

City of Calera, Alabama

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# Financial Statements September 30, 2018

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Including Report of  
Independent Auditors

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and 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, Alabama, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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 of Calera, Alabama, as of September 30, 2018, 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.

The Honorable Mayor and City Council  
The City of Calera, Alabama

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability, schedule of employer contributions, schedule of funding progress, and budgetary comparison information, as listed in the table of contents, 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 the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Calera, Alabama's basic financial statements. The selected revenue data, selected debt ratios, schedule of outstanding debt, and scheduled annual debt service is presented for purposes of additional analysis and is not a required part of the basic financial statements. This 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.

A handwritten signature in cursive script that reads "Dent Moses LLP".

Birmingham, Alabama

March 25, 2019

**CITY OF CALERA, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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 \$41,333,419 which will allow the City to continue to meet ongoing obligations to citizens and creditors.
- The General Fund reported a fund balance of \$4,615,487, an increase of \$1,398,815. The General Fund's Excess of Revenues over Expenditures was \$3,209,765.
- The Proprietary Funds reported a combined fund balance of \$12,933,609 an increase of \$942,280. The Proprietary Fund's Operating Income was \$1,245,902.
- The total cost of all the City's programs was \$23,160,595.

**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 10 and 11) 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 12. 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 4. 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 of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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.

**CITY OF CALERA, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

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 one 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 7. 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 establishes 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 those 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.
- **Proprietary Funds** - When the City charges customers for the services it provides, these services are generally reported in 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 \$2,253,763 from 2017 to 2018. The governmental activities net position increased by \$1,311,483 or approximately 5%, while business type activities net position increased by \$942,280, or approximately 8%. This increase in governmental activities resulted primarily from an increase in capital grants and contributions, sales taxes, and property taxes. These increases were partially offset by a reduction of the beginning net position as a result of a change in accounting principle related to other post employment benefits. The increase in business type activities resulted primarily from an increase in capital contributions as well as a decrease in expense.

**CITY OF CALERA, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**GOVERNMENT-WIDE STATEMENTS**

**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,	
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 14,674,744	\$ 14,609,473	\$ 2,815,649	\$ 3,414,627	\$ 17,490,393	\$ 18,024,100
Capital assets	52,625,079	53,424,171	19,986,910	20,218,562	72,611,989	73,642,733
Total assets	<u>67,299,823</u>	<u>68,033,644</u>	<u>22,802,559</u>	<u>23,633,189</u>	<u>90,102,382</u>	<u>91,666,833</u>
Deferred outflow s of resources	<u>2,643,002</u>	<u>2,932,562</u>	<u>838,788</u>	<u>740,153</u>	<u>3,481,790</u>	<u>3,672,715</u>
Other liabilities	1,321,729	1,568,678	346,834	500,954	1,668,563	2,069,632
Long-term liabilities	39,515,518	37,686,984	11,303,184	10,824,328	50,818,702	48,511,312
Total liabilities	<u>40,837,247</u>	<u>39,255,662</u>	<u>11,650,018</u>	<u>11,325,282</u>	<u>52,487,265</u>	<u>50,580,944</u>
Deferred inflow s of resources	<u>2,017,251</u>	<u>3,310,734</u>	-	<u>114,451</u>	<u>2,017,251</u>	<u>3,425,185</u>
Net position:						
Net investment in capital assets	28,260,292	29,503,462	10,003,510	10,510,566	38,263,802	40,014,028
Restricted	1,862,872	1,881,671	308,180	319,028	2,171,052	2,200,699
Unrestricted	<u>(3,034,837)</u>	<u>(2,985,323)</u>	<u>1,679,639</u>	<u>2,104,015</u>	<u>(1,355,198)</u>	<u>(881,308)</u>
Total net position	<u>\$ 27,088,327</u>	<u>\$ 28,399,810</u>	<u>\$ 11,991,329</u>	<u>\$ 12,933,609</u>	<u>\$ 39,079,656</u>	<u>\$ 41,333,419</u>

For more detailed information see the Statement of Net Position on page 10.

The City's combined net position increased to \$41,333,419 from \$39,079,656, or 6%. 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 \$(2,985,323), which is an increase of \$49,514 from the prior year, or 2%. This decrease results from an increase in total assets as well as a slight decrease in restricted assets.

**Changes in Net Position**

The City's total revenues increased by approximately 15% to \$26,440,931. For governmental activities, sales taxes account for approximately 56% of revenues. Property taxes account for approximately 11%. 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 \$179,632, or approximately 1%. Expenses of business-type activities decreased by \$431,793, and the cost of governmental activities increased by \$611,425.

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

**CITY OF CALERA, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**Statement of Activities**

	Governmental Activities		Business-type Activities		Totals	
	For the year ended September 30,		For the year ended September 30,		For the year ended September 30,	
	2017	2018	2017	2018	2017	2018
<b>REVENUES</b>						
Program revenues:						
Fees, fines, and charges for services	\$ 3,261,514	\$ 3,674,862	\$ 6,973,167	\$ 6,777,208	\$ 10,234,681	\$ 10,452,070
Operating grants and contributions	117,031	109,277	-	-	117,031	109,277
Capital grants and contributions	203,254	1,857,207	-	611,400	203,254	2,468,607
General revenues:						
Sales taxes	9,928,294	10,703,372	-	-	9,928,294	10,703,372
Property taxes	1,985,473	2,063,099	-	-	1,985,473	2,063,099
Other taxes	289,447	287,102	-	-	289,447	287,102
Interest earnings	53,282	91,130	1,406	9,530	54,688	100,660
Lease income	44,735	40,201	-	-	44,735	40,201
Other income	110,154	197,695	-	-	110,154	197,695
Gain(loss) on sale of assets	(1,114)	19,702	-	(854)	(1,114)	18,848
<b>TOTAL REVENUES</b>	<b>15,992,070</b>	<b>19,043,647</b>	<b>6,974,573</b>	<b>7,397,284</b>	<b>22,966,643</b>	<b>26,440,931</b>
<b>EXPENSES</b>						
General administration	1,975,782	1,223,099	-	-	1,975,782	1,223,099
Street	1,117,983	2,544,233	-	-	1,117,983	2,544,233
Mechanic	178,058	168,904	-	-	178,058	168,904
Planning and zoning	66,385	58,834	-	-	66,385	58,834
Engineering	545,701	534,692	-	-	545,701	534,692
Inspections	283,097	288,340	-	-	283,097	288,340
Building maintenance	354,071	298,694	-	-	354,071	298,694
Police	3,559,329	3,546,307	-	-	3,559,329	3,546,307
Fire and rescue	4,265,860	4,358,786	-	-	4,265,860	4,358,786
Library	445,306	425,505	-	-	445,306	425,505
Parks and recreation	1,789,442	1,861,315	-	-	1,789,442	1,861,315
Senior center	102,874	101,418	-	-	102,874	101,418
Rolling hills	453,178	485,308	-	-	453,178	485,308
Donations	29,500	14,500	-	-	29,500	14,500
Municipal court	321,133	258,855	-	-	321,133	258,855
Interest on long-term debt	1,202,688	1,133,022	-	-	1,202,688	1,133,022
Natural gas system	-	-	2,308,828	1,748,493	2,308,828	1,748,493
Sewer system	-	-	3,280,938	3,370,112	3,280,938	3,370,112
Other proprietary funds	-	-	700,810	740,178	700,810	740,178
<b>TOTAL EXPENSES</b>	<b>16,690,387</b>	<b>17,301,812</b>	<b>6,290,576</b>	<b>5,858,783</b>	<b>22,980,963</b>	<b>23,160,595</b>
Excess (deficiency) before transfers & capital contributions	(698,317)	1,741,835	683,997	1,538,501	(14,320)	3,280,336
Transfers	433,295	555,097	(474,290)	(596,221)	(40,995)	(41,124)
Change in net position	(265,022)	2,296,932	209,707	942,280	(55,315)	3,239,212
Beginning net position	27,353,349	27,088,327	11,781,622	11,991,329	39,134,971	39,079,656
Change in accounting principle	-	(985,449)	-	-	-	(985,449)
<b>Ending net position</b>	<b>\$ 27,088,327</b>	<b>\$ 28,399,810</b>	<b>\$ 11,991,329</b>	<b>\$ 12,933,609</b>	<b>\$ 39,079,656</b>	<b>\$ 41,333,419</b>



**CITY OF CALERA, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**THE CITY'S FUNDS**

**Governmental Funds**

As of the year-end, the Governmental Funds reported a combined fund balance of \$9,083,021, which is \$170,645 less than the beginning of the year. The General Fund experienced a net increase of \$1,398,815, resulting primarily from revenues in excess of expenditures. The Capital Projects Fund experienced a net decrease of \$1,701,433, resulting primarily from street expenditures and capital outlay expenditures in the current year. The Debt Service Fund experienced a net increase of \$15,518. The Other Governmental Funds experienced a net increase of \$116,455, resulting primarily from revenues in excess of expenditures.

**Proprietary Funds**

As of the year-end, the Proprietary Funds reported net position of \$12,933,609, which is approximately 8% more than the beginning of the year. The Natural Gas System experienced a net increase of \$340,632 after transfers of \$537,005 to the general fund. The Sewer System experienced a net increase of \$582,530 after capital contributions of \$611,400 and transfers from other funds of \$65,784. The Garbage Fund experienced a net increase of \$19,118 after transfers of \$125,000 to the General Fund.

**General Fund Budgetary Highlights**

General Fund revenues exceeded budgeted revenues by \$329,271. Actual sales tax revenues exceeded budgeted sales tax revenues.

General Fund expenditures were less than budgeted amounts by \$957,354.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2018, the City had \$73,642,733 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 \$1,030,744, or approximately 1% over last year. The City purchased various capital assets including a various new police vehicles and performed construction work on various capital assets including the Highway 31/ Interstate 65 bridge project and the Rolling Hills Expansion. 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, 2018**

**Capital Assets**

	Governmental		Business-type		Totals	
	Activities		Activities			
	For the year ended		For the year ended		For the year ended	
	September 30,		September 30,		September 30,	
	2017	2018	2017	2018	2017	2018
Land	\$ 19,931,880	\$ 19,965,860	\$ 441,853	\$ 441,853	\$ 20,373,733	\$ 20,407,713
Construction in progress	1,004,396	1,090,025	287,999	585,423	1,292,395	1,675,448
Land improvements, net	2,726,822	2,652,907	-	-	2,726,822	2,652,907
Infrastructure, net	10,860,101	12,455,562	-	-	10,860,101	12,455,562
Systems and facilities, net	-	-	18,619,812	18,688,251	18,619,812	18,688,251
Buildings and improvements, net	15,272,211	14,671,950	21,301	19,003	15,293,512	14,690,953
Vehicles, net	1,389,081	1,111,103	349,368	257,970	1,738,449	1,369,073
Equipment, net	1,440,589	1,476,764	266,577	226,062	1,707,166	1,702,826
<b>Total capital assets, net</b>	<b>\$ 52,625,080</b>	<b>\$ 53,424,171</b>	<b>\$ 19,986,910</b>	<b>\$ 20,218,562</b>	<b>\$ 72,611,990</b>	<b>\$ 73,642,733</b>

**Commitments**

The City had contractual commitments at September 30, 2018, of approximately \$35,000.

**Debt**

At September 30, 2018, the City had \$37,779,477 in warrants, notes payable, and capital leases outstanding versus \$40,349,407 at September 30, 2017, a decrease of 6%. This decrease results primarily from the principal payments. 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.

**CITY OF CALERA, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**Debt**

	Governmental		Business-type		Totals	
	Activities		Activities			
	For the year ended September 30,		For the year ended September 30,		For the year ended September 30,	
	2017	2018	2017	2018	2017	2018
General obligation warrants	\$ 27,504,991	\$ 25,650,554	\$ 10,518,220	\$ 10,190,272	\$ 38,023,211	\$ 35,840,826
Limited obligation warrants	222,717	-	-	-	222,717	-
Notes payable	2,075,878	1,932,872	-	-	2,075,878	1,932,872
Capital leases	27,601	5,779	-	-	27,601	5,779
Other post employment benefit payable	4,320,081	5,803,669	-	-	4,320,081	5,803,669
Net pension liability	4,630,750	3,522,510	696,064	542,156	5,326,814	4,064,666
Compensated absences	733,500	771,600	88,900	91,900	822,400	863,500
<b>Totals</b>	<b>\$ 39,515,518</b>	<b>\$ 37,686,984</b>	<b>\$ 11,303,184</b>	<b>\$ 10,824,328</b>	<b>\$ 50,818,702</b>	<b>\$ 48,511,312</b>

**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, 2018. 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, 2018. Projected revenues in the General Fund budget are \$16,538,052. The City expects the major sources of revenues and expenditures to remain stable in fiscal year 2018.

If these estimates are realized, the City's budgetary fund balance is expected to increase by the close of fiscal year 2018.

**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 at the City of Calera, 7901 Highway 31, Calera, AL 35040.

**CITY OF CALERA, ALABAMA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Water Works Board
<b>Assets</b>				
Cash and cash equivalents	\$ 1,096,261	\$ 1,991,893	\$ 3,088,154	\$ 1,511,175
Certificates of deposit	2,855,475	-	2,855,475	632,481
Accounts receivable, net	3,141,071	713,182	3,854,253	717,889
Lease receivable	2,126,400	-	2,126,400	-
Receivable from Calera Water Board	7,397	(1,657)	5,740	(5,740)
Due from other funds	44,831	(44,831)	-	-
Prepaid expenses	981	65,750	66,731	-
Inventory	-	178,941	178,941	134,978
Restricted assets:				
Cash and cash equivalents	4,559,089	511,349	5,070,438	1,815,964
Certificates of deposit	712,626	-	712,626	-
Accounts receivable	65,342	-	65,342	-
Nondepreciable capital assets	21,055,885	1,027,276	22,083,161	236,290
Depreciable capital assets, net	32,368,286	19,191,286	51,559,572	16,233,457
<b>Total Assets</b>	<b>68,033,644</b>	<b>23,633,189</b>	<b>91,666,833</b>	<b>21,276,494</b>
<b>Deferred Outflows of Resources</b>				
Deferred charges on refunding	485,656	482,276	967,932	686,619
Pension	1,756,648	257,877	2,014,525	-
Other post employment benefits	690,258	-	690,258	-
<b>Total Deferred Outflows of Resources</b>	<b>2,932,562</b>	<b>740,153</b>	<b>3,672,715</b>	<b>686,619</b>
<b>Liabilities</b>				
Accounts payable	420,232	263,595	683,827	23,186
Unearned revenue	193,447	-	193,447	-
Accrued liabilities	682,453	45,038	727,491	87,479
Payable to the City of Calera	-	-	-	-
Payable from restricted assets:				
Accounts payable	5,458	-	5,458	-
Accrued expenses	(73,458)	-	(73,458)	-
Deposits	266,729	82,386	349,115	139,667
Accrued interest payable	73,817	109,935	183,752	72,549
Noncurrent liabilities:				
Due within one year	537,472	45,950	583,422	14,295
Due within one year - payable from restricted assets	1,670,000	345,000	2,015,000	535,000
Due in more than one year	35,479,512	10,433,378	45,912,890	13,450,720
<b>Total Liabilities</b>	<b>39,255,662</b>	<b>11,325,282</b>	<b>50,580,944</b>	<b>14,322,896</b>
<b>Deferred Inflows of Resources</b>				
Deferred property taxes	2,098,638	-	2,098,638	-
Pension	824,118	114,451	938,569	-
Other post employment benefits	387,978	-	387,978	-
<b>Total Deferred Inflows of Resources</b>	<b>3,310,734</b>	<b>114,451</b>	<b>3,425,185</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	29,503,462	10,510,566	40,014,028	3,156,351
Restricted for:				
Capital projects	65,342	-	65,342	-
Debt service	785,692	319,028	1,104,720	1,603,748
Municipal court	196,293	-	196,293	-
Parks and recreation	1,305	-	1,305	-
Police	17,408	-	17,408	-
Street improvements	358,928	-	358,928	-
Street repairs	456,703	-	456,703	-
Unrestricted	(2,985,323)	2,104,015	(881,308)	2,880,118
<b>Total Net Position</b>	<b>\$ 28,399,810</b>	<b>\$ 12,933,609</b>	<b>\$ 41,333,419</b>	<b>\$ 7,640,217</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2018**

Program Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Water Works Board
		Fees, Fines, & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Governmental Activities:								
General administration	\$ 1,223,099	\$ 2,159,570	\$ -	\$ 100,925	\$ 1,037,396	\$ -	\$ 1,037,396	\$ -
Street	2,544,233	-	64,480	1,667,082	(812,671)	-	(812,671)	-
Mechanic	168,904	-	-	-	(168,904)	-	(168,904)	-
Planning and zoning	58,834	825	-	-	(58,009)	-	(58,009)	-
Engineering	534,692	-	-	-	(534,692)	-	(534,692)	-
Inspections	288,340	214,296	-	-	(74,044)	-	(74,044)	-
Building maintenance	298,694	-	-	-	(298,694)	-	(298,694)	-
Police	3,546,307	135,934	17,193	46,300	(3,346,880)	-	(3,346,880)	-
Fire and rescue	4,358,786	64,011	-	37,900	(4,256,875)	-	(4,256,875)	-
Library	425,505	11,189	25,604	-	(388,712)	-	(388,712)	-
Parks and recreation	1,861,315	247,722	-	5,000	(1,608,593)	-	(1,608,593)	-
Senior center	101,418	-	2,000	-	(99,418)	-	(99,418)	-
Rolling hills	485,308	409,694	-	-	(75,614)	-	(75,614)	-
Donations	14,500	-	-	-	(14,500)	-	(14,500)	-
Municipal court	258,855	431,621	-	-	172,766	-	172,766	-
Interest and fiscal charges	1,133,022	-	-	-	(1,133,022)	-	(1,133,022)	-
Total Governmental Activities	<u>17,301,812</u>	<u>3,674,862</u>	<u>109,277</u>	<u>1,857,207</u>	<u>(11,660,466)</u>	<u>-</u>	<u>(11,660,466)</u>	<u>-</u>
Business-type Activities:								
Natural Gas System	1,748,493	2,622,584	-	-	-	874,091	874,091	-
Sewer System	3,370,112	3,270,959	-	611,400	-	512,247	512,247	-
Other Proprietary Funds	740,178	883,665	-	-	-	143,487	143,487	-
Total Business-type Activities	<u>5,858,783</u>	<u>6,777,208</u>	<u>-</u>	<u>611,400</u>	<u>-</u>	<u>1,529,825</u>	<u>1,529,825</u>	<u>-</u>
Total Primary Government	<u>\$ 23,160,595</u>	<u>\$ 10,452,070</u>	<u>\$ 109,277</u>	<u>\$ 2,468,607</u>	<u>\$ (11,660,466)</u>	<u>\$ 1,529,825</u>	<u>\$ (10,130,641)</u>	<u>\$ -</u>
Component Unit:								
Calera Water Works Board	\$ 3,256,665	\$ 3,762,215	\$ -	\$ 389,652	\$ -	\$ -	\$ -	\$ 895,202
Total Component Unit	<u>\$ 3,256,665</u>	<u>\$ 3,762,215</u>	<u>\$ -</u>	<u>\$ 389,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 895,202</u>
General Revenues:								
Taxes:								
Sales								
					10,703,372	-	10,703,372	-
Property								
					2,063,099	-	2,063,099	-
Other								
					287,102	-	287,102	-
Interest earnings								
					91,130	9,530	100,660	20,642
Lease income								
					40,201	-	40,201	-
Other income								
					197,695	-	197,695	-
Gain (loss) on disposal of capital assets								
					19,702	(854)	18,848	(6,522)
Transfers								
					555,097	(596,221)	(41,124)	41,124
Total general revenues and transfers								
					<u>13,957,398</u>	<u>(587,545)</u>	<u>13,369,853</u>	<u>55,244</u>
Change in net position								
					2,296,932	942,280	3,239,212	950,446
Net position - beginning								
					27,088,327	11,991,329	39,079,656	6,689,771
Cumulative effect of change in accounting principle								
					(985,449)	-	(985,449)	-
Net position - ending								
					<u>\$ 28,399,810</u>	<u>\$ 12,933,609</u>	<u>\$ 41,333,419</u>	<u>\$ 7,640,217</u>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,096,261	\$ -	\$ -	\$ -	1,096,261
Certificates of deposit	2,855,475	-	-	-	2,855,475
Accounts receivable	3,141,071	-	-	-	3,141,071
Due from other funds	134,856	-	-	-	134,856
Receivable from Calera Water Works	7,397	-	-	-	7,397
Prepaid expenses	981	-	-	-	981
Restricted assets:					
Cash	125,066	3,182,840	859,509	391,674	4,559,089
Certificates of deposit	712,626	-	-	-	712,626
Accounts receivable	-	65,342	-	-	65,342
<b>Total Assets</b>	<b>\$ 8,073,733</b>	<b>\$ 3,248,182</b>	<b>\$ 859,509</b>	<b>\$ 391,674</b>	<b>\$ 12,573,098</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 420,232	\$ -	\$ -	\$ -	420,232
Accrued liabilities	682,453	-	-	-	682,453
Payable from restricted assets:					
Accounts payable	-	-	-	5,458	5,458
Accrued expenses	-	-	-	(73,458)	(73,458)
Due to other funds	-	65,351	-	24,674	90,025
Deposits	256,923	-	-	9,806	266,729
<b>Total Liabilities</b>	<b>1,359,608</b>	<b>65,351</b>	<b>-</b>	<b>(33,520)</b>	<b>1,391,439</b>
Deferred Inflows of Resources:					
Deferred property taxes	2,098,638	-	-	-	2,098,638
<b>Total Deferred Inflows of Resources</b>	<b>2,098,638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,098,638</b>
Fund Balances:					
Restricted for:					
Capital projects	-	3,182,831	-	-	3,182,831
Debt service	-	-	859,509	-	859,509
Municipal court	-	-	-	171,619	171,619
Parks and recreation	1,305	-	-	-	1,305
Police	17,408	-	-	-	17,408
Street improvements	105,353	-	-	253,575	358,928
Street repairs	456,703	-	-	-	456,703
Unassigned:	4,034,718	-	-	-	4,034,718
<b>Total Fund Balances</b>	<b>4,615,487</b>	<b>3,182,831</b>	<b>859,509</b>	<b>425,194</b>	<b>9,083,021</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,073,733</b>	<b>\$ 3,248,182</b>	<b>\$ 859,509</b>	<b>\$ 391,674</b>	<b>\$ 12,573,098</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA  
RECONCILIATION OF THE BALANCE SHEET –  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

Fund Balances - Total Governmental Funds \$ 9,083,021

Amounts reported for governmental activities in the Statement of Net Position are different because:

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	2,126,400	
Less: Unearned revenue related to lease receivable	<u>(193,447)</u>	1,932,953

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

Governmental capital assets	71,704,205	
Less: accumulated depreciation	<u>(18,280,034)</u>	53,424,171

Interest payable reported in the governmental activities is not payable from current resources and, therefore, is not reported in the governmental funds.		(73,817)
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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	531,262	
Difference between projected and actual earnings on pension plan investments	(574,205)	
Differences between expected and actual experience- net pension liability	234,074	
Changes of assumptions related to net pension liability	741,399	
Differences between expected and actual experience related to OPEB	690,258	
Changes of assumptions related to OPEB	<u>(387,978)</u>	1,234,810

Net pension liability is not due and payable in the current period and therefore, not reported in the governmental funds balance sheet.		(3,522,510)
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Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds, but are reported in the Statement of Net Position:

General obligation warrants	(25,675,000)	
Discounts (premiums)	24,446	
Deferred charges on refunding	485,656	
Notes payable	(1,932,872)	
Capital lease	(5,779)	
Other post employment benefits payable	(5,803,669)	
Compensated absences	<u>(771,600)</u>	<u>(33,678,818)</u>

Net Position of Governmental Activities \$ 28,399,810

**CITY OF CALERA, ALABAMA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Operating Revenues:</b>					
Taxes:					
Sales	\$ 10,703,372	\$ -	\$ -	\$ -	\$ 10,703,372
Property	2,063,099	-	-	-	2,063,099
Motor vehicle / gas	57,009	-	-	53,867	110,876
Other	230,092	-	-	-	230,092
Licenses and permits	2,200,046	-	-	-	2,200,046
Fines and forfeitures	-	-	-	427,110	427,110
Charges for services	908,253	-	-	-	908,253
Interest	32,706	46,265	10,202	1,957	91,130
Other	294,900	84,236	-	4,510	383,646
<b>Total Revenues</b>	<b>16,489,477</b>	<b>130,501</b>	<b>10,202</b>	<b>487,444</b>	<b>17,117,624</b>
<b>Expenditures:</b>					
Current:					
General administration	833,529	18	-	-	833,547
Street	637,212	1,472,000	-	-	2,109,212
Mechanic	163,325	-	-	-	163,325
Planning and zoning	53,632	-	-	-	53,632
Engineering	504,520	-	-	-	504,520
Inspections	260,182	-	-	-	260,182
Building maintenance	291,776	-	-	-	291,776
Police	3,312,817	-	-	-	3,312,817
Fire and rescue	4,067,885	-	-	-	4,067,885
Library	347,572	-	-	-	347,572
Parks and recreation	1,472,500	-	-	-	1,472,500
Senior center	78,358	-	-	-	78,358
Rolling hills	349,684	-	-	-	349,684
Donations	14,500	-	-	-	14,500
Municipal court	-	-	-	258,207	258,207
Debt Service:					
Principal	171,650	21,822	1,855,000	-	2,048,472
Interest and fiscal charges	41,156	1,148	1,005,926	-	1,048,230
Capital outlay	679,414	239,048	-	-	918,462
<b>Total Expenditures</b>	<b>13,279,712</b>	<b>1,734,036</b>	<b>2,860,926</b>	<b>258,207</b>	<b>18,132,881</b>
<b>Excess of Revenues over Expenditures</b>	<b>3,209,765</b>	<b>(1,603,535)</b>	<b>(2,850,724)</b>	<b>229,237</b>	<b>(1,015,257)</b>



**CITY OF CALERA, ALABAMA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses):</b>					
Proceeds from debt	-	-	-	-	-
Proceeds from capital lease	269,813	-	-	-	269,813
Proceeds from sale of asset	19,702	-	-	-	19,702
Contributions to Calera Water Board	-	(41,126)	-	-	(41,126)
Transfers (to)/from					
Capital projects fund	-	-	-	-	-
Transfers (to)/from					
Debt service fund	(2,866,242)	-	2,866,242	-	-
Transfers (to)/from					
Other governmental funds	112,782	-	-	(112,782)	-
Transfers (to)/from					
Natural gas system	565,393	(28,386)	-	-	537,007
Transfers (to)/from					
Sewer system	(37,398)	(28,386)	-	-	(65,784)
Transfers (to)/from					
Other proprietary funds	125,000	-	-	-	125,000
<b>Total Other Financing Sources (Uses)</b>	<b>(1,810,950)</b>	<b>(97,898)</b>	<b>2,866,242</b>	<b>(112,782)</b>	<b>844,612</b>
<b>Net Change in Fund Balances</b>	<b>1,398,815</b>	<b>(1,701,433)</b>	<b>15,518</b>	<b>116,455</b>	<b>(170,645)</b>
<b>Fund Balances, Beginning</b>	<b>3,216,672</b>	<b>4,884,264</b>	<b>843,991</b>	<b>308,739</b>	<b>9,253,666</b>
<b>Fund Balances, Ending</b>	<b>\$ 4,615,487</b>	<b>\$ 3,182,831</b>	<b>\$ 859,509</b>	<b>\$ 425,194</b>	<b>\$ 9,083,021</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

Net Change in Fund Balances - Total Governmental Funds		\$ (170,645)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	918,462	
Less current year depreciation	<u>(1,791,410)</u>	(872,948)
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.		1,672,040
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	(269,813)	
Lease income	<u>40,201</u>	(229,612)
Repayment of debt principal is reported as an expenditure in governmental funds. However, the principal payments reduce liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.		2,048,472
The effect of the net increase (decrease) in deferred outflows/ inflows of resources:		
Differences between expected and actual experience related to net pension liability	(313,224)	
Changes of assumptions related to net pension liability	(104,075)	
Net difference between projected and actual earnings on plan investments	(706,785)	
Employer contributions subsequent to the measurement date	(9,854)	
Differences between expected and actual experience related to OPEB	690,258	
Changes of assumptions related to OPEB	<u>(387,978)</u>	(831,658)
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.		
Amortization of costs		(91,440)
The remaining balance due on the Series 2017 Limited Obligation Warrants at maturity does not provide current financial resources and is not recorded in governmental funds.		194,073
The following expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Net increase in compensated absences		(38,100)
Net increase in other post employment benefit payable		(498,140)
Net increase in net pension liability		1,108,240
Change in accrued interest expense		<u>6,650</u>
Change in Net Position of Governmental Funds		<u>\$ 2,296,932</u>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA**  
**STATEMENT OF PROPRIETARY FUND NET POSITION**  
**SEPTEMBER 30, 2018**

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
<b>Assets</b>				
Current:				
Cash	\$ 1,199,874	\$ 480,421	\$ 311,598	\$ 1,991,893
Accounts receivable, net	192,825	423,514	96,843	713,182
Prepaid expenses	-	65,750	-	65,750
Inventory	164,745	14,196	-	178,941
<b>Total Current Assets</b>	<b>1,557,444</b>	<b>983,881</b>	<b>408,441</b>	<b>2,949,766</b>
Noncurrent:				
Restricted cash and cash equivalents	82,386	428,963	-	511,349
Nondepreciable assets	208,920	818,356	-	1,027,276
Depreciable capital assets, net	2,883,176	16,110,507	197,603	19,191,286
<b>Total Noncurrent Assets</b>	<b>3,174,482</b>	<b>17,357,826</b>	<b>197,603</b>	<b>20,729,911</b>
<b>Total Assets</b>	<b>4,731,926</b>	<b>18,341,707</b>	<b>606,044</b>	<b>23,679,677</b>
<b>Deferred Outflows of Resources</b>				
Deferred charges on refunding	-	482,276	-	482,276
Pension	89,646	115,470	52,761	257,877
<b>Total Deferred Outflows of Resources</b>	<b>89,646</b>	<b>597,746</b>	<b>52,761</b>	<b>740,153</b>
<b>Liabilities</b>				
Current:				
Accounts payable	88,468	160,303	14,824	263,595
Due to General Fund	15,546	21,950	7,335	44,831
Due to Calera Water Board	1,657	-	-	1,657
Accrued expenses	13,738	20,055	11,245	45,038
Compensated absences, current portion	7,600	32,100	6,250	45,950
Payable from restricted assets:				
Customer deposits	82,386	-	-	82,386
Accrued interest payable	-	109,935	-	109,935
Current portion of long-term debt	-	345,000	-	345,000
<b>Total Current Liabilities</b>	<b>209,395</b>	<b>689,343</b>	<b>39,654</b>	<b>938,392</b>
Noncurrent:				
Compensated absences, net of current portion	7,600	32,100	6,250	45,950
Long-term debt, net of current portion	195,715	10,076,430	115,283	10,387,428
<b>Total Noncurrent Liabilities</b>	<b>203,315</b>	<b>10,108,530</b>	<b>121,533</b>	<b>10,433,378</b>
<b>Total Liabilities</b>	<b>412,710</b>	<b>10,797,873</b>	<b>161,187</b>	<b>11,371,770</b>
<b>Deferred Inflows of Resources</b>				
Pension	36,201	54,901	23,349	114,451
<b>Total Deferred Inflows of Resources</b>	<b>36,201</b>	<b>54,901</b>	<b>23,349</b>	<b>114,451</b>
<b>Net Position</b>				
Net investment in capital assets	3,092,096	7,220,867	197,603	10,510,566
Unrestricted	1,280,565	546,784	276,666	2,104,015
Restricted for debt service	-	319,028	-	319,028
<b>Total Net Position</b>	<b>\$ 4,372,661</b>	<b>\$ 8,086,679</b>	<b>\$ 474,269</b>	<b>\$ 12,933,609</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PROPRIETARY FUND NET POSITION**  
**SEPTEMBER 30, 2018**

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
<b>Operating Revenues</b>				
Utility receipts	\$ 2,590,214	\$ 2,651,459	\$ 883,665	\$ 6,125,338
Fees	4,375	619,500	-	623,875
Miscellaneous	27,995	-	-	27,995
Total Operating Revenues	2,622,584	3,270,959	883,665	6,777,208
<b>Operating Expenses</b>				
Gas purchases	911,936	-	-	911,936
Personnel services	465,413	850,856	371,108	1,687,377
Supplies expense	41,633	592,877	53,344	687,854
Repairs and maintenance	38,790	170,006	46,953	255,749
Depreciation	146,121	678,749	80,013	904,883
Administrative expenses	110,926	687,789	46,295	845,010
Outside services	33,674	62,358	142,465	238,497
Total Operating Expenses	1,748,493	3,042,635	740,178	5,531,306
Operating Income	874,091	228,324	143,487	1,245,902
<b>Non Operating Revenues (Expenses)</b>				
Gain on disposal of property, plant & equipment	-	(854)	-	(854)
Capital contributions	-	611,400	-	611,400
Interest income	3,546	5,353	631	9,530
Interest expense	-	(324,177)	-	(324,177)
Trustee fees	-	(3,300)	-	(3,300)
Total Non Operating Revenues (Expenses)	3,546	288,422	631	292,599
Income (Loss) Before Interfund Operating Transfers	877,637	516,746	144,118	1,538,501
Interfund Transfers	(537,005)	65,784	(125,000)	(596,221)
Change in Net Position	340,632	582,530	19,118	942,280
Net Position, Beginning of Year	4,032,029	7,504,149	455,151	11,991,329
Net Position, End of Year	\$ 4,372,661	\$ 8,086,679	\$ 474,269	\$ 12,933,609

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA**  
**STATEMENT OF PROPRIETARY FUND CASH FLOWS**  
**SEPTEMBER 30, 2018**

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 2,612,460	\$ 3,283,538	\$ 877,816	\$ 6,773,814
Cash paid to employees	(456,451)	(845,660)	(369,461)	(1,671,572)
Cash paid to suppliers for goods and services	(1,104,254)	(1,431,204)	(282,303)	(2,817,761)
Net Cash Provided by Operating Activities	1,051,755	1,006,674	226,052	2,284,481
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers (to) / from other funds	(565,391)	37,398	(125,000)	(652,993)
Net Cash Provided (Used) by Noncapital Financing Activities	(565,391)	37,398	(125,000)	(652,993)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of property, plant, and equipment	(145,405)	(355,127)	(25,458)	(525,990)
Principal payments on debt	-	(335,000)	-	(335,000)
Interest payments on debt	-	(267,299)	-	(267,299)
Trustee fees	-	(3,300)	-	(3,300)
Transfers (to) / from other funds	28,386	28,386	-	56,772
Net Cash Used by Capital and Related Financing Activities	(117,019)	(932,340)	(25,458)	(1,074,817)
<b>Cash Flows from Investing Activities</b>				
Interest on cash and investments	3,546	5,353	631	9,530
Net Cash Provided by Investing Activities	3,546	5,353	631	9,530
Net Increase in Cash and Cash Equivalents	372,891	117,085	76,225	566,202
Cash and Cash Equivalents at Beginning of Year	909,369	792,299	235,373	1,937,041
Cash and Cash Equivalents at End of Year	\$ 1,282,260	\$ 909,384	\$ 311,598	\$ 2,503,243

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA**  
**STATEMENT OF PROPRIETARY FUND CASH FLOWS**  
**SEPTEMBER 30, 2018**

**Reconciliation of Cash and Cash Equivalents to Statement of Net Position**

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
Operating income	\$ 874,091	\$ 228,324	\$ 143,487	\$ 1,245,902
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	146,121	678,749	80,013	904,883
(Increase) decrease in:				
Accounts receivable	(10,744)	12,579	(5,849)	(4,014)
Inventory	(14,613)	7,003	-	(7,610)
Prepaid expenses	-	(65,750)	-	(65,750)
Deferred Outflows	17,194	19,683	9,214	46,091
Increase (decrease) in:				
Accounts payable	32,467	119,380	(203)	151,644
Due to general fund	14,790	21,193	6,957	42,940
Due to Calera Water Board	1,657	-	-	1,657
Customer deposits	620	-	-	620
Compensated absences	(600)	3,800	(200)	3,000
Accrued expenses	3,252	640	683	4,575
Deferred Inflows	36,201	54,901	23,349	114,451
Net pension liability	(48,681)	(73,828)	(31,399)	(153,908)
Net Cash Provided by Operating Activities	<u>\$ 1,051,755</u>	<u>\$ 1,006,674</u>	<u>\$ 226,052</u>	<u>\$ 2,284,481</u>

**Noncash Investing, Capital, and Financing Activities**

Calera Sewer System had amortization of warrant discounts of \$7,116, amortization of warrant premiums of \$64, and amortization of deferred charges on refunding of \$52,545.

**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 Fund Net Position:

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
Cash	\$ 1,199,874	\$ 480,421	\$ 311,598	\$ 1,991,893
Restricted cash	<u>82,386</u>	<u>428,963</u>	<u>-</u>	<u>511,349</u>
Cash and cash equivalents	<u>\$ 1,282,260</u>	<u>\$ 909,384</u>	<u>\$ 311,598</u>	<u>\$ 2,503,242</u>

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

General Statement

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 have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The more significant of the City's accounting policies are described below.

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Calera has the following component unit:

The Water Works Board of the City of Calera, Alabama

The Water Works Board of the City of Calera, Alabama (the Board) was created by the City of Calera, Alabama (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.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF CALERA, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Fund Types:

Governmental funds are those through which general governmental 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

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds) financed from general obligation bond proceeds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Additionally, the City reports the following other governmental funds:

Nonmajor Special Revenue Funds

The Municipal Court Fund and Gas Tax Funds are used to account for the proceeds of specific revenue resources that are legally restricted or designated to expenditures for specified purposes.

Proprietary Fund Types:

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.



**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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 other 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.

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.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all transactions and events that affect the total economic resources during the period are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred, regardless of the timing of related cash inflows and outflows.

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using 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 both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes and sales taxes as available if they are collected within 60 days after year end. The revenues susceptible to accrual are property taxes, sales taxes, and charges for services. All other Governmental Fund type revenues are recognized when received. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term liabilities, which are recorded as fund liabilities when due, and compensated absences, which are recorded when payable from current available financial resources.

Cash

For purposes of the cash flow statement, the City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less.

Restricted Assets

The use of restricted assets is limited by legal requirements or restrictions imposed externally by creditors or contributors. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted, as they are needed.

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts is provided based on historical evidence.

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, which consists of the City's streets and roads, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets, including infrastructure, are valued at historical costs or estimated historical costs, if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Interest expense during the construction periods is capitalized as part of the costs of the assets.

Assets capitalized have an original cost of \$3,000 or more and five years or more of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

System and Facilities	30-40 Years
Buildings and Improvements	30-40 Years
Machinery and Equipment	5-25 Years
Infrastructure	25-50 Years

**CITY OF CALERA, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently reports deferred outflows of resources related to deferred charges on refunding and deferred charges related to the pension liability. Deferred charges on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt in the statement of activities. A deferred outflow related to the pension liability results from pension contributions related to normal and accrued employer liability subsequent to the measurement date.

Pensions

The Employees' Retirement System of Alabama (the Plan) 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 Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

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.

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.

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.

**CITY OF CALERA, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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.

Noncurrent Liabilities

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Warrant premiums and discounts are deferred and amortized over the life of the warrants using the warrants outstanding method. Warrants payable are recorded net of the applicable warrant premiums and discounts.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City currently reports deferred inflows of resources related to property taxes reported as receivables before the period for which they are levied and deferred inflows of resources related to the pension liability resulting from the net difference between projected and actual earnings on plan investments. The difference between projected and actual earnings on plan investments is amortized over five years beginning with the year in which the difference occurred.

Fund Balance

Fund balances are classified as follows:

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

It is the City's policy to use restricted balances first, followed by committed resources, assigned resources, and finally unassigned resources, as needed. The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the General Fund maintain a minimum unassigned fund balance of no less than 10% of annual operating expenditures.

**CITY OF CALERA, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Use of Estimates

In preparing these financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Tax Calendar

The City of Calera's ad valorem property taxes are collected and remitted to the City by Shelby County. Taxes are levied annually on October 1, based on a lien date of the prior October 1. The taxes are due on December 31, following the levy.

**NOTE 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 \$4,500,000 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.

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.

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

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.

**NOTE 3 - RECEIVABLES AND PAYABLES**

Receivables at September 30, 2018 consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Taxes:				
Sales	\$ 887,009	\$ -	\$ 887,009	\$ -
Property	2,079,182	-	2,079,182	-
Motor vehicle/gas	39,266	-	39,266	-
Customers	-	732,677	732,677	738,179
Other	274,086	-	274,086	-
Gross Receivables	<u>3,279,543</u>	<u>732,677</u>	<u>4,012,220</u>	<u>738,179</u>
Less: Allowance for uncollectibles	<u>(73,130)</u>	<u>(19,495)</u>	<u>(92,625)</u>	<u>(20,290)</u>
Net Receivables	<u>\$ 3,206,413</u>	<u>\$ 713,182</u>	<u>\$ 3,919,595</u>	<u>\$ 717,889</u>

Payables at September 30, 2018 consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Trade payables	\$ 285,162	\$ 263,595	\$ 548,757	\$ 23,186
Capital assets payables	<u>140,528</u>	<u>-</u>	<u>140,528</u>	<u>-</u>
	<u>\$ 425,690</u>	<u>\$ 263,595</u>	<u>\$ 689,285</u>	<u>\$ 23,186</u>

**CITY OF CALERA, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2018, was as follows:

Primary Government:

	<u>Balance</u> <u>October 1</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>September 30</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 19,931,880	\$ 33,980	\$ -	\$ 19,965,860
Construction in progress	1,004,395	331,088	(245,458)	1,090,025
Total capital assets not being depreciated	<u>20,936,275</u>	<u>365,068</u>	<u>(245,458)</u>	<u>21,055,885</u>
Capital assets being depreciated				
Land improvements	2,956,643	-	-	2,956,643
Infrastructure	17,287,423	2,048,835	-	19,336,258
Buildings and improvements	18,792,937	20,640	-	18,813,577
Vehicles	4,409,420	50,898	(56,312)	4,404,006
Equipment	4,833,962	350,519	(46,645)	5,137,836
Total capital assets being depreciated	<u>48,280,385</u>	<u>2,470,892</u>	<u>(102,957)</u>	<u>50,648,320</u>
Less accumulated depreciation for:				
Land improvements	229,821	73,915	-	303,736
Infrastructure	6,427,322	453,374	-	6,880,696
Buildings and improvements	3,520,726	620,901	-	4,141,627
Vehicles	3,020,339	328,876	(56,312)	3,292,903
Equipment	3,393,373	314,344	(46,645)	3,661,072
Total accumulated depreciation	<u>16,591,581</u>	<u>1,791,410</u>	<u>(102,957)</u>	<u>18,280,034</u>
Total capital assets, being depreciated, net	<u>31,688,804</u>	<u>679,482</u>	<u>-</u>	<u>32,368,286</u>
Governmental activities capital assets, net	<u>\$ 52,625,079</u>	<u>\$ 1,044,550</u>	<u>\$ (245,458)</u>	<u>\$ 53,424,171</u>

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 - CAPITAL ASSETS - CONTINUED**

	<u>Balance</u> <u>October 1</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>September 30</u>
<i><u>Business-type activities</u></i>				
Capital assets not being depreciated				
Land	\$ 441,853	\$ -	\$ -	\$ 441,853
Construction in progress	287,999	403,793	(106,369)	585,423
Total capital assets not being depreciated	<u>729,852</u>	<u>403,793</u>	<u>(106,369)</u>	<u>1,027,276</u>
Capital assets, being depreciated				
System and facilities	29,055,377	769,732	-	29,825,109
Buildings and improvements	112,633	-	-	112,633
Vehicles	1,519,570	25,458	(38,552)	1,506,476
Equipment	1,272,434	44,775	(6,251)	1,310,958
Total capital assets being depreciated	<u>31,960,014</u>	<u>839,965</u>	<u>(44,803)</u>	<u>32,755,176</u>
Less accumulated depreciation for:				
System and facilities	10,435,565	701,293	-	11,136,858
Buildings and improvements	91,332	2,298	-	93,630
Vehicles	1,170,202	116,856	(38,552)	1,248,506
Equipment	1,005,857	84,436	(5,397)	1,084,896
Total accumulated depreciation	<u>12,702,956</u>	<u>904,883</u>	<u>(43,949)</u>	<u>13,563,890</u>
Total capital assets, being depreciated, net	<u>19,257,058</u>	<u>(64,918)</u>	<u>(854)</u>	<u>19,191,286</u>
Business-type activities capital assets, net	<u>\$ 19,986,910</u>	<u>\$ 338,875</u>	<u>\$ (107,223)</u>	<u>\$ 20,218,562</u>

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

Governmental Activities:

General administration	\$ 194,746
Street	432,378
Mechanic	5,837
Engineering	28,663
Inspections	30,405
Building maintenance	6,222
Police	214,151
Fire and rescue	258,385
Library	75,397
Parks and recreation	387,711
Senior center	22,426
Rolling hills	135,089
Total Depreciation Expense- Governmental Activities	<u>\$ 1,791,410</u>



**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 - CAPITAL ASSETS - CONTINUED**

Business Type Activities:

Natural Gas System	\$ 146,121
Sewer System	678,749
Other Proprietary Funds	<u>80,013</u>
Total Depreciation Expense- Business-type Activities	<u>\$ 904,883</u>

<u>Component Unit</u>	<u>Balance October 1</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance September 30</u>
Capital assets not being depreciated				
Land	\$ 11,485	\$ -	\$ -	\$ 11,485
Construction in progress	70,201	249,347	(94,743)	224,805
Total capital assets not being depreciated	<u>81,686</u>	<u>249,347</u>	<u>(94,743)</u>	<u>236,290</u>
Capital assets being depreciated				
System and facilities	22,544,715	630,297	-	23,175,012
Buildings and improvements	65,242	-	-	65,242
Vehicles	319,515	25,455	(36,864)	308,106
Equipment	1,340,394	131,305	(10,577)	1,461,122
Total capital assets being depreciated	<u>24,269,866</u>	<u>787,057</u>	<u>(47,441)</u>	<u>25,009,482</u>
Less accumulated depreciation for:				
System and facilities	6,745,094	530,204	-	7,275,298
Buildings and improvements	16,357	2,787	-	19,144
Vehicles	254,873	22,047	(36,864)	240,056
Equipment	1,206,656	38,926	(4,055)	1,241,527
Total accumulated depreciation	<u>8,222,980</u>	<u>593,964</u>	<u>(40,919)</u>	<u>8,776,025</u>
Total capital assets, being depreciated, net	<u>16,046,886</u>	<u>193,093</u>	<u>(6,522)</u>	<u>16,233,457</u>
Water Works Board capital assets, net	<u>\$ 16,128,572</u>	<u>\$ 442,440</u>	<u>\$ (101,265)</u>	<u>\$ 16,469,747</u>

Depreciation expense charged to the component unit for the year ended September 30, 2018, was \$593,964.

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 - LONG-TERM DEBT**

Primary Government:

Warrants payable at September 30, 2018, are comprised of the following issues:

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type Activities</u>
Series 2007 General Obligation Warrants, dated February 22, 2007, due in semi-annual installments through May 20, 2022, bearing interest rates averaging 3.81%.	\$ 510,000	\$ -
2008 Q2 772 General Obligation Warrants, dated March 18, 2008, due in semi-annual installments through May 20, 2033, bearing an interest rate of 3.68%.	1,150,000	-
2008 Q2 REG General Obligation Warrants, dated March 18, 2008, due in semi-annual installments through May 20, 2033, bearing an interest rate of 3.68%.	1,530,000	-
2008 Q2 LEASE General Obligation Warrants, dated March 18, 2008, due in semi-annual installments through November 20, 2020, bearing an interest rate of 3.12%.	40,000	-
2008 Taxable General Obligation Warrants, dated September 1, 2008, due in semi-annual installments through September 1, 2028, bearing interest rates of 6.25% to 7.50%. (less: unamortized discounts of \$950).	259,050	-
2009 Q2 772CA General Obligation Warrants, dated August 31, 2009, due in semi-annual installments through May 20, 2038, bearing an interest rate of 3.51%.	7,245,000	-
Series 2012-A General Obligation Warrants, dated October 1, 2012, due in semi-annual installments through December 1, 2024, bearing interest rates of 1.15% to 3.0%. (plus: unamortized premiums of \$15,420).	3,115,420	-
Series 2014 General Obligation Warrants, dated February 1, 2014, due in semi-annual installments through February 1, 2034, bearing interest rates of 1.5% to 3.65%. (less: unamortized discounts of \$22,113).	8,347,887	-
2014-B Taxable General Obligation Warrants, dated August 1, 2014, due in semi-annual installments through September 1, 2028, bearing interest rates of 0.65% to 3.7%. (less: unamortized discounts of \$16,803).	3,453,197	-
Series 2013-A General Obligation Warrants, dated February 1, 2013, due in semi-annual installments through November 1, 2031, bearing interest rates of 1.3% to 2.7%. (less: unamortized discounts of \$26,600).	-	2,928,400
Series 2013-B General Obligation Warrants, dated February 1, 2013, due in semi-annual installments through November 1, 2041, bearing interest rates of 1.3% to 3.5%. (less: unamortized discounts of \$38,708).	-	5,976,292
Series 2013-C General Obligation Warrants, dated February 1, 2013, due in semi-annual installments through November 1, 2032, bearing interest rates of 0.4% to 3.0%. (plus unamortized premiums of \$580).	-	1,285,580
<b>Total Warrants Payable</b>	<b>\$ <u>25,650,554</u></b>	<b>\$ <u>10,190,272</u></b>

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 - LONG-TERM DEBT - CONTINUED**

Notes payable at September 30, 2018, are comprised of the following issues:

	<u>Governmental Activities</u>
Note payable to private entity dated August 1, 2016, monthly payments of \$11,261, including interest at 2%, maturing in August 2031.	\$ 1,537,156
Note payable to individual dated October 10, 2014, monthly payments of \$4,007, including interest at 2%, maturing in February 2026.	395,716
<b>Total Notes Payable</b>	<b>\$ <u><u>1,932,872</u></u></b>

A summary of long-term liability activity for the year ended September 30, 2018 is as follows:

	Balance October 1, 2017	Issues or Additions	Payments or Expenditures	Balance September 30, 2018	Due within one year
<i><u>Governmental Type Activities</u></i>					
General obligation warrants, net	\$ 27,530,000	\$ -	\$ 1,855,000	\$ 25,675,000	\$ 1,670,000
Less deferred amounts:					
Issuance premium (discount)	(25,009)	-	(563)	(24,446)	-
Total General obligation warrants	27,504,991	-	1,854,437	25,650,554	1,670,000
Limited obligation warrants	222,717	-	222,717	-	-
Notes payable	2,075,878		143,006	1,932,872	145,893
Capital lease	27,601		21,822	5,779	5,779
Other post employment benefit payable	5,305,529	1,103,926	605,786	5,803,669	-
Net pension liability	4,630,750	2,306,750	3,414,990	3,522,510	-
Compensated absences	733,500	608,791	570,691	771,600	385,800
Total Governmental Activities	<u>\$ 40,500,966</u>	<u>\$ 4,019,467</u>	<u>\$ 6,833,449</u>	<u>\$ 37,686,984</u>	<u>\$ 2,207,472</u>
<i><u>Business-type Activities</u></i>					
General obligation warrants, net	\$ 10,590,000	\$ -	\$ 335,000	\$ 10,255,000	\$ 345,000
Less deferred amounts:					
Issuance premium (discount)	(71,780)	-	(7,052)	(64,728)	-
Total General obligation warrants	10,518,220	-	327,948	10,190,272	345,000
Net pension liability	696,064	320,352	474,260	542,156	-
Compensated absences	88,900	115,630	112,630	91,900	45,950
Total Business-type Activities	<u>\$ 11,303,184</u>	<u>\$ 435,982</u>	<u>\$ 914,838</u>	<u>\$ 10,824,328</u>	<u>\$ 390,950</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, 2018**

**NOTE 5 - LONG-TERM DEBT - CONTINUED**

The annual aggregate maturities for the years subsequent to September 30, 2018 are as follows:

Year Ending September 30,	Governmental Activities			
	General Obligation Warrants		Limited Obligation Warrants	
	Principal	Interest	Principal	Interest
2019	\$ 1,670,000	\$ 823,791	\$ -	\$ -
2020	1,485,000	772,057	-	-
2021	1,765,000	716,603	-	-
2022	1,800,000	670,336	-	-
2023	1,725,000	621,939	-	-
2024-2028	8,030,000	2,353,427	-	-
2029-2033	6,030,000	1,164,922	-	-
2034-2038	3,170,000	263,826	-	-
2039-2043	-	-	-	-
	<u>\$ 25,675,000</u>	<u>\$ 7,386,901</u>	<u>\$ -</u>	<u>\$ -</u>

  

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Notes Payable		General Obligation Warrants	
	Principal	Interest	Principal	Interest
2019	\$ 145,893	\$ 37,325	\$ 345,000	\$ 261,339
2020	148,837	34,380	350,000	255,126
2021	151,842	31,376	355,000	248,785
2022	154,907	28,311	365,000	242,774
2023	158,033	25,184	370,000	235,957
2024-2028	790,797	77,210	2,890,000	1,023,410
2029-2033	382,563	11,586	2,855,000	638,116
2034-2038	-	-	1,410,000	350,295
2039-2043	-	-	1,315,000	94,063
	<u>\$ 1,932,872</u>	<u>\$ 245,372</u>	<u>\$ 10,255,000</u>	<u>\$ 3,349,865</u>

Interest costs incurred in enterprise funds during construction are capitalized, net of interest income from the proceeds of tax-exempt debt, as part of the cost of the related assets. During the fiscal year ended September 30, 2018, the Sewer System incurred total interest costs of \$324,177. Of this amount, \$0 was capitalized as a component of capital assets constructed during the year, and \$324,177 was charged to expense.

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 - LONG-TERM DEBT - CONTINUED**

Component Unit:

Notes payable at September 30, 2018, are comprised of the following:

Note payable to Central State Bank for meter reading software, dated December 3, 2013. Monthly payment of \$4,826, including interest at 2.95%, using the simple interest method, maturing in December 2018, secured by equipment. \$ 14,295

Water Revenue Bonds payable at September 30, 2018, are comprised of the following issues:

2012 Water Revenue Bonds, dated July 1, 2012, due in semi-annual installments through February 1, 2036, bearing interest rates of 2.00% to 3.75%. (less: unamortized discounts of \$90,610.)	8,459,390
2012-A Water Revenue Bonds, dated November 1, 2012, due in semi-annual installments through February 1, 2026, bearing interest rates of 1.70% to 2.40% (less: unamortized discounts of \$1,980.)	2,613,020
2016-A Water Revenue Bonds, dated February 1, 2016, due in semi-annual installments through February 1, 2038, bearing interest rates of 3% to 4% (plus: unamortized premiums of \$92,529.)	1,887,529
2016-B Water Revenue Bonds, dated February 1, 2016, due in semi-annual installments through February 1, 2023, bearing interest rates of 2.0% to 3.1% (plus: unamortized premiums of \$781.)	1,025,781
	\$ 13,985,720

A summary of long-term liability activity for the year ended September 30, 2018, is as follows:

	Balance October 1, 2017	Issues or Additions	Payments or Expenditures	Balance September 30, 2018	Due within one year
Revenue bonds payable	\$ 14,505,000	\$ -	\$ (520,000)	\$ 13,985,000	\$ 535,000
Less deferred amounts:					
Issuance premium (discount)	(1,780)	-	2,500	720	-
Total revenue bonds	14,503,220	-	(517,500)	13,985,720	535,000
Notes payable	70,869	-	(56,574)	14,295	14,295
	\$ 14,574,089	\$ -	\$ (574,074)	\$ 14,000,015	\$ 549,295

The total interest incurred for the year ended September 30, 2018, was \$520,501. Of this amount, \$0 was capitalized as a component of the cost of capital assets constructed during the year and \$520,501 was charged to expense.

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 - LONG-TERM DEBT – CONTINUED**

The annual requirements to service the Board's debt obligations at September 30, 2018, are as follows:

Year Ending September 30,	Revenue Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2019	\$ 535,000	429,700	\$ 14,295	\$ 71
2020	550,000	418,459	-	-
2021	570,000	406,253	-	-
2022	565,000	392,746	-	-
2023	585,000	378,103	-	-
2024-2028	3,155,000	1,658,904	-	-
2029-2033	3,805,000	1,128,746	-	-
2034-2038	4,220,000	404,534	-	-
	<u>\$ 13,985,000</u>	<u>\$ 5,217,445</u>	<u>\$ 14,295</u>	<u>\$ 71</u>

**NOTE 6 - CAPITAL LEASES**

Capital lease agreements in which the City is the lessee:

The government has entered into lease agreements for financing the acquisition of equipment for the sports complex. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments at the inception date. The assets acquired through the capital leases are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 62,556
Less: Accumulated depreciation	(24,576)
Total	<u>\$ 37,980</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018, were as follows:

Year Ending September 30,	
2019	5,843
Total minimum lease payments	<u>5,843</u>
Less: amount representing interest	(64)
Present value of minimum lease payments	<u>\$ 5,779</u>

**CITY OF CALERA, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 6 - CAPITAL LEASES - CONTINUED**

Capital lease agreement in which the City is the lessor:

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, 2018 are as follows:

		<u>Governmental</u> <u>Activities</u>
Minimum lease payment receivable	\$	2,126,400
Less: unearned income		(193,447)
Net investment in direct financing lease	\$	<u>1,932,953</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 receivable under direct financing leases as of September 30, 2018:

Year Ending September 30,		
2019	\$	253,713
2020		235,950
2021		216,738
2022		200,000
2023		200,000
Thereafter		1,019,999
Total minimum lease payments	\$	<u>2,126,400</u>

**NOTE 7 - OPERATING LEASES**

Operating lease agreements in which the City is the lessee:

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, 2018, lease expenditures for all types of operating leases were \$71,093.

The City leases various office equipment under non-cancelable operating leases in which the City is the lessee. Future minimum lease payments for noncancelable operating leases with original terms of one year or longer are approximately \$57,000 in 2019, \$53,000 in 2020, and \$13,000 in 2021.

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 8 - PENSION PLAN**

Plan Description

The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its District of Control. The ERS District of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS District of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

The ERS District 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 District, county, or a public agency each of whom is an active beneficiary of ERS.
  - b) Two vested active state employees.
  - c) Two vested active employees of an employer participating in ERS pursuant to §36-27-6.

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.



**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 8 - PENSION PLAN - CONTINUED**

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

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits 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.

The ERS serves approximately 909 local participating employers. The ERS membership includes approximately 88,517 participants. As of September 30, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	23,853
Terminated employees entitled to but not yet receiving benefits	1,401
Terminated employees not entitled to a benefit	7,154
Active members	55,941
Post-DROP participants who are still in active service	168
Total	88,517

Contributions

Tier 1 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) contributed 5% of earnable compensation to the TRS and ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, Tier 1 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, Tier 1 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) are required by statute to contribute 7.50% of earnable compensation. Tier 1 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, Tier 1 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, Tier 1 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. Tier 1 State Police members of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members. The City has not elected to increase contribution rates for its employees. The City's tier 1 firefighters, police and correctional officers contribute 6% of earnable compensation, and the remaining tier 1 personnel contribute 5%.

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

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 8 - PENSION PLAN - CONTINUED**

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, 2018, firefighters, correctional officers, and law enforcement officers hired before January 1, 2013 are required to contribute 6% of their annual covered salary, while remaining employees hired before January 1, 2013 are required to contribute 5% of their annual covered salary. Firefighters, correctional offices, and law enforcement officers hired on or after January 1, 2013 are required to contribute 7% of their annual salary, while remaining employees hired on or after January 1, 2013 are required to contribute 6% of their annual covered salary. The City's average contribution rate to fund the normal and accrued liability costs was 6.86% of covered payroll for Tier 1 employees and 4.08% of covered employee payroll for Tier 2 employees.

The City's contractually required contribution rate for the year ended September 30, 2018 was 7.23% of pensionable pay for Tier 1 employees, and 4.45% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2015, 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 \$612,973 for the year ended September 30, 2018.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2016 rolled forward to September 30, 2017 using standard roll-forward techniques as shown in the following table:

Total Pension Liability as of September 30, 2016 (a)	\$	23,910,518
Discount Rate		7.75%
Entry Age Normal Cost for October 1, 2016--September 30, 2017 (b)		780,738
Transfers Among Employers		20,245
Actual Benefit Payments and Refunds for October 1, 2016-- September 30, 2017 (c)		(750,185)
Total Pension Liability as of September 30, 2017 [(a) x (1+(b))] + c + d + [ c x (1+0.5*(b))]	\$	25,785,312

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 8 - PENSION PLAN - CONTINUED**

Actuarial Assumptions

The total pension liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.75%  
Salary increases 3.25% - 5.00%  
Investment rate of return\* 7.75%

\*Net of pension plan investment expense

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

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

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

\*Includes assumed rate of inflation of 2.50%

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 8 - PENSION PLAN - CONTINUED**

Discount Rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.75%. 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.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at October 1	\$ 24,199,141	\$ 18,872,327	\$ 5,326,814
Changes for the year:			
Service cost	780,738	-	780,738
Interest	1,846,364	-	1,846,364
Changes of assumptions	-	-	-
Difference between expected and actual experience	(310,991)	-	(310,991)
Contributions - employer	-	595,556	(595,556)
Contributions - employee	-	540,287	(540,287)
Net investment income	-	2,442,416	(2,442,416)
Benefit payments, including refunds of employee contributions	(750,185)	(750,185)	-
Transfers among employers	20,245	20,245	-
Net Changes	1,586,171	2,848,319	(1,262,148)
Balances at September 30	\$ 25,785,312	\$ 21,720,646	\$ 4,064,666

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 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Rate 7.75%	1% Increase 8.75%
City's net pension liability	\$ 7,884,606	\$ 4,064,666	\$ 902,002

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 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, 2017. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2017. The auditor's report dated August 31, 2018, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

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

For the year ended September 30, 2018, the City recognized pension expense of \$806,959. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 546,124	\$ 276,049
Changes of assumptions	855,428	-
Net difference between projected and actual earnings on pension plan investments	-	662,520
Employer contributions subsequent to the measurement date	612,973	-
Total	<u>\$ 2,014,525</u>	<u>\$ 938,569</u>

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

Year Ended September 30,	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 813,304	\$ 192,171
2019	200,331	80,799
2020	200,331	301,562
2021	200,331	227,761
2022	200,331	34,943
Thereafter	399,897	101,333
Total	<u>\$ 2,014,525</u>	<u>\$ 938,569</u>

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

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. The accounting change adopted to conform to the provisions of GASB 75 has been applied retroactively by restating the beginning net position for the fiscal year ended September 30, 2017 by \$(985,449), which included recording an adjustment to the Other Postemployment Benefits obligation of \$985,449.

**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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	16
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	171
	187

**Total OPEB Liability**

The City’s total OPEB liability of \$5,803,669 was measured as of September 30, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	4.0%, including inflation
Prior Discount rate	3.63%
Discount rate	4.18%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2018, the end of the applicable measurement period.

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) - CONTINUED**

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

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2018.

**Changes in the Total OPEB Liability**

Balance at September 30, 2017 (restated)	\$ 5,305,529
Changes for the year:	
Service cost	145,223
Interest	227,841
Differences between expected and actual experience	730,862
Changes in assumptions	(410,800)
Benefit payments and net transfers	(194,986)
Net changes	<u>498,140</u>
Balance at September 30, 2018	<u>\$ 5,803,669</u>

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.18%) or 1-percentage-point higher (5.18%) than the current discount rate:

	<b>1.0% Decrease</b>	<b>Current Trend</b>	<b>1.0% Increase</b>
	<b>(3.18%)</b>	<b>(4.18%)</b>	<b>(5.18%)</b>
Total OPEB liability	\$ <u>6,653,145</u>	\$ <u>5,803,669</u>	\$ <u>5,108,096</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	<b>1.0% Decrease</b>	<b>Current Trend</b>	<b>1.0% Increase</b>
	<b>(4.5%)</b>	<b>(5.5%)</b>	<b>(6.5%)</b>
Total OPEB liability	\$ <u>N/A</u>	\$ <u>5,803,669</u>	\$ <u>N/A</u>

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) - CONTINUED**

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$390,846. At September 30, 2018, 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	\$ 690,258	\$ -
Changes in assumptions		387,978
Total	\$ 690,258	\$ 387,978

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

Year Ended September 30,

2019	\$	17,781
2020		17,781
2021		17,781
2022		17,781
2023		17,781
Thereafter		213,375
Total	\$	302,280

**NOTE 10 - INTERFUND TRANSFERS**

Interfund payables and receivables at September 30, 2018, were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 134,856	\$ -
Capital Projects Fund	-	65,351
Other Governmental	-	24,674
Natural Gas System	-	15,546
Sewer System	-	21,950
Other Proprietary	-	7,335
Total	\$ 134,856	\$ 134,856

Interfund payables and receivables 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.



**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 10 - INTERFUND TRANSFERS - CONTINUED**

Interfund transfers during the year ended September 30, 2018, were as follows:

Transfers Out	Transfers In					Total
	General Fund	Capital Projects Fund	Debt Service Fund	Natural Gas System	Sewer System	
General Fund	\$ -	\$ -	\$ 2,866,242	\$ -	\$ 37,398	\$ 2,903,640
Capital Projects Fund	-	-	-	28,386	28,386	56,772
Other Governmental Funds	112,782	-	-	-	-	112,782
Natural Gas System	565,393	-	-	-	-	565,393
Sewer System	-	-	-	-	-	-
Other Proprietary Fund	125,000	-	-	-	-	125,000
<b>Total</b>	<b>\$ 803,175</b>	<b>\$ -</b>	<b>\$ 2,866,242</b>	<b>\$ 28,386</b>	<b>\$ 65,784</b>	<b>\$ 3,763,587</b>

Transfers from the general fund to the debt service fund resulted from the accumulation of resources for future principal and interest payments on general long term debt. Transfers from the capital projects fund to the proprietary funds resulted from labor and materials related to capital projects. Transfers from the other governmental funds and proprietary funds to the general fund and from the general fund to proprietary funds are made to cover cash flow needs and are in accordance with the normal course of the City's operations.

**NOTE 11 - 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, 2018, was \$17,000.

**NOTE 12 - COMMITMENTS**

The City had contractual commitments at September 30, 2018, of approximately \$35,000.

**NOTE 13 - CONTINGENCIES**

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcomes cannot be predicted with certainty. In the opinion of the City's General Counsel, these actions when finally adjudicated will not have a material adverse effect on the financial position of the City.

**CITY OF CALERA, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 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.

**NOTE 15 - MAJOR CUSTOMERS**

Approximately 51% of the City's business license revenues were generated by one business.

**NOTE 16 - 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, 2018, the City abated sales taxes of approximately \$452,000 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, 2018 is as follows:

<u>Granting Agency</u>	<u>Tax Abatement Program</u>	<u>Property Tax Abated for the fiscal year ending September 30, 2018</u>
Industrial Development Board of the City of Calera	Qualifying Industrial or Research Enterprise	\$ 86,750

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.

**CITY OF CALERA, ALABAMA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
SEPTEMBER 30, 2018**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>				
Service cost	\$ 780,738	\$ 748,053	\$ 712,903	\$ 645,451
Interest	1,846,364	1,644,263	1,491,278	1,372,619
Differences between expected and actual experience	(310,991)	436,949	306,244	-
Changes of assumptions	-	1,093,048	-	-
Benefit payments, including refunds of employee contributions	(750,185)	(655,249)	(540,980)	(528,688)
Transfers among employers	20,245	51,171	-	-
Net Change in total pension liability	1,586,171	3,318,235	1,969,445	1,489,382
Total pension liability - beginning	24,199,141	20,880,906	18,911,461	17,422,079
Total pension liability - ending (a)	<u>25,785,312</u>	<u>24,199,141</u>	<u>20,880,906</u>	<u>18,911,461</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	595,556	620,380	596,414	595,063
Contributions - member	540,287	496,727	471,981	466,495
Net investment income	2,442,416	1,720,629	192,194	1,672,131
Benefit payments, including refunds of employee contributions	(750,185)	(655,249)	(540,980)	(528,688)
Transfers among employers	20,245	51,171	(34,701)	148,812
Net change in plan fiduciary net position	2,848,319	2,233,658	684,908	2,353,813
Plan net position - beginning	18,872,327	16,638,669	15,953,761	13,599,948
Plan net position - ending (b)	<u>21,720,646</u>	<u>18,872,327</u>	<u>16,638,669</u>	<u>15,953,761</u>
Net pension liability (asset) - ending (a) - (b)	4,064,666	5,326,814	4,242,237	2,957,700
Plan fiduciary net position as a percentage of the total pension liability	84.24%	77.99%	79.68%	84.36%
Covered payroll	9,048,700	8,649,068	8,159,280	7,322,224
Net pension liability (asset) as a percentage of covered payroll	44.92%	61.59%	51.99%	40.39%

\*Only four years of historical data was available for presentation at September 30, 2018

**CITY OF CALERA, ALABAMA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
SEPTEMBER 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution**	\$ 612,973	\$ 624,222	\$ 647,448	\$ 625,928
Contributions in relation to the actuarially determined contribution**	<u>612,973</u>	<u>624,222</u>	<u>647,448</u>	<u>625,928</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll***	\$ 9,149,822	\$ 9,048,700	\$ 8,649,068	\$ 8,159,280
Contributions as a percentage of covered payroll	6.70%	6.90%	7.49%	7.67%

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

\*\*\*Employer's covered payroll for fiscal year 2018 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule**

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 2018 were based on the September 30, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	15.9 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25% including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

\*Only four years of historical data were available for presentation at September 30, 2018.

**CITY OF CALERA, ALABAMA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
SEPTEMBER 30, 2018**

<b>Total OPEB Liability</b>	
Service cost	\$ 145,223
Interest	227,841
Changes of benefit terms	-
Differences between expected and actual experience	730,862
Changes of assumptions	(410,800)
Benefit payments	<u>(194,986)</u>
<b>Net change in total OPEB liability</b>	<b>498,140</b>
<b>Total OPEB liability - beginning</b>	<u>5,305,529</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 5,803,669</u></u>
Covered payroll	\$ 9,149,822
Net OPEB liability as a percentage of covered payroll	63.43%

**Notes to Schedule:**

Benefit Changes - There were no changes of benefit terms for the year ended September 30, 2018

Changes of Assumptions - There were no changes of assumptions for the year ended September 30, 2018

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

**CITY OF CALERA, ALABAMA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE- GENERAL FUND**  
**SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Operating Revenues:</b>				
Taxes:				
Sales	\$ 9,655,026	\$ 10,479,093	\$ 10,703,372	\$ 224,279
Property	2,001,782	2,076,782	2,063,099	(13,683)
Motor vehicle / gas	55,654	55,654	57,009	1,355
Other	215,060	235,670	230,092	(5,578)
Licenses and permits	2,035,557	2,182,468	2,200,046	17,578
Charges for services	766,498	914,725	908,253	(6,472)
Interest	22,911	22,911	32,706	9,795
Other	159,776	192,903	294,900	101,997
<b>Total Revenues</b>	<b>14,912,264</b>	<b>16,160,206</b>	<b>16,489,477</b>	<b>329,271</b>
<b>Expenditures:</b>				
Current:				
General administration	776,944	870,619	833,529	(37,090)
Street	781,498	781,498	637,212	(144,286)
Mechanic	176,634	179,634	163,325	(16,309)
Planning and zoning	66,621	56,121	53,632	(2,489)
Engineering	508,722	519,752	504,520	(15,232)
Inspections	264,733	272,397	260,182	(12,215)
Building maintenance	399,180	399,180	291,776	(107,404)
Police	3,343,261	3,434,157	3,312,817	(121,340)
Fire and rescue	4,124,603	4,126,941	4,067,885	(59,056)
Library	397,486	407,237	347,572	(59,665)
Parks and recreation	1,546,541	1,554,416	1,472,500	(81,916)
Senior center	79,211	81,237	78,358	(2,879)
Rolling hills	343,889	368,447	349,684	(18,763)
Donations	29,500	14,500	14,500	-
Debt Service:				
Principal	184,424	184,424	171,650	(12,774)
Interest and fiscal charges	42,091	42,091	41,156	(935)
Capital outlay	-	944,415	679,414	(265,001)
<b>Total Expenditures</b>	<b>13,065,338</b>	<b>14,237,066</b>	<b>13,279,712</b>	<b>(957,354)</b>
Excess (Deficiency) of Revenues over Expenditures	1,846,926	1,923,140	3,209,765	1,286,625
<b>Other Financing Sources (Uses):</b>				
Proceeds from debt	-	-	-	-
Proceeds from capital lease	269,813	269,813	269,813	-
Proceeds from disposition of capital assets	-	19,702	19,702	-
Transfers (to)/from Capital Projects Fund	-	-	-	-
Transfers (to)/from Debt Service Fund	(2,619,579)	(2,869,579)	(2,866,242)	3,337
Transfers (to)/from Other Governmental Funds	60,000	109,435	112,782	3,347
Transfers (to)/from Natural Gas System	317,840	565,393	565,393	-
Transfers (to)/from Sewer System	-	(37,398)	(37,398)	-
Transfers (to)/from Other Proprietary Funds	125,000	125,000	125,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,846,926)</b>	<b>(1,817,634)</b>	<b>(1,810,950)</b>	<b>6,684</b>
<b>Net Change in Fund Balance</b>	<b>\$ 0</b>	<b>\$ 105,506</b>	<b>\$ 1,398,815</b>	<b>\$ 1,293,309</b>

**CITY OF CALERA, ALABAMA  
SELECTED REVENUE DATA (UNAUDITED)  
SEPTEMBER 30, 2018**

Sales Tax Revenue		Ad Valorem Tax Revenue	
Fiscal Year Ended September 30,		Fiscal Year Ended September 30,	
Sales Tax Revenues		Total Collected	
2018	\$ <u>10,703,372</u>	2018	\$ <u>2,063,099</u>

License and Permit Revenues		The Natural Gas System	
Fiscal Year Ended September 30,		Fiscal Year Ended September 30, 2018	
Total Amount Collected		Number of Customers	Gas Sold
2018	\$ <u>2,200,046</u>	<u>2,493</u>	\$ <u>2,559,121</u>

**Largest Ad Valorem Taxpayers**

Fiscal Year Ended September 30, 2018

Tax Payer	City Tax	Net Assessed Value of Taxable Property
LHOIST NORTH AMERICA OF ALABAMA	\$ 167,292	\$ 23,166,000
ALABAMA POWER COMPANY	\$ 47,711	\$ 4,771,080
CALERA 3280 LLC, O'BRIEN LLC, DIXON LLC	\$ 42,216	\$ 4,221,640
SCP BUILDING 4 LLC	\$ 38,134	\$ 3,813,380
LUMPKIN EDWIN B JR	\$ 32,724	\$ 3,272,400
LANDMARK AT LANCASTER PLACE LP	\$ 31,652	\$ 3,165,180
SYSCO FOOD SERVICES OF CENTRAL AL INC	\$ 31,641	\$ 3,164,140
ALABAMA BECKNELL INVESTORS LLC	\$ 22,589	\$ 2,258,920
WALMART REAL ESTATE BUSINESS TRUST	\$ 21,467	\$ 2,146,680
GLIDEWELL SPECIALTIES FOUNDRY	\$ 21,060	\$ 3,712,320

**Assessed Value of Taxable Property**

Fiscal Year Ended September 30,

Tax Year	Total Assessed Value
2018	\$ <u>200,605,320</u>

**Property Taxes Levied**

Fiscal Year Ended September 30, 2018

State of Alabama	6.5
City of Calera	10
Shelby County	16
General	5
Road and Bridge	2.5
County School	14
County School District No. 2	0
Total Mills	54

**CITY OF CALERA, ALABAMA  
SELECTED DEBT RATIOS (UNAUDITED)  
SEPTEMBER 30, 2018**

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

Fiscal Year Ended September 30,

	<u>Population</u>	<u>Net Assessed Value</u>	<u>Outstanding General Obligation Debt</u>	<u>Ratio of Outstanding Debt to Assessed Value</u>	<u>Outstanding Debt per Capita</u>
2018	13,979	\$ 200,605,320	\$ 35,930,000	17.91%	\$ 2,570

Computation of Constitutional Debt Margin

Fiscal Year Ended September 30, 2018

Net assessed value of taxable property, including motor vehicles, after exemptions	\$ <u>200,605,320</u>
General Debt limit (20% of net assessed value)	\$ <u>40,121,064</u>
Outstanding general obligation debt	\$ <u>35,930,000</u>
Outstanding general obligation debt chargeable against debt limit	\$ <u>25,675,000</u>
General constitutional debt margin	\$ <u>14,446,064</u>



**CITY OF CALERA, ALABAMA**  
**SCHEDULE OF OUTSTANDING DEBT (UNAUDITED)**  
**SEPTEMBER 30, 2018**

General Obligation Indebtedness

Fiscal Year Ended September 30, 2018

<u>Indebtedness and Date Incurred</u>	<u>Principal Amount Outstanding</u>
Series 2007 G/O Warrants	\$ 510,000
2008 Q2 772 G/O Warrants	\$ 1,150,000
2008 Q2 REG G/O Warrants	\$ 1,530,000
2008 Q2 Lease G/O Warrants	\$ 40,000
2008 Taxable G/O Warrants	\$ 260,000
2009 Q2 772CA G/O Warrants	\$ 7,245,000
2012-A G/O Warrants	\$ 3,100,000
2013-A G/O Warrants	\$ 2,955,000
2013-B G/O Warrants	\$ 6,015,000
2013-C G/O Warrants	\$ 1,285,000
2014 G/O Warrants	\$ 8,370,000
2014 Taxable G/O Series 2014-B	\$ 3,470,000
 Total Outstanding Indebtedness	 \$ <u>35,930,000</u>

General Obligation Bank Loans

Fiscal Year Ended September 30, 2018

	<u>Principal Outstanding</u>
Note Payable to Private Entity	\$ 1,537,156
Note Payable to Individual	\$ 395,716
Total	\$ <u>1,932,872</u>

**CITY OF CALERA, ALABAMA**  
**SCHEDULE OF ANNUAL DEBT SERVICE (UNAUDITED)**  
**SEPTEMBER 30, 2018**

Scheduled Annual Debt Service of the City

	Series 2007	Series 2008 AMF-A	Series 2008 AMF-B	Series 2008 AMF-C	Series 2008	Series 2009	Series 2012-A	Series 2013-A	Series 2013-B	Series 2013-C	Series 2014	Series 2014-B	Total - Debt Service
2019	137,526	101,584	130,430	11,170	281,975	472,368	473,378	95,813	352,627	157,899	676,795	208,565	3,100,130
2020	137,922	99,376	132,563	20,780	34,212	474,559	472,988	95,384	354,443	155,299	678,586	206,071	2,862,183
2021	138,033	97,168	129,619	10,156	-	481,397	476,424	94,853	351,030	157,902	675,228	473,578	3,085,388
2022	138,048	94,960	131,659	-	-	482,711	473,765	94,322	352,942	160,510	675,653	473,540	3,078,110
2023	-	102,629	133,424	-	-	483,673	475,195	93,791	354,421	157,745	674,728	477,290	2,952,896
2024	-	100,053	130,112	-	-	489,194	475,635	93,259	355,425	159,644	677,565	475,200	2,956,087
2025	-	97,477	131,785	-	-	494,280	475,288	92,758	351,094	161,231	679,170	477,200	2,960,283
2026	-	99,886	133,181	-	-	498,750	-	551,980	351,444	9,450	679,613	478,090	2,802,394
2027	-	102,019	134,486	-	-	502,782	-	530,918	351,495	9,450	678,848	478,040	2,788,038
2028	-	99,075	135,515	-	-	506,199	-	534,519	351,293	9,450	676,964	477,020	2,790,035
2029	-	101,115	131,467	-	-	509,175	-	532,329	350,745	9,450	678,974	-	2,313,255
2030	-	102,880	137,296	-	-	516,541	-	322,204	354,871	9,450	674,988	-	2,118,230
2031	-	99,568	132,880	-	-	523,203	-	334,126	353,656	9,450	674,973	-	2,127,856
2032	-	106,133	138,341	-	-	529,163	-	182,430	352,065	73,475	678,424	-	2,060,031
2033	-	102,453	143,527	-	-	534,421	-	-	355,115	253,750	679,400	-	2,068,666
2034	-	-	-	-	-	538,977	-	-	352,763	-	678,300	-	1,570,040
2035	-	-	-	-	-	542,829	-	-	354,519	-	-	-	897,348
2036	-	-	-	-	-	550,983	-	-	350,500	-	-	-	901,483
2037	-	-	-	-	-	558,170	-	-	351,238	-	-	-	909,408
2038	-	-	-	-	-	564,567	-	-	351,275	-	-	-	915,842
2039	-	-	-	-	-	-	-	-	350,599	-	-	-	350,599
2040	-	-	-	-	-	-	-	-	354,488	-	-	-	354,488
2041	-	-	-	-	-	-	-	-	352,938	-	-	-	352,938
2042	-	-	-	-	-	-	-	-	351,038	-	-	-	351,038
2043	-	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 551,529	\$ 1,506,376	\$ 2,006,285	\$ 42,106	\$ 316,187	\$ 10,253,942	\$ 3,322,673	\$ 3,648,686	\$ 8,462,024	\$ 1,494,155	\$ 10,838,209	\$ 4,224,594	\$ 46,666,766

See independent auditor's report