



***FINANCIAL STATEMENTS***

***Year Ended September 30, 2020***

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

TABLE OF CONTENTS

	Page No.
ELECTED OFFICIALS .....	1
INDEPENDENT AUDITOR'S REPORT .....	2
MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTAL INFORMATION) (UNAUDITED) .....	4
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position.....	14
Statement of Activities .....	15
Fund Financial Statements	
Balance Sheet - Governmental Funds .....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Net Position - Proprietary Fund .....	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund .....	21
Statement of Cash Flows - Proprietary Fund.....	22
Notes to the Financial Statements .....	23
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	44
Schedule of Expenditures - Budget and Actual - General Fund.....	45
Schedule of Changes in the Net Pension Liability- Employees' Retirement System of Alabama .....	51
Schedule of Employer Contributions- Employees' Retirement System of Alabama .....	52
Schedule of Changes in Net OPEB Liability and Related Ratios.....	53
Notes to Required Supplementary Information.....	54
 SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds .....	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	57

**CITY OF HUEYTOWN, ALABAMA  
ELECTED OFFICIALS  
September 30, 2020**

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MAYOR

Honorable Steve Ware

TERM OF OFFICE

October 2016 - 2020

CITY COUNCIL MEMBERS

Fran Zinnerman - District 1

October 2016 - 2020

Michael S. Pickens - District 2

October 2016 - 2020

Phifer Crane - District 3

October 2016 - 2020

Phillip Contorno - District 4

October 2016 - 2020

Jay Jacks - District 5

October 2016 - 2020

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

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ALABAMA SOCIETY  
OF CERTIFIED  
PUBLIC ACCOUNTANTS

## 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **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, 2020, 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 13 and 44 through 55 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.

*Jill, Hester, Eyer & Brown, P. C.*

March 9, 2021

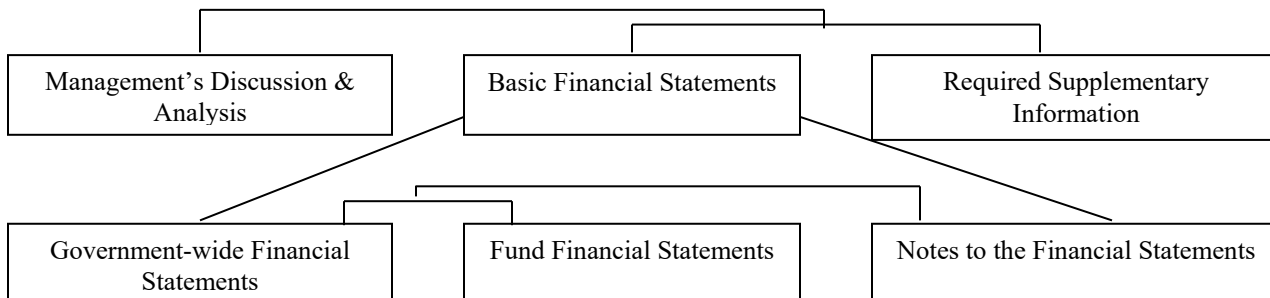
## Management's Discussion and Analysis

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, 2020. 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 \$7.4 million and may be used to meet the ongoing obligations of the governmental activities.
- The governmental funds fund balance increased \$2.7 million during the year, bringing the total fund balance of governmental funds to \$11.5 million. Of this amount, \$3.6 million is restricted under laws external to the City for specific purposes, \$278 thousand is nonspendable, \$300 thousand is assigned by management for specific purposes, and \$7.4 million is unreserved and available to finance the activities of the governmental funds.
- The General Fund reported a fund balance of \$8.4 million. The fund balance increased by \$2.5 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).

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 14 and 15 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 is considered a *major* fund, 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 56 and 57 of this report.

The basic governmental fund financial statements can be found on pages 16 through 19 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 20 through 22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23 through 43 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 43 through 54 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 56 and 57 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 \$3.9 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, \$2.6 million, represents resources that are subject to restrictions as to how they may be used. These are restrictions that are being imposed by legal requirements other than those imposed by the City Council (i.e. state or federal law).



*Management's Discussion and Analysis (unaudited)*  
*September 30, 2020*

*City of Hueytown, Alabama*

City of Hueytown's Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 12,440	\$ 9,626	\$ 461	\$ 521	\$ 12,901	\$ 10,147
Capital assets	12,603	11,880	-	-	12,603	11,880
Total assets	25,043	21,506	461	521	25,504	22,027
Deferred outflows of resources	2,361	2,318	-	-	2,361	2,318
Long-term liabilities outstanding	21,866	20,714	-	-	21,866	20,714
Other liabilities	952	885	97	108	1,049	993
Total liabilities	22,818	21,599	97	108	22,915	21,707
Deferred outflows of resources	810	1,382	236	271	1,046	1,653
Net position:						
Net investment in capital assets	6,057	5,696	-	-	6,057	5,696
Restricted	2,603	2,079	-	-	2,603	2,079
Unrestricted	(4,884)	(6,932)	128	142	(4,756)	(6,790)
Total net position	\$ 3,776	\$ 843	\$ 128	\$ 142	\$ 3,904	\$ 985

**Management's Discussion and Analysis (unaudited)**  
**September 30, 2020**

**City of Hueytown, Alabama**

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

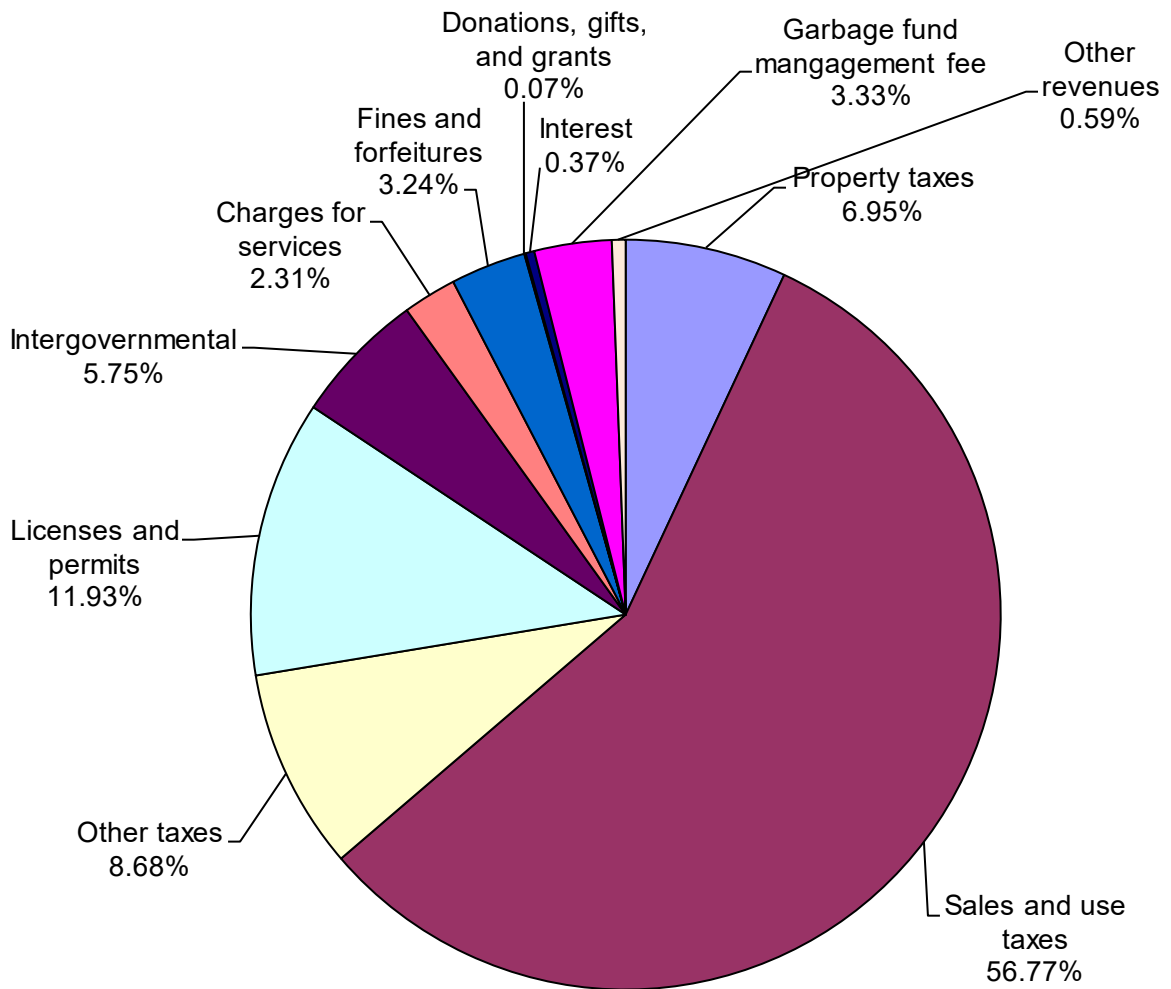
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 3,967	\$ 3,748	\$ 1,127	\$ 1,120	\$ 5,094	\$ 4,868
Operating grants and contributions	873	297	-	-	873	297
Capital grants and contributions	594	157	-	-	594	157
General revenues:						
Property taxes	1,189	1,055	-	-	1,189	1,055
Sales and use taxes	9,709	8,802	-	-	9,709	8,802
Other taxes	1,088	935	-	-	1,088	935
Interest	63	69	-	-	63	69
Gain on sale of assets	90	46	-	-	90	46
Total revenues	<u>17,573</u>	<u>15,109</u>	<u>1,127</u>	<u>1,120</u>	<u>18,700</u>	<u>16,229</u>
Expenses:						
General government	2,041	1,752	-	-	2,041	1,752
Public protection	9,962	9,483	-	-	9,962	9,483
Public ways and facilities	2,302	2,639	-	-	2,302	2,639
Interest and fiscal agent fees	304	211	-	-	304	211
Garbage Fund	-	-	1,141	1,000	1,141	1,000
Total expenses	<u>14,609</u>	<u>14,085</u>	<u>1,141</u>	<u>1,000</u>	<u>15,750</u>	<u>15,085</u>
Change in net position	2,964	1,024	(14)	120	2,950	1,144
Net position - beginning of year, restated	812	(181)	142	22	954	(159)
Net position - end of year	<u>\$ 3,776</u>	<u>\$ 843</u>	<u>\$ 128</u>	<u>\$ 142</u>	<u>\$ 3,904</u>	<u>\$ 985</u>

Governmental Activities

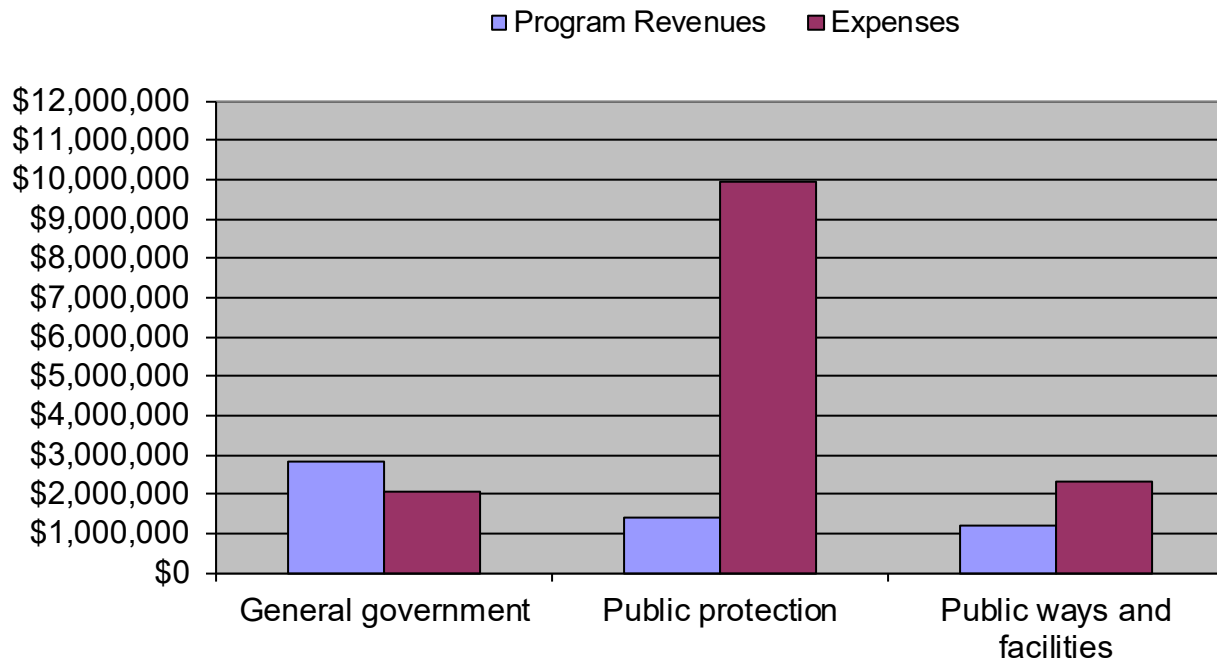
The City's governmental activities rely heavily on property taxes and sales taxes to support governmental operations. Property taxes provided 6.77% and sales taxes provided 55.25% of the City's total governmental revenues. Sales tax revenue increased by 10.30%. It should be noted that program revenues covered 37.2% of governmental operating expenses and the government's taxpayers and the City's other general revenues covered 62.80% 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 68.19% of the total governmental expenses. Public protection expenses increased by \$479 thousand, or 5.05%. The second largest cost incurred by the City for governmental activities is public ways and facilities, which is 15.76% 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 \$620 thousand, \$397 thousand and \$175 thousand, respectively. The charges for services include registration and program fees. The total cost of all governmental activities increased by \$524 thousand while revenues increased by \$2.5 million.

Revenue by Source - Governmental Activities



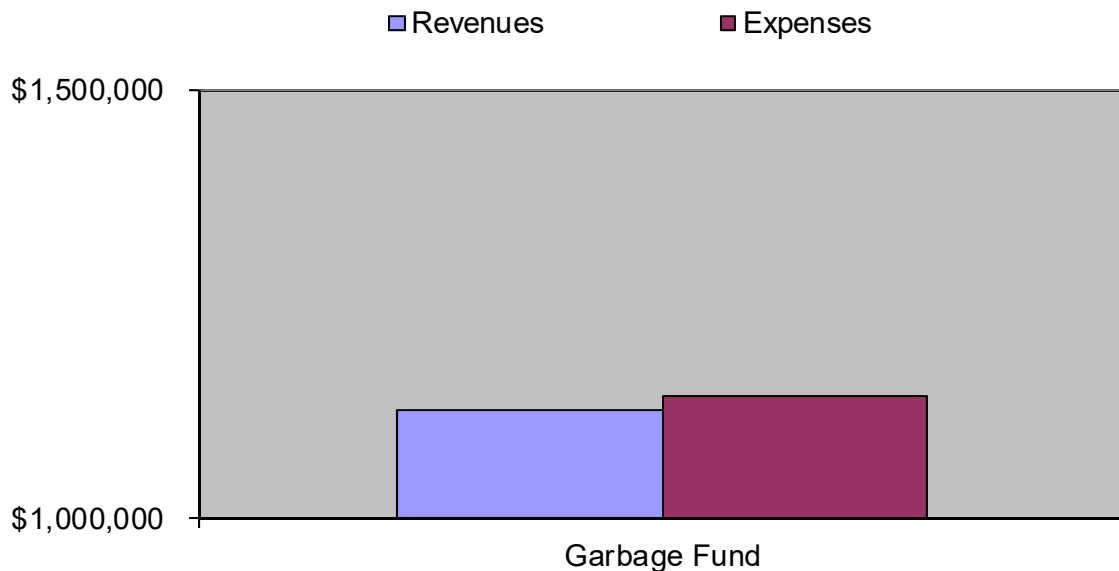
**Program Revenues and Expenses - Governmental Activities**



Business-Type Activities

The cost of the proprietary (business-type) activity was \$1.1 million, which is a 14.22 % increase from 2019. The amount paid by users of the garbage services was \$1.13 million, which is an increase of 0.63% from 2019. The proprietary (business-type) activity reported a net position of \$128 thousand, which is a decrease of 9.86% from 2019.

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 \$2.7 million in 2020 and the total balance as of September 30, 2020, was \$11.5 million. Of this amount, \$7.4 million consists of unassigned fund balance, which is generally available for spending at the City's discretion. Nonspendable fund balance was \$278 thousand and fund balance that is designated for particular purposes, generally specified in council ordinances, totaled \$300 thousand. The remainder of the total fund balance is \$3.6 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 \$17.1 million, an increase of 16.19% from 2019. Sales tax revenue increased by \$907 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 \$128 thousand. The total decrease in net position for the Garbage fund was \$14 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.

# Management's Discussion and Analysis (unaudited)

September 30, 2020

City of Hueytown, Alabama

## 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 44 through 50 for budget to actual comparisons for the General Fund.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

The City's investment in capital assets for governmental activities as of September 30, 2020, totals \$12.6 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	
		2020	2019
Land	\$	2,963	\$ 2,887
Machinery and equipment		7,555	7,112
Buildings, infrastructure and improvements		9,475	9,421
Construction in progress		119	-
		<u>20,112</u>	<u>19,420</u>
Accumulated depreciation		<u>(7,509)</u>	<u>(7,540)</u>
Total	\$	<u>12,603</u>	<u>11,880</u>

#### Long-Term Debt

General obligation warrants are secured by the full faith and credit of the City and payable from the proceeds of various taxes. Refer to Note G to the financial statements for additional information on long-term debt.

### ECONOMIC CONDITIONS AFFECTING THE CITY

The City relies primarily on sales and ad valorem taxes along with business licenses and permits for their governmental activities. The primary source of revenue is sales taxes.

The level of taxes, fees, and charges for services have a direct bearing on the City's ability to (a) annex additional land into its corporate limits and (b) encourage development (office, retail, residential and industrial) to choose to be located in the jurisdiction. The City places significant emphasis on encouraging both annexation and economic development. The revenue from the above mentioned sources have also allowed the City to continue advanced training in public safety (police and fire).

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In response, the Mayor, City Safety Officer and Department Heads developed a plan as a response to the COVID-19 pandemic. The plan priority was an attempt to balance the delivery of key City Services while preserving the employee and the Public's health safety.

The Mayor closed City Hall to non-safety related services and to limited staff March 23, 2020 and returned May 5, 2020. The affected departments during the closure were the Municipal Court, Building & Zoning, Finance and City Clerk's office.

The City was 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.

## *Management's Discussion and Analysis (unaudited)*

September 30, 2020

*City of Hueytown, Alabama*

During the time City Hall was closed, the Mayor, City Safety Officer, and Department Heads developed a plan of the changes required in the workplace to ensure all practical measures were implemented for the employees' health. The plan was implemented using guidance from the CDC, State and County Health Departments.

As a result of the Closure of City Hall, there was a significant delay with the posting of garbage and sales tax payments. With the efforts from committed staff, the backlog posting of the payments was made current by the beginning of June 2020.

Also, as a result of the closure of City Hall, the municipal court terminated hearing cases, thus creating a severe 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 re-institute conducting court the first week in June 2020.

The City also experienced, and continues to experience a significant increase with the US Postal Service delivering payments timely which has created a significant increase of the staff's time communicating with customers about the status of their payments and waiver of penalties and/or late payment fees. As recently as, February 23, 2021, the City received a significant number of checks with a Mid-December 2020 Postmark.

The City was allocated \$638,846 from the Coronavirus Aid Relief and Economic Security Act (CARES) to assist the City responding to the pandemic. The City was able to secure funding for Chest Compression and Lifepak equipment and the reimbursement of the expenses associated with changes made to facilities and other items directly related to the City's response to the pandemic.

### STATS:

COVID-19 related Hours Paid Time: 2,448

COVID-19 related payroll Dollars: \$62,450

Fire Department EMS Response Calls noticed a significant increase of 13% when comparing the 2019 to 2020 calendar year with a significant increase in the months of November and December 2020.

### **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.org](mailto:cityhall@hueytownal.org) or visiting our website at [www.hueytownal.gov](http://www.hueytownal.gov).

CITY OF HUEYTOWN, ALABAMA  
STATEMENT OF NET POSITION  
September 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,013,846	\$ 211,521	\$ 8,225,367
Receivables (net of allowance)	621,125	249,641	870,766
Prepaid expenditures	278,241	-	278,241
Restricted cash and cash equivalents	3,526,766	-	3,526,766
Capital assets:			
Land and construction in progress	3,081,846	-	3,081,846
Other assets, net of accumulated depreciation	9,521,095	-	9,521,095
Total assets	<u>25,042,919</u>	<u>461,162</u>	<u>25,504,081</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	2,344,376	-	2,344,376
Deferred outflows related to OPEB	16,868	-	16,868
	<u>2,361,244</u>	<u>-</u>	<u>2,361,244</u>
<b>LIABILITIES</b>			
Accounts payable	503,609	56,511	560,120
Internal balances	6,090	(6,090)	-
Accrued payroll and related liabilities	408,623	-	408,623
Deposits	-	46,611	46,611
Accrued interest	23,723	-	23,723
Other liabilities	10,199	-	10,199
Noncurrent liabilities:			
Due within 1 year	597,181	-	597,181
Due in more than 1 year	9,667,028	-	9,667,028
Net pension liability	11,049,047	-	11,049,047
Net other post employment benefit liability	552,434	-	552,434
Total liabilities	<u>22,817,934</u>	<u>97,032</u>	<u>22,914,966</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	809,617	-	809,617
Revenue applicable to future year	-	236,399	236,399
	<u>809,617</u>	<u>236,399</u>	<u>1,046,016</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,056,539	-	6,056,539
Restricted for:			
Debt service	235,364	-	235,364
Capital projects	446,842	-	446,842
Public protection	339,891	-	339,891
Infrastructure maintenance	1,578,112	-	1,578,112
Library	2,973	-	2,973
Unrestricted	(4,883,109)	127,731	(4,755,378)
Total net position	<u>\$ 3,776,612</u>	<u>\$ 127,731</u>	<u>\$ 3,904,343</u>

The accompanying notes are an integral part of these statements.



CITY OF HUEYTOWN, ALABAMA  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2020

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
<b>Governmental Activities:</b>							
General government	\$ 2,040,656	\$ 2,176,004	\$ 476,309	\$ 187,129	\$ 798,786	\$ -	\$ 798,786
Public protection	9,962,053	1,170,916	-	232,214	(8,558,923)	-	(8,558,923)
Public ways and facilities	2,302,217	620,281	396,581	175,107	(1,110,248)	-	(1,110,248)
Interest and fiscal agent fees	304,290	-	-	-	(304,290)	-	(304,290)
Total governmental activities	<u>14,609,216</u>	<u>3,967,201</u>	<u>872,890</u>	<u>594,450</u>	<u>(9,174,675)</u>	<u>-</u>	<u>(9,174,675)</u>
<b>Business-Type Activities</b>							
Solid waste	<u>1,141,866</u>	<u>1,127,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,799)</u>	<u>(14,799)</u>
Total Primary Government	<u>\$ 15,751,082</u>	<u>\$ 5,094,268</u>	<u>\$ 872,890</u>	<u>\$ 594,450</u>	<u>\$ (9,174,675)</u>	<u>\$ (14,799)</u>	<u>\$ (9,189,474)</u>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes				\$ 1,189,093	\$ -	\$ 1,189,093	
Sales and use taxes				9,709,107	-	9,709,107	
Other taxes				1,088,137	-	1,088,137	
Interest				62,864	740	63,604	
Gain on sale of assets				90,438	-	90,438	
Total general revenues				<u>12,139,639</u>	<u>740</u>	<u>12,140,379</u>	
Change in net position				2,964,964	(14,059)	2,950,905	
Net position, beginning, restated				811,648	141,790	953,438	
Net position, ending				<u>\$ 3,776,612</u>	<u>\$ 127,731</u>	<u>\$ 3,904,343</u>	

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,013,846	\$ -	\$ 8,013,846
Receivables	621,122	3	621,125
Due from other funds	-	65,323	65,323
Prepaid expenses	278,241	-	278,241
Restricted cash and cash equivalents	469,301	3,057,465	3,526,766
Total assets	<u>\$ 9,382,510</u>	<u>\$ 3,122,791</u>	<u>\$ 12,505,301</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 503,609	\$ -	\$ 503,609
Due to other funds	55,346	16,067	71,413
Accrued payroll and related liabilities	408,623	-	408,623
Other liabilities	10,199	-	10,199
Total liabilities	<u>977,777</u>	<u>16,067</u>	<u>993,844</u>
<b>FUND BALANCE</b>			
Nonspendable	278,241	-	278,241
Restricted for:			
Debt service	-	259,087	259,087
Capital projects	446,842	929,634	1,376,476
Public protection	-	339,891	339,891
Infrastructure maintenance	-	1,578,112	1,578,112
Library	2,973	-	2,973
Assigned for:			
Library	28,926	-	28,926
Public protection	271,217	-	271,217
Unassigned	7,376,534	-	7,376,534
Total fund balance	<u>8,404,733</u>	<u>3,106,724</u>	<u>11,511,457</u>
Total liabilities and fund balance	<u>\$ 9,382,510</u>	<u>\$ 3,122,791</u>	<u>\$ 12,505,301</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, 2020

Total fund balance - governmental funds	\$	11,511,457
<p>Amounts reported for governmental activities in the  Statement of Net Position are different because:</p>		
Capital assets, net of accumulated depreciation, used in governmental activities that are not financial resources and are not reported in the funds (Note E).		12,602,941
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.		2,361,244
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).		(21,889,413)
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>(809,617)</u>
Net position of governmental activities	\$	<u><u>3,776,612</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, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 1,189,093	\$ -	\$ 1,189,093
Sales and use taxes	9,709,107	-	9,709,107
Other taxes	1,088,137	396,580	1,484,717
Licenses and permits	2,040,123	-	2,040,123
Intergovernmental	983,202	-	983,202
Charges for services	122,792	272,960	395,752
Fines and forfeitures	428,883	125,639	554,522
Donations, gifts and grants	11,957	-	11,957
Interest	35,441	27,423	62,864
Garbage fund management fee	570,116	-	570,116
Other revenues	101,592	-	101,592
<b>Total revenues</b>	<u>16,280,443</u>	<u>822,602</u>	<u>17,103,045</u>
<b>EXPENDITURES</b>			
General government	1,444,459	-	1,444,459
Public protection	10,091,683	401,602	10,493,285
Public ways and facilities	2,045,617	220,879	2,266,496
Debt service:			
Principal	-	947,062	947,062
Interest and fees	-	227,051	227,051
Bond issue costs	-	139,297	139,297
<b>Total expenditures</b>	<u>13,581,759</u>	<u>1,935,891</u>	<u>15,517,650</u>
Excess (deficiency) of revenues over expenditures	2,698,684	(1,113,289)	1,585,395
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued	-	5,965,000	5,965,000
Payment to bond refunding agent escrow	-	(6,311,496)	(6,311,496)
Bond premium	-	472,475	472,475
General obligation warrants issued	955,698	-	955,698
Sale of capital assets	80,383	-	80,383
Transfers in	50,691	1,258,557	1,309,248
Transfers (out)	(1,258,557)	(50,691)	(1,309,248)
<b>Total other financing sources (uses)</b>	<u>(171,785)</u>	<u>1,333,845</u>	<u>1,162,060</u>
Net change in fund balance	2,526,899	220,556	2,747,455
Fund balance, beginning	<u>5,877,834</u>	<u>2,886,168</u>	<u>8,764,002</u>
Fund balance, ending	<u>\$ 8,404,733</u>	<u>\$ 3,106,724</u>	<u>\$ 11,511,457</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, 2020

Net change in fund balances - total governmental funds	\$	2,747,455
Amounts reported for governmental activities in the Statement of Activities are different because:		
<b>CAPITAL ASSET TRANSACTIONS</b>		
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.		1,357,205
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).		(634,005)
<b>LONG-TERM DEBT</b>		
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).		(218,110)
<b>ACCRUAL OF NON-CURRENT ITEMS</b>		
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		20,199
Other post employment benefit expense		(41,554)
Pension expense		(266,226)
		(287,579)
Net change in net assets of governmental activities	\$	2,964,964

The accompanying notes are an integral part of these statements.

CITY OF HUEYTOWN, ALABAMA  
STATEMENT OF NET POSITION -  
PROPRIETARY FUND  
September 30, 2020

	Business-type Activity - Enterprise Fund
	<u>Garbage Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 211,521
Receivables (net of allowance, \$19,144)	249,641
Due from other fund	<u>6,090</u>
Total current assets	<u>467,252</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	56,511
Deposits	<u>46,611</u>
Total current liabilities	<u>103,122</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Revenue applicable to future year	<u>236,399</u>
Total unrestricted net position	<u>\$ 127,731</u>

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, 2020

	Business-type Activity - Enterprise Fund
	Garbage Fund
OPERATING REVENUE	
Charges for services	\$ 1,127,067
OPERATING EXPENSES	
Operations and maintenance	571,750
Mangement fee paid to General Fund	570,116
	1,141,866
OPERATING (LOSS)	(14,799)
NONOPERATING INCOME	
Interest	740
	740
Change in net position	(14,059)
Total net position, beginning	141,790
Total net position, ending	\$ 127,731

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, 2020

	Business-type Activity - Enterprise Fund
	Garbage Fund
<b>OPERATING ACTIVITIES</b>	
Cash receipts from customers	\$ 1,085,817
Cash paid to suppliers for services	(572,212)
Cash paid for interfund services used	(576,206)
Net cash (used) by operating activities	(62,601)
<b>INVESTING ACTIVITIES</b>	
Interest	740
Net cash provided by investing activities	740
Net decrease in cash and cash equivalents	(61,861)
Cash and cash equivalents, beginning of year	273,382
Cash and cash equivalents, end of year	\$ 211,521
Operating (loss)	\$ (14,799)
Change in assets and liabilities:	
(Increase) in accounts receivable	(1,433)
(Increase) in interfund receivable	(6,090)
(Decrease) in accounts payable	(462)
(Decrease) in deposits	(4,845)
(Decrease) in deferred inflows of resources	(34,972)
Net cash (used) by operating activities	\$ (62,601)

The accompanying notes are an integral part of these statements.



CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

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, 2020

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 fund:

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 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 payments-in-lieu of taxes and other 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.

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."

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

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 required 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, street lights, 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

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.

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

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.
- 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.

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 15). 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 \$21,889,413 difference is as follows:

Bonds payable	\$	6,873,824
Unamortized bond premiums		451,479
Accrued interest payable		23,723
Capital leases payable		150,733
Compensated absences		2,788,173
Net pension liability		11,049,047
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>21,889,413</u></u>

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 \$218,110 difference is as follows:

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

Refunding bonds issued	\$	5,965,000
General obligation warrants issued		955,698
Unamortized bond premium		472,475
Principal repayments:		
General obligation debt		(6,716,874)
Capital lease		(525,188)
Amortization of bond discounts and premiums		65,906
Accrued interest		1,093
Net adjustments to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	\$	218,110

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.

NOTE D - RECEIVABLES

Receivables consist of the following as of September 30, 2020:

	General Fund	Nonmajor Governmental Funds	Garbage Fund
Intergovernmental	\$ 587,838	\$ -	\$ -
Other	33,284	3	2,133
Charges for services	-	-	266,652
	621,122	3	268,785
Less allowance for uncollectibles	-	-	(19,144)
	\$ 621,122	\$ 3	\$ 249,641

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided \$2.2 trillion in economic stimulus funding through a variety of channels. Jefferson County, Alabama received approximately \$102 million in CARES act funding and a portion of this was allocated to be distributed to the municipalities within its jurisdiction. The City has entered into an agreement with Jefferson County to receive their allocation of the CARES Act Funding. As of September 30, 2020, the City has been approved to receive \$683,846 in funding to reimburse the City for eligible expenses that were incurred during FY 2020. Of this \$683,846, the City received equipment for the Fire Department totaling \$96,008, which resulted in a remaining receivable of \$587,838 as of September 30, 2020. This amount was received by the City subsequent to the year ended September 30, 2020.

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

<u>Governmental activities:</u>	Balance September 30, 2019	Additions/ Transfers-in	Deletions/ Transfers-out	Balance September 30, 2020
Capital assets, not being depreciated:				
Land	\$ 2,887,471	\$ 75,600	\$ -	\$ 2,963,071
Construction in progress	-	118,775	-	118,775
Total capital assets, not being depreciated	<u>2,887,471</u>	<u>194,375</u>	<u>-</u>	<u>3,081,846</u>
Capital assets, being depreciated:				
Buildings and building improvements	7,970,415	54,383	-	8,024,798
Infrastructure	1,450,075	-	-	1,450,075
Machinery and equipment	7,112,226	1,108,447	(665,931)	7,554,742
Total capital assets, being depreciated	<u>16,532,716</u>	<u>1,162,830</u>	<u>(665,931)</u>	<u>17,029,615</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,583,949	193,908	-	2,777,857
Infrastructure	192,853	28,988	-	221,841
Machinery and equipment	4,763,644	411,109	(665,931)	4,508,822
Total accumulated depreciation	<u>7,540,446</u>	<u>634,005</u>	<u>(665,931)</u>	<u>7,508,520</u>
Total capital assets, being depreciated, net	<u>8,992,270</u>	<u>528,825</u>	<u>-</u>	<u>9,521,095</u>
Governmental activities capital assets, net	<u>\$ 11,879,741</u>	<u>\$ 723,200</u>	<u>\$ -</u>	<u>\$ 12,602,941</u>

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

Depreciation expense for all depreciable assets is charged to functions/programs of the Government as follows:

Governmental activities:

*General government:*

Administrative	\$	108,692	
General		7,727	
Community improvement		13,821	\$ 130,240

*Public protection:*

Court		3,753	
Fire		167,146	
Police		93,466	
Municipal Jail		66,205	
Dispatch		4,300	334,870

*Public ways and facilities:*

Park and recreation		66,230	
Street		102,665	168,895
			\$ 634,005

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, 2020, is as follows:

Interfund payables		
Receivable Fund	Payable Fund	Amount
<u>Governmental Activities:</u>		
Nonmajor Fund	General Fund	\$ 49,256
Nonmajor Fund	Nonmajor Fund	16,067
		\$ 65,323
<u>Business-Type Activities:</u>		
Garbage Fund	General Fund	\$ 6,090



CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

Transfers In/Out:

Transfers Out:

From General Fund to nonmajor funds	\$	1,258,557
From nonmajor fund to General Fund		50,691
	\$	<u>1,309,248</u>

Transfers in:

To Nonmajor funds from General Fund	\$	1,258,557
To General Fund from nonmajor fund		50,691
	\$	<u>1,309,248</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.

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

Refunding Bonds

The City issued \$5,965,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$6,295,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$8,642. This advance refunding was undertaken to reduce total debt service payments over the next fourteen years by \$412,304 and resulted in an economic gain of \$358,434.

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

Outstanding Debt

The amount of debt outstanding at September 30, 2020, and information related to it was as follows:

Series	Original Amount	Final Maturity	Interest Rates (%)	Ending Balance	Amount Due Within One Year
<b>PRIMARY GOVERNMENT</b>					
<u>Governmental Activities:</u>					
<i>G.O. Warrants</i>					
2019 GOW, Series A & B	\$ 955,698	11/28/2034	3.25%	\$ 908,824	\$ 55,225
2020 GOW	<u>5,965,000</u>	2/15/2034	3.0% - 2.2%	<u>5,965,000</u>	<u>335,000</u>
Total government	<u>\$ 6,920,698</u>			<u>\$ 6,873,824</u>	<u>\$ 390,225</u>

Future Debt Service

The City's future debt service requirements on its outstanding warrants, notes and bonds as of September 30, 2020, are shown below. There is \$259,087 available in the Debt Service Fund to service general obligation debt.

PRIMARY GOVERNMENT

Governmental Activities:	<u>G.O. Warrants</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 390,225	\$ 213,479
2022	407,047	201,382
2023	418,929	188,850
2024	430,873	174,106
2025	447,881	156,998
2026-2030	2,482,909	507,129
2031-2035	<u>2,295,960</u>	<u>106,930</u>
	<u>\$ 6,873,824</u>	<u>\$ 1,548,874</u>

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows:

PRIMARY GOVERNMENT

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
General obligation warrants:					
2014 GOW	\$ 6,670,000	\$ -	\$ (6,670,000)	\$ -	\$ -
2019 GOW, Series A & B	-	955,698	(46,874)	908,824	55,225
2020 GOW	-	5,965,000	-	5,965,000	335,000
Total general obligation warrants	<u>6,670,000</u>	<u>6,920,698</u>	<u>(6,716,874)</u>	<u>6,873,824</u>	<u>390,225</u>
Amounts deferred for:					
Issue discounts, net	(86,902)	-	86,902	-	-
Issue premiums, net	<u>-</u>	<u>472,475</u>	<u>(20,996)</u>	<u>451,479</u>	<u>-</u>
	<u>(86,902)</u>	<u>472,475</u>	<u>65,906</u>	<u>451,479</u>	<u>-</u>
Total general obligation warrants	6,583,098	7,393,173	(6,650,968)	7,325,303	390,225
Capitalized leases	675,921	-	(525,188)	150,733	150,733
Compensated absences	<u>2,808,372</u>	<u>1,075,133</u>	<u>(1,095,332)</u>	<u>2,788,173</u>	<u>56,223</u>
Total long-term liabilities	<u>\$ 10,067,391</u>	<u>\$ 8,468,306</u>	<u>\$ (8,271,488)</u>	<u>\$ 10,264,209</u>	<u>\$ 597,181</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.

NOTE H - LEASE OBLIGATIONS

Operating Leases

The City was not obligated on any significant operating leases as of September 30, 2020.

Capital Leases

The City has entered into various lease agreements as lessee for financing the acquisition of equipment. These lease agreements are treated as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the basic financial statements. Amortization of assets under capital leases is included in depreciation expense.

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

The assets acquired through capital leases are as follows:

	Cost Basis	Accumulated Depreciation	Total
Heavy trucks	\$ 95,624	\$ 46,906	\$ 48,718
Motor vehicles	152,823	77,661	75,162
Machinery & equipment	360,139	128,395	231,744
Total	\$ 608,586	\$ 252,962	\$ 355,624

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2020, are as follows:

	Governmental Activities
Year Ending September 30:	
2021	\$ 158,469
2022	-
2023	-
2024	-
2025	-
Thereafter	-
Total minimum lease payments	158,469
Less amount representing interest	(7,736)
Present value of minimum lease payments	\$ 150,733

The future debt service requirements of the governmental activities leases at September 30, 2020, will be provided by the General Fund and a nonmajor fund.

NOTE I - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

*Plan description.* The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing 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. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama 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](http://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 § 36-27-6.

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

*Benefits provided.* State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity’s election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member’s age, service credit, employment status and eligibility for retirement.

As of September 30, 2019, membership consisted of:

	<u>Hueytown</u>
Retirees and beneficiaries currently receiving benefits	56
Vested inactive members	1
Non-vested inactive members	3
Active members	116
Total	176

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2020, the City’s active employee contribution rate was 6% percent of covered employee

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 13.33% percent of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2020 was 14.21% of pensionable pay for Tier 1 employees, and 11.15% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$1,003,621 for the year ended September 30, 2020.

Net Pension Liability

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

	Expected	Actual
(a) Total pension liability as of September 30, 2018	\$ 34,733,921	\$ 34,376,930
(b) Discount rate	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2018 - September 30, 2019	671,961	671,961
(d) Transfers among employers	-	(40,342)
(e) Actual Benefit Payments and refunds for the period October 1, 2018 - September 30, 2019	(1,917,826)	(1,917,826)
(f) Total Pension Liability as of September 30, 2019 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	\$ 36,088,732	\$ 35,663,910
(g) Difference between Expected and Actual		\$ (424,822)
(h) Less liability transferred for immediate recognition		(40,342)
(i) Experience (gain)/loss = (g) - (h)		\$ (384,480)

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

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

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

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

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

	<b>Target Allocation</b>	<b>Long- Term Expected Rate of Return*</b>
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%
<b>Total</b>	<b>100.00%</b>	

\*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.

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2018	\$ 34,733,921	\$ 24,549,640	\$ 10,184,281
Changes for the year:			
Service cost	671,961	-	671,961
Interest	2,600,676	-	2,600,676
Changes of assumptions	-	-	-
Difference between expected and actual experience	(384,480)	-	(384,480)
Contributions - employer	-	983,654	(983,654)
Contributions - employee	-	416,513	(416,513)
Net investment income	-	623,224	(623,224)
Benefit payments, including refunds of employee contributions	(1,917,826)	(1,917,826)	-
Administrative expense	-	-	-
Transfers amount employers	(40,342)	(40,342)	-
Net changes	<u>929,989</u>	<u>65,223</u>	<u>864,766</u>
Balances at September 30, 2019	<u>\$ 35,663,910</u>	<u>\$ 24,614,863</u>	<u>\$ 11,049,047</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>\$ 15,304,199</u>	<u>\$ 11,049,047</u>	<u>\$ 7,458,229</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, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2019. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.



CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

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

For the year ended September 30, 2020, the City recognized pension expense of \$1,281,971. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 127,646	\$ 809,617
Changes of assumptions	909,586	-
Net difference between projected and actual earnings on plan investments	303,523	-
Employer contributions subsequent to the measurement date	<u>1,003,621</u>	<u>-</u>
Total	<u>\$ 2,344,376</u>	<u>\$ 809,617</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:	
2021	\$ 46,206
2022	126,607
2023	293,584
2024	207,942
2025	(86,305)
Thereafter	(56,896)

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.

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

*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	112	
Total	<u>113</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>552,434</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>

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

*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, 2020, the City recognized OPEB expense of \$43,087. At September 30, 2020, 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:	
2021	\$ 2,477
2022	2,477
2023	2,477
2024	2,477
2025	2,477
Thereafter	4,483

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, 2020, the City had two active tax abatements for retail developments:

CITY OF HUEYTOWN, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020

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 \$81,462 during the fiscal year ended September 30, 2020.

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 \$101,345 during the fiscal year ended September 30, 2020.

NOTE M - ECONOMIC DEPENDENCY

The City is economically dependent on a small number of principal taxpayers. Sales and use tax revenue accounted for 58% of total governmental fund-type revenues for the year ended September 30, 2020. Sales and use tax revenues received from one (1) major taxpayer accounted for 27% of the total sales and use tax collected city-wide. In addition, business license revenues received from one (1) major company accounted for 38% of the total business license revenues collected city-wide.

NOTE N - NEW ACCOUNTING PRONOUNCEMENTS

For the fiscal year ended September 30, 2020, the City implemented the following new accounting standards:

The GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This pronouncement did not impact the preparation of these financial statements.

GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. This pronouncement did not impact the preparation of these financial statements.

NOTE O - FUTURE ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 84, *Fiduciary Activities* to establish criteria for identifying fiduciary activities of all state and local governments. The requirements of GASB 84 were originally effective for fiscal years beginning after December 15, 2018, but was extended to fiscal years beginning after December 15, 2019 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 84 may have on its financial statements.

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, 2019. The City is currently evaluating the impact GASB 89 may have on its financial statements.

CITY OF HUEYTOWN, ALABAMA  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2020

The GASB issued Statement No. 91, *Conduit Debt Obligations* to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of GASB 91 are 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.

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 an other 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 - PRIOR PERIOD ADJUSTMENT

Governmental Activities

The beginning net position of the Governmental Activities in the government-wide Statement of Net Position has been restated to correct the OPEB liability as of September 30, 2019. A reconciliation of the prior period ending net position to the current year beginning net position for the Governmental Activities is as follows:

Beginning net position	\$	843,216
Adjustment to correct OPEB liability		<u>(31,568)</u>
Beginning net position, as restated	\$	<u><u>811,648</u></u>

The above adjustment had no impact on the current year change in net position.

NOTE Q - SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 9, 2021, 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, 2020

	General Fund			Variance- Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
<b>REVENUES</b>				
Property taxes	\$ 1,053,221	\$ 1,053,221	\$ 1,189,093	\$ 135,872
Sales and use taxes	8,395,198	8,395,198	9,709,107	1,313,909
Other taxes	886,363	886,363	1,088,137	201,774
Licenses and permits	2,075,207	2,075,207	2,040,123	(35,084)
Intergovernmental	138,914	138,914	983,202	844,288
Charges for services	74,900	74,900	122,792	47,892
Fines and forfeitures	514,293	514,293	428,883	(85,410)
Donations, gifts and grants	-	-	11,957	11,957
Interest	15,000	15,000	35,441	20,441
Garbage fund management fee	570,116	570,116	570,116	-
Other revenues	217,990	217,990	101,592	(116,398)
Total revenues	<u>13,941,202</u>	<u>13,941,202</u>	<u>16,280,443</u>	<u>2,339,241</u>
<b>EXPENDITURES</b>				
General government	1,692,372	1,652,869	1,444,459	208,410
Public protection	9,264,705	9,250,430	10,091,683	(841,253)
Public ways and facilities	2,083,646	2,104,606	2,045,617	58,989
Total expenditures	<u>13,040,723</u>	<u>13,007,905</u>	<u>13,581,759</u>	<u>(573,854)</u>
Excess (deficiency) of revenues over expenditures	900,479	933,297	2,698,684	1,765,387
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation warrants issued	-	-	955,698	955,698
Sale of capital assets	10,000	10,000	80,383	70,383
Transfers in	-	-	50,691	50,691
Transfers (out)	(907,740)	(907,740)	(1,258,557)	(350,817)
Total other financing sources (uses)	<u>(897,740)</u>	<u>(897,740)</u>	<u>(171,785)</u>	<u>725,955</u>
Net change in fund balance	\$ <u>2,739</u>	\$ <u>35,557</u>	2,526,899	\$ <u>2,491,342</u>
Fund balance, beginning			<u>5,877,834</u>	
Fund balance, ending			\$ <u>8,404,733</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, 2020

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>				
<b>ADMINISTRATIVE</b>				
Capital outlay	\$ 1,800	\$ 1,800	\$ 15,390	\$ (13,590)
Salaries	514,865	543,404	532,946	10,458
Auditing	110,000	110,000	71,564	38,436
Bank service charges	14,000	14,000	8,234	5,766
Compensated absences	75,000	75,000	-	75,000
Convention	9,000	9,000	1,391	7,609
Dues and subscriptions	52,263	52,263	22,186	30,077
Engineering services	17,000	17,000	18,300	(1,300)
Equipment rental and maintenance	6,925	6,925	2,260	4,665
Insurance - Hospital and accident	69,376	74,150	43,145	31,005
- Equipment and liability	23,588	23,588	16,805	6,783
- Workman's compensation	23,125	23,125	1,498	21,627
Legal services	57,000	57,000	35,137	21,863
Legal advertising and publications	2,200	2,200	1,905	295
Miscellaneous	1,249	1,250	22,273	(21,023)
Office supplies	18,500	18,500	29,722	(11,222)
Other professional services	13,000	13,000	14,050	(1,050)
Payroll taxes and unemployment	38,479	40,662	40,400	262
State retirement	65,677	65,677	66,748	(1,071)
Telephone	650	650	914	(264)
Training	12,565	12,565	15,709	(3,144)
Total administrative	1,126,262	1,161,759	960,577	201,182
<b>GENERAL</b>				
Capital outlay	250	250	79,718	(79,468)
Data processing and software	900	900	-	900
Election expenses	26,500	26,500	14,130	12,370
Insurance - workman's compensation	235	235	154	81
Mayor and council expenses	4,500	4,500	1,183	3,317
Overtime - all departments	75,000	-	-	-
Payroll taxes	6,212	6,212	6,212	-
Salaries - Mayor/Council	81,200	81,200	81,200	-
Special projects emergency allocation	3,250	3,250	-	3,250
Community Projects/ Outreach	17,500	17,500	9,947	7,553
Telephone - cellular	2,000	2,000	1,903	97
Total general	217,547	142,547	194,447	(51,900)
<b>BUILDING AND INSPECTION</b>				
Capital outlay	-	-	3,890	(3,890)
Building demolition	7,000	7,000	2,147	4,853
Salaries	133,506	133,506	134,651	(1,145)
Data processing and software	480	480	520	(40)
Dues and subscriptions	2,303	2,303	2,430	(127)
Equipment maintenance and operations	6,500	6,500	3,338	3,162
Insurance - Hospital and accident	15,915	15,915	15,287	628
- Equipment and liability	19,387	19,387	18,640	747
- Workman's compensation	2,474	2,474	2,044	430
Maps and blue prints	1,000	1,000	-	1,000
Miscellaneous	375	375	43	332
Payroll taxes and unemployment	10,213	10,213	9,675	538
Publications	700	700	-	700
State retirement	19,465	19,465	19,002	463
Supplies	2,500	2,500	1,206	1,294

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, 2020

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Telephone	\$ 1,245	\$ 1,245	\$ 597	\$ 648
Training	5,000	5,000	333	4,667
Uniforms	500	500	-	500
Zoning board expenditures	300	300	-	300
Total building and inspection	<u>228,863</u>	<u>228,863</u>	<u>213,803</u>	<u>15,060</u>
RETIREES HEALTH INSURANCE	<u>119,700</u>	<u>119,700</u>	<u>75,632</u>	<u>44,068</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>1,692,372</u>	<u>1,652,869</u>	<u>1,444,459</u>	<u>208,410</u>
<b>PUBLIC PROTECTION</b>				
<b>COURT DEPARTMENT</b>				
Salaries	248,310	248,310	244,522	3,788
Data processing and software	6,984	6,984	2,556	4,428
Defensive driving school	13,500	13,500	3,265	10,235
Dues and subscriptions	3,854	3,854	4,016	(162)
Equipment rental and maintenance	1,800	1,800	356	1,444
Insurance - Hospital and accident	25,463	25,463	18,444	7,019
- Equipment and liability	7,432	7,432	7,788	(356)
- Workman's compensation	525	525	344	181
Miscellaneous	3,887	3,888	1,815	2,073
Payroll taxes and unemployment	13,842	13,842	13,855	(13)
State retirement	26,381	26,381	25,419	962
Supplies	3,100	3,100	1,317	1,783
Telephone	623	623	473	150
Training	2,500	2,500	535	1,965
	<u>358,201</u>	<u>358,202</u>	<u>324,705</u>	<u>33,497</u>
Monthly interfund reimbursement	(98,333)	(98,333)	-	(98,333)
Reimbursement from Municipal Judicial Fund	(36,408)	(36,408)	(36,408)	-
Total court department	<u>223,460</u>	<u>223,461</u>	<u>288,297</u>	<u>(64,836)</u>
<b>POLICE DEPARTMENT - GENERAL OPERATIONS</b>				
Capital outlay	25,237	25,237	186,392	(161,155)
Salaries	2,278,087	2,241,873	2,442,956	(201,083)
Data processing and software	25,874	25,874	30,031	(4,157)
Dues and subscriptions	45,399	45,399	41,794	3,605
Equipment maintenance and operations	2,400	3,286	916	2,370
Insurance - Hospital and accident	292,561	292,476	232,103	60,373
- Equipment and liability	81,750	81,750	100,526	(18,776)
- Workman's compensation	131,901	131,901	96,456	35,445
L.E.A.D.S. Online	-	-	2,933	(2,933)
Legal advertising and publications	500	500	763	(263)
Miscellaneous	4,000	4,000	2,433	1,567
NCIC terminal	11,280	11,280	8,460	2,820
Payroll taxes and unemployment	174,274	172,090	179,374	(7,284)
Pak/CAD	4,007	4,007	-	4,007
Publications	200	200	72	128
State retirement	310,959	306,269	338,174	(31,905)
Supplies	9,000	9,000	18,588	(9,588)
Telephone	23,528	23,529	18,183	5,346
Training	10,000	10,000	4,822	5,178
Uniforms	12,000	12,000	9,465	2,535

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, 2020

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Utilities	\$ -	\$ -	\$ 45	\$ (45)
Vehicle operations and maintenance	117,000	117,000	116,182	818
	<u>3,559,957</u>	<u>3,517,671</u>	3,830,668	(312,997)
Reimbursement from UNIT Task Force Fund	(13,570)	(13,570)	(333)	(13,237)
Total police department - General operations	<u>3,546,387</u>	<u>3,504,101</u>	<u>3,830,335</u>	<u>(326,234)</u>
<b>MUNICIPAL JAIL</b>				
Capital expenditures	141,650	141,650	13,730	127,920
Salaries	588,736	608,832	412,787	196,045
Data processing and software	792	792	-	792
Dues and subscriptions	11,513	11,513	12,148	(635)
Facility repairs and maintenance	-	-	1,970	(1,970)
Insurance - Hospital and accident	105,026	105,195	70,772	34,423
- Equipment and liability	16,156	16,156	-	16,156
- Workman's compensation	27,419	28,583	20,051	8,532
Jail store expenditures	-	-	8,392	(8,392)
Miscellaneous	1,800	1,800	932	868
Payroll taxes and unemployment	36,228	37,765	31,356	6,409
Prisoner expense	19,000	19,000	15,338	3,662
State retirement	69,045	71,975	44,361	27,614
Supplies	5,000	5,000	5,284	(284)
Uniforms	3,000	3,000	4,841	(1,841)
	<u>1,025,365</u>	<u>1,051,261</u>	641,962	409,299
Reimbursement from Corrections Fund	(157,888)	(158,774)	(154,400)	(4,374)
Total municipal jail	<u>867,477</u>	<u>892,487</u>	<u>487,562</u>	<u>404,925</u>
<b>PUBLIC SAFETY DISPATCH</b>				
Capital outlay	-	3,000	2,965	35
Salaries	503,721	503,721	560,768	(57,047)
Data processing and software	14,386	14,386	13,883	503
Dues and subscriptions	11,513	11,513	12,148	(635)
Equipment maintenance and operations	-	-	21,050	(21,050)
Facility repairs and maintenance	685	685	30	655
Insurance - Hospital and accident	82,649	82,649	75,674	6,975
- Equipment and liability	16,156	16,156	-	16,156
- Workman's compensation	1,461	1,461	957	504
Miscellaneous	910	910	1,344	(434)
Payroll taxes and unemployment	38,535	38,535	41,205	(2,670)
State retirement	72,101	72,101	75,356	(3,255)
Supplies	-	-	1,114	(1,114)
Telephone	369	369	5,857	(5,488)
	<u>742,486</u>	<u>745,486</u>	812,351	(66,865)
Reimbursement from E-911 Fund	(200,000)	(200,000)	(200,000)	-
Total public safety dispatch	<u>542,486</u>	<u>545,486</u>	<u>612,351</u>	<u>(66,865)</u>
<b>FIRE DEPARTMENT</b>				
Capital outlay	-	-	756,297	(756,297)
Salaries	2,627,044	2,627,044	2,663,365	(36,321)
AFG equipment grant	-	-	104,100	(104,100)
Data processing and software	7,352	7,352	6,283	1,069
Dues and subscriptions	43,295	43,295	45,048	(1,753)
Equipment maintenance and operations	24,542	24,542	22,003	2,539
Hydrant maintenance	51,516	51,516	51,983	(467)

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, 2020

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Insurance - Hospital and accident	\$ 328,275	\$ 328,275	\$ 288,431	\$ 39,844
- Equipment and liability	94,675	94,675	99,306	(4,631)
- Workman's compensation	132,403	132,403	91,687	40,716
Lifepak contract	1,500	1,500	-	1,500
Miscellaneous	8,950	8,950	7,293	1,657
Payroll taxes and unemployment	200,969	200,969	196,021	4,948
Supplies	27,750	27,750	36,403	(8,653)
Telephone	4,200	4,200	7,089	(2,889)
Training	9,500	9,500	8,795	705
Turnout gear	12,000	12,000	1,136	10,864
State retirement	378,370	378,370	352,619	25,751
Uniforms	20,000	20,000	12,824	7,176
Vehicle operations and maintenance	78,000	78,000	89,880	(11,880)
<b>Total fire department</b>	<b>4,050,341</b>	<b>4,050,341</b>	<b>4,840,563</b>	<b>(790,222)</b>
<b>FIRE STATION #1</b>				
Facility maintenance and repairs	2,000	2,000	719	1,281
Telephone	-	-	1,009	(1,009)
<b>Total fire station #1</b>	<b>2,000</b>	<b>2,000</b>	<b>1,728</b>	<b>272</b>
<b>FIRE STATION #2</b>				
Capital outlay	100	100	-	100
Facility maintenance and repairs	5,500	5,500	3,552	1,948
Telephone	3,450	3,450	2,860	590
Utilities	10,200	10,200	10,229	(29)
<b>Total fire station #2</b>	<b>19,250</b>	<b>19,250</b>	<b>16,641</b>	<b>2,609</b>
<b>FIRE STATION #3</b>				
Facility maintenance and repairs	2,500	2,500	2,596	(96)
Miscellaneous	100	100	-	100
Telephone	1,980	1,980	2,811	(831)
Utilities	8,724	8,724	8,799	(75)
<b>Total fire station #3</b>	<b>13,304</b>	<b>13,304</b>	<b>14,206</b>	<b>(902)</b>
<b>TOTAL PUBLIC PROTECTION</b>	<b>9,264,705</b>	<b>9,250,430</b>	<b>10,091,683</b>	<b>(841,253)</b>
<b>PUBLIC WAYS AND FACILITIES</b>				
<b>COMMUNITY IMPROVEMENT</b>				
Capital outlay	-	-	722	(722)
Annexation	-	-	40	(40)
Beautification board	2,000	2,000	2,000	-
Birmingham Regional Planning Commission	9,744	9,744	9,744	-
BREMS	2,786	2,786	-	2,786
Chamber of Commerce	22,714	22,714	22,714	-
Clas Tran	6,600	6,600	6,600	-
Data processing and software	72	72	-	72
Insurance - Workman's compensation	674	674	483	191
EMA	21,420	21,420	21,420	-
Jefferson County mayor's association	3,221	3,221	3,221	-
Maintenance	1,593	1,593	534	1,059
Mapping	3,000	3,000	2,905	95
Meals on Wheels	500	500	-	500
Meal donation	-	-	2,201	(2,201)
Mental Health Board	2,500	2,500	1,500	1,000
Miscellaneous	1,355	1,355	312	1,043

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, 2020

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Payroll taxes and unemployment	\$ 1,055	\$ 1,055	\$ 932	\$ 123
Salary - Senior citizens director	13,787	13,787	12,291	1,496
State retirement	1,617	1,617	1,332	285
Storm water fees	425	425	764	(339)
Street lighting - Christmas	2,500	2,500	2,812	(312)
Telephone	845	845	754	91
Utilities - Senior Citizens Center	7,380	7,380	5,033	2,347
Website	4,400	4,400	1,500	2,900
Total community improvement	<u>110,188</u>	<u>110,188</u>	<u>99,814</u>	<u>10,374</u>
 LIBRARY	 118,591	 118,591	 199,758	 (81,167)
 PARK AND RECREATION				
Capital outlay	-	-	64,842	(64,842)
Salaries	215,731	215,731	87,355	128,376
Dues and subscriptions	2,303	2,303	2,430	(127)
Equipment maintenance and operations	12,300	12,300	4,457	7,843
Insurance - Hospital and accident	60,178	60,178	33,509	26,669
- Equipment and liability	32,312	32,312	31,033	1,279
- Workman's compensation	9,514	9,514	7,017	2,497
Maintenance - Supply building, grounds	14,000	14,000	44,600	(30,600)
Miscellaneous	500	500	111	389
Payroll taxes and unemployment	16,503	16,503	6,214	10,289
State retirement	29,372	29,372	12,871	16,501
Supplies	3,100	3,100	2,189	911
Uniforms	1,000	1,000	348	652
Utilities	27,319	27,319	42,961	(15,642)
Total park and recreation	<u>424,132</u>	<u>424,132</u>	<u>339,937</u>	<u>84,195</u>
 BUD NEWELL PARK UTILITIES	 15,000	 15,000	 15,689	 (689)
 BROOKLANE COMMUNITY CENTER FACILITY REPAIRS	 -	 -	 135	 (135)
 MARTIN LUTHER KING PARK UTILITIES	 8,715	 8,715	 8,210	 505
 MARTIN LUTHER KING COMMUNITY CENTER REPAIRS	 150	 150	 243	 (93)
 GIRLS BALLFIELD UTILITIES	 2,500	 2,500	 1,793	 707
 COMMUNITY STORM SHELTER				
Capital outlay	5,500	5,500	26,398	(20,898)
Facility maintenance and repairs	500	500	502	(2)
Miscellaneous	2,000	2,000	830	1,170
Utilities	1,950	1,950	2,365	(415)
	<u>9,950</u>	<u>9,950</u>	<u>30,095</u>	<u>(20,145)</u>
 STREET DEPARTMENT				
Capital outlay	-	-	24,119	(24,119)
Salaries	498,919	498,919	524,367	(25,448)
Animal control	21,000	21,000	20,204	796
Dues and subscriptions	10,361	10,361	9,719	642
Equipment maintenance and operations	36,248	36,248	22,815	13,433
Insurance - Hospital and accident	111,149	111,149	71,393	39,756
- Equipment and liability	32,312	32,312	31,464	848
- Workman's compensation	56,478	56,478	39,209	17,269
Miscellaneous	2,000	2,000	385	1,615

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, 2020

	Original Budget	Amended Budget	Actual	Variance- Favorable (Unfavorable)
Other professional services	\$ 12,100	\$ 12,100	\$ 7,750	\$ 4,350
Payroll taxes and unemployment	38,167	38,167	39,314	(1,147)
State retirement	69,215	69,215	67,738	1,477
Supplies	9,000	9,000	8,100	900
Telephone	6,000	6,000	4,529	1,471
Uniforms	2,000	2,000	2,269	(269)
Utilities	11,700	11,700	6,924	4,776
Vehicle operations and maintenance	45,100	45,100	30,927	14,173
Total street department	<u>961,749</u>	<u>961,749</u>	<u>911,226</u>	<u>50,523</u>
<b>PUBLIC UTILITY EXPENSES</b>				
Capital outlay	-	-	28,414	(28,414)
Data processing and software	210,614	231,574	213,773	17,801
Facility maintenance and repairs	13,077	13,077	3,999	9,078
Fuel inventory	28,000	28,000	15,243	12,757
Insurance - Equipment and liability	11,350	11,350	13,965	(2,615)
Maintenance - Supply building, grounds	40,000	40,000	28,464	11,536
Miscellaneous	125	125	10,493	(10,368)
Supplies	6,900	6,900	4,599	2,301
Telephone	25,000	25,000	26,152	(1,152)
Utilities	97,605	97,605	93,615	3,990
Total public utility expenses	<u>432,671</u>	<u>453,631</u>	<u>438,717</u>	<u>14,914</u>
<b>TOTAL PUBLIC WAYS AND FACILITIES</b>	<u>2,083,646</u>	<u>2,104,606</u>	<u>2,045,617</u>	<u>58,989</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 13,040,723</u>	<u>\$ 13,007,905</u>	<u>\$ 13,581,759</u>	<u>\$ (573,854)</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,

	2019	2018	2017	2016	2015	2014
<b><u>Total pension liability</u></b>						
Service Cost	\$ 671,961	\$ 679,944	\$ 645,066	\$ 616,625	\$ 617,191	\$ 585,150
Interest	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	(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	(1,917,826)	(1,621,121)	(1,614,140)	(1,400,979)	(1,419,390)	(1,215,373)
Transfers among employers	(40,342)	80,552	190,572	92,476	-	-
Net change in total pension liability	929,989	1,511,298	1,219,360	3,250,128	1,694,745	1,375,772
Total pension liability - beginning	34,733,921	33,222,623	32,003,263	28,753,135	27,058,390	25,682,618
Total pension liability - ending (a)	\$ <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>
<b><u>Plan fiduciary net position</u></b>						
Contributions - employer	\$ 983,654	\$ 860,656	\$ 881,505	\$ 902,173	\$ 899,042	\$ 888,372
Contributions - employee	416,513	405,072	413,904	394,123	394,111	387,324
Net investment income	623,224	2,091,186	2,587,666	1,874,436	216,325	1,949,954
Benefit payments, including refunds of employee contributions	(1,917,826)	(1,621,121)	(1,614,140)	(1,400,979)	(1,419,390)	(1,215,373)
Transfers amount employers	(40,342)	80,552	190,572	92,476	48,569	82,574
Net change in plan fiduciary net position	65,223	1,816,345	2,459,507	1,862,229	138,657	2,092,851
Plan net position - beginning	24,549,640	22,733,295	20,273,788	18,411,559	18,272,902	16,180,051
Plan net position - ending (b)	\$ <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)	\$ 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	69.02%	70.68%	68.43%	63.35%	64.03%	67.53%
Covered-employee payroll*	\$ 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	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 2020 the measurement period is October 1, 2017 - September 30, 2019. 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.

The accompanying notes are an integral part of these statements.

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

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution*	\$ 1,003,621	\$ 971,530	\$ 886,413	\$ 979,236	\$ 926,879	\$ 922,934
Contributions in relation to the actuarially determined contribution	1,003,621	971,530	886,413	979,236	926,879	922,934
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
 Covered-employee payroll**	 \$ 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	13.33%	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 2020 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 2020 were based on the September 30, 2017 actuarial valuation.

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

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	23.7 years
Asset valuation method	5-year smoothed market
Inflation	2.750%
Salary increases	3.25%-5.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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	<u>494,012</u>	<u>462,443</u>	<u>432,877</u>
Total OPEB Liability - ending	<u><u>\$ 552,434</u></u>	<u><u>\$ 494,012</u></u>	<u><u>\$ 462,443</u></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.



CITY OF HUEYTOWN, ALABAMA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2020

NOTE A - BUDGETARY INFORMATION

Under GASBS 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

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 no budget amendments for the year ended September 30, 2020. 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, 2020. The excess expenditures were provided by available fund balance in the General Fund.

CITY OF HUEYTOWN, ALABAMA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2020

ADMINISTRATIVE		FIRE DEPARTMENT (CONTINUED)	
Capital outlay	\$ (13,590)	Dues and subscriptions	\$ (1,753)
Engineering services	(1,300)	Hydrant maintenance	(467)
Miscellaneous	(21,023)	Insurance - Equipment and liability	(4,631)
Office supplies	(11,222)	Supplies	(8,653)
Other professional services	(1,050)	Telephone	(2,889)
State retirement	(1,071)	Vehicle operations and maintenance	(11,880)
Telephone	(264)		
Training	(3,144)	FIRE STATION #1 - Telephone	(1,009)
GENERAL - Capital outlay	(79,468)	FIRE STATION #2 - Utilities	(29)
BUILDING AND INSPECTION		FIRE STATION #3	
Capital outlay	(3,890)	Facility maintenance and repairs	(96)
Salaries	(1,145)	Telephone	(831)
Data processing and software	(40)	Utilities	(75)
Dues and subscriptions	(127)		
		COMMUNITY IMPROVEMENT	
COURT DEPARTMENT		Capital outlay	(722)
Dues and subscriptions	(162)	Annexation	(40)
Insurance - Equipment and liability	(356)	Meal donation	(2,201)
Payroll taxes and unemployment	(13)	Storm water fees	(339)
		Street lighting - Christmas	(312)
POLICE DEPARTMENT - GENERAL OPERATIONS		LIBRARY	(81,167)
Capital outlay	(161,155)		
Salaries	(201,083)	PARK AND RECREATION	
Data processing and software	(4,157)	Capital outlay	(64,842)
Insurance - Equipment and liability	(18,776)	Dues and subscriptions	(127)
L.E.A.D.S. Online	(2,933)	Maintenance - Supply building, grounds	(30,600)
Legal advertising and publications	(263)	Utilities	(15,642)
Payroll taxes and unemployment	(7,284)		
State retirement	(31,905)	BUD NEWELL PARK UTILITIES	(689)
Supplies	(9,588)		
Utilities	(45)		
		BROOKLANE COMMUNITY CENTER	
MUNICIPAL JAIL		FACILITY REPAIRS	(135)
Dues and subscriptions	(635)		
Facility repairs and maintenance	(1,970)	MARTIN LUTHER KING COMMUNITY	
Jail store expenditures	(8,392)	CENTER REPAIRS	(93)
Supplies	(284)		
Uniforms	(1,841)	COMMUNITY STORM SHELTER	
		Capital outlay	(20,898)
PUBLIC SAFETY DISPATCH		Facility maintenance and repairs	(2)
Salaries	(57,047)	Utilities	(415)
Dues and subscriptions	(635)		
Equipment maintenance and operations	(21,050)	STREET DEPARTMENT	
Miscellaneous	(434)	Capital outlay	(24,119)
Payroll taxes and unemployment	(2,670)	Salaries	(25,448)
State retirement	(3,255)	Payroll taxes and unemployment	(1,147)
Supplies	(1,114)	Uniforms	(269)
Telephone	(5,488)		
		PUBLIC UTILITY EXPENSES	
FIRE DEPARTMENT		Capital outlay	(28,414)
Capital outlay	(756,297)	Insurance - Equipment and liability	(2,615)
Salaries	(36,321)	Miscellaneous	(10,368)
AFG equipment grant	(104,100)	Telephone	(1,152)

SUPPLEMENTARY INFORMATION

CITY OF HUEYTOWN, ALABAMA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2020

	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
<b>ASSETS</b>										
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ 3
Due from other funds	-	-	11,669	29,544	-	20,936	-	3,174	-	65,323
Restricted cash and cash equivalents	259,087	929,634	714,060	774,624	190,933	63,930	12,453	48,462	64,282	3,057,465
Total assets	<u>\$ 259,087</u>	<u>\$ 929,634</u>	<u>\$ 725,729</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>\$ 3,122,791</u>
<b>LIABILITIES</b>										
Due to other funds	\$ -	\$ -	\$ 16,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,067
Total liabilities	<u>-</u>	<u>-</u>	<u>16,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,067</u>
<b>FUND BALANCE</b>										
Restricted for:										
Debt service	259,087	-	-	-	-	-	-	-	-	259,087
Capital projects	-	929,634	-	-	-	-	-	-	-	929,634
Public protection	-	-	-	-	190,933	84,866	12,456	51,636	-	339,891
Infrastructure maintenance	-	-	709,662	804,168	-	-	-	-	64,282	1,578,112
Total fund balance	<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>
Total liabilities and fund balance	<u>\$ 259,087</u>	<u>\$ 929,634</u>	<u>\$ 725,729</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>\$ 3,122,791</u>

CITY OF HUEYTOWN, ALABAMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2020

	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
<b>REVENUES</b>										
Other taxes	\$ -	\$ -	\$ 157,530	\$ 174,768	\$ -	\$ -	\$ -	\$ -	\$ 64,282	\$ 396,580
Charges for services	-	-	-	-	272,960	-	-	-	-	272,960
Fines and forfeitures	-	-	-	-	-	96,031	3,902	25,706	-	125,639
Interest	10,205	6,321	3,796	4,681	961	1,018	29	412	-	27,423
Total revenues	<u>10,205</u>	<u>6,321</u>	<u>161,326</u>	<u>179,449</u>	<u>273,921</u>	<u>97,049</u>	<u>3,931</u>	<u>26,118</u>	<u>64,282</u>	<u>822,602</u>
<b>EXPENDITURES</b>										
Public protection	-	10,000	-	-	200,000	154,400	794	36,408	-	401,602
Public ways and facilities	-	-	36,296	184,583	-	-	-	-	-	220,879
Debt service:										
Principal	947,062	-	-	-	-	-	-	-	-	947,062
Interest and fees	227,051	-	-	-	-	-	-	-	-	227,051
Bond issue costs	139,297	-	-	-	-	-	-	-	-	139,297
Total expenditures	<u>1,313,410</u>	<u>10,000</u>	<u>36,296</u>	<u>184,583</u>	<u>200,000</u>	<u>154,400</u>	<u>794</u>	<u>36,408</u>	<u>-</u>	<u>1,935,891</u>
Excess (deficiency) of revenues over expenditures	(1,303,205)	(3,679)	125,030	(5,134)	73,921	(57,351)	3,137	(10,290)	64,282	(1,113,289)
<b>OTHER FINANCING SOURCES (USES)</b>										
Refunding bonds issued	5,965,000	-	-	-	-	-	-	-	-	5,965,000
Payment to bond refunding agent escrow	(6,311,496)	-	-	-	-	-	-	-	-	(6,311,496)
Bond premium	472,475	-	-	-	-	-	-	-	-	472,475
Transfers in	1,204,686	53,871	-	-	-	-	-	-	-	1,258,557
Transfers out	(50,691)	-	-	-	-	-	-	-	-	(50,691)
Total other financing (uses)	<u>1,279,974</u>	<u>53,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,333,845</u>
Net change in fund balance	(23,231)	50,192	125,030	(5,134)	73,921	(57,351)	3,137	(10,290)	64,282	220,556
Fund balance, beginning	<u>282,318</u>	<u>879,442</u>	<u>584,632</u>	<u>809,302</u>	<u>117,012</u>	<u>142,217</u>	<u>9,319</u>	<u>61,926</u>	<u>-</u>	<u>2,886,168</u>
Fund balance, ending	<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>