because:

CAPITAL ASSET TRANSACTIONS

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		172,425
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Depreciation expense on capital assets is reported in the government-wide statement of activities, but do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds (Note E).		(730,002)
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LONG-TERM DEBT

For governmental funds, the issuance of long-term debt provides current financial resources and the repayment of long-term debt consumes current financial resources. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt, accrued interest and related items (Note B).		573,294
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Compensated absences		(80,849)
Pension expense		(354,066)

Net change in net assets of governmental activities	\$	4,390,629
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The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
STATEMENT OF NET POSITION -
PROPRIETARY FUND
September 30, 2021

	Business-type Activity - Enterprise Fund <hr/> Garbage Fund <hr/>
ASSETS	
Current assets:	
Cash	\$ 143,418
Receivables (net of allowance, \$16,482)	<hr/> 277,986
Total current assets	<hr/> 421,404
LIABILITIES	
Current liabilities:	
Accounts payable	56,620
Deposits	<hr/> 53,768
Total current liabilities	<hr/> 110,388
DEFERRED INFLOWS OF RESOURCES	
Revenue applicable to future year	<hr/> 238,777
Total unrestricted net position	\$ <hr/> <hr/> 72,239

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
For the Year Ended September 30, 2021

	Business-type Activity - Enterprise Fund
	<u>Garbage Fund</u>
OPERATING REVENUE	
Charges for services	\$ 1,166,984
OPERATING EXPENSES	
Operations and maintenance	667,929
Mangement fee paid to General Fund	<u>555,034</u>
	1,222,963
OPERATING (LOSS)	(55,979)
NONOPERATING INCOME	
Interest	<u>487</u>
	487
Change in net position	(55,492)
Total net position, beginning	<u>127,731</u>
Total net position, ending	<u><u>\$ 72,239</u></u>

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
For the Year Ended September 30, 2021

	Business-type Activity - Enterprise Fund <hr/> Garbage Fund <hr/>
OPERATING ACTIVITIES	
Cash receipts from customers	\$ 1,148,175
Cash paid to suppliers for services	(667,821)
Cash paid for interfund services used	<hr/> (548,944)
Net cash (used) by operating activities	(68,590)
INVESTING ACTIVITIES	
Interest	<hr/> 487
Net cash provided by investing activities	<hr/> 487
Net decrease in cash and cash equivalents	(68,103)
Cash and cash equivalents, beginning of year	<hr/> 211,521
Cash and cash equivalents, end of year	\$ <hr/> <hr/> 143,418
Operating (loss)	\$ (55,979)
Change in assets and liabilities:	
(Increase) in accounts receivable	(28,345)
Decrease in interfund receivable	6,090
(Decrease) in accounts payable	109
(Decrease) in deposits	7,157
(Decrease) in deferred inflows of resources	2,378
Net cash (used) by operating activities	\$ <hr/> <hr/> (68,590)

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the City are described below.

The Reporting Entity

The City of Hueytown, Alabama (the City) is a municipal organization incorporated under the Constitution and the laws of the State of Alabama. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), sanitation, recreation, library, public improvements, planning and zoning, and general administrative services.

Government-wide and Fund Financial Statements

Financial information of the City is presented as follows:

- *Basic Financial Statements:* Government-wide financial statements consist of a statement of net position and a statement of activities. They report information on all of the non-fiduciary activities of the City.

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

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

CITY OF HUEYTOWN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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

Property taxes (if levied), other city-levied taxes, licenses, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The American Rescue Plan Act (ARPA) Grant Fund is used to account for the grant revenues and expenditures of the City received from American Recover Plan Act Rescue funds.

The City reports the following major enterprise fund:

The Garbage Fund accounts 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 the City.

Nonmajor funds are aggregated and presented in a single column. The City's nonmajor funds are comprised of special revenue funds, the 2014 GOW capital projects fund and the debt service fund.

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

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

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Garbage Fund are charges to customers for services. Operating expenses for the enterprise fund includes the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF HUEYTOWN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

Receivables and Payables

All outstanding balances between funds are reported as “internal balances.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

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 June 15 following the due date, a tax sale is to be held. Revenue is recognized in the year when the taxes are levied and collected. The taxes are collected by the Jefferson County, Alabama tax collector and remitted to the City.

Prepaid Expenditures

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

The use of certain assets is restricted pursuant to debt covenants or other externally-imposed restrictions. The amount of these assets is reported as restricted net assets in the basic financial statements. Restricted assets generally consist of the following: (1) resources set aside for the repayment of long-term debt pursuant to debt covenants and state law are “restricted for debt service,” (2) the unexpended portion of debt proceeds that are restricted for use in construction are “restricted for capital projects,” and (3) resources restricted for specific purposes pursuant to state and federal law are “restricted for other.”

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, streetlights, and similar items) are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets tangible in nature, with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

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

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

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Sidewalks and streets	50 years
Improvements	10-15 years
Furniture and equipment	5-16 years
Drainage systems	50 years

CITY OF HUEYTOWN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

Compensated Absences

It is the City's policy to permit eligible employees to accumulate earned but unused vacation, overtime, holiday and sick pay benefits. A maximum of 320 vacation hours (424 for firefighters) and a maximum of 240 overtime hours (480 for firefighters and police) may be carried forward each year and holiday and sick leave are accumulated with no year-end forfeiture. An unlimited amount of sick time may be carried forward, but all accumulated sick leave shall be forfeited upon separation from service. Compensated absences are not recorded as a liability in the governmental funds because expenditures related to compensated absences are recorded only when payment is due.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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

Lease Obligations

The City leases various assets under both operating and capital lease agreements. In the government-wide financial statements, capital leases and the related lease obligations are reported as liabilities in the governmental activities statement of net position.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources, which represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City currently has two items that qualify for reporting in this category. The City reports deferred outflow items related to the City's pension plan which is further described in Note I and deferred outflow items related to the City's postemployment benefits other than pensions which is described in Note J.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources, which represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two items that qualify for reporting in this category. The City has recorded the net difference between the projected and actual earnings on pension plan investments. The proprietary fund shows billed garbage services currently reported as a receivable relating to future services as a deferred inflow.

Fund Balances - Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.

CITY OF HUEYTOWN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

- Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 14). Restricted funds are used first as appropriate. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council or the finance committee has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Coronavirus Pandemic

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the City's operations and financial results at this time.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance - governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities of governmental funds, including warrants payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds." The detail of this \$22,932,060 difference is as follows:

Bonds payable	\$	6,484,018
Unamortized bond premiums		419,980
Accrued interest payable		22,467
Compensated absences		2,869,022
Net pension liability		12,584,139
Net other post employment benefit liability		<u>552,434</u>
Net adjustment to reduce fund balance-total governmental funds		
to arrive at net position-governmental funds	\$	<u><u>22,932,060</u></u>

CITY OF HUEYTOWN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and net change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states that “the issuance of long-term debt provides current financial resources and the repayment of long-term debt consumes current financial resources. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt, accrued interest and related items.” The detail of this \$573,294 difference is as follows:

Principal repayments:	
General obligation debt	\$ (389,806)
Capital lease	(150,733)
Amortization of bond discounts and premiums	(31,499)
Accrued interest	<u>(1,256)</u>
Net adjustments to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (573,294)</u></u>

NOTE C - DEPOSITS AND INVESTMENTS

The City does not have a formal written investment policy; however, state law limits the kinds of investments that Alabama municipalities can make to: (1) accounts and certificates of deposits with banks or savings associations that are qualified public depositories; (2) direct obligations of the U.S. Department of the Treasury and certain federal agencies; (3) certain qualified obligations of any state and their agencies; and (4) common trust funds, collective investment funds maintained by qualified institutions, or any registered mutual funds, all of which must hold a prescribed amount of obligations meeting the requirements of 1-3 above.

At year-end, the government did not have any investment balances.

Custodial Credit Risk - Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City has a policy that all of its deposits be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE program. The SAFE program is administered by the State Treasurer according to State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law.

CITY OF HUEYTOWN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE D - RECEIVABLES

Receivables consist of the following as of September 30, 2021:

	General Fund	Nonmajor Governmental Funds	Garbage Fund
Intergovernmental	\$ 20,400	\$ -	\$ -
Other	51,176	3	2,133
Charges for services	-	-	292,334
	<u>71,576</u>	<u>3</u>	<u>294,467</u>
Less allowance for uncollectibles	-	-	(16,482)
	<u>\$ 71,576</u>	<u>\$ 3</u>	<u>\$ 277,985</u>

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance September 30, 2020	Additions/ Transfers-in	Deletions/ Transfers-out	Balance September 30, 2021
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,963,071	\$ 59,341	\$ -	\$ 3,022,412
Construction in progress	<u>118,775</u>	<u>16,742</u>	<u>(118,775)</u>	<u>16,742</u>
Total capital assets, not being depreciated	<u>3,081,846</u>	<u>76,083</u>	<u>(118,775)</u>	<u>3,039,154</u>
Capital assets, being depreciated:				
Buildings and building improvements	8,024,798	16,095	(8,069)	8,032,824
Infrastructure	1,450,075	-	-	1,450,075
Machinery and equipment	<u>7,554,742</u>	<u>233,516</u>	<u>(1,385,314)</u>	<u>6,402,944</u>
Total capital assets, being depreciated	<u>17,029,615</u>	<u>249,611</u>	<u>(1,393,383)</u>	<u>15,885,843</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,777,857	187,609	(5,356)	2,960,110
Infrastructure	221,841	28,988	-	250,829
Machinery and equipment	<u>4,508,822</u>	<u>513,405</u>	<u>(1,353,533)</u>	<u>3,668,694</u>
Total accumulated depreciation	<u>7,508,520</u>	<u>730,002</u>	<u>(1,358,889)</u>	<u>6,879,633</u>
Total capital assets, being depreciated, net	<u>9,521,095</u>	<u>(480,391)</u>	<u>(34,494)</u>	<u>9,006,210</u>
Governmental activities capital assets, net	<u>\$ 12,602,941</u>	<u>\$ (404,308)</u>	<u>\$ (153,269)</u>	<u>\$ 12,045,364</u>

CITY OF HUEYTOWN, ALABAMA
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Depreciation expense for all depreciable assets is charged to functions/programs of the Government as follows:

Governmental activities:

General government:

Administrative	\$	80,731	
General		15,879	
Community improvement		37,614	\$ 134,224

Public protection:

Court		3,753	
Fire		219,324	
Police		114,284	
Municipal Jail		68,722	
Dispatch		4,300	410,383

Public ways and facilities:

Park and recreation		57,558	
Public Utilities		21,807	
Street		106,030	185,395
			<u>\$ 730,002</u>

NOTE F - INTERFUND TRANSFERS

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

The composition of interfund balances as of September 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount
<u>Governmental Activities:</u>		
Nonmajor Fund	General Fund	\$ 35,779
Nonmajor Fund	Nonmajor Fund	16,067
		<u>\$ 51,846</u>
Transfers In/Out:		
<u>Transfers Out:</u>		
From General Fund to nonmajor funds		<u>\$ 796,556</u>
<u>Transfers in:</u>		
To Nonmajor funds from General Fund		<u>\$ 796,556</u>

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.

CITY OF HUEYTOWN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
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NOTE G - LONG-TERM DEBT

General Obligation Warrants

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

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

Source of Repayment of Long-Term Debt

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

Type of Debt	Paid From	Resources Provided By
<u>Governmental Activities:</u>		
G.O. Warrants	Debt Service Fund	General Fund
Capital Lease	Debt Service Fund	General Fund

Outstanding Debt

The amount of debt outstanding at September 30, 2021, and information related to it was as follows:

Series	Original Amount	Final Maturity	Interest Rates (%)	Ending Balance	Amount Due Within One Year
<u>PRIMARY GOVERNMENT</u>					
<u>Governmental Activities:</u>					
<i>G.O. Warrants</i>					
2019 GOW, Series A & B	\$ 955,698	11/28/2034	3.25%	\$ 854,018	\$ 57,033
2020 GOW	<u>5,965,000</u>	2/15/2034	3.0% - 2.2%	<u>5,630,000</u>	<u>350,000</u>
Total government	<u>\$ 6,920,698</u>			<u>\$ 6,484,018</u>	<u>\$ 407,033</u>

CITY OF HUEYTOWN, ALABAMA
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Future Debt Service

The City's future debt service requirements on its outstanding warrants, notes and bonds as of September 30, 2021, are shown below. There is \$307,445 available in the Debt Service Fund to service general obligation debt.

PRIMARY GOVERNMENT

Governmental Activities:	G.O. Warrants	
	Principal	Interest
2022	\$ 407,033	\$ 201,396
2023	418,915	188,865
2024	430,858	174,121
2025	447,866	157,013
2026	454,456	139,406
2027-2031	2,582,044	413,172
2032-2035	1,742,846	61,641
	<u>\$ 6,484,018</u>	<u>\$ 1,335,614</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows:

PRIMARY GOVERNMENT

	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation warrants:					
2019 GOW, Series A & B	\$ 908,824	\$ -	\$ (54,806)	\$ 854,018	\$ 57,033
2020 GOW	<u>5,965,000</u>	<u>-</u>	<u>(335,000)</u>	<u>5,630,000</u>	<u>350,000</u>
Total general obligation warrants	6,873,824	-	(389,806)	6,484,018	407,033
Amounts deferred for:					
Issue premiums, net	<u>451,479</u>	<u>-</u>	<u>(31,499)</u>	<u>419,980</u>	<u>-</u>
	451,479	-	(31,499)	419,980	-
Total general obligation warrants	7,325,303	-	(421,305)	6,903,998	407,033
Capitalized leases	150,733	-	(150,733)	-	-
Compensated absences	<u>2,788,173</u>	<u>1,059,028</u>	<u>(978,179)</u>	<u>2,869,022</u>	<u>19,583</u>
Total long-term liabilities	<u>\$ 10,264,209</u>	<u>\$ 1,059,028</u>	<u>\$ (1,550,217)</u>	<u>\$ 9,773,020</u>	<u>\$ 426,616</u>

The City's General Fund is generally responsible for liquidating the liability for compensated absences since most of the activities affecting that liability occur within General Fund departments.

Arbitrage Compliance

As an issuer of tax-exempt obligations, the City must comply with Section 148 of the Internal Revenue Code whereby arbitrage on tax-exempt warrants, if any, is rebated to the IRS. The City is in compliance with Section 148 requirements.

CITY OF HUEYTOWN, ALABAMA
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September 30, 2021

NOTE H - LEASE OBLIGATIONS

Operating Leases

The City was not obligated on any significant operating leases as of September 30, 2021.

Capital Leases

The City was not obligated on any significant capital leases as of September 30, 2021.

NOTE I - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. Effective October 1, 2021, Act 390 of the Legislature of 2021 will create two additional representatives and change the composition of representatives within the ERS Board of Control. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 13 trustees as follows:

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

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

CITY OF HUEYTOWN, ALABAMA
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compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

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

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

As of September 30, 2020, membership consisted of:

	<u>Hueytown</u>
Retirees and beneficiaries currently receiving benefits	58
Vested inactive members	2
Non-vested inactive members	6
Active members	<u>116</u>
Total	<u><u>182</u></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.

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2021, the City's active employee contribution rate was 6% percent of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 13.63% percent of covered employee payroll.

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The City's contractually required contribution rate for the year ended September 30, 2021 was 14.67% of pensionable pay for Tier 1 employees, and 11.59% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$1,015,067 for the year ended September 30, 2021.

Net Pension Liability

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

	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>
(a) Total pension liability as of September 30, 2019	\$ 35,663,910	\$ 36,570,435	\$ 36,570,435
(b) Discount rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2019 - September 30, 2020	688,751	688,751	688,751
(d) Transfers among employers	-	127,213	127,213
(e) Actual Benefit Payments and refunds for the period October 1, 2019 - September 30, 2020	(1,991,460)	(1,991,460)	(1,991,460)
(f) Total Pension Liability as of September 30, 2020 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	\$ <u>37,030,651</u>	\$ <u>38,134,192</u>	\$ <u>38,134,192</u>
(g) Difference between Expected and Actual		\$ 1,103,541	
(h) Less liability transferred for immediate recognition		<u>127,213</u>	
(i) Experience (gain)/loss = (g) - (h)		\$ <u>976,328</u>	
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/Loss			\$ <u>-</u>

Actuarial assumptions. The total pension liability as of September 30, 2020 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized below:

Inflation	2.75%
Salary increases	3.25% - 5.00%
Investment rate of return	7.70%, net of pension plan investment expense

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

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

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash equivalents	3.00%	1.50%
Total	<u>100.00%</u>	

*Includes assumed rate of inflation of 2.50%.

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan 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.

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	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2019	\$ 35,663,910	\$ 24,614,863	\$ 11,049,047
Changes for the year:			
Service cost	688,751	-	688,751
Interest	2,669,450	-	2,669,450
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	976,328	-	976,328
Contributions - employer	-	975,468	(975,468)
Contributions - employee	-	430,501	(430,501)
Net investment income	-	1,393,468	(1,393,468)
Benefit payments, including refunds of employee contributions	(1,991,460)	(1,991,460)	-
Administrative expense	-	-	-
Transfers amount employers	127,213	127,213	-
Net changes	<u>2,470,282</u>	<u>935,190</u>	<u>1,535,092</u>
Balances at September 30, 2020	<u>\$ 38,134,192</u>	<u>\$ 25,550,053</u>	<u>\$ 12,584,139</u>

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

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Plan's Net Pension Liability	<u>\$ 17,062,155</u>	<u>\$ 12,584,139</u>	<u>\$ 8,805,051</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report dated April 30, 2021, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2021, the City recognized pension expense of \$1,340,980. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 901,262	\$ 650,270
Changes of assumptions	655,256	-
Net difference between projected and actual earnings on pension plan investments	794,470	-
Employer contributions subsequent to the measurement date	<u>1,015,067</u>	<u>-</u>
Total	\$ <u>3,366,055</u>	\$ <u>650,270</u>

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

Year Ended September 30:	
2022	\$ 371,382
2023	538,359
2024	452,717
2025	158,468
2026	9,132
Thereafter	88,760

NOTE J - POST-EMPLOYMENT BENEFITS

Plan Description

The City of Hueytown (the City) provides certain continuing health care benefits for its retired employees. The City of Hueytown'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) Codification Section P52 *Postemployment Benefits Other Than Pensions - Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

The employees are covered by the Retirement System of Alabama whose eligibility provisions are as follows: 10 years of service and attainment of age 60; or, 25 years of service at any age. However, in order to be eligible for employer provided retiree medical benefits, the retiree must have at least 15 years of service and have attained age 60. The employer pays for 30% of the medical benefits at age 60 and 15 years of service; 50% at age 60 with 20 years of service; and 75% at age 55 with 25 years of service. Employer benefits of the retiree coverage ceases at age 65. Complete plan provisions are included in the official plan documents.

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Employees covered by benefit terms - At September 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>112</u>
Total	<u><u>113</u></u>

Total OPEB Liability

The City's total OPEB liability of \$552,434 was measured as of September 30, 2020 and was determined by an actuarial valuation as of that date.

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

Inflation	3.00%
Salary scale	3.50%
Prior discount rate	4.06%
Discount rate	2.50% (-0.75% real rate of return plus 3.00% inflation)
Healthcare cost trend rates	4.50% level

The discount rate was selected by reviewing the recent published Bond Buyer GO-20 bond index. This index is published weekly and is trending down in recent months. A discount rate of 2.25% was selected.

Mortality rates were based on the RPH-2014 Total Table with Projection MP-2019.

Changes in Total OPEB Liability

Balance at October 1, 2019	\$ 494,012
Service cost	19,781
Interest cost	20,829
Differences between expected and actual experience	-
Changes in assumptions	19,345
Benefit payments and net transfers	<u>(1,533)</u>
Net changes	<u>58,422</u>
Balance at September 30, 2020	<u><u>\$ 552,434</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB liability	\$ <u>620,662</u>	\$ <u>552,434</u>	\$ <u>490,712</u>

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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 healthcare cost trend rates that are 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current healthcare trend rates:

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
Total OPEB liability	\$ 470,009	\$ 552,434	\$ 652,501

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$80,544. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	16,868	-
Net difference between projected and actual investments	-	-
Total	\$ 16,868	\$ -

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

Year Ending September 30:	
2022	\$ 2,477
2023	2,477
2024	2,477
2025	2,477
2026	2,477
Thereafter	2,006

NOTE K - RISK MANAGEMENT

The City is a defendant in numerous lawsuits and has been notified of numerous claims against it arising from alleged negligence related to motor vehicles and other matters related to the normal operations of a municipality. The City believes that any liability resulting from such lawsuits and claims will be covered adequately by the liability insurance and funds of the City, which will be available to discharge such liability without impairing its ability to perform any of its other obligations.

NOTE L - TAX ABATEMENTS

The City extends abatement agreements in accordance with Alabama Constitutional Amendment 772. Applicants must show their development or redevelopment benefits the citizens of the City by increasing the economic tax base, increase jobs to the area or otherwise improving the City. In the year ending September 30, 2021, the City had two active tax abatements for retail developments:

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NOTES TO FINANCIAL STATEMENTS
September 30, 2021

Hueytown CGP, LLC - According to the terms of the agreement, the City will return 35% of the City's 4% sales tax proceeds received from the retailer for ten years after the retailer opens to the public or until a maximum of \$750,000 has been paid to the developer, whichever comes first. The abatement amounted to \$79,881 during the fiscal year ended September 30, 2021.

Buy-Lo Quality Food Stores, Inc. - According to the terms of the agreement, the City will return 25% of the City's 4% sales tax proceeds received from the retailer for ten years after the retailer opens to the public or until a maximum of \$1,000,000 has been paid to the developer, whichever comes first. The abatement amounted to \$89,977 during the fiscal year ended September 30, 2021.

NOTE M - ECONOMIC DEPENDENCY

The City is economically dependent on a small number of principal taxpayers. Sales and use tax revenue accounted for 57% of total governmental fund-type revenues for the year ended September 30, 2021. Sales and use tax revenues received from one (1) major taxpayer accounted for 25% of the total sales and use tax collected city-wide. In addition, business license revenues received from one (1) major company accounted for 36% of the total business license revenues collected city-wide.

NOTE N - NEW ACCOUNTING PRONOUNCEMENTS

For the fiscal year ended September 30, 2021, the City implemented the following new accounting standards:

In fiscal year 2021, the City implemented GASB statement No. 84, *Fiduciary Activities* to establish criteria for identifying fiduciary activities of all state and local governments. The implementation of this statement did not result in any change in the City's financial statements.

NOTE O - FUTURE ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 87, *Leases* to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of GASB 87 were originally effective for fiscal years beginning after December 15, 2019, but was extended to fiscal years beginning after December 15, 2020, with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*. The City is currently evaluating the impact GASB 87 may have on its financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB 89 are effective for fiscal years beginning after December 15, 2020. The City is currently evaluating the impact GASB 89 may have on its financial statements.

The GASB issued Statement No. 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 were originally effective for fiscal years beginning after December 15, 2020, but was extended to fiscal years beginning after December 15, 2021, with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*. The City is currently evaluating the impact GASB 91 may have on its financial statements.

In January 2020, the GASB issued Statement No. 92 *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

CITY OF HUEYTOWN, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. This City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefits plans that were effective immediately, it also clarifies when a 457 plan should be considered a pension plan or another employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for fiscal years beginning after June 15, 2021.

NOTE P - SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 28, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HUEYTOWN, ALABAMA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended September 30, 2021

	General Fund			
	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 1,053,221	\$ 1,053,221	\$ 1,251,771	\$ 198,550
Sales and use taxes	8,841,012	8,841,012	10,618,923	1,777,911
Other taxes	888,363	888,363	1,009,769	121,406
Licenses and permits	2,075,347	2,075,347	2,057,576	(17,771)
Intergovernmental	157,000	157,000	408,921	251,921
Charges for services	66,229	66,229	104,983	38,754
Fines and forfeitures	357,933	357,933	361,534	3,601
Donations, gifts and grants	17,761	17,761	23,109	5,348
Interest	20,002	20,002	20,681	679
Garbage fund management fee	555,000	555,000	555,034	34
Other revenues	115,164	115,164	51,809	(63,355)
Total revenues	<u>14,147,032</u>	<u>14,147,032</u>	<u>16,464,110</u>	<u>2,317,078</u>
EXPENDITURES				
General government	1,604,144	1,614,601	1,385,992	228,609
Public protection	9,392,669	9,291,287	9,097,724	193,563
Public ways and facilities	2,687,462	2,689,937	2,050,603	639,334
Total expenditures	<u>13,684,275</u>	<u>13,595,825</u>	<u>12,534,319</u>	<u>1,061,506</u>
Excess (deficiency) of revenues over expenditures	462,757	551,207	3,929,791	3,378,584
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	10,000	10,000	49,799	39,799
Transfers in	198,506	198,506	-	(198,506)
Transfers (out)	(819,200)	(819,200)	(796,556)	22,644
Total other financing sources (uses)	<u>(610,694)</u>	<u>(610,694)</u>	<u>(746,757)</u>	<u>(136,063)</u>
Net change in fund balance	\$ <u>(147,937)</u>	\$ <u>(59,487)</u>	3,183,034	\$ <u>3,242,521</u>
Fund balance, beginning			<u>8,404,733</u>	
Fund balance, ending			\$ <u>11,587,767</u>	

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
GENERAL GOVERNMENT				
ADMINISTRATIVE				
Capital outlay	\$ -	\$ -	\$ 7,269	\$ (7,269)
Salaries	550,188	559,790	546,015	13,775
Auditing	110,000	110,000	83,659	26,341
Bank service charges	5,000	5,000	2,257	2,743
Convention	2,000	2,000	1,682	318
Dues and subscriptions	31,945	31,945	18,363	13,582
Engineering services	101,525	101,525	24,795	76,730
Equipment rental and maintenance	3,150	3,150	1,636	1,514
Insurance - Hospital and accident	64,258	64,258	45,108	19,150
- Equipment and liability	21,145	21,145	8,744	12,401
- Workman's compensation	1,596	1,596	722	874
Legal services	76,000	76,000	77,901	(1,901)
Legal advertising and publications	3,120	3,120	719	2,401
Miscellaneous	1,751	1,751	4,901	(3,150)
Office supplies	27,000	27,000	14,742	12,258
Other professional services	13,152	13,152	13,864	(712)
Payroll taxes and unemployment	42,089	42,945	41,667	1,278
State retirement	72,330	72,330	67,271	5,059
Telephone	790	790	990	(200)
Training	22,060	22,060	14,273	7,787
Total administrative	1,149,099	1,159,557	976,578	182,979
GENERAL				
Data processing and software	900	900	-	900
Supplies	500	500	307	193
Insurance and bonds	-	-	13,870	(13,870)
Insurance - Workman's compensation	235	235	107	128
Mayor and council expenses	5,000	5,000	2,014	2,986
Overtime - All departments	75,000	75,000	-	75,000
Payroll taxes	6,212	6,212	6,729	(517)
Salaries - Mayor/Council	81,200	81,200	74,433	6,767
Special projects emergency allocation	3,250	3,250	-	3,250
Community Projects/ Outreach	17,500	17,500	19,047	(1,547)
Telephone - Cellular	2,000	2,000	1,021	979
Total general	191,797	191,797	117,528	74,269
BUILDING AND INSPECTION				
Building demolition	7,000	7,000	2,313	4,687
Salaries	133,494	133,494	135,900	(2,406)
Data processing and software	520	520	-	520
Dues and subscriptions	2,570	2,569	2,149	420
Equipment maintenance and operations	4,750	4,750	1,994	2,756
Insurance - Hospital and accident	16,067	16,067	16,081	(14)
- Equipment and liability	17,380	17,380	17,409	(29)
- Workman's compensation	2,473	2,473	1,513	960
Maps and blue prints	500	500	-	500
Miscellaneous	200	200	-	200
Payroll taxes and unemployment	10,212	10,212	10,193	19
Publications	630	630	290	340
State retirement	19,584	19,584	19,908	(324)
Supplies	1,500	1,500	1,064	436
Telephone	625	625	1,060	(435)
Training	1,500	1,500	1,468	32
Uniforms	500	500	-	500

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Zoning board expenditures	\$ 300	\$ 300	\$ -	\$ 300
Total building and inspection	219,805	219,804	211,342	8,462
RETIREES HEALTH INSURANCE	43,443	43,443	80,544	(37,101)
TOTAL GENERAL GOVERNMENT	1,604,144	1,614,601	1,385,992	228,609
PUBLIC PROTECTION				
COURT DEPARTMENT				
Salaries	347,584	347,584	265,928	81,656
Data processing and software	4,584	4,584	12,578	(7,994)
Defensive driving school	13,500	13,500	3,750	9,750
Dues and subscriptions	7,207	7,207	6,823	384
Equipment rental and maintenance	1,000	1,000	229	771
Insurance - Hospital and accident	25,894	25,894	19,347	6,547
- Equipment and liability	6,662	6,662	6,696	(34)
- Workman's compensation	5,175	5,175	2,556	2,619
Miscellaneous	550	550	294	256
Payroll taxes and unemployment	20,335	20,335	17,809	2,526
State retirement	25,800	25,800	26,741	(941)
Supplies	3,100	3,100	1,780	1,320
Telephone	525	525	579	(54)
Training	2,500	2,500	1,072	1,428
	464,416	464,416	366,182	98,234
Reimbursement from Municipal Judicial Fund	(36,408)	(36,408)	(36,408)	-
Total court department	428,008	428,008	329,774	98,234
POLICE DEPARTMENT - GENERAL OPERATIONS				
Capital outlay	-	6,549	79,630	(73,081)
Salaries	2,361,085	2,302,887	2,311,795	(8,908)
Data processing and software	25,864	25,864	70,190	(44,326)
Dues and subscriptions	52,850	52,850	40,365	12,485
Equipment maintenance and operations	2,900	2,900	1,869	1,031
Insurance - Hospital and accident	294,906	294,906	256,672	38,234
- Equipment and liability	73,284	73,284	73,322	(38)
- Workman's compensation	127,153	127,153	63,410	63,743
L.E.A.D.S. Online	2,933	2,933	2,200	733
Legal advertising and publications	775	775	188	587
Miscellaneous	3,300	3,300	4,153	(853)
NCIC terminal	11,000	11,000	5,640	5,360
Payroll taxes and unemployment	168,000	178,408	179,351	(943)
Publications	150	150	77	73
State retirement	310,816	310,816	319,654	(8,838)
Supplies	13,000	13,527	12,197	1,330
Telephone	19,500	19,500	24,392	(4,892)
Training	125,974	10,500	12,798	(2,298)
Uniforms	15,000	15,285	19,291	(4,006)
Vehicle operations and maintenance	118,000	129,800	121,537	8,263
	3,726,490	3,582,387	3,598,731	(16,344)
Reimbursement from UNIT Task Force Fund	(333)	(333)	(333)	-
Total police department - General operations	3,726,157	3,582,054	3,598,398	(16,344)
MUNICIPAL JAIL				
Salaries	525,537	525,537	379,230	146,307
Data processing and software	792	792	4,951	(4,159)
Dues and subscriptions	11,345	11,345	10,744	601

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Facility repairs and maintenance	\$ 1,000	\$ 1,000	\$ 6,030	\$ (5,030)
Insurance - Hospital and accident	94,823	94,823	82,003	12,820
- Equipment and liability	14,483	14,483	14,583	(100)
- Workman's compensation	23,760	23,760	12,510	11,250
Jail store expenditures	6,997	6,997	12,010	(5,013)
Miscellaneous	2,500	2,500	962	1,538
Payroll taxes and unemployment	31,393	31,393	28,695	2,698
Prisoner expense	19,200	22,200	7,083	15,117
State retirement	52,999	52,999	48,218	4,781
Supplies	-	-	4,144	(4,144)
Uniforms	-	2,387	1,630	757
	<u>784,829</u>	<u>790,216</u>	<u>612,793</u>	<u>177,423</u>
Reimbursement from Corrections Fund	(130,000)	(130,000)	(130,000)	-
Total municipal jail	<u>654,829</u>	<u>660,216</u>	<u>482,793</u>	<u>177,423</u>
PUBLIC SAFETY DISPATCH				
Capital outlay	-	-	19,786	(19,786)
Salaries	570,837	570,837	624,479	(53,642)
Data processing and software	14,686	14,686	8,845	5,841
Dues and subscriptions	11,345	11,345	10,744	601
Equipment maintenance and operations	325	325	21,572	(21,247)
Facility repairs and maintenance	500	500	445	55
Insurance - Hospital and accident	101,145	101,145	80,257	20,888
- Equipment and liability	14,483	14,483	14,096	387
- Workman's compensation	1,655	1,655	749	906
Miscellaneous	6,425	6,425	3,582	2,843
Payroll taxes and unemployment	43,669	43,669	49,235	(5,566)
State retirement	80,374	80,374	83,123	(2,749)
Uniforms	5,000	5,000	4,880	120
Supplies	1,500	1,500	815	685
Telephone	3,970	3,970	8,859	(4,889)
	<u>855,914</u>	<u>855,914</u>	<u>931,467</u>	<u>(75,553)</u>
Reimbursement from E-911 Fund	(325,000)	(325,000)	(375,000)	50,000
Total publice safety dispatch	<u>530,914</u>	<u>530,914</u>	<u>556,467</u>	<u>(25,553)</u>
FIRE DEPARTMENT				
Capital outlay	-	-	39,429	(39,429)
Salaries	2,601,406	2,631,212	2,580,802	50,410
AFG equipment grant	-	-	139,533	(139,533)
Data processing and software	10,522	10,522	7,661	2,861
Dues and subscriptions	42,842	42,842	40,553	2,289
Equipment maintenance and operations	24,275	24,275	31,784	(7,509)
Hydrant maintenance	52,500	52,500	58,596	(6,096)
Insurance - Hospital and accident	326,106	326,106	279,213	46,893
- Equipment and liability	84,870	84,870	84,915	(45)
- Workman's compensation	131,111	131,111	68,854	62,257
Miscellaneous	8,600	8,600	8,410	190
Payroll taxes and unemployment	199,008	206,536	198,313	8,223
Supplies	34,250	34,250	48,907	(14,657)
Telephone	6,900	6,900	8,227	(1,327)
Training	9,500	9,500	5,353	4,147
Turnout gear	12,000	12,000	12,056	(56)
State retirement	376,501	376,501	366,748	9,753
Uniforms	15,000	15,000	10,968	4,032
Vehicle operations and maintenance	80,000	80,000	96,394	(16,394)
Total fire department	<u>4,015,391</u>	<u>4,052,725</u>	<u>4,086,716</u>	<u>(33,991)</u>

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
FIRE STATION #1				
Facility maintenance and repairs	\$ 2,000	\$ 2,000	\$ 4,081	\$ (2,081)
Miscellaneous	100	100	-	100
Telephone	920	920	770	150
Total fire station #1	3,020	3,020	4,851	(1,831)
FIRE STATION #2				
Capital outlay	100	100	-	100
Facility maintenance and repairs	5,500	5,500	8,705	(3,205)
Telephone	3,000	3,000	2,335	665
Utilities	11,000	11,000	9,647	1,353
Total fire station #2	19,600	19,600	20,687	(1,087)
FIRE STATION #3				
Facility maintenance and repairs	2,500	2,500	5,098	(2,598)
Telephone	2,900	2,900	3,852	(952)
Utilities	9,350	9,350	9,088	262
Total fire station #3	14,750	14,750	18,038	(3,288)
TOTAL PUBLIC PROTECTION	9,392,669	9,291,287	9,097,724	193,563
PUBLIC WAYS AND FACILITIES				
COMMUNITY IMPROVEMENT				
Capital outlay	775	775	18,016	(17,241)
Annexation	-	-	1,311	(1,311)
Community programs	20,000	20,000	3,000	17,000
Beautification board	2,000	2,000	2,000	-
Birmingham Regional Planning Commission	9,744	9,744	10,149	(405)
BREMS	2,786	2,786	2,786	-
Chamber of Commerce	37,714	37,714	37,714	-
Clas Tran	6,600	6,600	6,600	-
Data processing and software	72	72	-	72
Insurance - Workman's compensation	674	674	327	347
EMA	21,420	21,420	21,420	-
Jefferson County mayor's association	3,300	3,300	3,221	79
Maintenance	1,575	1,575	715	860
Mapping	3,000	3,000	-	3,000
Meal donation	-	-	578	(578)
Mental Health Board	1,500	1,500	1,500	-
Miscellaneous	1,350	1,350	131	1,219
Payroll taxes and unemployment	1,055	1,055	1,054	1
Salary - Senior citizens director	13,793	13,793	13,248	545
State retirement	1,599	1,599	1,532	67
Storm water fees	770	770	276	494
Street lighting - Christmas	2,815	2,815	2,153	662
Telephone	700	700	762	(62)
Utilities - Senior Citizens Center	6,150	6,150	4,655	1,495
Website	4,400	4,400	1,500	2,900
Total community improvement	143,792	143,792	134,648	9,144
LIBRARY	202,087	202,087	182,888	19,199
PARK AND RECREATION				
Capital outlay	-	-	16,992	(16,992)
Salaries	233,314	233,314	72,911	160,403
Community programs	-	-	5,000	(5,000)

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Dues and subscriptions	\$ 4,538	\$ 4,538	\$ 4,297	\$ 241
Equipment maintenance and operations	7,700	7,700	6,660	1,040
Insurance - Hospital and accident	110,932	110,932	16,528	94,404
- Equipment and liability	28,966	28,966	28,981	(15)
- Workman's compensation	10,289	10,289	5,359	4,930
Maintenance - Supply building, grounds	28,500	25,000	22,768	2,232
Miscellaneous	1,025	1,025	174	851
Payroll taxes and unemployment	17,848	17,848	5,278	12,570
State retirement	32,646	32,646	10,728	21,918
Supplies	2,600	2,600	1,854	746
Telephone	-	-	49	(49)
Uniforms	500	500	615	(115)
Utilities	47,700	47,700	24,632	23,068
Total park and recreation	526,558	523,058	222,826	300,232
 BUD NEWELL PARK UTILITIES	 16,500	 16,500	 31,456	 (14,956)
 BROOKLANE COMMUNITY CENTER FACILITY REPAIRS	 250	 250	 135	 115
 MARTIN LUTHER KING PARK UTILITIES	 8,625	 8,625	 12,166	 (3,541)
 MARTIN LUTHER KING COMMUNITY CENTER REPAIRS	 300	 300	 2,966	 (2,666)
 GIRLS BALLFIELD UTILITIES	 2,000	 5,500	 3,610	 1,890
 COMMUNITY STORM SHELTER				
Capital outlay	101,299	101,299	16,742	84,557
Facility maintenance and repairs	7,116	7,116	1,462	5,654
Miscellaneous	3,000	3,000	-	3,000
Utilities	5,700	5,700	11,198	(5,498)
	117,115	117,115	29,402	87,713
 STREET DEPARTMENT				
Capital outlay	80,000	80,000	106,700	(26,700)
Salaries	543,254	543,254	532,904	10,350
Animal control	21,000	21,000	21,317	(317)
Dues and subscriptions	9,076	9,076	8,595	481
Equipment maintenance and operations	36,248	36,315	28,152	8,163
Engineering Services	-	-	25,363	(25,363)
Insurance - Hospital and accident	110,932	110,932	82,531	28,401
- Equipment and liability	28,966	28,966	29,081	(115)
- Workman's compensation	61,496	61,496	29,560	31,936
Miscellaneous	2,500	2,500	27,894	(25,394)
Other professional services	8,000	11,100	9,120	1,980
Payroll taxes and unemployment	41,559	41,559	41,837	(278)
State retirement	74,664	74,664	71,144	3,520
Supplies	9,200	9,200	6,464	2,736
Telephone	4,500	4,500	4,780	(280)
Uniforms	2,000	2,000	1,676	324
Utilities	7,200	7,200	8,250	(1,050)
Vehicle operations and maintenance	37,000	37,029	34,163	2,866
Total street department	1,077,595	1,080,791	1,069,531	11,260
 PUBLIC UTILITY EXPENSES				
Capital outlay	-	-	8,500	(8,500)
Data processing and software	375,142	374,191	143,311	230,880
Facility maintenance and repairs	13,000	13,000	7,655	5,345

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Fuel inventory	\$ 20,000	\$ 20,000	\$ 17,369	\$ 2,631
Insurance - Equipment and liability	20,298	20,298	-	20,298
Maintenance - Supply building, grounds	40,000	40,230	65,788	(25,558)
Miscellaneous	1,000	1,000	-	1,000
Supplies	5,400	5,400	3,187	2,213
Telephone	25,000	25,000	21,068	3,932
Utilities	92,800	92,800	94,097	(1,297)
Total public utility expenses	<u>592,640</u>	<u>591,919</u>	<u>360,975</u>	<u>230,944</u>
TOTAL PUBLIC WAYS AND FACILITIES	<u>2,687,462</u>	<u>2,689,937</u>	<u>2,050,603</u>	<u>639,334</u>
TOTAL EXPENDITURES	<u>\$ 13,684,275</u>	<u>\$ 13,595,825</u>	<u>\$ 12,534,319</u>	<u>\$ 1,061,506</u>

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY -
EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA
Last 10 Fiscal Years Ending September 30,

	2020	2019	2018	2017	2016	2015	2014
<u>Total pension liability</u>							
Service Cost	\$ 688,751	\$ 671,961	\$ 679,944	\$ 645,066	\$ 616,625	\$ 617,191	\$ 585,150
Interest	2,669,450	2,600,676	2,511,935	2,417,705	2,244,212	2,107,896	2,005,995
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	976,328	(384,480)	(327,374)	(419,843)	11,028	389,048	-
Changes of assumptions	-	-	187,362	-	1,686,766	-	-
Benefit payments, including refunds of employee contributions	(1,991,460)	(1,917,826)	(1,621,121)	(1,614,140)	(1,400,979)	(1,419,390)	(1,215,373)
Transfers among employers	127,213	(40,342)	80,552	190,572	92,476	-	-
Net change in total pension liability	2,470,282	929,989	1,511,298	1,219,360	3,250,128	1,694,745	1,375,772
Total pension liability - beginning	35,663,910	34,733,921	33,222,623	32,003,263	28,753,135	27,058,390	25,682,618
Total pension liability - ending (a)	<u>\$ 38,134,192</u>	<u>\$ 35,663,910</u>	<u>\$ 34,733,921</u>	<u>\$ 33,222,623</u>	<u>\$ 32,003,263</u>	<u>\$ 28,753,135</u>	<u>\$ 27,058,390</u>
<u>Plan fiduciary net position</u>							
Contributions - Employer	\$ 975,468	\$ 983,654	\$ 860,656	\$ 881,505	\$ 902,173	\$ 899,042	\$ 888,372
Contributions - Employee	430,501	416,513	405,072	413,904	394,123	394,111	387,324
Net investment income	1,393,468	623,224	2,091,186	2,587,666	1,874,436	216,325	1,949,954
Benefit payments, including refunds of employee contributions	(1,991,460)	(1,917,826)	(1,621,121)	(1,614,140)	(1,400,979)	(1,419,390)	(1,215,373)
Transfers amount employers	127,213	(40,342)	80,552	190,572	92,476	48,569	82,574
Net change in plan fiduciary net position	935,190	65,223	1,816,345	2,459,507	1,862,229	138,657	2,092,851
Plan net position - Beginning	24,614,863	24,549,640	22,733,295	20,273,788	18,411,559	18,272,902	16,180,051
Plan net position - Ending (b)	<u>\$ 25,550,053</u>	<u>\$ 24,614,863</u>	<u>\$ 24,549,640</u>	<u>\$ 22,733,295</u>	<u>\$ 20,273,788</u>	<u>\$ 18,411,559</u>	<u>\$ 18,272,902</u>
Net pension liability - ending (a) - (b)	\$ 12,584,139	\$ 11,049,047	\$ 10,184,281	\$ 10,489,328	\$ 11,729,475	\$ 10,341,576	\$ 8,785,488
Plan fiduciary net position as a percentage of total pension liability	67.00%	69.02%	70.68%	68.43%	63.35%	64.03%	67.53%
Covered-employee payroll*	\$ 7,526,550	\$ 7,340,594	\$ 7,166,807	\$ 7,212,567	\$ 6,924,388	\$ 6,934,443	\$ 6,504,192
Net pension liability as a percentage of covered-employee payroll	167.20%	150.52%	142.10%	145.43%	169.39%	149.13%	135.07%

* Employer's covered payroll during the measurement period is the total covered payroll. For FY 2021 the measurement period is October 1, 2019 - September 30, 2030. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with FY 2017.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HUEYTOWN, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS -
EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA
Last 10 Fiscal Years Ending September 30,

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution*	\$ 1,015,067	\$ 1,003,621	\$ 971,530	\$ 886,413	\$ 979,236	\$ 926,879	\$ 922,934
Contributions in relation to the actuarially determined contribution	<u>1,015,067</u>	<u>1,003,621</u>	<u>971,530</u>	<u>886,413</u>	<u>979,236</u>	<u>926,879</u>	<u>922,934</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll**	\$ 7,447,741	\$ 7,526,550	\$ 7,340,594	\$ 7,166,807	\$ 7,212,567	\$ 6,924,388	\$ 6,934,443
Contributions as a percentage of covered-employee payroll	13.63%	13.33%	13.24%	12.37%	13.58%	13.39%	13.31%

* The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statements.

** Employer's covered payroll for FY 2021 is the total covered payroll for the 12 month period of the underlying financial statement.

Actuarial Information

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

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

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	23.0 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.25%-5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
For the Year Ended September 30,

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 19,781	\$ 19,781	\$ 19,009
Interest	20,829	19,423	18,192
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions or other inputs	19,345	-	-
Benefit payments	<u>(1,533)</u>	<u>(7,635)</u>	<u>(7,635)</u>
Total OPEB expense	58,422	31,569	29,566
Total OPEB Liability - Beginning	494,012	462,443	432,877
Total OPEB Liability - Ending	<u>\$ 552,434</u>	<u>\$ 494,012</u>	<u>\$ 462,443</u>
Covered-employee payroll	\$ 6,646,499	\$ 6,583,113	\$ 6,583,113
Net OPEB Liability as a percentage of covered-employee payroll	8.31%	7.50%	7.02%

Notes to Schedule:

Benefit Changes: There were no changes of benefit terms for the year ended September 30, 2020

Changes of Assumptions: The discount rate as of 9/30/2019 was 4.06 % and it changed to 2.25% as of 9/30/2020.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2021

NOTE A - BUDGETARY INFORMATION

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The City adopts an annual operating budget for the general fund. The City is not legally required to adopt a budget for special revenue funds.

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

Governmental Funds Not Annually-Budgeted

Capital Projects Funds

Debt Service Fund

Special Revenue Funds:

Four Cent Gas Tax Fund

Seven Cent Gas Tax Fund

Emergency Communications

Corrections Fund

U.N.I.T. Task Force Fund

Municipal Judicial Fund

Rebuild Alabama Fund

ARPA Grant 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 request forms to the budget staff.
3. The Mayor and budget staff begins individual departmental reviews and prepare recommended changes to the departmental budgets.
4. The Mayor submits recommended departmental changes to individual departments affected with a copy to the City Council Finance Committee.
5. Departments incorporate recommended budget changes and update budget schedules.
6. The Mayor's recommended budget is finalized for submission to the City Council.
7. The Mayor presents the proposed budget to the City Council.
8. The City Council takes final action for approval of the operating budget by the beginning date of the fiscal year.

The annual budget is prepared on the account level within each department. Transfers of appropriations between accounts and departments or between funds require approval of the City Council. The legal level of budgetary control is by account and there were budget amendments for the year ended September 30, 2021. The original and final/amended budget amounts are reflected in the required supplementary information.

The following represents expenditures in excess of appropriations of the following amounts by department for the fiscal year ended September 30, 2021. The excess expenditures were provided by available fund balance in the General Fund.

CITY OF HUEYTOWN, ALABAMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2021

ADMINISTRATIVE		FIRE DEPARTMENT	
Capital outlay	\$ (7,269)	Capital outlay	\$ (39,429)
Legal services	(1,901)	AFG equipment grant	(139,533)
Miscellaneous	(3,150)	Equipment maintenance and operations	(7,509)
Other professional services	(712)	Hydrant maintenance	(6,096)
Telephone	(200)	Insurance - Equipment and liability	(45)
		Supplies	(14,657)
GENERAL		Telephone	(1,327)
Insurance and bonds	(13,870)	Turnout gear	(56)
Payroll taxes	(517)	Vehicle operations and maintenance	(16,394)
Community Projects/ Outreach	(1,547)		
		FIRE STATION #1 - Facility maintenance and repairs	(2,081)
BUILDING AND INSPECTION		FIRE STATION #2 - Facility maintenance and repairs	(3,205)
Salaries	(2,406)	FIRE STATION #3	
Insurance - Hospital and accident	(14)	Facility maintenance and repairs	(2,598)
- Equipment and liability	(29)	Telephone	(952)
State retirement	(324)		
Telephone	(435)		
		COMMUNITY IMPROVEMENT	
RETIREES HEALTH INSURANCE	(37,101)	Capital outlay	(17,241)
		Annexation	(1,311)
COURT DEPARTMENT		Birmingham Regional Planning Commission	(405)
Data processing and software	(7,994)	Meal donation	(578)
Insurance - Equipment and liability	(34)	Telephone	(62)
State retirement	(941)		
Telephone	(54)		
		PARK AND RECREATION	
POLICE DEPARTMENT - GENERAL OPERATIONS		Capital outlay	(16,992)
Capital outlay	(73,081)	Community programs	(5,000)
Salaries	(8,908)	Insurance - Equipment and liability	(15)
Data processing and software	(44,326)	Telephone	(49)
Insurance - Equipment and liability	(38)	Uniforms	(115)
Miscellaneous	(853)		
Payroll taxes and unemployment	(943)	BUD NEWELL PARK UTILITIES	(14,956)
State retirement	(8,838)	MARTIN LUTHER KING PARK UTILITIES	(3,541)
Telephone	(4,892)	MARTIN LUTHER KING COMMUNITY CENTER REP.	(2,666)
Training	(2,298)		
Uniforms	(4,006)	COMMUNITY STORM SHELTER - Utilities	(5,498)
MUNICIPAL JAIL		STREET DEPARTMENT	
Data processing and software	(4,159)	Capital outlay	(26,700)
Facility repairs and maintenance	(5,030)	Animal control	(317)
Insurance - Equipment and liability	(100)	Engineering Services	(25,363)
Jail store expenditures	(5,013)	Insurance - Equipment and liability	(115)
Supplies	(4,144)	Miscellaneous	(25,394)
		Payroll taxes and unemployment	(278)
PUBLIC SAFETY DISPATCH		Telephone	(280)
Capital outlay	(19,786)	Utilities	(1,050)
Salaries	(53,642)		
Equipment maintenance and operations	(21,247)	PUBLIC UTILITY EXPENSES	
Payroll taxes and unemployment	(5,566)	Capital outlay	(8,500)
State retirement	(2,749)	Maintenance - Supply building, grounds	(25,558)
Telephone	(4,889)	Utilities	(1,297)

SUPPLEMENTARY INFORMATION

CITY OF HUEYTOWN, ALABAMA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Debt Service Fund	2014 GOW Capital Projects Fund	Gas Tax Fund (4 Cent)	Gas Tax Fund (7 Cent)	Emergency Communication Fund	Corrections Fund	U.N.I.T. Task Force Fund	Municipal Judicial Fund	Rebuild Alabama Fund	Total
ASSETS										
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ 3
Due from other funds	-	-	12,365	30,359	-	9,122	-	-	-	51,846
Restricted cash and cash equivalents	307,445	931,132	560,109	760,439	77,278	32,570	12,150	40,264	159,775	2,881,162
Total assets	<u>\$ 307,445</u>	<u>\$ 931,132</u>	<u>\$ 572,474</u>	<u>\$ 790,798</u>	<u>\$ 77,278</u>	<u>\$ 41,692</u>	<u>\$ 12,153</u>	<u>\$ 40,264</u>	<u>\$ 159,775</u>	<u>\$ 2,933,011</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ 2,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,778
Due to other funds	-	-	16,067	-	-	-	-	-	-	16,067
Total liabilities	<u>-</u>	<u>-</u>	<u>16,067</u>	<u>2,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,845</u>
FUND BALANCE										
Restricted for:										
Debt service	307,445	-	-	-	-	-	-	-	-	307,445
Capital projects	-	931,132	-	-	-	-	-	-	-	931,132
Public protection	-	-	-	-	77,278	41,692	12,153	40,264	-	171,387
Infrastructure maintenance	-	-	556,407	788,020	-	-	-	-	159,775	1,504,202
Total fund balance	<u>307,445</u>	<u>931,132</u>	<u>556,407</u>	<u>788,020</u>	<u>77,278</u>	<u>41,692</u>	<u>12,153</u>	<u>40,264</u>	<u>159,775</u>	<u>2,914,166</u>
Total liabilities and fund balance	<u>\$ 307,445</u>	<u>\$ 931,132</u>	<u>\$ 572,474</u>	<u>\$ 790,798</u>	<u>\$ 77,278</u>	<u>\$ 41,692</u>	<u>\$ 12,153</u>	<u>\$ 40,264</u>	<u>\$ 159,775</u>	<u>\$ 2,933,011</u>

CITY OF HUEYTOWN, ALABAMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2021

	Debt Service Fund	2014 GOW Capital Projects Fund	Gas Tax Fund (4 Cent)	Gas Tax Fund (7 Cent)	Emergency Communication Fund	Corrections Fund	U.N.I.T. Task Force Fund	Municipal Judicial Fund	Rebuild Alabama Fund	Total
REVENUES										
Other taxes	\$ -	\$ -	\$ 147,535	\$ 163,593	\$ -	\$ -	\$ -	\$ -	\$ 95,164	\$ 406,292
Charges for services	-	-	-	-	261,070	-	-	-	-	261,070
Fines and forfeitures	-	-	-	-	-	86,653	-	24,938	-	111,591
Interest	25	1,498	1,232	1,263	275	173	30	98	329	4,923
Total revenues	<u>25</u>	<u>1,498</u>	<u>148,767</u>	<u>164,856</u>	<u>261,345</u>	<u>86,826</u>	<u>30</u>	<u>25,036</u>	<u>95,493</u>	<u>783,876</u>
EXPENDITURES										
Public protection	-	-	-	-	375,000	130,000	333	36,408	-	541,741
Public ways and facilities	-	-	302,022	181,004	-	-	-	-	-	483,026
Debt service:										
Principal	540,539	-	-	-	-	-	-	-	-	540,539
Interest and fees	207,684	-	-	-	-	-	-	-	-	207,684
Total expenditures	<u>748,223</u>	<u>-</u>	<u>302,022</u>	<u>181,004</u>	<u>375,000</u>	<u>130,000</u>	<u>333</u>	<u>36,408</u>	<u>-</u>	<u>1,772,990</u>
Excess (deficiency) of revenues over expenditures	(748,198)	1,498	(153,255)	(16,148)	(113,655)	(43,174)	(303)	(11,372)	95,493	(989,114)
OTHER FINANCING SOURCES (USES)										
Transfers in	<u>796,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,556</u>
Total other financing (uses)	<u>796,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,556</u>
Net change in fund balance	48,358	1,498	(153,255)	(16,148)	(113,655)	(43,174)	(303)	(11,372)	95,493	(192,558)
Fund balance, beginning	<u>259,087</u>	<u>929,634</u>	<u>709,662</u>	<u>804,168</u>	<u>190,933</u>	<u>84,866</u>	<u>12,456</u>	<u>51,636</u>	<u>64,282</u>	<u>3,106,724</u>
Fund balance, ending	<u>\$ 307,445</u>	<u>\$ 931,132</u>	<u>\$ 556,407</u>	<u>\$ 788,020</u>	<u>\$ 77,278</u>	<u>\$ 41,692</u>	<u>\$ 12,153</u>	<u>\$ 40,264</u>	<u>\$ 159,775</u>	<u>\$ 2,914,166</u>