

City of Calera, Alabama
Financial Statements
September 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
The City of Calera, Alabama

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of changes in the net pension liability, schedule of employer contributions and the schedule of changes in net OPEB liability information 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 evidence sufficient 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's basic financial statements. The selected revenue data, selected debt ratios, schedule of outstanding debt and schedule of annual debt service are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2022, on our consideration of the City of Calera's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Calera's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Calera's internal control over financial reporting and compliance.

Fruitt Fingle Paramore & Argent, LLC

Birmingham, Alabama

March 25, 2022

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2021

The City of Calera's Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan, and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's financial statements.

HIGHLIGHTS

Financial Highlights

- The City's combined assets and deferred outflows of resources exceeded its combined liabilities and deferred inflows of resources by \$59,563,670 which will allow the City to continue to meet ongoing obligations to citizens and creditors.
- The General Fund reported a fund balance of \$13,791,635, an increase of \$2,934,297. The General Fund's Excess of Revenues over Expenditures was \$4,732,606.
- The Proprietary Funds reported a combined fund balance of \$16,616,225 an increase of \$838,261. The Proprietary Fund's Operating Income was \$1,529,412.
- The total cost of all City's programs was \$24,855,154.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13-15) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 16. For governmental activities, these statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail by providing information about the City's most significant funds.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 7. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used in most private sector companies. All the current year revenues and expenses are taken into account regardless of when cash is received or paid.

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2021

The Statement of Net Position and the Statement of Activities report the City's net position and changes in net position. You can think of the City's net position - the difference between assets and liabilities – as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position, is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including general administration, street, mechanic, planning and zoning, engineering, inspections, building maintenance, police, fire and rescue, library, parks and recreation, senior center, and the municipal court. Property taxes, sales taxes, program revenues, and transfers from business-type activities finance most of these activities.
- **Business-type Activities** – The City's Natural Gas System Fund, Sewer System Fund, and Garbage Fund are reported here. The City charges a fee to customers to cover costs of these services.
- **Component Units** – The City includes on separate legal entity in its report – the Water Works Board of the City of Calera, Alabama. Although legally separate, this "component unit" is important because the City is financially accountable for them. Complete financials are available by contacting the Water Works Board of the City of Calera, Alabama.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 10. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations after the fund financial statements.

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2021

- Proprietary Funds – When the City charges customers for the services it provides, these services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

Financial Analysis of the City as a Whole

Net Position

The City's combined net position increased by \$6,057,534 from 2020 to 2021. The governmental activities net position increased by \$5,219,273 of approximately 14%, while business type activities net position increased by \$838,261, or approximately 5%. This increase in governmental activities resulted primarily from an increase in sales taxes and property taxes in addition to an increase in capital grants and contributions. The increase in business type activities resulted primarily from an increase in charges for services

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business - type Activities		Totals	
	For the Year Ended September 30,		For the Year Ended September 30,		For the Year Ended September 30,	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 21,539,542	\$ 24,936,533	\$ 5,186,665	\$ 6,151,531	\$ 26,726,207	\$ 31,088,064
Capital Assets	54,462,735	57,116,109	20,502,411	21,285,443	74,965,146	78,401,552
Total assets	76,002,277	82,052,642	25,689,076	27,436,974	101,691,353	109,489,616
Deferred Outflows of resources	4,509,796	5,404,914	709,313	807,350	5,219,109	6,212,264
Other liabilities	2,566,278	4,240,735	400,499	1,428,084	2,966,777	5,668,819
Long-term liabilities	35,425,893	35,499,657	10,112,433	10,106,715	45,538,326	45,606,372
Total liabilities	37,992,171	39,740,392	10,512,932	11,534,799	48,505,103	51,275,191
Deferred inflows of resources	4,695,730	4,769,719	107,493	93,300	4,803,223	4,863,019
Net position						
Net investment in capital assets	33,351,249	36,490,574	11,480,318	12,440,870	44,831,567	48,931,444
Restricted	1,699,804	2,056,144	111,151	325,434	1,810,955	2,381,578
Unrestricted	2,773,119	4,400,727	4,186,495	3,849,921	6,959,614	8,250,648
Total net position	\$ 37,824,172	\$ 42,947,445	\$ 15,777,964	\$ 16,616,225	\$ 53,602,136	\$ 59,563,670

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2021

For more detailed information, see the Statement of Net Position on pages 13-14.

The City's combined net position increased to \$59,563,670 from \$53,602,136 or 11%. The City's unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations, was \$4,400,727 which is an increase of \$1,627,608 from the prior year, or 59%. This increase results from an increase in current assets as well as a decrease in long-term liabilities.

Changes in Net Position

The City's total revenues increased by approximately 1% to \$30,912,688. For governmental activities, sales taxes account for approximately 62% of revenues. Property taxes account for approximately 10%. The majority of the remaining governmental activities revenues come from fees and charges for services, other taxes, and capital grants and contributions.

The total cost of all programs and services increased by \$1,557,761, or approximately 7%. Expenses of business-type activities increased by \$536,743 and the cost of governmental activities increased by \$1,021,018.

The table on the following page reflects the condensed Statement of Activities.

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2021

	<u>Governmental Activities</u>		<u>Business - type Activities</u>		<u>Totals</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>		<u>September 30,</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
REVENUES						
Program Revenues						
Fees, fines, and charges						
for services	\$ 3,680,984	\$ 4,017,462	\$ 7,078,886	\$ 7,573,117	\$ 10,759,870	\$ 11,590,579
Operating grants and contributions	145,160	218,566	-	-	145,160	218,566
Capital grants and contributions	2,931,490	1,369,305	689,940	-	3,621,430	1,369,305
General Revenues						
Sales taxes	13,080,694	14,503,638	-	-	13,080,694	14,503,638
Property taxes	2,367,786	2,460,547	-	-	2,367,786	2,460,547
Other taxes	496,504	516,279	-	-	496,504	516,279
Interest income	103,517	37,083	17,199	2,984	120,716	40,067
Lease income	31,778	27,953	-	-	31,778	27,953
Other income	26,462	185,754	-	-	26,462	185,754
Total Revenues	22,864,375	23,336,587	7,786,025	7,576,101	30,650,400	30,912,688
EXPENSES						
General Administration	1,467,884	1,658,089	-	-	1,467,884	1,658,089
Street	1,704,272	1,333,399	-	-	1,704,272	1,333,399
Mechanic	170,999	189,217	-	-	170,999	189,217
Planning and zoning	96,957	103,396	-	-	96,957	103,396
Engineering	490,326	609,067	-	-	490,326	609,067
Inspections	269,053	286,615	-	-	269,053	286,615
Building maintenance	336,674	320,250	-	-	336,674	320,250
Police	4,214,731	4,812,089	-	-	4,214,731	4,812,089
Fire and rescue	4,513,947	4,903,713	-	-	4,513,947	4,903,713
Library	396,865	408,050	-	-	396,865	408,050
Parks and recreation	1,888,189	2,051,242	-	-	1,888,189	2,051,242
Senior center	104,178	114,769	-	-	104,178	114,769
Rolling hills	575,223	609,552	-	-	575,223	609,552
Donations	14,000	5,500	-	-	14,000	5,500
Municipal court	289,510	309,169	-	-	289,510	309,169
Cemetery	14,962	-	-	-	14,962	-
Interest	1,011,456	866,127	-	-	1,011,456	866,127
Natural gas system	-	-	1,676,706	1,971,673	1,676,706	1,971,673
Sewer system	-	-	3,222,418	3,364,536	3,222,418	3,364,536
Other proprietary funds	-	-	839,043	938,701	839,043	938,701
Total Expenses	17,559,226	18,580,244	5,738,167	6,274,910	23,297,393	24,855,154
Excess (deficiency)						
before transfers & capital contributions	5,305,149	4,756,343	2,047,858	1,301,191	7,353,007	6,057,534
Transfers	512,926	462,930	(512,926)	(462,930)	-	-
Change in net position	5,818,075	5,219,273	1,534,932	838,261	7,353,007	6,057,534
Beginning net position	32,006,097	37,728,172	14,243,032	15,777,964	46,249,129	53,506,136
Ending net position	\$ 37,824,172	\$ 42,947,445	\$ 15,777,964	\$ 16,616,225	\$ 53,602,136	\$ 59,563,670

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2021

THE CITY'S FUNDS

Governmental Funds

As of the year-end, the Governmental Funds reported a combined fund balance of \$16,789,200, which is \$1,737,579 more than the beginning of the year. The General Fund experienced a net increase of \$2,934,297, resulting primarily from revenues in excess of expenditures. The Capital Projects Fund experienced a net decrease of \$1,428,101, resulting primarily from capital outlay expenditures in the current year. The Debt Service Fund experienced a net increase of \$1,392, resulting primarily from proceeds from debt in excess of debt retired. The Other Governmental Funds experienced a net increase of \$228,889.

Proprietary Funds

As of the year-end, the Proprietary Funds reported net position of \$16,616,225, which is approximately 5% more than the beginning of the year. The Natural Gas System experienced a net increase of \$173,430 after interfund transfers to other funds of \$337,930. The Sewer System experienced a net increase of \$665,030. The Garbage Fund experienced a net decrease of (\$199) after transfers of \$125,000 to the General Fund.

General Fund Budgetary Highlights

General Fund revenues exceeded budgeted revenues by \$901,121. Actual sales tax revenues exceeded budgeted sales tax revenues.

General Fund expenditures were less than budgeted amounts by \$1,931,178.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2021, the City had \$78,401,552 invested in a broad range of capital assets, including the Natural Gas System, Sewer System, land, roadways, fire and police equipment and vehicles, buildings, and park facilities. This amount represents a net increase (including additions and deductions) of \$3,436,406, or approximately 4.6% over last year. The City's additions to capital assets included roadway and intersection improvements, building improvements, police equipment, and park equipment. These additions were offset by the retirements of assets no longer in service and by depreciation expense.

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2021

CAPITAL ASSETS

	Governmental Activities		Business - type Activities		Totals	
	For the Year Ended		For the Year Ended		For the Year Ended	
	September 30,		September 30,		September 30,	
	2020	2021	2020	2021	2020	2021
Land	\$ 20,040,022	\$ 20,040,022	\$ 441,853	\$ 441,853	\$ 20,481,875	\$ 20,481,875
Construction in progress	790,312	3,455,356	227,559	1,272,086	1,017,871	4,727,442
Land Improvements, net	2,505,077	2,431,161	-	-	2,505,077	2,431,161
Infrastructure, net	14,657,760	14,064,919	-	-	14,657,760	14,064,919
Systems and facilities, net	-	-	19,130,370	18,476,620	19,130,370	18,476,620
Buildings and improvements, net	14,035,345	14,011,488	338,606	329,245	14,373,951	14,340,733
Vehicles, net	1,177,345	1,415,684	59,432	395,009	1,236,777	1,810,693
Equipment, net	1,256,874	1,697,479	304,591	370,630	1,561,465	2,068,109
Total capital assets, net	\$ 54,462,735	\$ 57,116,109	\$ 20,502,411	\$ 21,285,443	\$ 74,965,146	\$ 78,401,552

Debt

At September 30, 2021, the City had \$31,605,537 in warrants, notes payable, and capital leases outstanding versus \$33,759,444 at September 30, 2020, a decrease of 6%. This decrease results from principal payments and debt refinance transactions. Other obligations of the City include accrued vacation leave, holiday leave, and compensatory time, capital leases, other post-employment benefits, and the net pension liability.

DEBT

	Governmental Activities		Business - type Activities		Totals	
	For the Year Ended		For the Year Ended		For the Year Ended	
	September 30,		September 30,		September 30,	
	2020	2021	2020	2021	2020	2021
General obligation warrants	\$ 22,633,345	\$ 20,853,455	\$ 9,487,958	\$ 9,265,783	\$ 32,121,303	\$ 30,119,238
Notes payable	1,638,141	1,486,299	-	-	1,638,141	1,486,299
Other post employment benefit payable	6,818,611	7,091,995	-	-	6,818,611	7,091,995
Net pension liability	3,542,196	5,246,508	543,275	757,632	4,085,471	6,004,140
Compensated absences	793,600	821,400	81,200	83,300	874,800	904,700
Total LT liabilities	\$ 35,425,893	\$ 35,499,657	\$ 10,112,433	\$ 10,106,715	\$ 45,538,326	\$ 45,606,372

City of Calera, Alabama
Management's Discussion and Analysis
September 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's Mayor, City Clerk, Finance Director, and City Council considered many factors when setting the budget for the fiscal year ending September 30, 2021. Tax rates, anticipated sales tax collections, anticipated expenditures/expenses, prior year actual revenues/expenditures, and the overall economy were some of these factors. The budget is prepared in accordance with the City's budget management policies which are designed to ensure the City maintains a financial base sufficient to sustain a consistent level of municipal services, is able to withstand local and regional economic variations, and adjusts to changes in the service requirements of the community.

One of the City's major sources of income is sales tax revenue. The City has taken a conservative approach in projecting sales tax revenues when setting the budget.

Calera's local economy consists of commercial, retail, and industrial business. Some of Calera's largest businesses are Wal-Mart, Timberline Golf Course, Alabama Power, and various restaurants and retail shops. The City's sales tax revenue has increased in previous years due to recent commercial developments.

These indicators were taken into account when adopting the General Fund budget for fiscal year ending September 30, 2022. Projected revenues in the General Fund budget are \$20,075,270. The City expects the major sources of revenues and expenditures to remain stable in fiscal year 2022.

If these estimates are realized, the City's budgetary fund balance is expected to increase by the close of fiscal year 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk of Calera, 7901 Highway 31, Calera, AL 35040.

City of Calera, Alabama
Statement of Net Position
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type activities	Total	Water Works Board
Assets				
Current assets				
Cash and cash equivalents	\$ 9,612,842	\$ 4,708,768	\$ 14,321,610	\$ 2,715,741
Certificate of deposit	3,361,277	-	3,361,277	642,349
Accounts receivable, net	3,968,281	796,864	4,765,145	726,859
Notes receivable				5,002,095
Lease receivable	1,420,000	-	1,420,000	-
Receivable/(Payable Calera WWB	1,064	-	1,064	(1,064)
Due from other funds	4,943	(4,943)	-	-
Prepaid expenses	72,171	-	72,171	234,520
Inventory	-	218,253	218,253	194,656
Restricted assets:			-	
Cash and cash equivalents	5,176,518	432,589	5,609,107	1,301,209
Certificate of deposit	1,289,256	-	1,289,256	-
Accounts receivable	30,181	-	30,181	-
Nondepreciable capital assets	23,495,378	1,713,939	25,209,317	152,371
Depreciable capital assets, net	33,620,731	19,571,504	53,192,235	16,883,864
	<u>82,052,642</u>	<u>27,436,974</u>	<u>109,489,616</u>	<u>27,852,600</u>
Deferred outflows of resources				
Pension	3,022,724	386,140	3,408,864	-
Other post employment benefits	2,056,642	-	2,056,642	-
Deferred charge on refunding	325,548	421,210	746,758	62,714
Total deferred outflows of resource	<u>5,404,914</u>	<u>807,350</u>	<u>6,212,264</u>	<u>62,714</u>
Liabilities				
Accounts payable	378,727	1,161,279	1,540,006	67,800
Unearned revenue	1,845,356	-	1,845,356	-
Accrued expenses	865,129	75,764	940,893	99,842
Payable from restricted assets:				
Accounts payable	105,334	-	105,334	-
Accrued expenses	(102,642)	-	(102,642)	-
Deposits	1,092,643	83,886	1,176,529	157,760
Accrued interest payable	56,188	107,155	163,343	49,953
Noncurrent liabilities				
Due within one year	630,933	110,988	741,921	-
Due within one year - payable from restricted assets	1,755,000	355,000	2,110,000	648,633
Due in more than one year	33,113,724	9,640,727	42,754,451	16,883,840
Total liabilities	<u>39,740,392</u>	<u>11,534,799</u>	<u>51,275,191</u>	<u>17,907,828</u>

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

City of Calera, Alabama
Statement of Net Position - Continued
September 30, 2021

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Water Works</u>
	<u>Activities</u>	<u>activities</u>		<u>Board</u>
Deferred inflows of resources				
Property taxes levied for subsequent years	\$ 2,640,630	\$ -	\$ 2,640,630	\$ -
Pension	648,096	93,300	741,396	-
Other post employment benefits	1,480,993	-	1,480,993	-
	<u>4,769,719</u>	<u>93,300</u>	<u>4,863,019</u>	<u>-</u>
Net position				
Net investment in capital assets	36,490,574	12,440,870	48,931,444	4,896,476
Restricted for:				
Capital projects	-	-	-	-
Debt service	784,521	325,434	1,109,955	1,251,256
Municipal court	266,572	-	266,572	-
Parks and recreation	1,305	-	1,305	-
Police	33,770	-	33,770	-
Street improvements	969,976	-	969,976	-
Unrestricted	<u>4,400,727</u>	<u>3,849,921</u>	<u>8,250,648</u>	<u>3,859,754</u>
Total net position	<u>\$ 42,947,445</u>	<u>\$ 16,616,225</u>	<u>\$ 59,563,670</u>	<u>\$ 10,007,486</u>

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

City of Calera, Alabama
Statement of Activities
For the Year Ended September 30, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Primary Government		Component Unit	
					Governmental Activities	Business-type Activities	Total	Governmental Utility Service Corporation
Primary government								
Governmental activities								
General administration	\$ 1,658,089	\$ 2,262,954	\$ 27,524	\$ 995,616	\$ 1,628,005	\$ -	\$ 1,628,005	\$ -
Street	1,333,399	-	143,732	104,504	(1,085,163)	-	(1,085,163)	-
Mechanic	189,217	-	-	-	(189,217)	-	(189,217)	-
Planning and zoning	103,396	1,300	-	-	(102,096)	-	(102,096)	-
Engineering	609,067	-	-	-	(609,067)	-	(609,067)	-
Inspections	286,615	363,573	-	-	76,958	-	76,958	-
Building maintenance	320,250	-	-	-	(320,250)	-	(320,250)	-
Police	4,812,089	99,299	11,335	19,185	(4,682,270)	-	(4,682,270)	-
Fire and rescue	4,903,713	32,647	4,772	-	(4,866,294)	-	(4,866,294)	-
Library	408,050	2,092	14,993	-	(390,965)	-	(390,965)	-
Parks and recreation	2,051,242	279,417	3,285	250,000	(1,518,540)	-	(1,518,540)	-
Senior center	114,769	-	12,925	-	(101,844)	-	(101,844)	-
Rolling Hills	609,552	507,387	-	-	(102,165)	-	(102,165)	-
Donations	5,500	-	-	-	(5,500)	-	(5,500)	-
Municipal court	309,169	468,541	-	-	159,372	-	159,372	-
Cemetery	-	252	-	-	252	-	252	-
Interest and fees	866,127	-	-	-	(866,127)	-	(866,127)	-
Total primary government	18,580,244	4,017,462	218,566	1,369,305	(12,974,911)	-	(12,974,911)	-
Business-type Activities								
Natural Gas System	1,971,673	2,481,904	-	-	-	510,231	510,231	-
Sewer System	3,364,536	4,028,430	-	-	-	663,894	663,894	-
Other Proprietary Funds	938,701	1,062,783	-	-	-	124,082	124,082	-
Total Business-type Activities	6,274,910	7,573,117	-	-	-	1,298,207	1,298,207	-
Total Primary Government	\$ 24,855,154	\$ 11,590,579	\$ 218,566	\$ 1,369,305	\$ (12,974,911)	\$ 1,298,207	\$ (11,676,704)	\$ -
Component unit								
Calera Water Works Board	\$ 4,111,250	\$ 4,215,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,899
General revenues and other items								
Taxes:								
Sales					14,503,638	-	14,503,638	-
Property					2,460,547	-	2,460,547	-
Other					516,279	-	516,279	-
Interest earnings					37,083	2,984	40,067	3,528
Lease income					27,953	-	27,953	-
Other income					185,754	-	185,754	-
Transfers					462,930	(462,930)	-	-
Total general revenues and other items					18,194,184	(459,946)	17,734,238	3,528
Change in net position					5,219,273	838,261	6,057,534	107,427
Net position - beginning of year, as previously stated					37,824,172	15,777,964	53,602,136	9,900,059
Prior Period Adjustment					(96,000)	-	(96,000)	-
Net position - end of year					\$ 42,947,445	\$ 16,616,225	\$ 59,563,670	\$ 10,007,486

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

City of Calera, Alabama
Balance Sheet - Governmental Funds
September 30, 2021

	General	American Rescue Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 9,612,842	\$ -	\$ -	\$ -	\$ -	\$ 9,612,842
Certificate of deposit	3,361,277	-	-	-	-	3,361,277
Accounts receivable	3,968,281	-	-	-	-	3,968,281
Due from Calera Water Works	1,064	-	-	-	-	1,064
Due from other funds	-	-	-	78,978	-	78,978
Prepaid expenses	72,171	-	-	-	-	72,171
Restricted assets:						-
Cash	483,903	1,748,614	1,388,671	845,709	709,621	5,176,518
Certificates of deposit	1,289,256	-	-	-	-	1,289,256
Accounts receivable	-	-	30,181	-	-	30,181
Total assets	\$ 18,788,794	\$ 1,748,614	\$ 1,418,852	\$ 924,687	\$ 709,621	\$ 23,590,568
Liabilities						
Accounts payable	\$ 376,585	\$ -	\$ -	\$ -	\$ -	\$ 376,585
Payable to Calera Water Works	-	-	-	-	-	-
Accrued expenses	865,129	-	-	-	-	865,129
Payable from restricted assets						-
Accounts payable	-	-	99,047	5,000	3,429	107,476
Accrued expenses	-	-	-	-	(102,642)	(102,642)
Due to other funds	43,286	-	30,189	-	560	74,035
Unearned revenue	-	1,747,512	-	-	-	1,747,512
Deposits	1,071,529	-	-	-	21,114	1,092,643
Total liabilities	2,356,529	1,747,512	129,236	5,000	(77,539)	4,160,738
Deferred inflows of resources						
Property taxes levied for subsequent year	2,640,630	-	-	-	-	2,640,630
Total deferred inflows of resources	2,640,630	-	-	-	-	2,640,630
Fund balance (deficit)						
Restricted for						
Capital projects	-	-	1,289,616	-	-	1,289,616
Debt service	-	-	-	919,687	-	919,687
Municipal court	-	-	-	-	266,012	266,012
Parks and recreation	1,305	-	-	-	-	1,305
Police	33,770	-	-	-	-	33,770
Street improvements	448,828	-	-	-	521,148	969,976
Unassigned	13,307,732	1,102	-	-	-	13,308,834
	13,791,635	1,102	1,289,616	919,687	787,160	16,789,200
Total liabilities and fund balance	\$ 18,788,794	\$ 1,748,614	\$ 1,418,852	\$ 924,687	\$ 709,621	\$ 23,590,568

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

City of Calera, Alabama
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2021

Total fund balances - governmental funds \$ 16,789,200

Amounts reported for governmental activities in the statement of net position are different due to the following:

Lease receivable reported in governmental activities is not collectible in the current period and, therefore, is not reported in the governmental funds. Unearned revenue related to future lease income reduces net position reported in governmental activities but is not reported in the governmental funds

Lease receivable	1,420,000	
Less: Unearned revenue related to lease receivable	<u>(97,844)</u>	1,322,156

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	80,586,989	
Less accumulated depreciation	<u>(23,470,880)</u>	57,116,109

Deferred outflows and deferred inflows related to the net pension liability and other post employment benefit payable are not reported in the governmental funds

Employer pension contributions subsequent to the measurement date	672,781	
Difference between projected and actual earnings on pension plan investments	720,924	
Differences between expected and actual experience - net pension liability	433,734	
Changes of assumptions related the net pension liability	547,189	
Differences between expected and actual experience related to OPEB	478,032	
Changes of assumptions related to OPEB	<u>97,617</u>	2,950,277

Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Warrants payable	(20,390,000)	
Discounts (premiums)	(463,455)	
Deferred charges on refunding	325,548	
Notes payable	(1,486,299)	
Net pension liability	(5,246,508)	
Other post employment benefits payable	(7,091,995)	
Compensated absences	<u>(821,400)</u>	(35,174,109)

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

(56,188)

Total net position - governmental activities \$ 42,947,445

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

City of Calera, Alabama
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2021

	General	American Rescue Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Sales	\$ 14,503,638	\$ -	\$ -	\$ -	\$ -	\$ 14,503,638
Property	2,460,547	-	-	-	-	2,460,547
Motor vehicle/gas	50,877	-	-	-	140,232	191,109
Other	465,402	-	-	-	-	465,402
Licenses and permits	2,467,353	-	-	-	-	2,467,353
Fines and forfeits	-	-	-	-	468,202	468,202
Charges for services	985,649	-	-	-	-	985,649
Interest	35,045	1,102	220	70	647	37,084
Other	1,631,338	-	-	-	339	1,631,677
	<u>22,599,849</u>	<u>1,102</u>	<u>220</u>	<u>70</u>	<u>609,420</u>	<u>23,210,661</u>
Expenditures						
General administration	958,000	-	-	-	7,425	965,425
Street	747,597	-	-	-	-	747,597
Mechanic	179,830	-	-	-	-	179,830
Planning and zoning	100,582	-	-	-	-	100,582
Engineering	547,574	-	-	-	-	547,574
Inspections	251,664	-	-	-	-	251,664
Building maintenance	308,224	-	-	-	-	308,224
Police	4,373,146	-	-	-	-	4,373,146
Fire and rescue	4,465,777	-	-	-	-	4,465,777
Library	323,333	-	-	-	-	323,333
Parks and recreation	1,660,438	-	-	-	-	1,660,438
Senior center	91,166	-	-	-	-	91,166
Rolling Hills	433,477	-	-	-	-	433,477
Donations	5,500	-	-	-	-	5,500
Municipal court	-	-	-	-	302,519	302,519
Capital outlay	3,237,717	-	1,531,800	-	-	4,769,517
Debt service						
Principal retirement	151,842	-	-	1,710,000	-	1,861,842
Interest and fees	31,376	-	-	822,180	-	853,556
	<u>17,867,243</u>	<u>-</u>	<u>1,531,800</u>	<u>2,532,180</u>	<u>309,944</u>	<u>22,241,167</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,732,606</u>	<u>1,102</u>	<u>(1,531,580)</u>	<u>(2,532,110)</u>	<u>299,476</u>	<u>969,494</u>
Other financing sources (uses)						
Proceeds from sale of capital assets	88,417	-	-	-	-	88,417
Proceeds from capital lease	216,738	-	-	-	-	216,738
Transfers (to)/from capital projects fund	(103,479)	-	103,479	-	-	-
Transfers (to)/from debt service fund	(2,533,502)	-	-	2,533,502	-	-
Transfers (to)/from other government funds	70,587	-	-	-	(70,587)	-
Transfers (to)/from Natural Gas System	337,930	-	-	-	-	337,930
Transfers (to)/from other proprietary funds	125,000	-	-	-	-	125,000
	<u>(1,798,309)</u>	<u>-</u>	<u>103,479</u>	<u>2,533,502</u>	<u>(70,587)</u>	<u>768,085</u>
Net change in fund balance	2,934,297	1,102	(1,428,101)	1,392	228,889	1,737,579
Fund balance (deficit) - beginning of year	10,857,338	-	2,717,717	918,295	558,271	15,051,621
Fund balance (deficit) - end of year	<u>\$ 13,791,635</u>	<u>\$ 1,102</u>	<u>\$ 1,289,616</u>	<u>\$ 919,687</u>	<u>\$ 787,160</u>	<u>\$ 16,789,200</u>

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

City of Calera, Alabama
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the year ended September 30, 2021

Net changes in fund balances - governmental funds	\$	1,737,579
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	4,769,517	
Less depreciation expense	<u>(2,125,696)</u>	2,643,821
Donations of capital assets do not provide current financial resources and are not recorded in governmental funds. However, donations of capital assets increase net position		
		12,224
The proceeds from the sale of capital assets (\$88,41) are reported as other financing sources in the governmental funds. However, the net book value of the capital assets (\$2,667) is removed from the capital assets account in the Statement of Net Position and offsets against the sales proceeds resulting in a gain in the Statement of Activities of (\$85,750)		
		(2,667)
The proceeds from a capital lease are reported as revenue in the governmental funds. However, the lease is reported as a sale of a capital asset in the Statement of Net Position and unearned revenue related to the transaction is amortized over the life of the lease and reported as lease income in the Statement of Activities		
Proceeds from capital leases	(216,738)	
Lease income	<u>27,953</u>	(188,785)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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 and related items.		
Principal retirement	1,861,842	
Deferred amount on refunding amortization	(90,901)	
Premium and discount amortization	<u>69,890</u>	1,840,831
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued compensated absences	(27,800)	
Increase in pension expense	(458,535)	
Increase in other post employment benefit payable	(345,835)	
Decrease in accrued interest	<u>8,440</u>	(823,730)
Change in net position - governmental activities	<u>\$</u>	<u>5,219,273</u>

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

City of Calera, Alabama
Statement of Proprietary Fund Net Position
September 30, 2021

	Natural Gas System	Sewer System	Nonmajor Proprietary Fund	Total Proprietary Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 1,986,225	\$ 2,446,639	\$ 275,904	\$ 4,708,768
Accounts receivable, net	190,443	490,374	116,047	796,864
Inventory	189,535	28,718	-	218,253
Total current assets	<u>2,366,203</u>	<u>2,965,731</u>	<u>391,951</u>	<u>5,723,885</u>
Noncurrent assets				
Restricted cash and cash equivalents	-	432,589	-	432,589
Nondepreciable assets	83,699	1,630,240	-	1,713,939
Depreciable capital assets, net	3,249,714	16,050,307	271,483	19,571,504
Total noncurrent assets	<u>3,333,413</u>	<u>18,113,136</u>	<u>271,483</u>	<u>21,718,032</u>
Total assets	<u>5,699,616</u>	<u>21,078,867</u>	<u>663,434</u>	<u>27,441,917</u>
Deferred outflows of resources				
Pension	132,705	169,787	83,648	386,140
Deferred charge on refunding	-	421,210	-	421,210
Total deferred outflows of resources	<u>132,705</u>	<u>590,997</u>	<u>83,648</u>	<u>807,350</u>
Liabilities				
Current liabilities				
Accounts payable	102,854	1,038,778	19,647	1,161,279
Due to General Fund	1,249	3,100	594	4,943
Due to Calera Water Works	-	-	-	-
Accrued expenses	27,752	33,243	14,769	75,764
Compensated absences, current portion	8,200	26,200	7,250	41,650
Payable from restricted assets				
Customer deposits	83,886	-	-	83,886
Accrued interest	-	107,155	-	107,155
Current portion of long-term debt	-	424,338	-	424,338
Total current liabilities	<u>223,941</u>	<u>1,632,814</u>	<u>42,260</u>	<u>1,899,015</u>
Noncurrent liabilities				
Compensated absences, net of current portion	8,200	26,200	7,250	41,650
Net pension liability	264,262	327,761	165,609	757,632
Long-term debt, net of current portion	-	8,841,445	-	8,841,445
Total noncurrent liabilities	<u>272,462</u>	<u>9,195,406</u>	<u>172,859</u>	<u>9,640,727</u>
Total liabilities	<u>496,403</u>	<u>10,828,220</u>	<u>215,119</u>	<u>11,539,742</u>
Deferred inflows of resources				
Pension	30,012	45,616	17,672	93,300
Total deferred inflows of resources	<u>30,012</u>	<u>45,616</u>	<u>17,672</u>	<u>93,300</u>
Net position				
Net investment in capital assets	3,333,413	8,835,974	271,483	12,440,870
Unrestricted	1,972,493	1,634,620	242,808	3,849,921
Restricted for debt service	-	325,434	-	325,434
Total net position	<u>\$ 5,305,906</u>	<u>\$ 10,796,028</u>	<u>\$ 514,291</u>	<u>\$ 16,616,225</u>

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

City of Calera, Alabama
Statement of Revenues, Expenses, and Changes in Proprietary Fund Net Position
September 30, 2021

	Natural Gas System	Sewer System	Nonmajor Proprietary Fund	Total Proprietary Funds
Operating Revenues				
Utility receipts	\$ 2,435,198	\$ 3,050,469	\$ 1,062,783	\$ 6,548,450
Fees	11,000	976,500	-	987,500
Miscellaneous	35,706	1,461	-	37,167
Total operating revenues	<u>2,481,904</u>	<u>4,028,430</u>	<u>1,062,783</u>	<u>7,573,117</u>
Operating Expenses				
Gas purchases	799,159	-	-	799,159
Personnel services	727,646	937,316	461,186	2,126,148
Supplies expense	44,051	186,965	77,828	308,844
Repairs and maintenance	39,186	267,246	110,132	416,564
Depreciation	185,652	850,820	60,596	1,097,068
Administrative expenses	119,037	786,743	48,708	954,488
Outside expenses	56,941	104,237	180,256	341,434
Total operating expenses	<u>1,971,672</u>	<u>3,133,327</u>	<u>938,706</u>	<u>6,043,705</u>
Operating income	<u>510,232</u>	<u>895,103</u>	<u>124,077</u>	<u>1,529,412</u>
Non Operating Revenues (Expenses)				
Interest income	1,128	1,132	724	2,984
Interest and fiscal charges	-	(229,705)	-	(229,705)
Trustee fees	-	(1,500)	-	(1,500)
Total non operating revenues (expenses)	<u>1,128</u>	<u>(230,073)</u>	<u>724</u>	<u>(228,221)</u>
Income (loss) before capital contributions and interfund operating transfers	511,360	665,030	124,801	1,301,191
Interfund operating transfers	<u>(337,930)</u>	<u>-</u>	<u>(125,000)</u>	<u>(462,930)</u>
Change in net position	173,430	665,030	(199)	838,261
Net position - beginning of year	<u>5,132,476</u>	<u>10,130,998</u>	<u>514,490</u>	<u>15,777,964</u>
Net position - end of year	<u>\$ 5,305,906</u>	<u>\$ 10,796,028</u>	<u>\$ 514,291</u>	<u>\$ 16,616,225</u>

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

City of Calera, Alabama
Statement of Proprietary Fund Cash Flows
September 30, 2021

	Natural Gas System	Sewer System	Nonmajor Proprietary Fund	Total Proprietary Funds
Cash Flows from Operating Activities				
Cash received from customers	\$ 2,466,726	\$ 4,054,419	\$ 1,060,746	\$ 7,581,891
Cash paid to employees	(716,273)	(904,496)	(445,807)	(2,066,576)
Cash paid to suppliers for goods and services	(1,064,982)	(380,665)	(420,792)	(1,866,439)
Net cash provided by operating activities	<u>685,471</u>	<u>2,769,258</u>	<u>194,147</u>	<u>3,648,876</u>
Cash Flows from Noncapital Financing Activities				
Transfers (to)/from other funds	(328,952)	(1,955)	(127,347)	(458,254)
Net cash used in noncapital financing activities	<u>(328,952)</u>	<u>(1,955)</u>	<u>(127,347)</u>	<u>(458,254)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of property, plant and equipment	(185,992)	(1,433,640)	(260,469)	(1,880,101)
Principal payments on debt	-	(150,000)	-	(150,000)
Interest payments on debt	-	(225,260)	-	(225,260)
Trustee fees	-	(1,500)	-	(1,500)
Net cash used in capital and related financing activities	<u>(185,992)</u>	<u>(1,810,400)</u>	<u>(260,469)</u>	<u>(2,256,861)</u>
Cash Flows from Investing Activities				
Interest on cash and investments	1,128	1,132	724	2,984
Net cash provided by investing activities	<u>1,128</u>	<u>1,132</u>	<u>724</u>	<u>2,984</u>
Net increase in cash and cash equivalents	171,655	958,035	(192,945)	936,745
Cash and cash equivalents - beginning of year	<u>1,814,570</u>	<u>1,921,193</u>	<u>468,849</u>	<u>4,204,612</u>
Cash and cash equivalents - end of year	<u>\$ 1,986,225</u>	<u>\$ 2,879,228</u>	<u>\$ 275,904</u>	<u>\$ 5,141,357</u>

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

City of Calera, Alabama
Statement of Proprietary Fund Cash Flows (continued)
September 30, 2021

	Natural Gas System	Sewer System	Nonmajor Proprietary Fund	Total Proprietary Funds
Operating income	\$ 510,232	\$ 895,103	\$ 124,077	\$ 1,529,412
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	185,652	850,820	60,596	1,097,068
(Increase) decrease in				
Accounts receivable	(12,708)	25,989	(2,037)	11,244
Inventory	(39,692)	(4,348)	-	(44,040)
Deferred outflows	(48,031)	(62,103)	(32,558)	(142,692)
Increase (decrease) in				
Accounts payable	29,008	960,322	(4,248)	985,082
Customer deposits	(2,470)	-	-	(2,470)
Compensated absences	(4,800)	4,600	2,300	2,100
Accrued expenses	4,076	8,552	380	13,008
Deferred inflows	(4,552)	(6,404)	(3,237)	(14,193)
Net pension liability	68,756	96,727	48,874	214,357
Net cash provided by operating activities	<u>\$ 685,471</u>	<u>\$ 2,769,258</u>	<u>\$ 194,147</u>	<u>\$ 3,648,876</u>

Noncash Investing, Capital, and Financing Activities

Calera Sewer System had amortization of warrant discounts of (\$2,003), amortization of warrant premiums of \$71,893, and amortization of deferred charges on refunding of \$90,901.

Reconciliation of Cash and Cash Equivalents to Statement of Net Position

Cash and cash equivalents on the Statement of Cash Flows are composed of the following balances from the Statement of Proprietary Net Position:

	Natural Gas System	Sewer System	Nonmajor Proprietary Fund	Total Proprietary Funds
Cash	\$ 1,986,225	\$ 2,446,639	\$ 275,904	\$ 4,708,768
Restricted cash	-	432,589	-	432,589
Cash and cash equivalents	<u>\$ 1,986,225</u>	<u>\$ 2,879,228</u>	<u>\$ 275,904</u>	<u>\$ 5,141,357</u>

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

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Calera (the “City”), an Alabama Municipal Corporation, was incorporated in 1893. The governing body is an elected Mayor and a six-member elected City Council.

The financial statements of the City are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The City’s reporting entity applies all relevant GASB pronouncements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so, data from these units is combined with the data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The Water Works Board of the City of Calera, Alabama (the Board) – The Board was created by the City to provide water services to the City and surrounding communities. The Board is governed by a five-member group appointed by the Calera City Council. The Board is a discretely presented component unit and is reported in a separate column in the government wide financial statements to emphasize that it is separate from the primary government. Complete financials are available by contacting the Board.

Government-Wide and Fund Financial Statements

The basic financial statements are presented at both the government-wide (based on the City as a whole) and fund financial level. Both levels of statements categorize primary activities as either governmental or business type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. The City does not have any business-type activities and all of its activities are classified as governmental.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements Continued

Government-Wide Financial Statements display information about the City as a whole. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services. These aggregate statements consist of the statement of net position and the statement of activities.

The *Statement of Net Position* measurement focus is full accrual basis of accounting and economic resource measurement, and the statement presents information on all of the City's assets, deferred outflows, and liabilities (including long-term assets and receivables as well as long-term debt and obligations), with the difference being reported as net position.

The *Statement of Activities* demonstrates the degree to which direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items (property, sales and use taxes, certain intergovernmental revenues, etc.) not attributable to a specific program are reported as general revenues. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The City does not employ an indirect cost allocation system.

Fund Financial Statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental and proprietary funds in the basic financial statements. Major individual governmental funds are reported in separate columns in the basic financial statements. Nonmajor funds (by category or fund type) are consolidated into a single column of the basic financial statements.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded. The government-wide financial statements and proprietary fund financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position.

All transactions and events that affect the total economic resources (net position) during the period are reported. Economic resources measurement focus is connected with the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting - Continued

Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Current resources measurement is connected with the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). Measurable means the amount of the transaction can be determined and revenues are considered available when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes and intergovernmental revenues. Expenditures are recognized when the related liability is incurred, with the exception of principal and interest on general obligation long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Basis of Presentation - Fund-Level Financial Statements

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Governmental funds are those through which general government functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The City reports the following major governmental funds:

General Fund - To account for all revenues and expenditures applicable to the general operations of government that are not properly accounted for in another fund. All general operating revenues, which are not restricted or designated as to use by outside sources, are recorded in the General Fund.

Capital Projects Fund - To account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, specifically the acquisition or construction of capital facilities and other capital assets usually funded by general obligation warrant proceeds (other than those financed by proprietary funds). Transactions funded by general fund revenues are not accounted for in the Capital Projects Fund.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation - Fund-Level Financial Statements - Continued

Debt Service Fund - To account for the accumulation of resources for and the payment of interest and principal on general long-term debt.

American Rescue Fund – To account for and report financial resources that are restricted for grant purposes outlined in the grant agreement.

Additionally, the City reports the following non-major governmental funds:

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

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income and changes in net position, financial position, and cash flows. All assets and liabilities are included on the Statement of Net Position.

The City reports the following major proprietary funds:

Natural Gas System - The Natural Gas System is used to account for the provision of gas services to the residents and businesses of the City. Activities of the fund include administration, operations, and maintenance of the gas system, and billing and collection activities.

Sewer System - The Sewer System is used to account for the provision of sewer services to the residents and businesses of the City. Activities of the fund include administration, operations and maintenance of the sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for sewer debt.

Additionally, the City reports the following non-major proprietary fund:

Garbage Fund - The Garbage Fund is used to account for the provision of garbage services primarily to the residents of the City. Activities of the fund include administration and billing and collections of fees related to the garbage services provided.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation - Fund-Level Financial Statements - Continued

The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board pronouncements, in which case, Governmental Accounting Standards Board prevails.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

The City considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balances reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The City has never experienced any losses related to these balances.

The City also participates in the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) program. The bank holding the City's deposits is a certified participant in the SAFE program. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury.

Restricted Assets

Restricted assets include cash and cash equivalents, certificates of deposit and accounts receivable restricted for repayment of debt service on all debt issued for the City and for future capital projects as well as court, parks and recreation, street improvements and public safety. The use of these assets are limited by legal requirements or restrictions imposed externally by creditors or contributors.

Allowance for Uncollectible Accounts

Proprietary fund accounts receivable are uncollateralized customer obligations due from normal customer transactions and are stated at the amount billed to customers for services rendered. Management reviews all accounts receivable balances and based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that may not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts. Balances deemed uncollectible are written off. At September 30, 2021, management has recorded an allowance for doubtful accounts of \$27,684.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Inventory

Inventory consists of supplies for the Natural Gas System and Sewer System as well as natural gas held in storage for the Natural Gas System. Inventory is recorded at the lower of cost or market, determined by first in, first out method. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of five years. Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are charged to operations as incurred. Improvements that materially extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives: system and facilities, 30 to 40 years; building and improvements, 30 to 40 years; machinery and equipment, 5 to 25 years; and infrastructure, 25 to 50 years.

Depreciation is provided in the proprietary funds in amounts sufficient to relate the cost of the depreciable assets to operate over their estimated service lives on the straight-line basis.

Deferred Outflows of Resources

The City's statements of net position report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to future periods. Deferred outflows of resources reported in the financial statements are amounts of pension contributions through the end of the City's fiscal year to be recognized by the pension plan on the accrual basis of accounting in the next measurement period, other deferred charges related to the pension and other post-employment benefit liability as well as deferred amounts arising from the refunding of warrants payable. The deferred refunding amounts are being amortized over the shorter of the life of the refunded or refunding warrants as part of interest expense.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities columns of the statement of net position. These liabilities are also recorded in the proprietary fund statement of net position, as applicable. Warrant premiums and discounts are deferred and amortized over the life of the warrants using the warrants outstanding method. Warrants payable are reported net of the applicable warrant premium or discount. Issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize warrant premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources, while premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs are reported as debt service expenditures.

Compensated Absences

The City's vacation policy states that eligible employees can earn vacation leave which, if unused, is paid upon termination of employment. Vacation leave is earned at graduated rates based on the employee's length of service. An employee may carry forward a limited amount of vacation leave from one calendar year to the next. Any amount of vacation leave earned by an employee in excess of the limit but not used by the end of the calendar year is forfeited.

The City's compensatory time policy allows employees to accrue compensatory time in lieu of monetary overtime compensation for hours worked in excess of a normal week. Compensatory time is granted at a rate of one- and one-half hours of compensatory time for each hour of overtime worked. An employee may accrue a limited amount of compensatory time. All compensatory time earned is immediately 100% vested.

The City's holiday leave policy permits certain City employees to accrue holiday leave for hours worked on holidays observed by the City. An employee who resigns or retires in good standing shall be paid for all holiday leave accrued.

The City accrues liabilities for vacation leave, compensatory time, and holiday leave in the amount that will be owed to employees upon termination of service.

The accrued amounts of vacation leave, compensatory time, and holiday leave are recorded as noncurrent liabilities, net of current portion in proprietary funds. The accrued amounts of vacation leave, holiday leave, and compensatory time earned by employees whose salaries are charged to the General Fund and Other Governmental Funds are recorded as noncurrent liabilities in the government-wide financial statements.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Pensions

The Employees' Retirement Systems of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report. The last year for which actuarial information is available is for the fiscal year ended September 30, 2020, and, therefore, this actuarial information is reported in the 2021 financial statements.

Other Postemployment Benefit Obligations

In accordance with GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), the City is required to report the City's actuarially determined net OPEB obligation as a long-term liability in the government-wide financial statements.

Deferred Inflows of Resources

The City's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. Deferred inflows of resources reported in the financial statements are for differences between projected and actual earnings on pension plan investments, difference between projected and actual earnings on the other post-employment benefit plan and property taxes levied for subsequent years.

Net Position

The City reports information regarding its financial position and activities according to three classes of net position in the government-wide financial statements: net investment in capital assets, restricted net position, and unrestricted net position.

Net Investment in Capital Assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any warrants, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position is reported as restricted when constraints placed on net position use are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

Unrestricted Net Position is the residual component of net position. It consists of net position that does not meet the definition of restricted or net investment in capital assets.

Fund Equity

The City is required, as applicable, to present fund balances in five categories. The fund balance categories are:

Non-spendable - Includes items that are not in a spendable form because they are either legally or contractually required to be maintained intact.

Restricted - Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed - Includes items committed by the City Council, by resolution of the Council. Commitments may be modified or rescinded by similar resolution.

Assigned - Includes items assigned by specific uses, authorized by the City Council.

Unassigned - This is the residual classification used for those balances not assigned to another category in the general fund. Deficit fund balances are also presented as unassigned.

The City is required to designate the responsible party to make assignments of fund balance, and the City designated the City Council as the responsible party based on the size of City government.

The City's spending policy states in what order fund balance categories are spent. The City Council approved the following fund balance order of spending: (1) restricted fund balance, (2) committed fund balance, (3) assigned fund balance, and lastly (4) unassigned fund balance.

The City Council adopted a minimum fund balance policy for the General Fund. This policy requires the General Fund to maintain a minimum unassigned fund balance of no less than 10% of annual operating expenditures.

Interfund Operating Transfers, Receivables, and Payables

During the normal course of operations, the City has numerous transactions between funds to provide services, construct assets, and service debt. These receivables and payables are classified as "Due to/from other funds," as they are all short-term in nature. These amounts have been eliminated on the government-wide financial statements except for those amounts outstanding between the general fund and business type activities.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies (continued)

Interfund Operating Transfers, Receivables, and Payables (continued)

Routine transfers of resources between City funds that are not intended to be repaid are classified separately from revenues and expenditures. Such interfund operating transfers are identified as "Interfund operating transfers in/(out)" in the accompanying financial statements.

Property Taxes

Property taxes are collected and remitted to the City by the Shelby County government. Taxes are levied annually on October 1 and are due October 1 of the following year. Major tax payments are received October through January and are recognized as revenue in the year received.

Subsequent Events

Management has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued. There are no subsequent events requiring disclosure.

2. Deposits and Investments

Deposits

All of the City's demand deposits, time deposits, and certificates of deposit are insured and collateralized in accordance with the Security for Alabama Funds Enhancement (SAFE) Program, which is encompassed in Title 41, Chapter 14A, Code of Alabama 1975, as amended, which is a multiple financial institutions collateral pool. The statute provides for assessments against the members of the pool on a pro rata basis in the event that the collateral pool is insufficient to cover the losses of a member financial institution that fails. As such, all deposits covered by this collateral pool are considered to be fully insured.

Debt service funds and bond proceeds held in escrow totaling approximately \$2,700,000 are invested by banks' trust departments in U.S. Government Securities and are not subject to collateralization requirements.

Investments

The City has an investment policy, the objective of which is to minimize credit rate and interest rate risk. The policy addresses risks as follows:

Credit Risk (Custodial Credit Risk and Concentration of Credit Risk)

The City minimizes Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities authorized in Alabama Code section 19-3-120; and qualifying the institutions, brokers/dealers, intermediaries and advisors with which the City does business.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

2. Deposits and Investments (continued)

Credit Risk (Custodial Credit Risk and Concentration of Credit Risk) (continued)

The City minimizes Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from one type of security or issuer is minimized.

Investment Rate Risk

The City minimizes Interest Rate Risk, which is the risk that the market value of securities in the portfolio may fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity schedule in accordance with the City's cash requirements.

Foreign Currency Risk

The City is not authorized to invest in investments which have this type of risk.

State statutes authorize the City to invest in obligations of the U.S. Treasury, certain U.S. corporate equities, State of Alabama obligations, county obligations, and other municipal obligations, as well as bank certificates of deposit and bank public funds investment accounts.

3. Receivables and Payables

Receivables consisted of the following at September 30, 2021:

	Governmental Activities	Business-type activities	Total	Component Unit
Taxes				
Sales	\$ 1,161,678	\$ -	\$ 1,161,678	\$ -
Property	2,544,135	-	2,544,135	-
Motor vehicle/gas	49,077	-	49,077	-
Customers	-	824,548	824,548	759,420
Other	243,572	-	243,572	-
Gross receivables	3,998,462	824,548	4,823,010	759,420
Less: allowance for uncollectible accounts	-	(27,684)	(27,684)	(32,561)
Net receivables	<u>\$ 3,998,462</u>	<u>\$ 796,864</u>	<u>\$ 4,795,326</u>	<u>\$ 726,859</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

3. Receivables and Payables (continued)

Payables consisted of the following at September 30, 2021:

	Governmental Activities	Business-type Activities	Total	Component Unit
Trade	\$ 382,156	\$ 143,352	\$ 525,508	\$ 16,086
Capital assets	101,905	1,017,927	1,119,832	51,714
Net payables	<u>\$ 484,061</u>	<u>\$ 1,161,279</u>	<u>\$ 1,645,340</u>	<u>\$ 67,800</u>

4. Lease Receivable

The City leases approximately twenty acres of land under a direct financing lease that expires in 2028. The lease agreement contains a bargain purchase option at the end of the lease term. The components of the City's investment in the direct financing lease at September 30, 2021 are as follows:

Minimum lease payments receivable	\$ 1,517,845
Less: amount representing interest income	<u>(97,845)</u>
Net investment in direct financing lease	<u>\$ 1,420,000</u>

Unearned income is amortized to lease income by the interest method using a constant periodic rate over the lease term.

The following is a schedule, by year, of total minimum lease payments to be received under the direct financing lease as of September 30, 2021:

2022	\$ 200,000
2023	200,000
2024	200,000
2025	200,000
2026	200,000
Thereafter	<u>420,000</u>
	<u>\$ 1,420,000</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

5. Interfund Receivables, Payables, and Transfers

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

	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 43,286
Capital Projects Fund	-	30,189
Debt Service Fund	78,978	-
Other Governmental	-	560
Natural Gas System	-	1,249
Sewer System	-	3,100
Other Propriety	-	594
	\$ 78,978	\$ 78,978

Interfund receivables and payables resulted from capital project invoices and operating expenses liquidated from the general fund's cash accounts and subsequently reimbursed from capital project and business-type cash accounts.

Transfers between funds consisted of the following during the year ended September 30, 2021:

	Transfers In			
	General Fund	Capital Projects Fund	Debt Service Fund	
Transfers Out				
General Fund	\$ -	\$ 103,479	\$ 2,533,502	\$ 2,636,981
Other Governmental	70,587	-	-	70,587
Natural Gas System	337,930	-	-	337,930
Other Proprietary	125,000	-	-	125,000
Total	\$ 533,517	\$ 103,479	\$ 2,533,502	\$ 3,170,498

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

6. Capital Assets

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

Governmental Activities	October 1, 2020	Additions	Disposals	September 30, 2021
Depreciable assets				
Land improvements	\$ 2,956,642	\$ -	\$ -	\$ 2,956,642
Infrastructure	22,553,696	-	-	22,553,696
Buildings and improvements	19,498,069	657,461	-	20,155,530
Vehicles	5,027,580	668,196	(493,820)	5,201,956
Machinery and equipment	5,535,102	791,040	(102,358)	6,223,784
	<u>55,571,089</u>	<u>2,116,697</u>	<u>(596,178)</u>	<u>57,091,608</u>
Less accumulated depreciation				
Land improvements	451,566	73,915	-	525,481
Infrastructure	7,895,936	592,841	-	8,488,777
Buildings and improvements	5,462,724	681,318	-	6,144,042
Vehicles	3,850,235	427,190	(491,153)	3,786,272
Machinery and equipment	4,278,231	350,432	(102,358)	4,526,305
	<u>21,938,692</u>	<u>2,125,696</u>	<u>(593,511)</u>	<u>23,470,877</u>
	33,632,397	(8,999)	(2,667)	33,620,731
Non-depreciable assets				
Land and improvements	20,040,022	-	-	20,040,022
Construction in progress	790,312	2,702,166	(37,122)	3,455,356
	<u>20,830,334</u>	<u>2,702,166</u>	<u>(37,122)</u>	<u>23,495,378</u>
	<u>\$ 54,462,731</u>	<u>\$ 2,693,167</u>	<u>\$ (39,789)</u>	<u>\$ 57,116,109</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

6. Capital Assets (continued)

Business-type activities	October 1, 2020	Additions	Disposals	September 30, 2021
Depreciable assets				
Systems and facilities	\$ 31,793,562	\$ 187,153	\$ -	\$ 31,980,715
Buildings and improvements	481,209	47,898	-	529,107
Vehicles	1,491,259	432,312	(199,000)	1,724,571
Machinery and equipment	1,474,135	168,210	(11,395)	1,630,950
	<u>35,240,165</u>	<u>835,573</u>	<u>(210,395)</u>	<u>35,865,343</u>
Less accumulated depreciation				
Systems and facilities	12,663,192	840,903	-	13,504,095
Buildings and improvements	142,603	57,259	-	199,862
Vehicles	1,431,827	96,735	(199,000)	1,329,562
Machinery and equipment	1,169,544	102,171	(11,395)	1,260,320
	<u>15,407,166</u>	<u>1,097,068</u>	<u>(210,395)</u>	<u>16,293,839</u>
	19,832,999	(261,495)	-	19,571,504
Non-depreciable assets				
Land and improvements	441,853	-	-	441,853
Construction in progress	227,559	1,133,785	(89,258)	1,272,086
	<u>669,412</u>	<u>1,133,785</u>	<u>(89,258)</u>	<u>1,713,939</u>
	<u>\$ 20,502,411</u>	<u>\$ 872,290</u>	<u>\$ (89,258)</u>	<u>\$ 21,285,443</u>

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

	Governmental Activities	Business-type Activities
General administration	\$ 260,216	\$ -
Street	573,841	-
Mechanic	5,838	-
Engineering	37,730	-
Inspections	26,228	-
Police	312,634	-
Fire and rescue	278,088	-
Library	79,921	-
Parks and recreation	360,663	-
Senior center	20,991	-
Rolling Hills	169,546	-
Natural gas system	-	185,652
Sewer system	-	850,820
Other proprietary funds	-	60,596
	<u>\$ 2,125,696</u>	<u>\$ 1,097,068</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

6. Capital Assets (continued)

Component Unit	October 1, 2020	Additions	Disposals	September 30, 2021
Depreciable assets				
Systems and facilities	\$ 24,945,863	\$ 571,570	\$ -	\$ 25,517,433
Buildings and improvements	107,243	-	-	107,243
Vehicles	345,569	-	-	345,569
Machinery and equipment	1,546,023	81,740	-	1,627,763
	<u>26,944,698</u>	<u>653,310</u>	<u>-</u>	<u>27,598,008</u>
Less accumulated depreciation				
Systems and facilities	8,427,106	640,052	-	9,067,158
Buildings and improvements	32,512	8,010	-	40,522
Vehicles	261,766	28,725	-	290,491
Machinery and equipment	1,261,388	54,585	-	1,315,973
	<u>9,982,772</u>	<u>731,372</u>	<u>-</u>	<u>10,714,144</u>
	16,961,926	(78,062)	-	16,883,864
Non-depreciable assets				
Land and improvements	11,485	-	-	11,485
Construction in progress	53,200	140,886	(53,200)	140,886
	<u>64,685</u>	<u>140,886</u>	<u>(53,200)</u>	<u>152,371</u>
	<u>\$ 17,026,611</u>	<u>\$ 62,824</u>	<u>\$ (53,200)</u>	<u>\$ 17,036,235</u>

Depreciation expense charged to the component unit for the year ended September 30, 2021 was \$731,372.

7. Long-term Debt

Primary government general obligation warrants payable consisted of the following at September 30, 2021:

Primary Government	Governmental Activities	Business-type Activities
Series 2007 General Obligation Warrants, dated February 2007, due in semi-annual installments through May 2022, bearing interest rates averaging 3.81%	\$ 135,000	\$ -
Series 2008Q2 772 General Obligation Warrants, dated March 2008, due in semi-annual installments through May 2033, bearing interest rates averaging 3.68%	970,000	-
Series 2008 Q2 REG General Obligation Warrants, dated March 2008, due in semi-annual installments through May 2033, bearing interest rates averaging 3.81%	1,295,000	-

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

7. Long-term Debt (continued)

	Governmental Activities	Business-type Activities
Series 2009 Q2 772CA General Obligation Warrants, dated August 2009, due in semi-annual installments through May 2038, bearing interest rates averaging 3.51%	6,550,000	-
Series 2012-A General Obligation Warrants, dated October 2012, due in semi-annual installments through December 2024, bearing interest rates of 1.15 to 3.00%	1,820,000	-
Series 2019-A General Obligation Warrants, dated November 2019, due in semi-annual installments through February 2034, bearing interest rates of 2.00 to 5.00%	6,670,000	-
Series 2019-B Taxable General Obligation Warrants, dated November 2019, due in semi-annual installments through September 2028, bearing interest rates of 2.00 to 3.00%	2,950,000	-
Series 2020 General Obligation Warrants, dated May 2020, due in semi-annual installments through November 2038, bearing interest rates of 2.00 to 4.00%	-	8,585,000
	20,390,000	8,585,000
Plus (less) deferred amounts for:		
Unamortized premiums (2012-A)	3,444	-
Unamortized premiums (2019-A)	467,182	-
Unamortized discounts (2019-B)	(7,171)	-
Unamortized premiums (2020)	-	680,783
	\$ 20,853,455	\$ 9,265,783

Notes payable consisted of the following at September 30, 2021:

Primary Government	Governmental Activities
2.00% note payable - private entity dated August 2016, due in monthly payments of \$11,261, including interest, maturing August 2031	\$ 1,214,664
2.00% note payable - individual dated October 2014, due in monthly payments of \$4,007, including interest, maturing February 2026	271,635
	\$ 1,486,299

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

7. Long-term Debt (continued)

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

Governmental Activities	October 1, 2020	Additions	Retirements	September 30, 2021	Due within one year
Warrants and notes payable:					
General Obligation Warrants	\$ 22,100,000	\$ -	\$ 1,710,000	\$ 20,390,000	\$ 1,755,000
Unamortized premiums/ (discounts)	533,345	-	69,890	463,455	65,327
	<u>22,633,345</u>	<u>-</u>	<u>1,779,890</u>	<u>20,853,455</u>	<u>1,820,327</u>
Notes payable	1,638,141	-	151,842	1,486,299	154,906
Total warrants and notes payable	<u>24,271,486</u>	<u>-</u>	<u>1,931,732</u>	<u>22,339,754</u>	<u>1,975,233</u>
Other liabilities:					
Pension	3,542,196	3,974,779	2,270,467	5,246,508	-
Other post employment benefits	6,818,611	492,412	219,028	7,091,995	-
Compensated absences	793,600	747,800	720,000	821,400	410,700
	<u>\$ 35,425,893</u>	<u>\$ 5,214,991</u>	<u>\$ 5,141,227</u>	<u>\$ 35,499,657</u>	<u>\$ 2,385,933</u>
Business-type Activities	October 1, 2020	Additions	Retirements	September 30, 2021	Due within one year
Warrants payable:					
General Obligation Warrants	\$ 8,735,000	\$ -	\$ 150,000	\$ 8,585,000	\$ 355,000
Unamortized premiums/ (discounts)	752,958	-	72,175	680,783	69,338
Total warrants payable	<u>9,487,958</u>	<u>-</u>	<u>222,175</u>	<u>9,265,783</u>	<u>424,338</u>
Other liabilities:					
Pension	543,275	609,621	395,264	757,632	-
Compensated absences	81,200	75,100	73,000	83,300	41,650
	<u>\$ 10,112,433</u>	<u>\$ 684,721</u>	<u>\$ 690,439</u>	<u>\$ 10,106,715</u>	<u>\$ 465,988</u>

For governmental activities, general obligation warrants are liquidated by the debt service fund, while limited obligation warrants, capital leases, other post-employment benefits payable and compensated absences are liquidated by the general fund.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

7. Long-term Debt (continued)

Future principal and interest requirements of the general obligation warrants and notes payable consist of the following at September 30:

	Governmental Activities		Governmental Activities		Business-type Activities	
	General Obligation Warrants		Notes payable		General Obligation Warrants	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,755,000	\$ 653,356	\$ 154,906	\$ 28,311	\$ 355,000	\$ 251,848
2023	1,680,000	601,534	158,033	25,184	365,000	241,048
2024	1,735,000	547,884	161,223	21,995	380,000	229,872
2025	1,795,000	491,152	164,477	18,741	385,000	218,398
2026	1,385,000	436,605	167,797	15,421	400,000	204,623
2027-2031	6,375,000	1,419,173	679,863	32,640	2,260,000	764,513
2032-2036	4,590,000	502,757	-	-	2,680,000	345,688
2037-2039	1,075,000	47,736	-	-	1,760,000	56,571
	<u>\$ 20,390,000</u>	<u>\$ 4,700,197</u>	<u>\$ 1,486,299</u>	<u>\$ 142,292</u>	<u>\$ 8,585,000</u>	<u>\$ 2,312,561</u>

On November 21, 2019, the City issued Series 2019-A General Obligation Warrants in the amount of \$7,145,000, maturing in 2034, for the purpose of refunding the Series 2014 General Obligation Warrants. The refunded warrants are considered to be defeased and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$74,556. This amount is being amortized over the remaining life of the new debt, which is shorter than the life of the old debt. The carrying value at September 30, 2021 was \$58,479.

On November 21, 2019, the City issued Series 2019-B Federally Taxable General Obligation Warrants in the amount of \$3,435,000, maturing in 2038, for the purpose of refunding the Series 2014-B Taxable General Obligation Warrants. The refunded warrants are considered to be defeased and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$387,092. This amount is being amortized over the remaining life of the new debt, which is shorter than the life of the old debt. The carrying value at September 30, 2021 was \$254,506.

On May 27, 2020, the City issued Series 2020 General Obligation Warrants in the amount of \$8,735,000, maturing in 2038, for the purpose of refunding the Series 2013-A, 2013-B, and 2013-C General Obligation Warrants. The refunded warrants are considered to be defeased and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$480,988. This amount is being amortized over the remaining life of the new debt, which is shorter than the life of the old debt. The carrying value at September 30, 2021 was \$421,210.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

7. Long-term Debt (continued)

Component unit water revenue bonds consisted of the following at September 30, 2021:

Series 2016-A Water Revenue Bonds, dated February 2016, due in semi-annual installments through February 2038, bearing interest rates of 3.00 to 4.00%	\$ 1,795,000
Series 2016-B Water Revenue Bonds, dated February 2016, due in semi-annual installments through February 2023, bearing interest rates of 2.00 to 3.10%	415,000
Series 2021 Water Revenue Bonds, dated February 2021, due in semi-annual installments through February 2036, bearing interest rates of 2.00 to 3.00%	9,345,000
Series 2020 DWSRF-DL Revenue Bonds, dated February 2021, due in semi-annual installments through February 2036, bearing an interest rate of 2.00% to 3.00%	<u>5,330,000</u>
	16,885,000
Plus (less) deferred amounts for:	
Unamortized premiums(2016-A)	77,193
Unamortized premiums (2016-B)	114
Unamortized premiums (2021)	<u>570,166</u>
	<u><u>\$ 17,532,473</u></u>

Changes in component unit long-term liabilities consisted of the following at September 30, 2021:

Business-type Activities	October 1, 2020	Additions	Retirements	September 30, 2021	Due within one year
Revenue bonds payable:					
Water revenue bonds	\$ 12,900,000	\$ 14,675,000	\$ 10,690,000	\$ 16,885,000	\$ 580,000
Unamortized premiums/ (discounts)	5,505	687,007	45,039	647,473	68,633
Total warrants payable	<u>\$ 12,905,505</u>	<u>\$ 15,362,007</u>	<u>\$ 10,735,039</u>	<u>\$ 17,532,473</u>	<u>\$ 648,633</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

7. Long-term Debt (continued)

Future principal and interest requirements of the water revenue bonds consist of the following at September 30:

	Principal	Interest
2022	\$ 580,000	\$ 410,175
2023	600,000	396,193
2024	805,000	374,948
2025	820,000	357,580
2026	850,000	334,365
2027-2031	4,495,000	1,335,575
2032-2036	4,990,000	833,515
2037-2041	3,100,000	235,720
2042-2043	645,000	21,340
	\$ 16,885,000	\$ 4,299,411

On February 2, 2021, the Component Unit issued Series 2021 Water Revenue Bonds in the amount of \$9,345,000, maturing in 2039, for the purpose of refunding the Series 2012 and 2012-A Water Revenue Bonds. The refunded bonds were redeemed and retired on March 4, 2021.

8. Pension Plan

General Information about the Pension Plan

Plan Description

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of the ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 197, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

8. Pension Plan - Continued

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

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

Benefits Provided

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

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

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

8. Pension Plan (continued)

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

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

The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	28,672
Terminated employees entitled to but not yet receiving benefits	1,974
Terminated employees not entitled to a benefit	14,133
Active members	56,369
Post-DROP participants who are still in active service	97
	101,245

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

Retirees and beneficiaries currently receiving benefits	39
Vested inactive members	10
Non-vested inactive members	25
Active members	185
	259

Contributions

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

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

8. Pension Plan – Continued

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2021, the City's active employee contribution rate was 5.73% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 6.80% of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2021, was 7.39% of pensionable pay for Tier 1 employees, and 4.18% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$736,367 for the year ended September 30, 2021.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

8. Pension Plan - Continued

Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2018, rolled forward to September 30, 2019, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>
(a) Total Pension Liability as of September 30, 2019	\$ 28,841,476	\$ 29,821,104	\$ 30,214,106
(b) Discount Rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2019 - September 30, 2020	841,676	841,676	918,392
(d) Transfers Among Employers	-	(80,202)	(80,202)
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 - September 30, 2020	(860,005)	(860,005)	(860,005)
(f) Total Pension Liability as of September 30, 2020 [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$ 31,010,830</u>	<u>\$ 31,985,688</u>	<u>\$ 32,485,667</u>
(g) Difference between Expected and Actual		\$ 974,858	
(h) Less Liability Transferred for Immediate Recognition		<u>(80,202)</u>	
(i) Difference between Expected and Actual - Experience (Gain)/Loss		<u>\$ 1,055,060</u>	
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/ Loss			<u>\$ 499,979</u>

Actuarial Assumptions

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

Inflation	2.75%
Projected Salary Increases	3.25 - 5.00%
Investment Rate of Return *	7.70%

*Net of pension plan investment expense

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

8. Pension Plan - Continued

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

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

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

The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	17.00%	4.40%
U.S. large stocks	32.00%	8.00%
U.S. mid stocks	9.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stocks	12.00%	9.50%
International emerging market stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real estate	10.00%	7.50%
Cash	3.00%	1.50%
	<u>100.00%</u>	

**Includes assumed rate of inflation of 2.50%.*

Discount Rate

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

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

8. Pension Plan - Continued

Changes in the City's net pension liability consisted of the following at September 30, 2020:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2019	\$ 28,841,476	\$ 24,756,007	\$ 4,085,469
Changes for the year:			
Service cost	841,676	-	841,676
Interest	2,187,683	-	2,187,683
Changes of benefit terms	499,979	-	499,979
Differences between expected and actual experience	1,055,060	-	1,055,060
Contributions - employer	-	642,084	(642,084)
Contributions - employee	-	600,384	(600,384)
Net investment income	-	1,423,259	(1,423,259)
Benefits of payments, including refunds of employee contributions	(860,005)	(860,005)	-
Transfers among employers	(80,202)	(80,202)	-
Net changes:	3,644,191	1,725,520	1,918,671
Balances at September 30, 2020	<u>\$ 32,485,667</u>	<u>\$ 26,481,527</u>	<u>\$ 6,004,140</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 (Asset)	<u>\$ 10,579,173</u>	<u>\$ 6,004,140</u>	<u>\$ 2,199,425</u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

8. Pension Plan - Continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor’s report 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/>.

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

For the year ended September 30, 2021, the City recognized pension expense of \$1,253,769. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,221,357	\$ 741,396
Changes of assumptions	617,090	-
Net difference between projected and actual earnings on pension plan investments	813,018	-
Employer contributions subsequent to the measurement date	757,399	-
	\$ 3,408,864	\$ 741,396

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

	Deferred Outflows (Inflows) of Resources
2022	\$ 316,465
2023	509,285
2024	575,100
2025	293,806
2026	65,342
Thereafter	150,071

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

9. Other Post-Employment Benefits

On October 1, 2017, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multi-Employer Plans*. Specifically, Statement No. 75 recognizes the long-term obligation for health insurance benefits offered to retirees.

General Information about the OPEB Plan

Plan description – The City of Calera (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Calera’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*.

Benefits Provided – Medical benefits are provided through a comprehensive self-insured medical benefit plan. Medical benefits are provided to employees upon actual retirement. The earliest retirement eligibility provisions are as follows: age 55 and 25 years of service; or, age 60 and 10 years of service. For employees hired on or after January 1, 2013, the retirement eligibility is age 62 and 10 years of service.

Employees covered by benefit terms – At September 30, 2021, the following employees were covered by the benefit terms:

Active participants	168
Vested former participants	0
Retired participants	16
	<hr/>
	<u>184</u>

Total OPEB Liability

The City’s total OPEB liability of \$7,091,995 was measured as of September 30, 2021 and was determined by an actuarial valuation as of that date.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

9. Other Post-Employment Benefits (continued)

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

The discount rate was based on the average of the Bond Buyers' 20-year general obligation municipal bond index as of September 30, 2020, the end of the applicable measurement period.

Inflation	3.00%
Salary increases	3.25 to 5.00%, including inflation
Prior discount rate	2.21%
Discount rate	2.26% net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	0% annually-benefit is capped

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2020.

Changes in the Total OPEB Liability

Balance at September 30, 2020	\$ 6,818,611
Changes for the year:	
Service cost	336,270
Interest	156,142
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(53,585)
Benefit payments and net transfers	<u>(165,443)</u>
Net changes	<u>273,384</u>
Balance at September 30, 2021	<u><u>\$ 7,091,995</u></u>

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

9. Other Post-Employment Benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.26%) or 1-percentage-point higher (3.26%) than the current discount rate:

	1% Decrease (1.26%)	Current Discount Rate (2.26%)	1% Increase (3.26%)
Net OPEB Liability (Asset)	\$ 8,281,486	\$ 7,091,995	\$ 6,130,108
	\$ 8,281,486	\$ 7,091,995	\$ 6,130,108

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The expected rate of increase in medical cost has been assumed to be 0.0% due to a cap in medical benefits.

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$511,278. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 931,536	\$ 453,504
Changes of assumptions	1,125,106	1,027,489
	\$ 2,056,642	\$ 1,480,993

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

	Deferred Outflows (Inflows) of Resources
2022	\$ 18,866
2023	18,866
2024	18,866
2025	18,866
2026	18,866
Thereafter	481,319

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

10. Related Party Transactions

Significant transactions between the primary government and the Water Works Board of the City of Calera (the Board), a component unit, are as follows:

The City of Calera provides employees to the Board, and the Board is responsible for reimbursing the City for the actual expenses incurred for those employees. The Board accrues liabilities for vacation leave, compensatory time, and holiday leave in the amount that will be owed to the City when the accrued benefits are paid to the employees by the City, at which time the Board must reimburse the City for the expenses.

The Board leases space at City Hall and the City Shop Building from the City of Calera. Rent charged during the year ended September 30, 2021, was \$17,000.

11. Commitments

The City is the lessee in a number of operating leases, and with the exception of the non-cancelable operating leases described below, these leases have cancellation provisions and are subject to annual appropriations. For the year ended September 30, 2021, lease expenditures for all types of operating leases were \$77,097.

At September 30, 2021, future minimum lease payments due under operating lease agreements for the next two years ending September 30, consists of the following:

2022	\$ 73,127
2023	<u>51,203</u>
	<u>\$ 124,330</u>

12. Contingencies

The City is involved in various claims and lawsuits, both for and against the City, arising in the normal course of business. While the City's management currently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on the City's financial statements, litigation is subject to inherent uncertainties. Were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on the change in net position for the period in which the ruling occurs.

The City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed or not incurred in a timely manner under the terms of the grant. City management believes such disallowances, if any, would be immaterial.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

13. Tax Abatements

The City is authorized by Section 94.01 of the Official Recompilation of the Constitution of the Alabama 1901 and Section 11-47-2 of the Code of Alabama (1975) to enter into tax abatement agreements for the purpose of attracting or retaining businesses. The City has entered into Commercial Economic Development Agreements to recruit new business enterprises and to promote expansion of existing businesses within the City. For the ended September 30, 2021, the City abated sales taxes of approximately \$550,000 under this program in accordance with the following agreements:

- The City agreed to acquire property and enter into a direct financing lease for approximately twenty acres of property so that the tenant may develop a retail shopping center. Additionally, the City agreed to provide a credit against the base rent payable to the City (as the landlord) equal to fixed percentages of the total sales and ad valorem taxes resulting from the property for a period of twenty years, plus any extension term.
- To City issued a grant to encourage a new retail development covering approximately 12.5 acres to locate within the City. The City agreed to provide grant payments equal to fixed percentages of the total sales tax resulting from the development for a period of ten years. In the event the development is not able to generate a gross annual sales equal to \$10,000,000, the Company is not entitled to receive any grant payments.

The City is subject to tax abatements granted by the Industrial Development Board and the State of Alabama. Information relevant to these abatements for the year ended September 30, 2021 is as follows:

Granting Agency	Tax Abatement Program	Property Tax Abated for the fiscal year ending September 30, 2021
Industrial Development Board of the City of Calera	Qualifying Industrial or Research Enterprise	\$67,062

Additionally, various companies receiving grants from the Industrial Development Board received an abatement of construction related (sales and use tax) transaction taxes during the period of construction. The amount of construction related transaction taxes abated within the City’s sales tax jurisdiction has not been determined.

14. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, workers’ compensation; and natural disaster for which the City carries commercial insurance.

15. Prior Period Adjustment

Beginning net position for governmental activities was increased by \$96,000 due to misstatement of other post-employment benefit payable in prior years. There was no effect on prior year change in net position.

City of Calera, Alabama
Notes to Financial Statements
September 30, 2021

16. Subsequent Events

Subsequent to September 30, 2021, the City issued general obligations warrants (Series 2021-CWSRF-DL) in the amount of \$20,040,000 to be used for wastewater treatment system improvements. These general obligations warrants are considered a special authority loan conditions agreement between the City of Calera and Alabama Water Pollution Control Authority and Alabama Department of Environmental Management.

REQUIRED SUPPLEMENTARY INFORMATION

City of Calera, Alabama
Budgetary Comparison Schedule - General Fund
September 30, 2021

	General Fund			
	Budgeted - Original	Budgeted Final	Actual	Variance w/ Final Budgeted Basis
Revenues				
Taxes				
Sales	\$ 12,648,374	\$ 13,855,720	\$ 14,503,638	\$ 647,918
Property	2,350,864	2,441,430	2,460,547	19,117
Motor vehicle/gas	53,505	53,505	50,877	(2,628)
Other	304,500	524,978	465,402	(59,576)
Licenses and permits	2,410,699	2,465,319	2,467,353	2,034
Charges for services	839,484	982,240	985,649	3,409
Interest	50,972	50,972	35,045	(15,927)
Other	211,431	1,324,564	1,631,338	306,774
	<u>18,869,829</u>	<u>21,698,728</u>	<u>22,599,849</u>	<u>901,121</u>
Expenditures				
General administration	1,055,486	1,026,966	958,000	(68,966)
Street	936,077	1,001,158	747,597	(253,561)
Mechanic	166,093	183,021	179,830	(3,191)
Planning and zoning	92,257	102,566	100,582	(1,984)
Engineering	508,392	582,081	547,574	(34,507)
Inspections	242,733	257,863	251,664	(6,199)
Building maintenance	385,515	405,142	308,224	(96,918)
Police	4,177,312	4,448,019	4,373,146	(74,873)
Fire and rescue	4,395,183	4,529,481	4,465,777	(63,704)
Library	398,874	401,137	323,333	(77,804)
Parks and recreation	1,742,007	1,757,920	1,660,438	(97,482)
Senior center	90,371	108,493	91,166	(17,327)
Rolling Hills	451,867	458,290	433,477	(24,813)
Donations	14,500	16,000	5,500	(10,500)
Debt service				
Principal	151,842	151,842	151,842	-
Interest and fiscal charges	31,376	31,376	31,376	-
Capital outlay	2,029,279	4,337,066	3,237,717	(1,099,349)
Total expenditures	<u>16,869,164</u>	<u>19,798,421</u>	<u>17,867,243</u>	<u>(1,931,178)</u>
Excess revenue over expenditures	<u>2,000,665</u>	<u>1,900,307</u>	<u>4,732,606</u>	<u>2,832,299</u>
Other financing sources (uses)				
Proceeds from capital lease	216,738	216,738	88,417	(128,321)
Proceeds from sale of capital assets	-	93,619	216,738	
Transfers (to)/from capital projects fund	-	-	(103,479)	(103,479)
Transfers (to)/from debt service fund	(2,539,601)	(2,539,601)	(2,533,502)	6,099
Transfers (to)/from other government funds	86,402	86,402	70,587	(15,815)
Transfers (to)/from Natural Gas System	337,927	337,927	337,930	3
Transfers (to)/from other proprietary funds	125,000	125,000	125,000	-
	<u>(1,773,534)</u>	<u>(1,679,915)</u>	<u>(1,798,309)</u>	<u>(241,513)</u>
Net change in fund balance	<u>\$ 227,131</u>	<u>\$ 220,392</u>	<u>\$ 2,934,297</u>	<u>\$ 2,590,786</u>

See notes to required supplementary information.

City of Calera, Alabama
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Last Seven Years Ended September 30,

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 841,676	\$ 819,946	\$ 783,019	\$ 780,738	\$ 748,053	\$ 712,903	\$ 645,451
Interest	2,187,683	2,078,753	1,966,117	1,846,364	1,644,263	1,491,278	1,372,619
Changes of benefit terms	499,979	-	-	-	-	-	-
Differences between expected and actual experience	1,055,060	(348,091)	(458,367)	(310,991)	436,949	306,244	-
Changes of assumptions	-	-	179,175	-	1,093,048	-	-
Benefit payments, including refunds of employee contributions	(860,005)	(882,825)	(832,124)	(750,185)	(655,249)	(540,980)	(528,688)
Transfers among employers	(80,202)	(264,515)	15,076	20,245	51,171	-	-
Net change in total pension liability	3,644,191	1,403,268	1,652,896	1,586,171	3,318,235	1,969,445	1,489,382
Total pension liability - beginning	28,841,476	27,438,208	25,785,312	24,199,141	20,880,906	18,911,461	17,422,079
Total pension liability - ending (a)	<u>\$ 32,485,667</u>	<u>\$ 28,841,476</u>	<u>\$ 27,438,208</u>	<u>\$ 25,785,312</u>	<u>\$ 24,199,141</u>	<u>\$ 20,880,906</u>	<u>\$ 18,911,461</u>
Plan fiduciary net position							
Contributions - employer	\$ 642,084	\$ 661,816	\$ 593,639	\$ 595,556	\$ 620,380	\$ 596,414	\$ 595,063
Contributions - member	600,384	581,152	520,627	540,287	496,727	471,981	466,495
Net investment income	1,423,259	618,575	2,023,940	2,442,416	1,720,629	192,194	1,672,131
Benefit payments, including refunds of employee contributions	(860,005)	(882,825)	(832,124)	(750,185)	(655,249)	(540,980)	(528,688)
Transfers among employers	(80,202)	(264,515)	15,076	20,245	51,171	(34,701)	148,812
Net change in plan fiduciary net position	1,725,520	714,203	2,321,158	2,848,319	2,233,658	684,908	2,353,813
Plan net position - beginning	24,756,007	24,041,804	21,720,646	18,872,327	16,638,669	15,953,761	13,599,948
Plan net position - ending (b)	<u>\$ 26,481,527</u>	<u>\$ 24,756,007</u>	<u>\$ 24,041,804</u>	<u>\$ 21,720,646</u>	<u>\$ 18,872,327</u>	<u>\$ 16,638,669</u>	<u>\$ 15,953,761</u>
Net pension liability (a) - (b)	<u>\$ 6,004,140</u>	<u>\$ 4,085,469</u>	<u>\$ 3,396,404</u>	<u>\$ 4,064,666</u>	<u>\$ 5,326,814</u>	<u>\$ 4,242,237</u>	<u>\$ 2,957,700</u>
Plan fiduciary net position as a percentage of the total pension liability	81.52%	85.83%	87.62%	84.24%	77.99%	79.68%	84.36%
Covered-employee payroll	<u>\$ 10,125,516</u>	<u>\$ 9,649,361</u>	<u>\$ 9,149,822</u>	<u>\$ 9,048,700</u>	<u>\$ 8,649,068</u>	<u>\$ 8,159,280</u>	<u>\$ 7,322,224</u>
Net pension liability as a percentage of covered-employee payroll	59.30%	42.34%	37.12%	44.92%	61.59%	51.99%	40.39%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Calera will only present information for which information is available.

See notes to required supplementary information.

City of Calera, Alabama
 Schedule of Employer Contributions - Pension
 For the Last Seven Years Ended September 30,

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 697,747	\$ 679,550	\$ 680,278	\$ 612,973	\$ 624,222	\$ 647,448	\$ 625,925
Contributions in relation to the actuarially determined contributions	697,747	679,550	680,278	612,973	624,222	647,448	625,925
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 10,438,021	\$ 10,125,516	\$ 9,649,361	\$ 9,149,822	\$ 9,048,700	\$ 8,649,068	\$ 8,159,280
Contributions as a percentage of covered-employee payroll	6.68%	6.71%	7.05%	6.70%	6.90%	7.49%	7.67%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Calera will only present information for which information is available.

See notes to required supplementary information.

City of Calera, Alabama
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Last Six Years Ended September 30,

Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 336,270	\$ 184,205	\$ 141,581	\$ 145,223
Interest	156,142	195,607	245,552	227,841
Changed in benefit terms	-	130,100	-	-
Differences between expected and actual experience	-	(535,960)	440,891	730,862
Changes in assumptions	(53,585)	(778,244)	1,366,201	(410,800)
Benefit payments	(165,443)	(180,005)	(194,986)	(194,986)
Net change in total OPEB liability	273,384	(984,297)	1,999,239	498,140
Total OPEB liability - beginning of year	6,818,611	7,802,908	5,803,669	5,305,529
Total OPEB liability - end of year	<u>\$ 7,091,995</u>	<u>\$ 6,818,611</u>	<u>\$ 7,802,908</u>	<u>\$ 5,803,669</u>
Covered-employee payroll	<u>\$ 10,438,021</u>	<u>\$ 10,125,516</u>	<u>\$ 9,649,361</u>	<u>\$ 9,149,822</u>
Net OPEB liability as a percentage of covered payroll	<u>67.94%</u>	<u>67.34%</u>	<u>80.86%</u>	<u>63.43%</u>

Notes to Schedule:

Benefit changes	None	None	None	None
Changes of assumptions	None	None	None	None
Discount rate	2.26%	2.21%	2.66%	4.18%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Calera will only present information for which information is available.

See notes to required supplementary information.

City of Calera, Alabama
Notes to Required Supplementary Information
December 31, 2021

1. Summary of Significant Budgetary Practices

The City Council adopts a budget for the general fund at the beginning of each fiscal year in accordance with Alabama law. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures.

Budgets are prepared and adopted in conformity with accounting principles generally accepted in the United States of America. Reported budget amounts are as originally adopted or as amended by the Council by resolution. Actual amounts are reported in accordance with accounting principles generally accepted in the United States of America. Adjustments to reconcile budget information to accounting principles generally accepted in the United States of America information can be found on the Budgetary Comparison Schedule - General Fund.

Revenues are budgeted by source. Expenditures are budgeted by department and class as listed in the Budgetary Comparison Schedule – General Fund. This constitutes the legal level of control. Expenditures may exceed budgetary appropriations only with prior Council approval.

Excess of Expenditures Over Appropriations in Individual Funds

The budget to actual comparison for the General Fund on page 59 reflects all departments are spending within budgeted limits. The City amends its budget each month as necessary.

2. Summary of Significant Pension Plan Practices

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2021 were based on the September 30, 2018 actuarial valuation.

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

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	14.5
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	3.75 - 5.00%, including inflation
Investment rate of return	7.70% of net pension plan investment expense

FEDERAL AWARD PROGRAMS



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

To the Honorable Mayor and
Members of the City Council
The City of Calera, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of Calera, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise The City of Calera's basic financial statements, and have issued our report thereon dated March 25, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City of Calera's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Fruitt Tingle Paramore & Argent, LLC

Birmingham, Alabama

March 25, 2022



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

Report on Compliance for Each Major Program

We have audited The City of Calera's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The City of Calera's major federal programs for the year ended September 30, 2021. The City of Calera's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The City of Calera's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The City of Calera's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The City of Calera's compliance.

Report on Internal Control Over Compliance

Management of The City of Calera is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The City of Calera's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The City of Calera's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Fruitt Fingle Paramore & Argent, LLC

Birmingham, Alabama

March 25, 2022

City of Calera, Alabama
Schedule of Expenditures of Federal Awards
December 31, 2021

Federal Grantor/Pass-Through Agency/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Transportation		
Pass-through the Regional Planning Commission of Greater Birmingham Highway Planning and Construction	20.205	\$ 191,108
Pass-through the Alabama Department of Economic and Community Affairs State and Community Highway Safety	20.600	<u>92,280</u>
Total U.S. Department of Transportation		<u>283,388</u>
U.S. Department of the Treasury		
Pass-through the Alabama Department of Treasury COVID-19 Coronavirus Relief Fund	21.019	645,181
U.S. Department of Homeland Security		
Pass-through the State of Alabama Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>25,925</u>
Total Expenditures of Federal Awards		<u>\$ 954,494</u>

See notes to schedule of expenditures of federal awards and independent auditors' report.

City of Calera, Alabama
Notes to Schedule of Expenditures of Federal Awards
December 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Calera, Alabama under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. Basis of Presentation

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

3. Indirect Cost Rate

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

City of Calera, Alabama
Notes to Schedule of Expenditures of Federal Awards
December 31, 2021

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City of Calera, Alabama were prepared in accordance with GAAP.
2. There were no material weaknesses in internal control over financial reporting identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Calera, Alabama which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No material weaknesses in internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the City of Calera, Alabama expresses an unmodified opinion on the major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program is the COVID-19 Coronavirus Relief Fund (CFDA number 21.019).
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. The City of Calera, Alabama did not qualify as a low-risk auditee.

Financial Statement Findings

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

Findings and Questioned Costs – Major Federal Award Programs Audit

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

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

SUPPLEMENTARY INFORMATION

City of Calera, Alabama
Selected Revenue Data (Unaudited)
For the year ended September 30, 2021

Sales tax revenues	<u>\$ 14,503,638</u>
Ad valorem tax revenues	<u>\$ 2,460,547</u>
Licenses and permit revenues	<u>\$ 2,467,353</u>
The Natural Gas System	
Number of customers	<u>2,572</u>
Gas sold	<u>\$ 2,400,511</u>
Largest Ad Valorem Tax Payers	
LHOIST NORTH AMERICA OF ALABAMA	<u>\$ 291,090</u> <u>\$ 34,403,800</u>
LUMPKIN, EDWIN B, JR	<u>\$ 63,982</u> <u>\$ 6,398,160</u>
ALABAMA POWER COMPANY	<u>\$ 58,338</u> <u>\$ 5,833,820</u>
HPI LANDMARK, LLC	<u>\$ 44,562</u> <u>\$ 4,456,160</u>
SCP BUILDING 4, LLC	<u>\$ 43,222</u> <u>\$ 4,322,180</u>
SYSCO FOOD SERVICES OF CENTRAL AL, INC	<u>\$ 33,465</u> <u>\$ 3,346,460</u>
CALERA 3280 LLC, O'BRIEN LLC, DISON, LLC	<u>\$ 31,458</u> <u>\$ 3,145,800</u>
GLIDEWELL SPECIATIES FOUNDRY	<u>\$ 23,703</u> <u>\$ 3,474,440</u>
WAL-MART REAL ESTATE BUSINESS TRUST	<u>\$ 23,651</u> <u>\$ 2,365,140</u>
ALABAMA BECKNELL INVESTORS, LLC	<u>\$ 22,262</u> <u>\$ 2,226,200</u>
Assessed Value of Taxable Property	<u>\$ 251,623,620</u>
Property taxes levied	
State of Alabama	<u>6.5</u>
City of Calera	<u>10</u>
Shelby County	<u>16</u>
General	<u>5</u>
Road and Bridge	<u>2.5</u>
County School	<u>14</u>
County School District No. 2	<u>0</u>
Total Mills	<u>54</u>

See independent auditors' report

City of Calera, Alabama
 Selected Debt Ratios (Unaudited)
 For the Year Ended September 30, 2021

Certain Debt Ratios (Statement of Debt to Net Assessed Value, Debt to True Value and Debt Per Capita)

Population	<u>16,494</u>
Net assessed value	<u>\$ 251,623,620</u>
Outstanding general obligation debt	<u>\$ 28,975,000</u>
Ratio of outstanding debt to assessed value	<u>11.52%</u>
Outstanding debt per capita	<u>\$ 1,757</u>

Computation of Constitutional Debt Margin

Net assessed value of taxable property, including motor vehicles, after exemptions	<u>\$ 251,623,620</u>
General debt limit (20% of net assessed value)	<u>\$ 50,324,724</u>
Outstanding general debt obligation debt	<u>\$ 30,835,000</u>
Outstanding general debt obligation debt chargeable against debt limit	<u>\$ 20,390,000</u>
General constitutional debt margin	<u>\$ 29,934,724</u>

See independent auditors' report

City of Calera, Alabama
Schedule of Outstanding Debt (Unaudited)
September 30, 2021

General Obligation Warrants	
Series 2007	<u>\$ 135,000</u>
Series 2008 Q2 772	<u>\$ 970,000</u>
Series 2008 Q2 REG	<u>\$ 1,295,000</u>
Series 2009 Q2 772CA	<u>\$ 6,550,000</u>
Series 2012-A	<u>\$ 1,820,000</u>
Series 2019-A	<u>\$ 6,670,000</u>
Series 2019-B	<u>\$ 2,950,000</u>
Series 2020	<u>\$ 8,585,000</u>
 Total General Obligation Warrants	 <u>\$ 28,975,000</u>
 Notes payable	
Private equity	<u>\$ 1,214,664</u>
individual	<u>\$ 271,635</u>
 Total Notes Payable	 <u>\$ 1,486,299</u>

See independent auditors' report

City of Calera, Alabama
Schedule of Annual Debt Service (Unaudited)
General Obligation Warrants
September 30, 2021

	Series 2007	Series 2008 Q2 772	Series 2008 Q2 REG	Series 2009 Q2 772CA	Series 2012-A	Series 2019-A	Series 2019-B	Series 2020	Total
Year ending September 30,									
2022	\$ 138,048	\$ 94,960	\$ 131,659	\$ 482,711	\$ 473,765	\$ 624,273	\$ 462,940	\$ 606,848	\$ 3,015,204
2023	-	102,629	133,424	483,673	475,195	621,573	465,040	606,048	2,887,582
2024	-	100,053	130,112	489,194	475,635	625,947	461,940	609,872	2,892,753
2025	-	97,477	131,785	494,280	475,288	624,197	463,125	603,398	2,889,550
2026	-	99,886	133,181	498,750	-	626,321	463,465	604,623	2,426,226
2027	-	102,019	134,486	502,782	-	627,198	463,145	603,323	2,432,953
2028	-	99,075	135,515	506,199	-	621,948	461,925	606,323	2,430,985
2029	-	101,115	131,467	509,175	-	625,448	-	603,623	1,970,828
2030	-	102,880	137,296	516,541	-	631,123	-	605,222	1,993,062
2031	-	99,568	132,880	523,203	-	629,189	-	606,022	1,990,862
2032	-	106,133	138,341	529,163	-	636,203	-	603,648	2,013,488
2033	-	102,453	143,527	534,421	-	637,226	-	603,273	2,020,900
2034	-	-	-	538,977	-	632,500	-	607,373	1,778,850
2035	-	-	-	542,829	-	-	-	603,772	1,146,601
2036	-	-	-	550,983	-	-	-	607,622	1,158,605
2037	-	-	-	558,170	-	-	-	606,079	1,164,249
2038	-	-	-	564,566	-	-	-	604,043	1,168,609
2039	-	-	-	-	-	-	-	606,449	606,449
	<u>\$ 138,048</u>	<u>\$ 1,208,248</u>	<u>\$ 1,613,673</u>	<u>\$ 8,825,617</u>	<u>\$ 1,899,883</u>	<u>\$ 8,163,146</u>	<u>\$ 3,241,580</u>	<u>\$ 10,897,561</u>	<u>\$ 35,987,756</u>

See independent auditors' report