

City of Calera, Alabama

Financial Statements September 30, 2020

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, 2020, 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 26, 2021

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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 \$53,602,136 which will allow the City to continue to meet ongoing obligations to citizens and creditors.
- The General Fund reported a fund balance of \$10,857,338, an increase of \$4,033,109. The General Fund's Excess of Revenues over Expenditures was \$5,604,729.
- The Proprietary Funds reported a combined fund balance of \$15,777,964 an increase of \$1,534,932. The Proprietary Fund's Operating Income was \$1,744,071.
- The total cost of all the City's programs was \$23,297,393.

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, 2020**

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 \$7,353,007 from 2019 to 2020. The governmental activities net position increased by \$5,818,075 or approximately 18%, while business type activities net position increased by \$1,534,932, or approximately 11%. This increase in governmental activities resulted primarily from an increase in sales taxes and property taxes in addition to an increase in capital grants and contributions. The increase in business type activities resulted primarily from an increase in capital contributions.

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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,	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 17,476,677	\$ 21,539,542	\$ 4,370,967	\$ 5,186,665	\$ 21,847,644	\$ 26,726,207
Capital assets	53,483,437	54,462,735	20,255,293	20,502,411	73,738,730	74,965,146
Total assets	<u>70,960,114</u>	<u>76,002,277</u>	<u>24,626,260</u>	<u>25,689,076</u>	<u>95,586,374</u>	<u>101,691,353</u>
Deferred outflow s of resources	<u>4,554,416</u>	<u>4,509,796</u>	<u>666,341</u>	<u>709,313</u>	<u>5,220,757</u>	<u>5,219,109</u>
Other liabilities	2,344,452	2,566,278	484,217	400,499	2,828,669	2,966,777
Long-term liabilities	37,262,920	35,425,893	10,396,843	10,112,433	47,659,763	45,538,326
Total liabilities	<u>39,607,372</u>	<u>37,992,171</u>	<u>10,881,060</u>	<u>10,512,932</u>	<u>50,488,432</u>	<u>48,505,103</u>
Deferred inflow s of resources	<u>3,901,061</u>	<u>4,695,730</u>	<u>168,509</u>	<u>107,493</u>	<u>4,069,570</u>	<u>4,803,223</u>
Net position:						
Net investment in capital assets	31,022,406	33,351,249	10,833,203	11,480,318	41,855,609	44,831,567
Restricted	1,670,634	1,699,804	325,359	111,151	1,995,993	1,810,955
Unrestricted	(686,943)	2,773,119	3,084,470	4,186,495	2,397,527	6,959,614
Total net position	<u>\$ 32,006,097</u>	<u>\$ 37,824,172</u>	<u>\$ 14,243,032</u>	<u>\$ 15,777,964</u>	<u>\$ 46,249,129</u>	<u>\$ 53,602,136</u>

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

The City's combined net position increased to \$53,602,136 from \$46,249,129 or 16%. 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 \$2,773,119, which is an increase of \$3,460,062 from the prior year, or 504%. This increase results from an increase in current assets as well as a decrease in long term liabilities.

Changes in Net Position

The City's total revenues increased by approximately 14% to \$30,650,400. For governmental activities, sales taxes account for approximately 57% of revenues. Property taxes account for approximately 10%. The majority of the remaining governmental activities revenues come from fees and charges for services, other taxes, and capital grants and contributions.

The total cost of all programs and services increased by \$1,336,351, or approximately 6%. Expenses of business-type activities increased by \$12,595 and the cost of governmental activities increased by \$1,323,756.

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

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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,	
	2019	2020	2019	2020	2019	2020
REVENUES						
Program revenues:						
Fees, fines, and charges for services	\$ 4,205,293	\$ 3,680,984	\$ 7,058,396	\$ 7,078,886	\$ 11,263,689	\$ 10,759,870
Operating grants and contributions	105,903	145,160	-	-	105,903	145,160
Capital grants and contributions	497,234	2,931,490	419,680	689,940	916,914	3,621,430
General revenues:						
Sales taxes	11,893,814	13,080,694	-	-	11,893,814	13,080,694
Property taxes	2,148,511	2,367,786	-	-	2,148,511	2,367,786
Other taxes	375,575	496,504	-	-	375,575	496,504
Interest earnings	138,325	103,517	20,304	17,199	158,629	120,716
Lease income	35,872	31,778	-	-	35,872	31,778
Other income	(28,883)	26,462	-	-	(28,883)	26,462
Gain(loss) on sale of assets	6,728	-	-	-	6,728	-
TOTAL REVENUES	19,378,372	22,864,375	7,498,380	7,786,025	26,876,752	30,650,400
EXPENSES						
General administration	1,333,806	1,467,884	-	-	1,333,806	1,467,884
Street	1,056,032	1,704,272	-	-	1,056,032	1,704,272
Mechanic	165,234	170,999	-	-	165,234	170,999
Planning and zoning	86,943	96,957	-	-	86,943	96,957
Engineering	529,645	490,326	-	-	529,645	490,326
Inspections	282,379	269,053	-	-	282,379	269,053
Building maintenance	314,863	336,674	-	-	314,863	336,674
Police	3,779,082	4,214,731	-	-	3,779,082	4,214,731
Fire and rescue	4,405,665	4,513,947	-	-	4,405,665	4,513,947
Library	434,385	396,865	-	-	434,385	396,865
Parks and recreation	1,873,847	1,888,189	-	-	1,873,847	1,888,189
Senior center	100,369	104,178	-	-	100,369	104,178
Rolling hills	528,367	575,223	-	-	528,367	575,223
Donations	14,500	14,000	-	-	14,500	14,000
Municipal court	278,844	289,510	-	-	278,844	289,510
Cemetery	-	14,962	-	-	-	14,962
Interest on long-term debt	1,051,509	1,011,456	-	-	1,051,509	1,011,456
Natural gas system	-	-	1,778,968	1,676,706	1,778,968	1,676,706
Sewer system	-	-	3,174,635	3,222,418	3,174,635	3,222,418
Other proprietary funds	-	-	771,969	839,043	771,969	839,043
TOTAL EXPENSES	16,235,470	17,559,226	5,725,572	5,738,167	21,961,042	23,297,393
Excess (deficiency) before transfers & capital contributions	3,142,902	5,305,149	1,772,808	2,047,858	4,915,710	7,353,007
Transfers	463,385	512,926	(463,385)	(512,926)	-	-
Change in net position	3,606,287	5,818,075	1,309,423	1,534,932	4,915,710	7,353,007
Beginning net position	28,399,810	32,006,097	12,933,609	14,243,032	41,333,419	46,249,129
Ending net position	<u>\$ 32,006,097</u>	<u>\$ 37,824,172</u>	<u>\$ 14,243,032</u>	<u>\$ 15,777,964</u>	<u>\$ 46,249,129</u>	<u>\$ 53,602,136</u>

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

THE CITY'S FUNDS

Governmental Funds

As of the year-end, the Governmental Funds reported a combined fund balance of \$15,051,621, which is \$3,949,887 more than the beginning of the year. The General Fund experienced a net increase of \$4,033,109, resulting primarily from revenues in excess of expenditures. The Capital Projects Fund experienced a net decrease of \$164,889, resulting primarily from capital outlay expenditures in the current year. The Debt Service Fund experienced a net increase of \$60,108, resulting primarily from proceeds from debt in excess of debt retired. The Other Governmental Funds experienced a net increase of \$21,559.

Proprietary Funds

As of the year-end, the Proprietary Funds reported net position of \$15,777,964, which is approximately 11% more than the beginning of the year. The Natural Gas System experienced a net increase of \$141,615 after interfund transfers to other funds of \$387,926. The Sewer System experienced a net increase of \$1,385,220 after capital contributions of \$689,940. The Garbage Fund experienced a net increase of \$8,097 after transfers of \$125,000 to the General Fund.

General Fund Budgetary Highlights

General Fund revenues exceeded budgeted revenues by \$2,106,202. Actual sales tax revenues exceeded budgeted sales tax revenues.

General Fund expenditures were less than budgeted amounts by \$1,030,927.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the City had \$74,965,146 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 \$1,226,416, or approximately 1.6% over last year. The City's additions to capital assets included roadway and intersection improvements, building improvements, donated roadways, police equipment, and park equipment. These additions were offset by the retirements of assets no longer in service and by depreciation expense.

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	For the year ended September 30,		For the year ended September 30,		For the year ended September 30,	
	2019	2020	2019	2020	2019	2020
Land	\$ 19,965,860	\$ 20,040,022	\$ 441,853	\$ 441,853	\$ 20,407,713	\$ 20,481,875
Construction in progress	1,525,966	790,312	879,133	227,559	2,405,099	1,017,871
Land improvements, net	2,578,992	2,505,077	-	-	2,578,992	2,505,077
Infrastructure, net	11,957,395	14,657,760	-	-	11,957,395	14,657,760
Systems and facilities, net	-	-	18,297,392	19,130,370	18,297,392	19,130,370
Buildings and improvements, net	14,615,955	14,035,345	217,064	338,606	14,833,019	14,373,951
Vehicles, net	1,418,417	1,177,345	158,444	59,432	1,576,861	1,236,777
Equipment, net	1,420,852	1,256,874	261,407	304,591	1,682,259	1,561,465
Total capital assets, net	\$ 53,483,437	\$ 54,462,735	\$ 20,255,293	\$ 20,502,411	\$ 73,738,730	\$ 74,965,146

Debt

At September 30, 2020, the City had \$33,759,444 in warrants, notes payable, and capital leases outstanding versus \$35,620,751 at September 30, 2019, a decrease of 5%. This decrease results from principal payments and debt refinance transactions. Other obligations of the City include accrued vacation leave, holiday leave, and compensatory time, capital leases, other post-employment benefits, and the net pension liability.

Debt

	Governmental Activities		Business-type Activities		Totals	
	For the year ended September 30,		For the year ended September 30,		For the year ended September 30,	
	2019	2020	2019	2020	2019	2020
General obligation warrants	\$ 23,981,507	\$ 22,633,345	\$ 9,852,265	\$ 9,487,958	\$ 33,833,772	\$ 32,121,303
Notes payable	1,786,979	1,638,141	-	-	1,786,979	1,638,141
Other post employment benefit payable	7,802,908	6,818,611	-	-	7,802,908	6,818,611
Net pension liability	2,929,926	3,542,196	466,478	543,275	3,396,404	4,085,471
Compensated absences	761,600	793,600	78,100	81,200	839,700	874,800
Totals	\$ 37,262,920	\$ 35,425,893	\$ 10,396,843	\$ 10,112,433	\$ 47,659,763	\$ 45,538,326

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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, 2020. 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, 2020. Projected revenues in the General Fund budget are \$19,152,514. The City expects the major sources of revenues and expenditures to remain stable in fiscal year 2020.

If these estimates are realized, the City's budgetary fund balance is expected to increase by the close of fiscal year 2020.

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Water Works Board
Assets				
Cash and cash equivalents	\$ 7,174,221	\$ 3,931,915	\$ 11,106,136	\$ 2,086,646
Certificates of deposit	3,343,005	-	3,343,005	640,417
Accounts receivable, net	3,793,622	808,107	4,601,729	805,082
Lease receivable	1,636,728	-	1,636,728	-
Receivable from Calera Water Board	(23,597)	11,244	(12,353)	12,353
Due from other funds	11,511	(11,511)	-	-
Prepaid expenses	117,564	750	118,314	750
Inventory	-	173,463	173,463	176,798
Restricted assets:				
Cash and cash equivalents	4,447,287	272,697	4,719,984	1,869,096
Certificates of deposit	1,009,020	-	1,009,020	-
Accounts receivable	30,181	-	30,181	-
Nondepreciable capital assets	20,830,334	669,412	21,499,746	64,685
Depreciable capital assets, net	33,632,401	19,832,999	53,465,400	16,961,926
Total Assets	76,002,277	25,689,076	101,691,353	22,617,753
Deferred Outflows of Resources				
Deferred charges on refunding	416,449	465,865	882,314	543,834
Pension	1,889,802	243,448	2,133,250	-
Other post employment benefits	2,203,545	-	2,203,545	-
Total Deferred Outflows of Resources	4,509,796	709,313	5,219,109	543,834
Liabilities				
Accounts payable	835,354	176,197	1,011,551	43,204
Unearned revenue	125,797	-	125,797	-
Accrued liabilities	809,587	62,756	872,343	89,790
Payable from restricted assets:				
Accounts payable	30,434	-	30,434	-
Accrued expenses	(92,114)	-	(92,114)	-
Deposits	792,592	86,356	878,948	154,222
Accrued interest payable	64,628	75,190	139,818	68,807
Noncurrent liabilities:				
Due within one year	548,642	40,600	589,242	-
Due within one year - payable from restricted assets	1,710,000	150,000	1,860,000	570,000
Due in more than one year	33,167,251	9,921,833	43,089,084	12,335,505
Total Liabilities	37,992,171	10,512,932	48,505,103	13,261,528
Deferred Inflows of Resources				
Deferred property taxes	2,379,342	-	2,379,342	-
Pension	760,943	107,493	868,436	-
Other post employment benefits	1,555,445	-	1,555,445	-
Total Deferred Inflows of Resources	4,695,730	107,493	4,803,223	-
Net Position				
Net investment in capital assets	33,351,249	11,480,318	44,831,567	-
Restricted for:				
Capital projects	4,355	-	4,355	-
Debt service	774,689	111,151	885,840	-
Municipal court	170,935	-	170,935	-
Parks and recreation	1,305	-	1,305	-
Police	32,258	-	32,258	-
Street improvements	716,262	-	716,262	-
Unrestricted	2,773,119	4,186,495	6,959,614	9,900,059
Total Net Position	\$ 37,824,172	\$ 15,777,964	\$ 53,602,136	\$ 9,900,059

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

**CITY OF CALERA, ALABAMA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2020**

Program Activities:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, &	Operating	Capital	Primary Government			Component Unit
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Water Works Board
Governmental Activities:								
General administration	\$ 1,467,884	\$ 2,252,283	\$ -	\$ 188,776	\$ 973,175	\$ -	\$ 973,175	\$ -
Street	1,704,272	-	116,412	2,339,400	751,540	-	751,540	-
Mechanic	170,999	-	-	-	(170,999)	-	(170,999)	-
Planning and zoning	96,957	775	-	-	(96,182)	-	(96,182)	-
Engineering	490,326	-	-	-	(490,326)	-	(490,326)	-
Inspections	269,053	323,353	-	-	54,300	-	54,300	-
Building maintenance	336,674	-	-	-	(336,674)	-	(336,674)	-
Police	4,214,731	121,394	4,399	23,890	(4,065,048)	-	(4,065,048)	-
Fire and rescue	4,513,947	45,924	2,250	-	(4,465,773)	-	(4,465,773)	-
Library	396,865	3,730	16,569	-	(376,566)	-	(376,566)	-
Parks and recreation	1,888,189	138,290	-	150,000	(1,599,899)	-	(1,599,899)	-
Senior center	104,178	-	5,530	-	(98,648)	-	(98,648)	-
Rolling hills	575,223	460,819	-	-	(114,404)	-	(114,404)	-
Donations	14,000	-	-	-	(14,000)	-	(14,000)	-
Municipal court	289,510	334,416	-	-	44,906	-	44,906	-
Cemetery	14,962	-	-	229,424	214,462	-	214,462	-
Interest and fiscal charges	1,011,456	-	-	-	(1,011,456)	-	(1,011,456)	-
Total Governmental Activities	17,559,226	3,680,984	145,160	2,931,490	(10,801,592)	-	(10,801,592)	-
Business-type Activities:								
Natural Gas System	1,676,706	2,198,095	-	-	-	521,389	521,389	-
Sewer System	3,222,418	3,910,889	-	689,940	-	1,378,411	1,378,411	-
Other Proprietary Funds	839,043	969,902	-	-	-	130,859	130,859	-
Total Business-type Activities	5,738,167	7,078,886	-	689,940	-	2,030,659	2,030,659	-
Total Primary Government	\$ 23,297,393	\$ 10,759,870	\$ 145,160	\$ 3,621,430	\$ (10,801,592)	\$ 2,030,659	\$ (8,770,933)	\$ -
Component Unit:								
Calera Water Works Board	\$ 3,426,131	\$ 4,146,537	\$ -	\$ 439,865	\$ -	\$ -	\$ -	\$ 1,160,271
Total Component Unit	\$ 3,426,131	\$ 4,146,537	\$ -	\$ 439,865	\$ -	\$ -	\$ -	\$ 1,160,271
General Revenues:								
Taxes:								
Sales					13,080,694	-	13,080,694	-
Property					2,367,786	-	2,367,786	-
Other					496,504	-	496,504	-
Interest earnings					103,517	17,199	120,716	18,561
Lease income					31,778	-	31,778	-
Other income					26,462	-	26,462	-
Transfers					512,926	(512,926)	-	-
Total general revenues and transfers					16,619,667	(495,727)	16,123,940	18,561
Change in net position					5,818,075	1,534,932	7,353,007	1,178,832
Net position - beginning					32,006,097	14,243,032	46,249,129	8,721,227
Net position - ending					\$ 37,824,172	\$ 15,777,964	\$ 53,602,136	\$ 9,900,059

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

**CITY OF CALERA, ALABAMA
BALANCE SHEET -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 7,174,221	\$ -	\$ -	\$ -	7,174,221
Certificates of deposit	3,343,005	-	-	-	3,343,005
Accounts receivable	3,793,622	-	-	-	3,793,622
Due from other funds	-	-	78,978	-	78,978
Prepaid expenses	117,564	-	-	-	117,564
Restricted assets:					
Cash	362,009	2,743,551	839,317	502,410	4,447,287
Certificates of deposit	1,009,020	-	-	-	1,009,020
Accounts receivable	-	30,181	-	-	30,181
Total Assets	\$ 15,799,441	\$ 2,773,732	\$ 918,295	\$ 502,410	\$ 19,993,878
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 835,354	\$ -	\$ -	\$ -	835,354
Payable to Calera Water Works	23,436	161	-	-	23,597
Accrued liabilities	905,585	-	-	-	905,585
Payable from restricted assets:					
Accounts payable	-	25,826	-	4,608	30,434
Accrued expenses	-	-	-	(92,114)	(92,114)
Due to other funds	36,954	30,028	-	485	67,467
Deposits	761,432	-	-	31,160	792,592
Total Liabilities	2,562,761	56,015	-	(55,861)	2,562,915
Deferred Inflows of Resources:					
Deferred property taxes	2,379,342	-	-	-	2,379,342
Total Deferred Inflows of Resources	2,379,342	-	-	-	2,379,342
Fund Balances:					
Restricted for:					
Capital projects	-	2,717,717	-	-	2,717,717
Debt service	-	-	918,295	-	918,295
Municipal court	-	-	-	170,450	170,450
Parks and recreation	1,305	-	-	-	1,305
Police	32,258	-	-	-	32,258
Street improvements	328,441	-	-	387,821	716,262
Unassigned:	10,495,334	-	-	-	10,495,334
Total Fund Balances	10,857,338	2,717,717	918,295	558,271	15,051,621
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,799,441	\$ 2,773,732	\$ 918,295	\$ 502,410	\$ 19,993,878

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, 2020**

Fund Balances - Total Governmental Funds \$ 15,051,621

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	1,636,728	
Less: Unearned revenue related to lease receivable	<u>(125,797)</u>	1,510,931

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

Governmental capital assets	76,401,427	
Less: accumulated depreciation	<u>(21,938,692)</u>	54,462,735

Interest payable reported in the governmental activities is not payable from current resources and, therefore, is not reported in the governmental funds.		(64,628)
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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	590,596	
Difference between projected and actual earnings on pension plan investments	296,476	
Differences between expected and actual experience- net pension liability	(433,183)	
Changes of assumptions related to net pension liability	674,970	
Differences between expected and actual experience related to OPEB	503,342	
Changes of assumptions related to OPEB	<u>144,758</u>	1,776,959

Net pension liability is not due and payable in the current period and therefore, not reported in the governmental funds balance sheet.		(3,542,196)
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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	(22,100,000)	
Discounts (premiums)	(533,345)	
Deferred charges on refunding	416,449	
Notes payable	(1,638,141)	
Other post employment benefits payable	(6,722,613)	
Compensated absences	<u>(793,600)</u>	<u>(31,371,250)</u>

Net Position of Governmental Activities \$ 37,824,172

CITY OF CALERA, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Operating Revenues:					
Taxes:					
Sales	\$ 13,080,694	\$ -	\$ -	\$ -	\$ 13,080,694
Property	2,367,786	-	-	-	2,367,786
Motor vehicle / gas	52,954	-	-	110,412	163,366
Other	443,549	-	-	-	443,549
Licenses and permits	2,486,358	-	-	-	2,486,358
Fines and forfeitures	-	-	-	332,087	332,087
Charges for services	820,392	-	-	-	820,392
Interest	66,880	25,707	8,620	2,310	103,517
Other	957,000	-	-	2,329	959,329
Total Revenues	20,275,613	25,707	8,620	447,138	20,757,078
Expenditures:					
Current:					
General administration	851,909	-	-	34,070	885,979
Street	1,199,602	-	-	-	1,199,602
Mechanic	163,246	-	-	-	163,246
Planning and zoning	96,908	-	-	-	96,908
Engineering	457,904	-	-	-	457,904
Inspections	230,107	-	-	-	230,107
Building maintenance	332,620	-	-	-	332,620
Police	3,909,513	-	-	-	3,909,513
Fire and rescue	4,215,618	-	-	-	4,215,618
Library	311,759	-	-	-	311,759
Parks and recreation	1,519,327	-	-	-	1,519,327
Senior center	82,324	-	-	-	82,324
Rolling hills	399,044	-	-	-	399,044
Donations	14,000	-	-	-	14,000
Cemetery	14,962	-	-	-	14,962
Municipal court	-	-	-	287,975	287,975
Debt Service:					
Principal	148,838	-	12,485,000	-	12,633,838
Interest and fiscal charges	34,380	-	1,025,453	-	1,059,833
Capital outlay	688,823	216,801	-	-	905,624
Total Expenditures	14,670,884	216,801	13,510,453	322,045	28,720,183
Excess (Deficit) of Revenues over Expenditures	5,604,729	(191,094)	(13,501,833)	125,093	(7,963,105)

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

CITY OF CALERA, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):					
Proceeds from debt	-	-	11,164,116	-	11,164,116
Proceeds from capital lease	235,950	-	-	-	235,950
Transfers (to)/from					
Capital projects fund	(26,205)	26,205	-	-	-
Transfers (to)/from					
Debt service fund	(2,397,825)	-	2,397,825	-	-
Transfers (to)/from					
Other governmental funds	103,534	-	-	(103,534)	-
Transfers (to)/from					
Natural gas system	387,926	-	-	-	387,926
Transfers (to)/from					
Other proprietary funds	125,000	-	-	-	125,000
Total Other Financing Sources (Uses)	<u>(1,571,620)</u>	<u>26,205</u>	<u>13,561,941</u>	<u>(103,534)</u>	<u>11,912,992</u>
Net Change in Fund Balances	4,033,109	(164,889)	60,108	21,559	3,949,887
Fund Balances, Beginning	<u>6,824,229</u>	<u>2,882,606</u>	<u>858,187</u>	<u>536,712</u>	<u>11,101,734</u>
Fund Balances, Ending	<u>\$ 10,857,338</u>	<u>\$ 2,717,717</u>	<u>\$ 918,295</u>	<u>\$ 558,271</u>	<u>\$ 15,051,621</u>

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
SEPTEMBER 30, 2020

Net Change in Fund Balances - Total Governmental Funds		\$ 3,949,887
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	905,624	
Less current year depreciation	<u>(2,001,854)</u>	(1,096,230)
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.		
		2,075,517
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	(235,950)	
Lease income	<u>31,778</u>	(204,172)
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.		
		1,313,838
The effect of the net increase (decrease) in deferred outflows/ inflows of resources:		
Differences between expected and actual experience related to net pension liability	(270,306)	
Changes of assumptions related to net pension liability	(124,329)	
Net difference between projected and actual earnings on plan investments	983,346	
Employer contributions subsequent to the measurement date	(16,574)	
Differences between expected and actual experience related to OPEB	(561,269)	
Changes of assumptions related to OPEB	<u>(775,922)</u>	(765,054)
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		(30,872)
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		(32,000)
Net decrease in other post employment benefit payable		984,297
Net increase in net pension liability		(612,270)
Costs incurred in refinance of GO Warrants		230,660
Change in accrued interest expense		<u>4,474</u>
Change in Net Position of Governmental Funds		<u>\$ 5,818,075</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, 2020

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
Assets				
Current:				
Cash	\$ 1,728,214	\$ 1,734,852	\$ 468,849	\$ 3,931,915
Accounts receivable, net	177,733	516,363	114,011	808,107
Prepaid expenses	750	-	-	750
Inventory	149,093	24,370	-	173,463
Total Current Assets	2,055,790	2,275,585	582,860	4,914,235
Noncurrent:				
Restricted cash and cash equivalents	86,356	186,341	-	272,697
Nondepreciable assets	155,714	513,698	-	669,412
Depreciable capital assets, net	3,177,361	16,584,029	71,609	19,832,999
Total Noncurrent Assets	3,419,431	17,284,068	71,609	20,775,108
Total Assets	5,475,221	19,559,653	654,469	25,689,343
Deferred Outflows of Resources				
Deferred charges on refunding	-	465,865	-	465,865
Pension	84,674	107,684	51,090	243,448
Total Deferred Outflows of Resources	84,674	573,549	51,090	709,313
Liabilities				
Current:				
Accounts payable	73,846	78,456	23,895	176,197
Due to General Fund	3,515	5,055	2,941	11,511
Due to Calera Water Board	(11,244)	-	-	(11,244)
Accrued expenses	23,676	24,691	14,389	62,756
Compensated absences, current portion	10,600	23,900	6,100	40,600
Payable from restricted assets:				
Customer deposits	86,356	-	-	86,356
Accrued interest payable	-	75,190	-	75,190
Current portion of long-term debt	-	150,000	-	150,000
Total Current Liabilities	186,749	357,292	47,325	591,366
Noncurrent:				
Compensated absences, net of current portion	10,600	23,900	6,100	40,600
Long-term debt, net of current portion	195,506	9,568,992	116,735	9,881,233
Total Noncurrent Liabilities	206,106	9,592,892	122,835	9,921,833
Total Liabilities	392,855	9,950,184	170,160	10,513,199
Deferred Inflows of Resources				
Pension	34,564	52,020	20,909	107,493
Total Deferred Inflows of Resources	34,564	52,020	20,909	107,493
Net Position				
Net investment in capital assets	3,333,075	8,075,634	71,609	11,480,318
Unrestricted	1,799,401	1,944,213	442,881	4,186,495
Restricted for debt service	-	111,151	-	111,151
Total Net Position	\$ 5,132,476	\$ 10,130,998	\$ 514,490	\$ 15,777,964

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, 2020

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
Operating Revenues				
Utility receipts	\$ 2,015,065	\$ 2,936,618	\$ 969,902	\$ 5,921,585
Fees	15,445	977,750	-	993,195
Miscellaneous	167,585	(3,479)	-	164,106
Total Operating Revenues	2,198,095	3,910,889	969,902	7,078,886
Operating Expenses				
Gas purchases	683,713	-	-	683,713
Personnel services	601,533	861,627	419,536	1,882,696
Supplies expense	31,832	176,488	61,292	269,612
Repairs and maintenance	29,384	179,892	73,071	282,347
Depreciation	168,946	779,444	84,240	1,032,630
Administrative expenses	118,246	725,930	47,994	892,170
Outside services	43,052	95,685	152,910	291,647
Total Operating Expenses	1,676,706	2,819,066	839,043	5,334,815
Operating Income	521,389	1,091,823	130,859	1,744,071
Non Operating Revenues (Expenses)				
Interest income	8,152	6,809	2,238	17,199
Interest and fiscal charges	-	(400,002)	-	(400,002)
Trustee fees	-	(3,350)	-	(3,350)
Total Non Operating Revenues (Expenses)	8,152	(396,543)	2,238	(386,153)
Income (Loss) Before Capital Contributions and Interfund Operating Transfers	529,541	695,280	133,097	1,357,918
Capital Contributions	-	689,940	-	689,940
Interfund Transfers	(387,926)	-	(125,000)	(512,926)
Change in Net Position	141,615	1,385,220	8,097	1,534,932
Net Position, Beginning of Year	4,990,861	8,745,778	506,393	14,243,032
Net Position, End of Year	\$ 5,132,476	\$ 10,130,998	\$ 514,490	\$ 15,777,964

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

CITY OF CALERA, ALABAMA
STATEMENT OF PROPRIETARY FUND CASH FLOWS
SEPTEMBER 30, 2020

	<u>Natural Gas System</u>	<u>Sewer System</u>	<u>Other Proprietary Fund</u>	<u>Total Proprietary Funds</u>
Cash Flows from Operating Activities				
Cash received from customers	\$ 2,188,655	\$ 3,887,283	\$ 961,905	\$ 7,037,843
Cash paid to employees	(584,454)	(855,843)	(414,122)	(1,854,419)
Cash paid to suppliers for goods and services	<u>(813,006)</u>	<u>(1,205,252)</u>	<u>(332,150)</u>	<u>(2,350,408)</u>
Net Cash Provided by Operating Activities	<u>791,195</u>	<u>1,826,188</u>	<u>215,633</u>	<u>2,833,016</u>
Cash Flows from Noncapital Financing Activities				
Transfers (to) / from other funds	<u>(387,926)</u>	<u>-</u>	<u>(125,000)</u>	<u>(512,926)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(387,926)</u>	<u>-</u>	<u>(125,000)</u>	<u>(512,926)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of property, plant, and equipment	(217,039)	(446,803)	(42,083)	(705,925)
Principal payments on debt	-	(553,800)	-	(553,800)
Interest payments on debt	-	(278,776)	-	(278,776)
Trustee fees	-	(3,350)	-	(3,350)
Net Cash Used by Capital and Related Financing Activities	<u>(217,039)</u>	<u>(1,282,729)</u>	<u>(42,083)</u>	<u>(1,541,851)</u>
Cash Flows from Investing Activities				
Interest on cash and investments	<u>8,152</u>	<u>6,809</u>	<u>2,238</u>	<u>17,199</u>
Net Cash Provided by Investing Activities	<u>8,152</u>	<u>6,809</u>	<u>2,238</u>	<u>17,199</u>
Net Increase in Cash and Cash Equivalents	194,382	550,268	50,788	795,438
Cash and Cash Equivalents at Beginning of Year	<u>1,620,188</u>	<u>1,370,925</u>	<u>418,061</u>	<u>3,409,174</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,814,570</u>	<u>\$ 1,921,193</u>	<u>\$ 468,849</u>	<u>\$ 4,204,612</u>

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

CITY OF CALERA, ALABAMA
STATEMENT OF PROPRIETARY FUND CASH FLOWS
SEPTEMBER 30, 2020

Reconciliation of Cash and Cash Equivalents to Statement of Net Position

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
Operating income	\$ 521,389	\$ 1,091,823	\$ 130,859	\$ 1,744,071
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	168,946	779,444	84,240	1,032,630
(Increase) decrease in:				
Accounts receivable	(12,275)	(23,606)	(7,997)	(43,878)
Inventory	83,196	(11,028)	-	72,168
Deferred Outflows	(1,553)	(2,821)	(2,908)	(7,282)
Increase (decrease) in:				
Accounts payable	28,276	9,185	8,727	46,188
Due to general fund	(15,115)	(25,414)	(5,610)	(46,139)
Due to Calera Water Board	(2,410)	-	-	(2,410)
Customer deposits	2,835	-	-	2,835
Compensated absences	4,400	(3,000)	1,700	3,100
Accrued expenses	8,928	3,995	3,030	15,953
Deferred Inflows	(17,702)	(29,423)	(13,891)	(61,016)
Net pension liability	22,280	37,033	17,483	76,796
Net Cash Provided by Operating Activities	<u>\$ 791,195</u>	<u>\$ 1,826,188</u>	<u>\$ 215,633</u>	<u>\$ 2,833,016</u>

Noncash Investing, Capital, and Financing Activities

Calera Sewer System had amortization of warrant discounts of \$4,663, amortization of warrant premiums of \$24,484, net refundings of premiums and discounts of \$53,113, and amortization of deferred charges on refunding of \$49,561.

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	\$ 1,728,214	\$ 1,734,852	\$ 468,849	\$ 3,931,915
Restricted cash	<u>86,356</u>	<u>186,341</u>	<u>-</u>	<u>272,697</u>
Cash and cash equivalents	<u>\$ 1,814,570</u>	<u>\$ 1,921,193</u>	<u>\$ 468,849</u>	<u>\$ 4,204,612</u>

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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, 2020

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, 2020

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

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

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 and other post-employment benefit 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. A deferred outflow related to the other post-employment benefit liability results from actuarial differences and changes in assumptions related to economic or demographic factors attributable to active and inactive employees, including retirees.

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, 2020

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 and other post-employment benefit liabilities 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, 2020**

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 \$3,700,000 are invested by banks' trust departments in U.S. Government Securities and are not subject to collateralization requirements.

Investments

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

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

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

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.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investment Rate Risk

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

Foreign Currency Risk

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

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

NOTE 3 - RECEIVABLES AND PAYABLES

Receivables at September 30, 2020 consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Taxes:				
Sales	\$ 1,039,098	\$ -	\$ 1,039,098	\$ -
Property	2,349,224	-	2,349,224	-
Motor vehicle/gas	72,506	-	72,506	-
Customers	-	831,204	831,204	823,175
Other	443,079	-	443,079	-
Gross Receivables	<u>3,903,907</u>	<u>831,204</u>	<u>4,735,111</u>	<u>823,175</u>
Less: Allowance for uncollectibles	(80,104)	(23,097)	(103,201)	(18,093)
Net Receivables	<u>\$ 3,823,803</u>	<u>\$ 808,107</u>	<u>\$ 4,631,910</u>	<u>\$ 805,082</u>

Payables at September 30, 2020 consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Trade payables	\$ 791,115	\$ 52,696	\$ 843,811	\$ 36,365
Capital assets payables	<u>74,673</u>	<u>123,501</u>	<u>198,174</u>	<u>6,839</u>
	<u>\$ 865,788</u>	<u>\$ 176,197</u>	<u>\$ 1,041,985</u>	<u>\$ 43,204</u>

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2020, 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	\$ 19,965,860	\$ 74,162	\$ -	\$ 20,040,022
Construction in progress	1,525,966	268,165	(1,003,819)	790,312
Total capital assets not being depreciated	<u>21,491,826</u>	<u>342,327</u>	<u>(1,003,819)</u>	<u>20,830,334</u>
Capital assets being depreciated				
Land improvements	2,956,643	-	-	2,956,643
Infrastructure	19,336,258	3,217,438	-	22,553,696
Buildings and improvements	19,394,103	103,966	-	19,498,069
Vehicles	4,960,983	143,548	(76,951)	5,027,580
Equipment	5,392,729	177,692	(35,316)	5,535,105
Total capital assets being depreciated	<u>52,040,716</u>	<u>3,642,644</u>	<u>(112,267)</u>	<u>55,571,093</u>
Less accumulated depreciation for:				
Land improvements	377,651	73,915	-	451,566
Infrastructure	7,378,863	517,073	-	7,895,936
Buildings and improvements	4,778,148	684,576	-	5,462,724
Vehicles	3,542,566	384,620	(76,951)	3,850,235
Equipment	3,971,877	341,670	(35,316)	4,278,231
Total accumulated depreciation	<u>20,049,105</u>	<u>2,001,854</u>	<u>(112,267)</u>	<u>21,938,692</u>
Total capital assets, being depreciated, net	<u>31,991,611</u>	<u>1,640,790</u>	<u>-</u>	<u>33,632,401</u>
Governmental activities capital assets, net	<u>\$ 53,483,437</u>	<u>\$ 1,983,117</u>	<u>\$ (1,003,819)</u>	<u>\$ 54,462,735</u>

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 - CAPITAL ASSETS - CONTINUED

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
<i><u>Business-type activities</u></i>				
Capital assets not being depreciated				
Land	\$ 441,853	\$ -	\$ -	\$ 441,853
Construction in progress	879,133	184,893	(836,467)	227,559
Total capital assets not being depreciated	<u>1,320,986</u>	<u>184,893</u>	<u>(836,467)</u>	<u>669,412</u>
Capital assets, being depreciated				
System and facilities	30,163,251	1,630,311	-	31,793,562
Buildings and improvements	317,981	163,228	-	481,209
Vehicles	1,506,476	-	(15,217)	1,491,259
Equipment	1,389,490	137,783	(53,138)	1,474,135
Total capital assets being depreciated	<u>33,377,198</u>	<u>1,931,322</u>	<u>(68,355)</u>	<u>35,240,165</u>
Less accumulated depreciation for:				
System and facilities	11,865,859	797,333	-	12,663,192
Buildings and improvements	100,917	41,686	-	142,603
Vehicles	1,348,032	99,012	(15,217)	1,431,827
Equipment	1,128,083	94,599	(53,138)	1,169,544
Total accumulated depreciation	<u>14,442,891</u>	<u>1,032,630</u>	<u>(68,355)</u>	<u>15,407,166</u>
Total capital assets, being depreciated, net	<u>18,934,307</u>	<u>898,692</u>	<u>-</u>	<u>19,832,999</u>
Business-type activities capital assets, net	<u>\$ 20,255,293</u>	<u>\$ 1,083,585</u>	<u>\$ (836,467)</u>	<u>\$ 20,502,411</u>

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

Governmental Activities:

General administration	\$ 223,210
Street	497,016
Mechanic	5,838
Engineering	26,755
Inspections	35,674
Building maintenance	-
Police	284,724
Fire and rescue	284,004
Library	83,019
Parks and recreation	364,729
Senior center	21,293
Rolling hills	175,592
Cemetery	-
Total Depreciation Expense- Governmental Activities	<u>\$ 2,001,854</u>

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 - CAPITAL ASSETS - CONTINUED

Business Type Activities:

Natural Gas System	\$ 168,946
Sewer System	779,444
Other Proprietary Funds	<u>84,240</u>
Total Depreciation Expense- Business-type Activities	<u>\$ 1,032,630</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	<u>638,245</u>	<u>53,200</u>	<u>(638,245)</u>	<u>53,200</u>
Total capital assets not being depreciated	<u>649,730</u>	<u>53,200</u>	<u>(638,245)</u>	<u>64,685</u>
Capital assets being depreciated				
System and facilities	23,546,821	1,399,042	-	24,945,863
Buildings and improvements	92,789	14,454	-	107,243
Vehicles	334,550	34,875	(23,856)	345,569
Equipment	<u>1,497,070</u>	<u>80,195</u>	<u>(31,242)</u>	<u>1,546,023</u>
Total capital assets being depreciated	<u>25,471,230</u>	<u>1,528,566</u>	<u>(55,098)</u>	<u>26,944,698</u>
Less accumulated depreciation for:				
System and facilities	7,826,825	600,281	-	8,427,106
Buildings and improvements	24,062	8,450	-	32,512
Vehicles	260,384	25,238	(23,856)	261,766
Equipment	<u>1,238,421</u>	<u>54,209</u>	<u>(31,242)</u>	<u>1,261,388</u>
Total accumulated depreciation	<u>9,349,692</u>	<u>688,178</u>	<u>(55,098)</u>	<u>9,982,772</u>
Total capital assets, being depreciated, net	<u>16,121,538</u>	<u>840,388</u>	<u>-</u>	<u>16,961,926</u>
Water Works Board capital assets, net	<u>\$ 16,771,268</u>	<u>\$ 893,588</u>	<u>\$ (638,245)</u>	<u>\$ 17,026,611</u>

Depreciation expense charged to the component unit for the year ended September 30, 2020, was \$688,178.

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 - LONG-TERM DEBT

Primary Government:

Warrants payable at September 30, 2020, are comprised of the following issues:

	<u>Governmental Activities</u>	<u>Business- 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%.	\$ 265,000	\$ -
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%.	1,030,000	-
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%.	1,375,000	-
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%.	10,000	-
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%.	6,795,000	-
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 \$6,513).	2,261,513	-
Series 2019-A General Obligation Warrants, dated November 21, 2019, due in semi-annual installments through February 1, 2034, bearing interest rates of 2.0% to 5.0%. (plus: unamortized premiums of \$536,006).	7,576,006	-
2019-B Taxable General Obligation Warrants, dated November 21, 2019, due in semi-annual installments through September 1, 2028, bearing interest rates of 2.0% to 3.0%. (less: unamortized discounts of \$9,174).	3,320,826	-
Series 2020 General Obligation Warrants, dated May 27, 2020, due in semi-annual installments through November 1, 2038, bearing interest rates of 2.0% to 4.0%. (plus: unamortized premiums of \$752,958).	-	9,487,958
Total Warrants Payable	<u>\$ 22,633,345</u>	<u>\$ 9,487,958</u>

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 - LONG-TERM DEBT - CONTINUED

Notes payable at September 30, 2020, 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.	\$ 1,324,316
Note payable to individual dated October 10, 2014, monthly payments of \$4,007, including interest at 2%, maturing in February 2026.	313,825
Total Notes Payable	\$ <u>1,638,141</u>

A summary of long-term liability activity for the year ended September 30, 2020 is as follows:

	Balance October 1, 2019	Issues or Additions	Payments or Expenditures	Balance September 30, 2020	Due within one year
<i><u>Governmental Type Activities</u></i>					
General obligation warrants	\$ 24,005,000	\$ 10,580,000	\$ 12,485,000	\$ 22,100,000	\$ 1,710,000
Less deferred amounts:					
Issuance premium (discount)	(23,493)	584,713	27,875	533,345	-
Total General obligation warrants	23,981,507	11,164,713	12,512,875	22,633,345	1,710,000
Notes payable	1,786,979	-	148,838	1,638,141	151,842
Other post employment benefit payable	7,802,908	509,912	1,494,209	6,818,611	-
Net pension liability	2,929,926	2,575,644	1,963,374	3,542,196	-
Compensated absences	761,600	664,500	632,500	793,600	396,800
Total Governmental Activities	\$ <u>37,262,920</u>	\$ <u>14,914,769</u>	\$ <u>16,751,796</u>	\$ <u>35,425,893</u>	\$ <u>2,258,642</u>
<i><u>Business-type Activities</u></i>					
General obligation warrants	\$ 9,910,000	\$ 8,735,000	\$ 9,910,000	\$ 8,735,000	\$ 150,000
Less deferred amounts:					
Issuance premium (discount)	(57,735)	777,401	(33,292)	752,958	-
Total General obligation warrants	9,852,265	9,512,401	9,876,708	9,487,958	150,000
Net pension liability	466,478	323,057	246,260	543,275	-
Compensated absences	78,100	90,500	87,400	81,200	40,600
Total Business-type Activities	\$ <u>10,396,843</u>	\$ <u>9,925,958</u>	\$ <u>10,210,368</u>	\$ <u>10,112,433</u>	\$ <u>190,600</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, 2020

NOTE 5 - LONG-TERM DEBT - CONTINUED

The annual aggregate maturities for the years subsequent to September 30, 2020 are as follows:

Year Ending September 30,	Governmental Activities		Governmental Activities		Business-type Activities	
	General Obligation Warrants		Notes Payable		General Obligation Warrants	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,710,000	\$ 704,660	\$ 151,842	\$ 31,376	\$ 150,000	\$ 96,673
2022	1,755,000	653,356	154,907	28,311	355,000	257,173
2023	1,680,000	601,534	158,033	25,184	365,000	246,523
2024	1,735,000	547,881	161,223	21,995	380,000	235,573
2025	1,795,000	491,152	164,477	18,740	385,000	224,173
2026-2030	6,575,000	1,655,940	725,016	46,831	2,170,000	896,513
2031-2035	5,275,000	651,613	122,643	1,230	2,605,000	457,863
2036-2040	1,575,000	98,719	-	-	2,325,000	123,330
	<u>\$ 22,100,000</u>	<u>\$ 5,404,855</u>	<u>\$ 1,638,141</u>	<u>\$ 173,667</u>	<u>\$ 8,735,000</u>	<u>\$ 2,537,821</u>

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

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

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

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 - LONG-TERM DEBT - CONTINUED

Component Unit:

Water Revenue Bonds payable at September 30, 2020, 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 \$75,876.)	8,249,124
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 \$1,194.)	2,148,806
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 \$82,305.)	1,877,305
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 \$270.)	630,270
	\$ 12,905,505

A summary of long-term liability activity for the year ended September 30, 2020, is as follows:

	Balance October 1, 2019	Issues or Additions	Payments or Expenditures	Balance September 30, 2020	Due within one year
Revenue bonds payable	\$ 13,450,000	\$ -	\$ (550,000)	\$ 12,900,000	\$ 570,000
Less deferred amounts:					
Issuance premium (discount)	3,150	-	2,355	5,505	-
Total revenue bonds	\$ 13,453,150	\$ -	\$ (547,645)	\$ 12,905,505	\$ 570,000

The annual requirements to service the Board's debt obligations at September 30, 2020, are as follows:

Year Ending September 30,	Component Unit	
	Revenue Bonds Payable Principal	Interest
2021	\$ 570,000	406,253
2022	565,000	392,746
2023	585,000	378,103
2024	585,000	363,464
2025	595,000	349,111
2026-2030	3,420,000	1,472,594
2031-2035	4,070,000	860,797
2036-2040	2,510,000	146,219
	\$ 12,900,000	\$ 4,369,287

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 - CAPITAL LEASES

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, 2020 are as follows:

		<u>Governmental Activities</u>
Minimum lease payment receivable	\$	1,636,728
Less: unearned income		(125,797)
Net investment in direct financing lease	\$	<u><u>1,510,931</u></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, 2020:

Year Ending September 30,		
2021	\$	216,728
2022		200,000
2023		200,000
2024		200,000
2025		200,000
Thereafter		620,000
Total minimum lease payments	\$	<u><u>1,636,728</u></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, 2020, lease expenditures for all types of operating leases were \$62,752.

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 \$40,000 in 2021, and \$19,000 in 2022.

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8 - PENSION PLAN

Plan Description

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

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

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

Benefits Provided

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

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 907 local participating employers. The ERS membership includes approximately 93,986 participants. As of September 30, 2019, membership consisted of:

Retirees and beneficiaries currently receiving benefits	25,871
Terminated employees entitled to but not yet receiving benefits	1,794
Terminated employees not entitled to a benefit	11,001
Active members	55,222
Post-DROP participants who are still in active service	98
Total	93,986

Contributions

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

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

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020 the City's average contribution rate to fund the normal and accrued liability costs was 7.68% of covered payroll for Tier 1 employees and 4.52% of covered employee payroll for Tier 2 employees.

The City's contractually required contribution rate for the year ended September 30, 2020 was 7.31% of pensionable pay for Tier 1 employees, and 4.15% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$679,550 for the year ended September 30, 2020.

Net Pension Liability

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

Total Pension Liability as of 09/30/2018 (a)	\$ 27,115,004
Discount Rate (b)	7.70%
Entry Age Normal Cost for 10/1/2018 - 9/30/2019 (c)	819,946
Transfers Among Employers (d)	(264,515)
Actual Benefit Payments 10/1/2018 - 9/30/2019 (d)	(882,825)
Total Pension Liability as of 9/30/2019 (a)	
[(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5 x(b))]	\$ 28,841,476

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8 - PENSION PLAN - CONTINUED

Actuarial Assumptions

The total pension liability as of September 30, 2019 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2018. The Key actuarial assumptions are summarized below:

Inflation	2.75%
Projected salary increases	3.25% - 5.00%
Investment rate of return*	7.70%

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

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

	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, 2020**

NOTE 8 - PENSION PLAN - CONTINUED

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at October 1	\$ 27,438,208	\$ 24,041,804	\$ 3,396,404
Changes for the year:			
Service cost	819,946	-	819,946
Interest	2,078,755	-	2,078,755
Changes of assumptions	-	-	-
Difference between expected and actual experience	(348,091)	-	(348,091)
Contributions - employer	-	661,816	(661,816)
Contributions - employee	-	581,152	(581,152)
Net investment income	-	618,575	(618,575)
Benefit payments, including refunds of employee contributions	(882,825)	(882,825)	-
Transfers among employers	(264,515)	(264,515)	-
Net Changes	1,403,270	714,203	689,067
Balances at September 30	\$ 28,841,478	\$ 24,756,007	\$ 4,085,471

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease 6.70%	Current Rate 7.70%	1% Increase 8.70%
City's net pension liability	\$ 8,266,937	\$ 4,085,471	\$ 610,235

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2019. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at 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, 2020, the City recognized pension expense of \$710,354. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 383,082	\$ 868,436
Changes of assumptions	756,261	-
Net difference between projected and actual earnings on pension plan investments	332,182	-
Employer contributions subsequent to the measurement date	661,725	-
Total	<u>\$ 2,133,250</u>	<u>\$ 868,436</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>
2021	\$ 797,251	\$ 127,040
2022	209,324	127,040
2023	402,142	127,040
2024	467,959	127,040
2025	186,665	127,040
Thereafter	69,909	233,236
Total	<u>\$ 2,133,250</u>	<u>\$ 868,436</u>

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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.

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, 2020, the following employees were covered by the benefit terms:

Active participants	168
Vested former participants	-
Retired participants	16
	184

Total OPEB Liability

The City’s total OPEB liability of \$6,818,611 was measured as of September 30, 2020 and was determined by an actuarial valuation as of that date.

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

Inflation	3.00%
Salary increases	3.25-5.00%, including inflation
Prior Discount rate	2.66%
Discount rate	2.21%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	0% annually (benefit is capped)

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2020, the end of the applicable measurement period.

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

Changes in the Total OPEB Liability

Balance at September 30, 2019	\$	7,802,908
Changes for the year:		
Service cost		184,205
Interest		195,607
Changes of benefit terms		130,100
Differences between expected and actual experience		(535,960)
Changes in assumptions		(778,244)
Benefit payments and net transfers		(180,005)
Net changes		(984,297)
 Balance at September 30, 2020	 \$	 6,818,611

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1.0% Decrease	Current Rate	1.0% Increase
	(1.21%)	(2.21%)	(3.21%)
Total OPEB liability	\$ 7,979,674	\$ 6,818,611	\$ 5,881,295

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

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, the City recognized OPEB expense of \$532,900. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 998,074	\$ 494,732
Changes in assumptions	1,205,471	1,060,713
Total	\$ 2,203,545	\$ 1,555,445

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,

2021	\$	22,988
2022		22,988
2023		22,988
2024		22,988
2025		22,988
Thereafter		533,160
Total	\$	648,100

NOTE 10 - INTERFUND TRANSFERS

Interfund payables and receivables at September 30, 2020, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$	\$ 36,954
Capital Projects Fund	-	30,028
Debt Service Fund	78,978	-
Other Governmental	-	485
Natural Gas System	-	3,515
Sewer System	-	5,055
Other Proprietary	-	2,941
Total	\$ 78,978	\$ 78,978

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, 2020**

NOTE 10 - INTERFUND TRANSFERS - CONTINUED

Interfund transfers during the year ended September 30, 2020, were as follows:

Transfers Out	Transfers In					Total
	General Fund	Capital Projects Fund	Debt Service Fund	Natural Gas System	Sewer System	
General Fund	\$ -	\$ 26,205	\$ 2,397,825	\$ -	\$ -	\$ 2,424,030
Other Governmental Funds	103,534	-	-	-	-	103,534
Natural Gas System	387,926	-	-	-	-	387,926
Other Proprietary Fund	125,000	-	-	-	-	125,000
Total	\$ 616,460	\$ 26,205	\$ 2,397,825	\$ -	\$ -	\$ 3,040,490

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 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, 2020, was \$17,000.

NOTE 12 - 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.

NOTE 13 - 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.

**CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 14 - MAJOR CUSTOMERS

Approximately 54% of the City's business license revenues were generated by one business.

NOTE 15 - 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, 2020, the City abated sales taxes of approximately \$440,000 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, 2020 is as follows:

<u>Granting Agency</u>	<u>Tax Abatement Program</u>	<u>Property Tax Abated for the fiscal year ending September 30, 2020</u>
Industrial Development Board of the City of Calera	Qualifying Industrial or Research Enterprise	\$ 73,656

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, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Service cost	\$ 819,946	\$ 783,019	\$ 780,738	\$ 748,053	\$ 712,903	\$ 645,451
Interest	2,078,753	1,966,117	1,846,364	1,644,263	1,491,278	1,372,619
Differences between expected and actual experience	(348,091)	(458,367)	(310,991)	436,949	306,244	-
Changes of assumptions	-	179,175	-	1,093,048	-	-
Benefit payments, including refunds of employee contributions	(882,825)	(832,124)	(750,185)	(655,249)	(540,980)	(528,688)
Transfers among employers	(264,515)	15,076	20,245	51,171	-	-
Net Change in total pension liability	1,403,268	1,652,896	1,586,171	3,318,235	1,969,445	1,489,382
Total pension liability - beginning	<u>27,438,208</u>	<u>25,785,312</u>	<u>24,199,141</u>	<u>20,880,906</u>	<u>18,911,461</u>	<u>17,422,079</u>
Total pension liability - ending (a)	<u><u>28,841,476</u></u>	<u><u>27,438,208</u></u>	<u><u>25,785,312</u></u>	<u><u>24,199,141</u></u>	<u><u>20,880,906</u></u>	<u><u>18,911,461</u></u>
Plan Fiduciary Net Position						
Contributions - employer	661,816	593,639	595,556	620,380	596,414	595,063
Contributions - member	581,152	520,627	540,287	496,727	471,981	466,495
Net investment income	618,575	2,023,940	2,442,416	1,720,629	192,194	1,672,131
Benefit payments, including refunds of employee contributions	(882,825)	(832,124)	(750,185)	(655,249)	(540,980)	(528,688)
Transfers among employers	(264,515)	15,076	20,245	51,171	(34,701)	148,812
Net change in plan fiduciary net position	714,203	2,321,158	2,848,319	2,233,658	684,908	2,353,813
Plan net position - beginning	<u>24,041,804</u>	<u>21,720,646</u>	<u>18,872,327</u>	<u>16,638,669</u>	<u>15,953,761</u>	<u>13,599,948</u>
Plan net position - ending (b)	<u><u>24,756,007</u></u>	<u><u>24,041,804</u></u>	<u><u>21,720,646</u></u>	<u><u>18,872,327</u></u>	<u><u>16,638,669</u></u>	<u><u>15,953,761</u></u>
Net pension liability (asset) - ending (a) - (b)	4,085,469	3,396,404	4,064,666	5,326,814	4,242,237	2,957,700
Plan fiduciary net position as a percentage of the total pension liability	85.83%	87.62%	84.24%	77.99%	79.68%	84.36%
Covered payroll	10,125,516	9,149,822	9,048,700	8,649,068	8,159,280	7,322,224
Net pension liability (asset) as a percentage of covered payroll	40.35%	37.12%	44.92%	61.59%	51.99%	40.39%

*Only six years of historical data was available for presentation at September 30, 2020

**CITY OF CALERA, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution**	\$ 679,550	\$ 680,278	\$ 612,973	\$ 624,222	\$ 647,448	\$ 625,928
Contributions in relation to the actuarially determined contribution**	<u>679,550</u>	<u>680,278</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll***	\$ 10,125,516	\$ 9,649,361	\$ 9,149,822	\$ 9,048,700	\$ 8,649,068	\$ 8,159,280
Contributions as a percentage of covered payroll	6.71%	7.05%	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 2019 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 2020 were based on the September 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	15.7 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00% including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

*Only six years of historical data were available for presentation at September 30, 2020.

**CITY OF CALERA, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2020**

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

Notes to Schedule:

Benefit Changes:	None	None	None
Changes of Assumptions:	None	None	None
Discount Rate:	2.21%	2.66%	4.18%

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Operating Revenues:				
Taxes:				
Sales	\$ 11,255,810	\$ 11,807,447	\$ 13,080,694	\$ 1,273,247
Property	2,241,455	2,310,864	2,367,786	56,922
Motor vehicle / gas	59,381	53,691	52,954	(737)
Other	234,221	238,380	443,549	205,169
Licenses and permits	2,302,634	2,368,034	2,486,358	118,324
Charges for services	978,675	836,688	820,392	(16,296)
Interest	37,000	43,000	66,880	23,880
Other	208,491	515,307	957,000	441,693
Total Revenues	17,317,667	18,173,411	20,275,613	2,102,202
Expenditures:				
Current:				
General administration	1,063,740	1,012,242	851,909	(160,333)
Street	842,595	1,271,165	1,199,602	(71,563)
Mechanic	156,265	169,171	163,246	(5,925)
Planning and zoning	89,562	99,777	96,908	(2,869)
Engineering	514,344	527,204	457,904	(69,300)
Inspections	257,505	261,329	230,107	(31,222)
Building maintenance	383,234	392,055	332,620	(59,435)
Police	3,759,045	3,963,580	3,909,513	(54,067)
Fire and rescue	4,316,894	4,347,004	4,215,618	(131,386)
Library	413,543	393,515	311,759	(81,756)
Parks and recreation	1,612,493	1,627,880	1,519,327	(108,553)
Senior center	85,158	90,984	82,324	(8,660)
Rolling hills	444,215	448,048	399,044	(49,004)
Donations	14,500	14,500	14,000	(500)
Cemetery	-	-	14,962	14,962
Debt Service:				
Principal	148,838	148,838	148,838	-
Interest and fiscal charges	34,380	34,380	34,380	-
Capital outlay	942,500	900,139	688,823	(211,316)
Total Expenditures	15,078,811	15,701,811	14,670,884	(1,030,927)
Excess (Deficiency) of Revenues over Expenditures	2,238,856	2,471,600	5,604,729	3,133,129
Other Financing Sources (Uses):				
Proceeds from debt	-	-	-	-
Proceeds from capital lease	235,950	235,950	235,950	-
Proceeds from disposition of capital assets	-	-	-	-
Transfers (to)/from Capital Projects Fund	-	-	(26,205)	(26,205)
Transfers (to)/from Debt Service Fund	(2,652,126)	(2,652,127)	(2,397,825)	254,302
Transfers (to)/from Other Governmental Funds	86,402	86,402	103,534	17,132
Transfers (to)/from Natural Gas System	387,926	387,926	387,926	-
Transfers (to)/from Sewer System	-	-	-	-
Transfers (to)/from Other Proprietary Funds	125,000	125,000	125,000	-
Total Other Financing Sources (Uses)	(1,816,848)	(1,816,849)	(1,571,620)	245,229
Net Change in Fund Balance	\$ 422,008	\$ 654,751	\$ 4,033,109	\$ 3,378,358

**CITY OF CALERA, ALABAMA
SELECTED REVENUE DATA (UNAUDITED)
SEPTEMBER 30, 2020**

Sales Tax Revenue		Ad Valorem Tax Revenue	
Fiscal Year Ended September 30,		Fiscal Year Ended September 30,	
Sales Tax Revenues		Total Collected	
2020	\$ 13,080,694	2020	\$ 2,367,786

License and Permit Revenues		The Natural Gas System	
Fiscal Year Ended September 30,		Fiscal Year Ended September 30, 2020	
Total Amount Collected		Number of Customers	Gas Sold
2020	\$ 2,486,358	2,535	\$ 1,988,210

Largest Ad Valorem Taxpayers

Fiscal Year Ended September 30, 2020

Tax Payer	City Tax	Net Assessed Value of Taxable Property
LHOIST NORTH AMERICA OF ALABAMA	\$ 197,085	\$ 25,857,160
LUMPKIN EDWIN B JR	\$ 62,173	\$ 6,217,280
ALABAMA POWER COMPANY	\$ 54,181	\$ 5,418,100
HPI LANDMARK LLC	\$ 44,580	\$ 4,458,020
SCP BUILDING 4 LLC	\$ 43,222	\$ 4,322,180
SYSCO FOOD SERVICES OF CENTRAL AL INC	\$ 32,017	\$ 3,201,680
CALERA 3280 LLC, O'BRIEN LLC, DIXON LLC	\$ 31,458	\$ 3,145,800
GLIDEWELL SPECIALTIES FOUNDRY	\$ 24,451	\$ 3,839,840
WALMART REAL ESTATE BUSINESS TRUST	\$ 22,763	\$ 2,276,280
ALABAMA BECKNELL INVESTORS LLC	\$ 22,262	\$ 2,226,200

Assessed Value of Taxable Property

Fiscal Year Ended September 30,

Tax Year	Total Assessed Value
2020	\$ 226,911,980

Property Taxes Levied

Fiscal Year Ended September 30, 2020

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, 2020**

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>
2020	14,717	\$ 226,911,980	\$ 30,835,000	13.59%	\$ 2,095

Computation of Constitutional Debt Margin

Fiscal Year Ended September 30, 2020

Net assessed value of taxable property, including motor vehicles, after exemptions	\$	<u>226,911,980</u>
General Debt limit (20% of net assessed value)	\$	<u>45,382,396</u>
Outstanding general obligation debt	\$	<u>30,835,000</u>
Outstanding general obligation debt chargeable against debt limit	\$	<u>22,100,000</u>
General constitutional debt margin	\$	<u>23,282,396</u>

CITY OF CALERA, ALABAMA
SCHEDULE OF OUTSTANDING DEBT (UNAUDITED)
SEPTEMBER 30, 2020

General Obligation Indebtedness

Fiscal Year Ended September 30, 2020

<u>Indebtedness and Date Incurred</u>	<u>Principal Amount Outstanding</u>
Series 2007 G/O Warrants	\$ 265,000
2008 Q2 772 G/O Warrants	\$ 1,030,000
2008 Q2 REG G/O Warrants	\$ 1,375,000
2008 Q2 Lease G/O Warrants	\$ 10,000
2009 Q2 772CA G/O Warrants	\$ 6,795,000
2012-A G/O Warrants	\$ 2,255,000
2020 G/O Warrants	\$ 8,735,000
2014 G/O Warrants	\$ 7,040,000
2014 Taxable G/O Series 2014-B	\$ 3,330,000
Total Outstanding Indebtedness	\$ <u>30,835,000</u>

General Obligation Bank Loans

Fiscal Year Ended September 30, 2020

Note Payable to Private Entity	\$ 1,324,316
Note Payable to Individual	\$ 313,825
Total	\$ <u>1,638,141</u>

CITY OF CALERA, ALABAMA
SCHEDULE OF ANNUAL DEBT SERVICE (UNAUDITED)
SEPTEMBER 30, 2020

	Series <u>2007</u>	Series <u>2008 AMF-A</u>	Series <u>2008 AMF-B</u>	Series <u>2008 AMF-C</u>	Series <u>2009</u>	Series <u>2012-A</u>	Series <u>2019-A</u>	Series <u>2019-B</u>	Series <u>2020</u>	Total - Debt Service
2021	138,033	97,168	129,619	10,156	481,397	476,424	622,523	459,340	246,673	2,661,333
2022	138,048	94,960	131,659	-	482,711	473,765	624,273	462,940	612,173	3,020,529
2023	-	102,629	133,424	-	483,673	475,195	621,573	465,040	611,523	2,893,057
2024	-	100,053	130,112	-	489,194	475,635	625,947	461,940	615,573	2,898,454
2025	-	97,477	131,785	-	494,280	475,288	624,197	463,125	609,173	2,895,325
2026	-	99,886	133,181	-	498,750	-	626,321	463,465	612,621	2,434,224
2027	-	102,019	134,486	-	502,782	-	627,198	463,145	611,623	2,441,253
2028	-	99,075	135,515	-	506,199	-	621,948	461,925	615,023	2,439,685
2029	-	101,115	131,467	-	509,175	-	625,448	-	612,623	1,979,828
2030	-	102,880	137,296	-	516,541	-	631,123	-	614,623	2,002,463
2031	-	99,568	132,880	-	523,203	-	629,189	-	615,823	2,000,663
2032	-	106,133	138,341	-	529,163	-	636,203	-	611,221	2,021,061
2033	-	102,453	143,527	-	534,421	-	637,226	-	611,073	2,028,700
2034	-	-	-	-	538,977	-	632,500	-	615,473	1,786,950
2035	-	-	-	-	542,829	-	-	-	609,273	1,152,102
2036	-	-	-	-	550,983	-	-	-	613,273	1,164,256
2037	-	-	-	-	558,170	-	-	-	611,972	1,170,142
2038	-	-	-	-	564,566	-	-	-	610,185	1,174,751
2039	-	-	-	-	-	-	-	-	612,900	612,900
2040	-	-	-	-	-	-	-	-	-	-
Totals	\$ 276,081	\$ 1,305,416	\$ 1,743,292	\$ 10,156	\$ 9,307,014	\$ 2,376,307	\$ 8,785,669	\$ 3,700,920	\$ 11,272,821	\$ 38,777,676

See independent auditor's report