

THE CITY OF TRUSSVILLE, ALABAMA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

THE CITY OF TRUSSVILLE, ALABAMA
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Cork, Hill & Company, L.L.C.

INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 judgement, 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Certified Public Accountants

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Trussville, Alabama as of September 30, 2021 and the respective changes in net financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed in the table of contents as required supplemental information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the method 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Trussville's basic financial statements. The Schedule of Revenues – General Fund, Schedule of Expenditures – General Fund, Combining Balance Sheet – Nonmajor Governmental Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds, Comparative Balance Sheet – General Fund, Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund, Schedule of Expenditures of Federal Awards, Schedule of Prior and Current Year Findings, and Schedule of Findings and Questioned Costs are presented for purposes of additional analysis and are not a required part of the financial statements as listed in the table of contents.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2022, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cork, Hill & Company, L.L.C." is positioned above a horizontal line.

July 14, 2022

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021

As management of The City of Trussville (the City), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements and notes to the financial statements that immediately follow this analysis.

FINANCIAL HIGHLIGHTS

- *Net Position* - The liabilities and deferred inflows of the City exceed its assets and deferred outflows by \$15.1 million. This deficit is largely the result of debt issued by the City on behalf of the Trussville City Schools (TCS). The City reports \$83.9 million in TCS-related debt, but the resulting school infrastructure (the asset) was transferred to the TCS after construction was complete. Absent this situation, the City's net position would reflect an excess of assets and deferred outflows over liabilities and deferred inflows of \$68.8 million.
- *Net Position Change* - The City's net position improved by \$1.8 million in 2021. The principal driver of the positive net position increase is the very strong growth in Sales Tax (11.0%) despite the damping pandemic impact.
- *General Fund unassigned fund balance* - The general fund's unassigned fund balance was \$18.9 million (44%) of total general fund expenditures.
- *Revenues* - The City's total revenues increased by \$5.0 million (9.8%) over the prior fiscal year. Significant components of the increase were sales tax (\$3.5 million), and charges for services (\$1.6 million).
- *Cost of City Programs* - The total cost of the City's programs was \$54.3 million. Significant components were Public Safety (\$18.7 million), and Educational Support (\$11.8 million). The net cost after taking program revenues into account was \$43.4 million.
- *Capital Outlay* - Capital expenditures totaled \$8.1 million, including \$2.5 million for the downtown revitalization and entertainment project (total cost of the 4 year project was \$20.5 million), and \$2.4 million for a Police Patrol Operations building.
- *Debt* - The City decreased its outstanding general obligation warrants, lines of credit and notes and leases payable by \$4.6 million. The City expended \$7.1 million towards debt retirement, with only \$2.5 million in new debt issued. The City has an emphasis on self-funding smaller purchase needs, if feasible.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the City of Trussville's basic financial statements. These basic financial statements consist of the following three components:

- Management's Discussion and Analysis (MD&A)
 - o The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of the City's financial Activities.
- Basic Financial Statements; consisting of three components:
 - o Government-wide financial statements,
 - o Fund financial statements,
 - o Notes to financial statements.
 - o Supplementary Information is also included and is intended to furnish additional detail to support the basic financial statements themselves.
- Other Required Supplemental Information (RSI).

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business.

- o *Statement of Net Position* presents financial information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- o *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods, such as uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through use fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets, sanitation, and culture and recreation.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate revitalization authority for which the City is financially accountable. Financial information from this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 19-20 of this report.

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021**

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The City only has governmental-type funds.

- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the 2018 capital projects fund and the debt service fund, which are considered to be major funds. Data from the other 10 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of the report.

- Proprietary fund types can be (1) *Enterprise funds* which are used to report the same functions presented as *business-type activities* in the government-wide financial statements. and (2) *Internal service funds* which is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City has no Proprietary funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

- Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. They are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has no fiduciary funds.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This budgetary comparison statement can be found on page 51 of this report.

The basic governmental fund financial statements can be found on pages 21-23 of this report.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-47 of this report.

Required Supplementary Information ("RSI") and Related Notes

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. RSI also provides additional information regarding budgeted revenues and expenditures that further explains and supports information in the financial statements. Required supplementary information can be found on pages 48-52 of this report.

Supplementary Information

Other supplementary information provides more detail regarding general fund revenues and expenditures to further explain and support the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 59-67 of this report.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS OF NET POSITION

Net position over time may serve as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources were short of liabilities and deferred inflows of resources by \$15.1 million.

Summary of Net Position

(All Numbers in Thousands)

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Assets:			
Current and other assets	\$ 46,922	\$ 48,820	\$ (1,898)
Capital assets	<u>119,836</u>	<u>116,785</u>	<u>3,051</u>
Total assets	<u>166,758</u>	<u>165,605</u>	<u>1,153</u>
Deferred outflows	17,922	16,143	1,779
Liabilities:			
Current liabilities	7,047	5,213	1,834
Noncurrent liabilities	<u>191,170</u>	<u>191,705</u>	<u>(535)</u>
Total liabilities	<u>198,217</u>	<u>196,918</u>	<u>1,299</u>
Deferred inflows	1,544	1,667	(123)
Net position:			
Net investment in capital assets	67,315	62,095	5,220
Restricted	18,818	20,451	(1,633)
Unrestricted	<u>(101,214)</u>	<u>(99,383)</u>	<u>(1,831)</u>
Total net position	<u>\$ (15,081)</u>	<u>\$ (16,837)</u>	<u>\$ 1,756</u>

The largest positive portion of the City's net position (\$67.3 million) reflects its investment in capital assets (land, buildings, equipment, vehicles, and infrastructure), less any related accumulated depreciation and debt used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of net position of \$18.8 million represents resources that are subject to external restrictions on how they may be used and is primarily made up of assets reserved for construction projects, infrastructure maintenance and public safety. Much of the increase in net investment in capital assets and decrease in restricted net position relates to the ongoing expenditures of restricted funds related to the construction of the City's new Entertainment District.

The remaining component of the City's net position is an unrestricted deficit (\$101.2 million). This deficit does not mean that the City does not have the money to pay its bills in the near term, rather, it is the result of long-term debt commitments that are greater than currently available resources. The resources for these long-term commitments will be budgeted by the City as they become due over the life of the debt commitment. In the City's case, the deficit is largely the result of debt issued by the City on behalf of the Trussville City Schools (TCS). The City reports \$83.9 million in TCS-related debt, but the resulting school infrastructure (the asset) was transferred to the TCS after construction was complete.

The City's overall net position increased \$1.8 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021**

GOVERNMENT-WIDE OVERALL ANALYSIS OF OPERATING RESULTS

The following comparative summary shows total revenues of the City for the year, expenses for the year by program, and the impact that operations had on the change in net position.

Summary of Changes in Net Position

(All Numbers in Thousands)

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues			
Program revenues			
Charges for services	\$ 9,234	\$ 7,663	\$ 1,571
Operating grants & contributions	1,678	770	908
Capital grants & contributions	-	-	-
Total program revenues	<u>10,912</u>	<u>8,433</u>	<u>2,479</u>
General revenues & receipts			
Sales tax	34,826	31,367	3,459
Ad Valorem taxes	5,866	5,590	276
Other taxes	3,747	3,339	408
Financial income	146	2,265	(2,119)
Other revenues and receipts	<u>586</u>	<u>72</u>	<u>514</u>
Total general revenues and receipts	<u>45,171</u>	<u>42,633</u>	<u>2,538</u>
Total revenues	56,083	51,066	5,017
Program expenses			
General government	3,051	3,333	(282)
Educational support	11,810	5,717	6,093
Redevelopment expenses	1,044	1,543	(499)
Public safety	18,686	16,335	2,351
Streets & sanitation	7,175	7,132	43
Parks & recreation	6,393	5,281	1,112
Library	1,675	1,450	225
Inspections	692	554	138
Interest on long-term debt	<u>3,801</u>	<u>7,289</u>	<u>(3,488)</u>
Total program expenses	<u>54,327</u>	<u>48,634</u>	<u>5,693</u>
Increase/(Decrease) in net position	1,756	2,432	(676)
Beginning net position	<u>(16,837)</u>	<u>(19,269)</u>	<u>2,432</u>
Ending net position	<u>\$ (15,081)</u>	<u>\$ (16,837)</u>	<u>\$ 1,756</u>

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1.8 million from the prior fiscal year for an ending deficit balance of \$15.1 million. While the current economy was certainly affected by the pandemic, strong retail sales activity neutralized its effect on the City's governmental activities. Revenues increased \$5.0 million (9.8%). The increase was principally from taxes (46%) and charges for services (20.5%). The City's program expenses increased \$5.7 million (11.7%). The increase is principally related to \$2.3 million (14%) increase in public safety expenditures, an increase of \$1.1 million (21.1%) in parks and recreation expenditures, and a \$6 million (107%) increase in education expenses (with \$5.0 million being a one-time disbursement of funds to the Trussville City Schools - TCS).

Business-type Activities. For the City's business-type activity, the results for the current fiscal year were encouraging. The Civic Center was able to make significant in-kind contributions to the community, in the form of donated meeting space and senior citizen and military discounts/donations for fitness memberships.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021

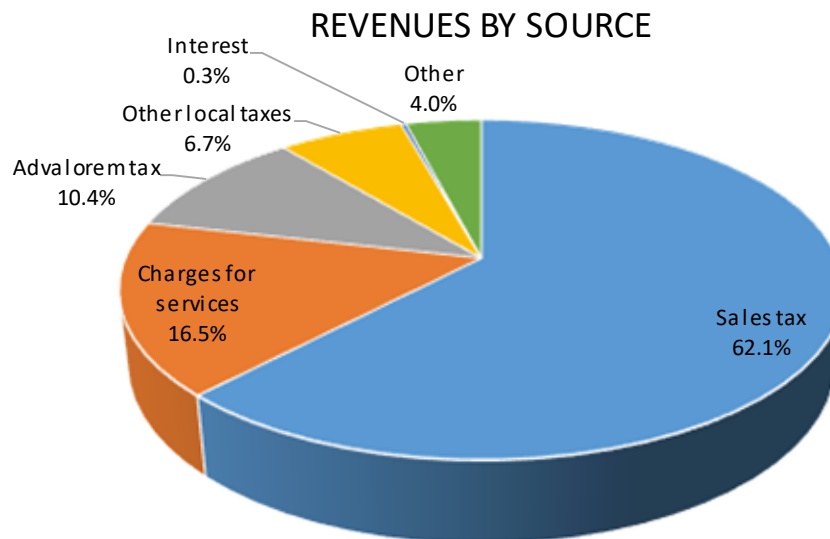
The following presents the total and net costs of providing governmental services by program. The net cost of services is the remaining cost after subtracting grants and charges for services that the City used to offset the program's total cost. The net cost of each program allows the reader to consider the cost of each program in relation to the benefit provided.

Net Cost of Government-Wide Activities

(In Thousands)

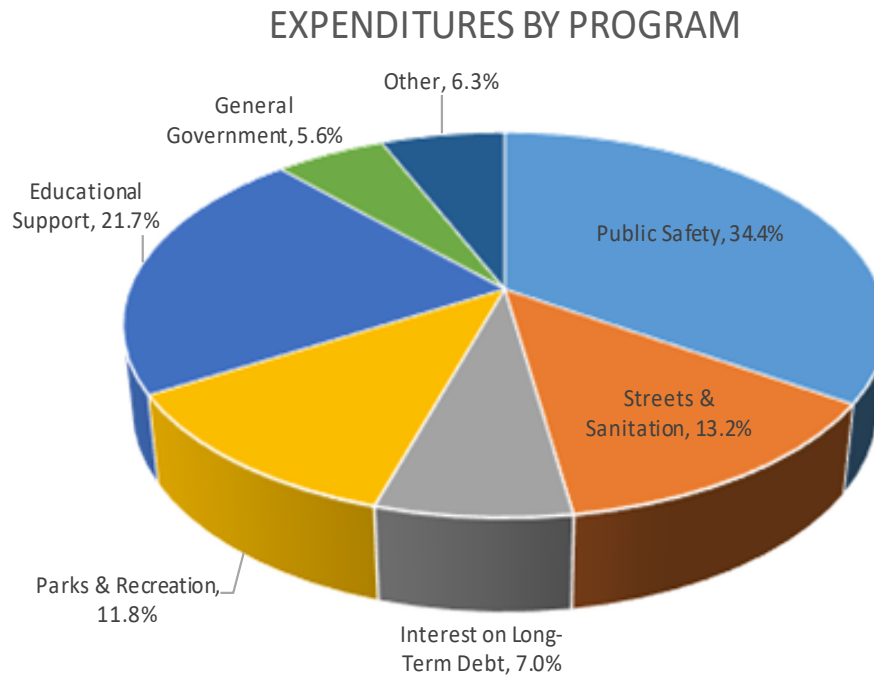
City Programs	Total Program Cost	Net Program Cost
General government	\$ 3,051	\$ 1,210
Educational support	11,810	(11,810)
Redevelopment expenses	1,044	(1,044)
Public safety	18,686	(15,517)
Streets & sanitation	7,175	(6,646)
Parks & recreation	6,393	(4,560)
Library	1,675	(1,675)
Inspections	692	428
Interest on long-term debt	3,801	(3,801)
Totals	<u>\$ 54,327</u>	<u>\$ (43,415)</u>

The following chart shows a breakdown of revenue by major source:



**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021**

The following chart shows a breakdown of expenditures by program:



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

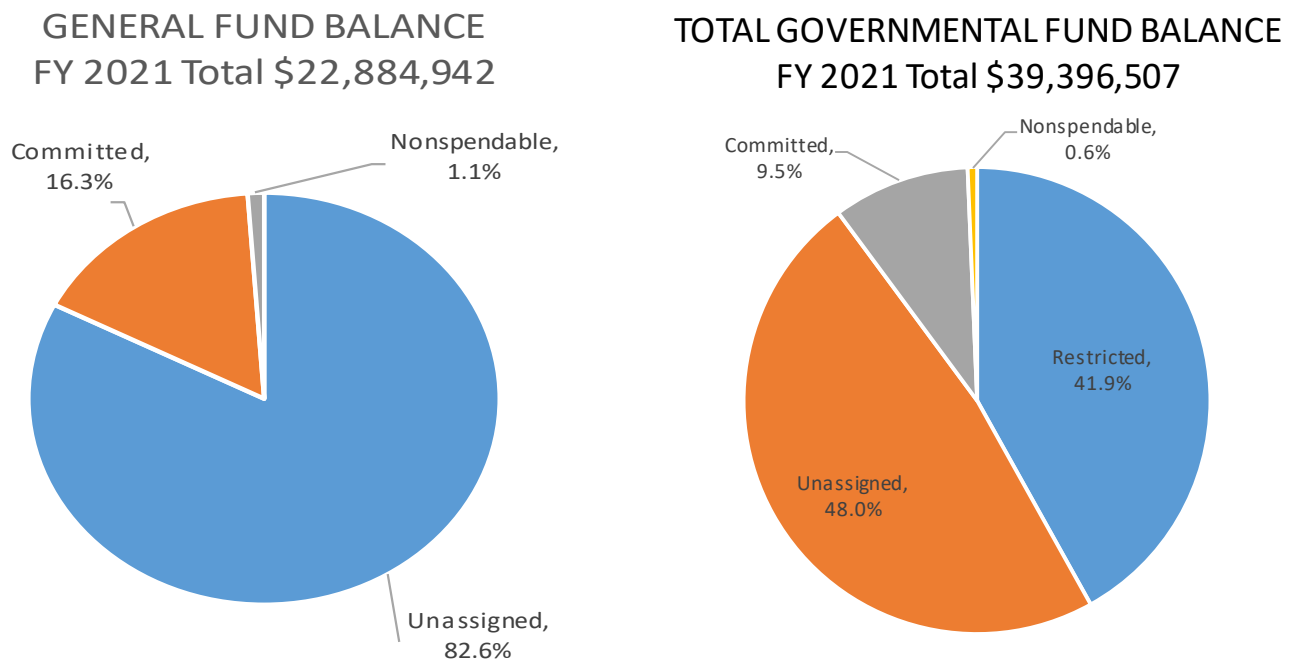
At September 30, 2021, the City's governmental funds reported combined fund balances of \$39.4 million, a decrease of \$4.7 million (10.6%) from the prior year. Approximately 48% of this amount (\$18.9 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, (not in spendable form; \$0.25 million), *restricted*, (legally required to be maintained intact or restricted for particular purposes; \$16.5 million), or *committed* (committed for particular purposes; \$3.7 million).

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021**

General Fund

The General Fund is the chief operating fund of the City, and essentially functions as the City's reserves. At the end of the current fiscal year, unassigned fund balance of the general fund was \$18.9 million, while total fund balance was \$22.9 million, a decrease of \$2.7 million (10.5%) from the prior year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 38.7% of total general fund expenditures, while total fund balance represents approximately 46.9% of that same amount.

The City's General Fund and Overall Fund Balance breakdown is shown below:



The fund balance of the City's general fund decreased by \$2.7 million (10.5%) during the current fiscal year. The decrease was primarily due to a one-time contribution of \$5.0 million to the Trussville City Schools (TCS). Without this contribution, the City's general fund would have reflected an increase of \$2.2 million.

The fund balance of the City's principal capital projects fund decreased by \$3.1 million during the current fiscal year. The decrease was primarily due to using construction funds for the City's downtown revitalization and entertainment projects.

The fund balance of the City's debt service fund increased by \$1.5 million during the current fiscal year. The increase was primarily due to the timing of funding of the debt service fund late in the fiscal year related to debt payments early in the following fiscal year.

The fund balance of the City's nonmajor funds decreased by \$.3 million during the current fiscal year. The decrease was due to the purchase of facilities to be converted to a new Police Operations Center. This purchase was funded by a \$2.45 million debt issuance late in the fiscal year.

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021**

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget compared to final budget

During the year, there were a few instances of budget amendments for larger expenditures that were not originally budgeted. The original budget bottom line was enough to absorb the additional expenditures. Strong above original budget level revenues also provided the City with additional resources for various department to fund a few more activities than originally budgeted in net position neutral amendments. In addition, net position neutral adjustments were made mid-year to react to changing conditions and unforeseen events occurring during the budget year.

Final Budget compared to actual results

The most significant differences between estimated revenues and actual revenues were as follows:

- Charges for Services revenues were \$1.2 million (58%) greater than the final budget amount. Due to the decrease in the COVID impact on citizens during the 2nd half of the year, participation in recreational activities were far greater than anticipated.
- Other revenues were \$690,000 (61%) greater than the final budget amount due to larger than anticipated receipts of property insurance claims (\$391,000) and real property sales (45,000).

Overall revenues exceeded the final budget by \$3.5 million (7%).

The most significant differences between estimated expenditures and actual expenditures were as follows:

- Fire & Rescue expenditures were \$520,000 (9%) greater than the final budget amount due to a change in how Ambulance bad debt is recorded, increasing expenditures over budget by \$530,000 for the year.
- Recreation expenditures were \$365,000 (7%) greater than the final budget amount due to the unexpected increase in recreational participation during the 2nd half of the year.
- Debt service expenditures were \$740,000 (30%) greater than the final budget amount due to an early payoff of \$746,000 in vehicle debt during the year.

Overall expenditures exceeded the final budget by \$1.75 million (4%).

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021**

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Asset Activity

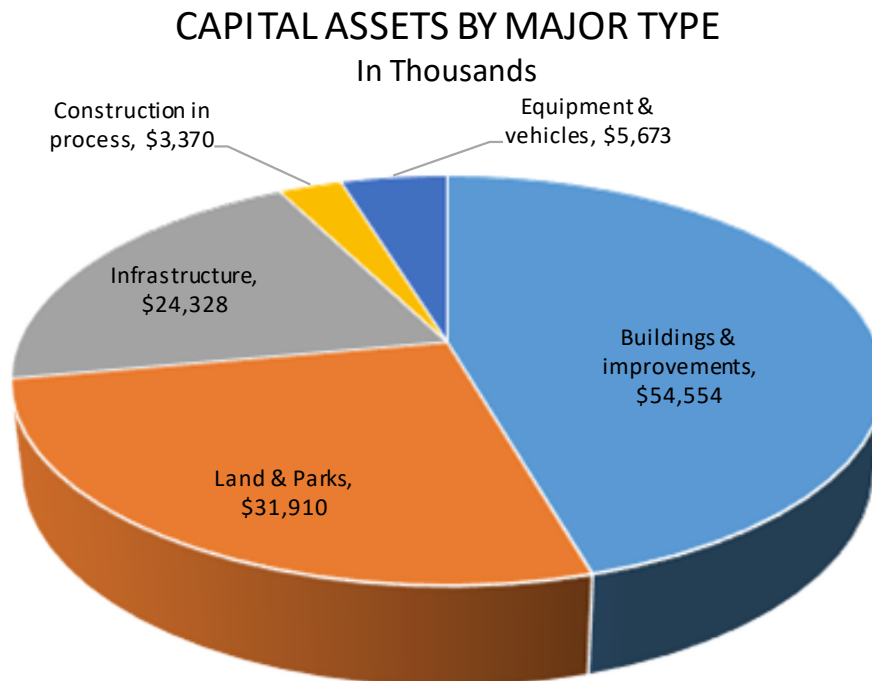
The City's investment in capital assets for its governmental activities as of September 2021, amounts to \$119.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, park facilities, roads, and bridges. The total increase in net capital assets for the current fiscal year was 2.9%.

Capital asset activity during the year totaled \$8.1 million, and included the following major additions:

- \$2.5 million for downtown revitalization and entertainment project; total cost of the 4 year project is \$20.5 million,
- \$2.4 million for Police Patrol Operations building,
- \$697,000 for a Fire Pumper truck,
- \$474,000 in right-of-way land purchases for new Downtown Loop Road project,
- \$405,000 for new roof on Fire Administration building.

Additional information on the City's capital assets can be found in Note 6 on pages 32 - 33 of this report.

The following chart shows net capital assets by major type:



**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021**

Long-term Debt Activity

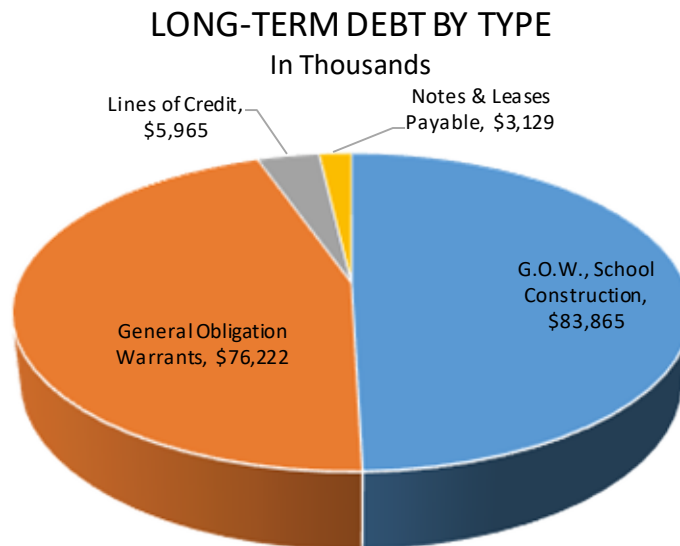
As of September 30, 2021, the City had total bonded debt outstanding of \$169.2 million. This debt is comprised of the following types for the following purposes:

- General Obligation Warrants, School Construction (\$83.9 million) – Used to finance Trussville City Schools (TCS) infrastructure. When construction was completed, the asset was transferred to the TCS, but the debt remains the responsibility of the City. However, the City retains certain funds from amounts due by agreement to the TCS, to cover annual debt service payments to be made by the City on the TCS-related warrants.

Part of the TCS debt service coverage noted above includes a special Ad Valorem tax levy of 7 mills that has been irrevocably pledged to pay debt service on certain school construction general obligation warrants in the amount of \$22.7 million.

- General Obligation Warrants (\$76.2 million) – Used to finance major construction projects and/or to refinance existing debt at more favorable rates or terms.
- Lines of Credit (\$5.9 million) – Used for shorter-term financing of major projects and capital equipment or as bridge financing for major projects that will eventually be financed by the use of general obligation warrants.
- Notes & Capital Leases (\$3.1 million) – Used to finance purchases of property and equipment.

The following chart breaks out the City's long-term debt by type:



The City's total debt decreased by \$4.6 million (2.6%) during the current fiscal year. The decrease resulted from the total of debt service payments made during the year being greater than the amount of new debt issued during the current year. The new issuance was a direct placement general obligation warrant for \$2.45 million for the purchase of a Police Operations building

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021**

The City maintains credit ratings of "AA+/Steady" from Standard & Poor's, and "Aa" from Moody's; unchanged from the prior year.

Additional information on the City's long-term debt can be found in NOTE 7 on pages 34-36 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Trussville's Vision Statement is that of a small-town city, maintained through controlled growth, while offering amenities that attract the best.

The City's Mission Statement is to create a community where individuals live, learn grow, work, and play in order to have a higher quality of life. Trussville is dedicated to become a city:

- With a competitive and diverse economy and smart infrastructure and with a friendly legal, business and investment environment;
- That works with other local and state governments to promote economic development and high quality of life;
- With excellent educational and skill training opportunities;
- That has state-of-the-art transportation, recreational, and utilities infrastructure; and
- That is environmentally conscious and provide a healthy and safe living environment for all of its citizens.

Each fiscal year budget is developed with these Mission-defined characteristics in mind and are based on using realistic yet conservative revenue projections, continuing to contain operating costs while maintaining high levels of service, and investing in capital asset maintenance and replacement.

The following economic factors currently affect the City of Trussville and were considered in developing the 2021-2022 fiscal year budget:

- The City of Trussville continues to experience a strong and growing local economy favorably located in the rapidly growing eastern area of the Birmingham – Hoover Metropolitan Statistical Area (MSA).
- Population is currently estimated at 26,100; a 31% increase over the last decade, with all indications of this pattern of growth continuing. One major reason for this growth is the success of Trussville City Schools (TCS), the City's public school system. TCS has received consistently high rating for the qualifications of its faculty and staff and the achievements of its students, as well as strong local funding levels. The TCS standard of excellence proves a major factor in the City's residential growth.
- The City's property tax base has a 5-year annual growth rate of 8.9%. Median family income is at 149% of the state median and 125% of the national median.
- The unemployment rate for the City is currently 1.9%, which is significantly under the rate of 3.0% for the State of Alabama. The unemployment rate is likely to remain strong over the next few years.
- The damping effect of the COVID-19 pandemic during 2019 and 2020 appears to have faded during 2021, with fiscal year 2022 budget projections only marginally affected and only in certain limited areas.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021

- Retail sales represent approximately 65% of the City's revenues and have been reflecting a growth rate of 6% over the last five years. That growth rate includes the negative impact of the COVID pandemic during 2020 & 2021 and appears to be sustainable over the foreseeable future.
- While Building Permits & Business Licenses represent only 13% of the City's revenues, these revenues have been increasing at a rate of approximately 5% over the last 5 years, again, despite the impact of the pandemic. With the easing of the COVID impact, these revenue sources appear to be experiencing a strong rebound that indicate a growth in the 10% range over the foreseeable future. New housing starts continue to meet expectations, averaging approximately 200 starts annually over the last decade. Commercial construction activity has averaged 18 projects per year with construction valuation of \$21.5 million annually, and is anticipated to remain strong for the foreseeable future.
- The City's recent downtown redevelopment contains an outdoor entertainment venue that continues to drive the addition of new restaurants and retail space in the downtown area.

Personnel comprises approximately 64% of governmental expenses in operating departments, and as such, related expenses are significant components of budgeting. Personnel factors taken into consideration in developing the 2021-2022 fiscal year budget include:

- **Personnel Administration Costs** – In addition to the City's Human Resources (HR) department costs, certain aspects of the City's personnel administration is provided by the Personnel Board of Jefferson Count (PBJC). Most municipalities within Jefferson County are assessed an annual fee based on the City's proportional share of overall classified employees within these participating municipalities. The City has allocated \$358,400 for the activities of the City's HR department, along with \$206,300 for the JCPB assessment in the 2021-2022 fiscal year budget.
- **Medical Costs** – The City's health insurance program is administered by the State of Alabama Local Government Health Insurance Board (Board). This Board is used by many of Alabama's municipalities, and establishes health insurance rates for the participating municipalities. The Board provides preferred rates for individual municipalities for meeting certain benchmarks and/or participation rates. The City has been able to take advantage of several of those opportunities to obtain preferred rates. Overall health insurance rates for the 2021-2022 fiscal year have decreased by 6% from rates in effect for the fiscal year of this audit report. The City bears 82% of the cost for employee health insurance coverage and has allocated \$2,525,800 in the 2021-2022 budget for the City's portion of these health insurance costs.
- **Retirement Costs** – The City's retirement program for employees is provided through the Retirement System of Alabama (RSA). The pension plan is currently funded at 76.5%, reflecting an unfunded liability of \$10.6 million as of the latest measurement date of September 30, 2020. The City's contribution rates for the 2021-2022 fiscal year is 8.91% for Tier 1 employees and 7.01% for Tier 2 employees, representing budgeted pension contributions of \$1.3 million.
- **Cost of living Raise** – The City has included a cost-of-living adjustment of 2% in the 2021-2022 fiscal year budget

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2021**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the contact below:

Mike Hinson
Finance Director
131 Main Street
P. O. Box 159
Trussville, AL 35173
(205) 655-7478

THE CITY OF TRUSSVILLE, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities	Component Unit
ASSETS		
Cash and cash equivalents	\$ 17,219,383	\$ 333,350
Restricted cash and cash equivalents	21,775,570	-
Investments	1,008,188	-
Receivables, net	6,663,836	687,665
Property available for sale	-	917,767
Prepaid expenses	255,024	-
Capital assets:		
Land and construction in process, not being depreciated	29,575,847	-
Other capital assets, net of accumulated depreciation	<u>90,260,192</u>	<u>797,993</u>
 Total assets	 166,758,040	 2,736,775
 DEFERRED OUTFLOWS OF RESOURCES	 17,921,587	 -
 LIABILITIES		
Accounts payable and accrued expenses	4,217,943	30,357
Deferred revenue	2,829,385	-
Long-term Liabilities:		
Due within one year	10,151,927	-
Due in more than one year	159,029,221	-
Unamortized bond premium	3,428,855	-
Compensated absences	2,697,811	-
Pension liability	10,591,969	-
Net other post employment benefit liability	<u>5,269,825</u>	<u>-</u>
 Total liabilities	 198,216,936	 30,357
 DEFERRED INFLOWS OF RESOURCES	 1,543,889	 -
 NET POSITION		
Net investment in capital assets	67,315,491	797,993
Restricted for:		
Debt service	12,085,307	-
Capital projects	6,279,511	-
Infrastructure maintenance	600,985	-
Public safety	(148,676)	-
Unrestricted net (deficit) / position	<u>(101,213,816)</u>	<u>1,908,425</u>
 Total net (deficit) / position	 <u><u>\$ (15,081,198)</u></u>	 <u><u>\$ 2,706,418</u></u>

See Independent Auditors' Report and Notes to the Financial Statements.

THE CITY OF TRUSSVILLE, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Function / Program	Expenses	Program Revenues			Net	Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Expense)/	
					Revenue and Change in Net Position	
Governmental Activities:						
General government	\$ 3,051,006	\$ 4,261,392	\$ -	\$ -	\$ 1,210,386	
Educational support	11,810,038	-	-	-	(11,810,038)	
Redevelopment expenses	1,043,544	-	-	-	(1,043,544)	
Public safety	18,686,114	2,143,617	1,025,392	-	(15,517,105)	
Streets and sanitation	7,174,631	13,270	515,502	-	(6,645,859)	
Parks and recreation	6,392,704	1,695,485	136,762	-	(4,560,457)	
Library	1,674,971	-	-	-	(1,674,971)	
Inspections	692,383	1,120,146	-	-	427,763	
Interest on long-term debt	3,801,091	-	-	-	(3,801,091)	
Total governmental activities	\$ 54,326,482	\$ 9,233,910	\$ 1,677,656	\$ -	(43,414,916)	
Component Unit:						
Redevelopment Authority						\$ (300,252)
General Revenues:						
Taxes:						
					Sales taxes	34,825,929 -
					Ad Valorem taxes	5,865,556 -
					Other taxes	3,746,946 -
					Interest and investment earnings	145,615 -
					Miscellaneous	586,902 -
					Total general revenues & receipts	45,170,948 -
					Increase/(Decrease) in net position from activities	1,756,032 (300,252)
					Net position - beginning	(16,837,230) 3,006,670
					Net position - ending	\$ (15,081,198) \$ 2,706,418

See Independent Auditors' Report and Notes to the Financial Statements.

THE CITY OF TRUSSVILLE, ALABAMA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

		2018		NONMAJOR	TOTALS -
		CAPITAL	DEBT	GOVT.	GOVT.
	GENERAL	PROJECTS	SERVICE	FUNDS	FUNDS
Assets:					
Cash and cash equivalents	\$ 16,945,038	\$ -	\$ -	\$ 274,345	\$ 17,219,383
Restricted cash and cash equivalents	3,513,859	6,577,270	7,197,318	4,487,123	21,775,570
Investments	-	-	1,008,188	-	1,008,188
Receivables, net	4,867,782	-	-	48,803	4,916,585
Prepaid expenses	255,024	-	-	-	255,024
Total assets	\$ 25,581,703	\$ 6,577,270	\$ 8,205,506	\$ 4,810,271	\$ 45,174,750
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,555,080	\$ 297,758	\$ -	\$ 96,020	\$ 2,948,858
Deferred revenue	141,681	-	-	2,687,704	2,829,385
Total liabilities	2,696,761	297,758	-	2,783,724	5,778,243
Fund balances:					
Nonspendable	255,024	-	-	-	255,024
Restricted	-	6,279,512	8,205,506	2,026,547	16,511,565
Committed	3,738,112	-	-	-	3,738,112
Unassigned	18,891,806	-	-	-	18,891,806
Total fund balance	22,884,942	6,279,512	8,205,506	2,026,547	39,396,507
Total liabilities and fund balances	\$ 25,581,703	\$ 6,577,270	\$ 8,205,506	\$ 4,810,271	\$ 45,174,750

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES

Total governmental fund balance	\$ 39,396,507
Amounts reported for governmental activities in the statement of net assets are different because:	
Notes receivable are not receivable in the current period and are not reported in the funds	1,747,251
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	119,836,039
Bonds and other long-term liabilities are not due and payable in the current period and are not reported in the funds	(176,060,995)
Net deficit of government position	\$ (15,081,198)

See Independent Auditors' Report and Notes to the Financial Statements.

THE CITY OF TRUSSVILLE, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	GENERAL FUND	2018 CAPITAL PROJECTS	DEBT SERVICE	NONMAJOR GOVT. FUNDS	TOTAL GOVT. FUNDS
Revenues:					
Taxes	\$ 43,952,324	\$ -	\$ -	\$ 515,502	\$ 44,467,826
Educational support	44,245	-	-	-	44,245
Licenses and permits	5,466,653	-	-	-	5,466,653
Intergovernmental	137,863	-	-	204,396	342,259
Charges for services	3,380,126	-	-	-	3,380,126
Fines and forfeitures	551,055	-	-	186,799	737,854
Financial income	-	8,962	1,991	849	11,802
Other revenues and receipts	1,813,716	-	-	-	1,813,716
Total Revenues	55,345,982	8,962	1,991	907,546	56,264,481
Expenditures:					
Current operations:					
General government	2,862,773	-	-	39,500	2,902,273
Public safety:					
Fire and rescue	6,331,682	-	-	-	6,331,682
Police and court	10,087,738	-	-	163,538	10,251,276
Streets and sanitation	4,112,103	-	-	592,953	4,705,056
Parks and recreation	5,464,102	-	-	-	5,464,102
Library	1,342,112	-	-	-	1,342,112
Inspections	616,428	-	-	-	616,428
Educational support	11,204,370	-	-	-	11,204,370
Redevelopment expenses	1,111,712	-	-	-	1,111,712
Total current operations	43,133,020	-	-	795,991	43,929,011
Capital outlays	2,455,775	3,160,426	-	2,502,607	8,118,808
Debt service:					
Principal	2,894,662	-	3,480,000	679,639	7,054,301
Interest and fiscal charges	311,570	145	4,032,523	74,757	4,418,995
Total expenditures	48,795,027	3,160,571	7,512,523	4,052,994	63,521,115
Revenues over / (under) expenditures	6,550,955	(3,151,609)	(7,510,532)	(3,145,448)	(7,256,634)
Other financing sources / (uses):					
Interfund transfers in	2,222,881	306	9,777,502	412,940	12,413,629
Interfund transfers out	(11,456,001)	-	(932,307)	(25,321)	(12,413,629)
QECB subsidy	-	-	115,411	-	115,411
Proceeds of debt	-	-	-	2,450,000	2,450,000
Total other financing sources / (uses)	(9,233,120)	306	8,960,606	2,837,619	2,565,411
Net change in fund balance	(2,682,165)	(3,151,303)	1,450,074	(307,829)	(4,691,223)
Fund balances, beginning	25,567,107	9,430,815	6,755,432	2,334,376	44,087,730
Fund balances, ending	\$ 22,884,942	\$ 6,279,512	\$ 8,205,506	\$ 2,026,547	\$ 39,396,507

See Independent Auditors' Report and Notes to the Financial Statements.

THE CITY OF TRUSSVILLE, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in Fund Balances - Total Governmental Funds	\$ (4,691,223)
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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 allocated over their estimated useful lives as depreciation expense. This is the amount by which net capital outlays exceeded depreciation in the current period.	3,051,069
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	7,054,301
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Issuing of bonds and other debt is an other financing source in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.	(2,450,000)
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------

Lending money and the repayment of loans are classified as revenues and expenditures in governmental funds, but increases / decreases the liability account in the statement of net position.	(110,753)
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore; are not reported as expenditures in governmental funds.	<div style="border-top: 1px solid black; display: inline-block;">(1,097,362)</div>
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Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 1,756,032</div>
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See Independent Auditors' Report and Notes to the Financial Statements.

**THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of the City of Trussville, Alabama (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

Reporting Entity

The City is a municipal corporation governed by an elected Mayor and City Council. As required by generally accepted accounting principles, these financial statements present the City and its component unit, The Trussville Redevelopment Authority (TRA), an entity for which the City is considered to be financial accountable. The TRA is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City. The TRA is governed by a board which is appointed by the City of Trussville. The potential exists for this board to provide financial benefit to or impose financial burdens upon the City. The Trussville Redevelopment Authority has a September 30 year end and issues financial statements that can be obtained by contacting the TRA or the City.

Government-Wide Financial Statements

Financial reporting requirements include a management's discussion and analysis, basic financial statements consisting of government-wide and fund financial statements, required supplementary information, and other supplementary information.

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide statement of net position is presented on a consolidated basis on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category that are being supported by general revenues, primarily taxes. The statement of activities reduces gross expenses by directly related program revenues. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported as general revenues. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are budgeted and presented on the *current financial resource measurement focus* and the *modified accrual* basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile them.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when the payment is due.

Property taxes, sales taxes, other miscellaneous taxes and interest associated with the current fiscal period are all considered susceptible to accrual and are recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

All of the City's funds fall under the broad classification of Governmental funds. Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The following is a description of the major governmental funds of the City:

General Fund - The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

2018 Capital Projects Fund – accounts for the expenditure of funds related to ongoing major capital projects.

Non-major funds are aggregated and presented in a single column. The City's non-major funds are comprised of special revenue funds and smaller capital projects funds. Special revenue funds account for the proceeds of specific revenue sources other than special assessments or major capital projects that are legally restricted to expenditures for specified purposes. Capital project funds account for financial resources designated to construct or acquire capital assets and major capital improvements.

Property Tax Calendar

Property values are assessed, and property taxes are collected by Jefferson County and St. Clair County. Property values are assessed, and property taxes attach as an enforceable lien on property as of October 1 of each fiscal year. The property taxes are due and payable on October 1 of the subsequent fiscal year and are delinquent after January 1.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a duration of one year or less from the date of acquisition. Restricted cash represents amounts that have been placed into escrow for payment of bond principal and interest as it becomes due and amounts in special revenue accounts that are restricted by the revenue source.

Receivables

Receivables are reported net of an allowance for uncollectibles, which is based upon collection experience. The allowance for uncollectible ambulance billings is \$1.2 million.

Prepaid Items

Payments to vendors for services that will benefit periods beyond September 30th are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Fund accounting reports capital outlays as expenditures and does not recognize capital assets and depreciation. Under the government-wide, accrual basis of reporting, general capital assets are long-lived assets of the City as a whole. When purchased, such assets are capitalized subject to a \$5,000 capitalization threshold. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 40 years; improvements/infrastructure - 5 to 40 years; equipment - 5 to 15 years.

Bond Premium

On government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are shown as additional long-term liabilities on the statement of net position.

On the governmental fund financial statements, bond premiums are recognized in the year the bonds are issued.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources, which represent a consumption of net position that applies to a future period and therefore, will not be recognized as an outflow of resources (expense) until then. The City currently has four types of items that qualify for reporting in this category, the deferred loss on refunding debt, differences between expected and actual pension service costs, differences in expected and actual OPEB benefit costs, and deferred pension expense. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the lesser of the life of the refunded or refunding debt. The differences between expected and actual pension service costs occur when actuarially projected amounts differ from actual results. These differences are amortized over seven years. Differences between expected and actual OPEB costs occur when actuarially projected amounts differ from actual results. These differences are amortized over the average remaining service life of all members. Deferred pension expense results from contributions made after the liability measurement date. These contributions will be incorporated in the actuarial calculations of the next measurement date.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources, which represent an acquisition of net position that applies to a future period and as such, will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows for differences in expected and actual pension experience that are being amortized over seven years, differences in projected and actual pension investment earnings that are being amortized over 5 years, and changes in OPEB actuarial assumptions that are being amortized over the average remaining service life of all members.

Net Position and Fund Balance

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt associated with the acquisition, construction, or improvement of these assets reduces this category.

Restricted Net Position - This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted - This category represents the net position of the City that is not restricted for any project or other purpose by third parties.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which a City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Non-spendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by an Ordinance, the City's highest level of decision-making authority (the City Council). The City Council must adopt an ordinance to modify or rescind committed fund balances.

Assigned Fund Balance - Amounts that are constrained by the City's expressed intent to use resources for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has the authority to assign amounts intended to be used for specific purposes.

Unassigned Fund Balance – All amounts not included in other spendable classifications. The general fund is the only fund that reports a positive unassigned fund balance amount. In all other funds, unassigned is limited to negative residual fund balance, if any.

Compensated Absences

The City accrues unused portions of vacation pay in the period the fund liability is incurred. The vesting method is used to accrue sick leave liability. The liability is based on the sick leave accumulated at year-end by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments.

Pension Plan

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.

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.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "bonds and other long-term liabilities are not due and payable in the current period and are not reported in the funds." The details of that difference are as follows:

Bonds and notes payable	\$ (169,181,148)
Unamortized loss on refunding	8,577,740
Unamortized bond premium	(3,428,855)
Accrued interest payable	(1,269,085)
Compensated absences	(2,697,811)
Pension liability	(4,790,231)
Other post employment benefits	<u>(3,271,605)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (176,060,995)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government - wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of that difference are as follows:

Net capital outlay	\$ 8,118,808
Depreciation	<u>(5,067,739)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,051,069</u>

**THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

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

Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

The City has elected to invest a portion of its excess funds, in the amount of \$1,008,188 in daily repurchase agreements (repos) through a local bank acting as agent. A repo is an arrangement by which a securities dealer sells an underlying security to an investor (The City) with an agreement to repurchase the security the next day at a slightly higher price. Although the transaction is collateralized by the underlying security, the risk of default exists on the part of the dealer if they were unable to fulfill their obligation to repurchase the underlying security. In that instance, the City can keep the underlying security and liquidate it to recover their investment. The City's repurchase agreement states that the securities collateralizing the transaction can include cash, government securities, debt securities, loan participations, money market instruments or other securities, including those that are rated below investment grade. At September 30, 2021 the underlying securities collateralizing the City's investment of \$1,008,188 were issued by Fannie Mae and had a market value of \$1,028,353.

Custodial Credit Risk - Deposits

The City has a policy that all of its deposits be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE program, which was the case for all bank deposits as of September 30, 2021. The SAFE program is administered by the State Treasurer according to State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 - RECEIVABLES

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

	ENTITY WIDE	GENERAL FUND	DEBT SERVICE	2018 CAPITAL PROJECTS	NON MAJOR SPEC REV	COMP. UNIT
Taxes	\$ 3,466,458	\$ 3,417,655	\$ -	\$ -	\$ 48,803	\$ -
Ambulance charges	1,692,566	1,692,566	-	-	-	-
Interest	2,328	2,328	-	-	-	-
Other	965,898	965,898	-	-	-	11,688
Note receivable from the Industrial Development Board, repaid on demand as lots in the industrial park are sold*	1,543,367	-	-	-	-	-
Note receivable Trussville Utilities Board, repaid in monthly installments of \$10,000, including interest at 3.5%*	203,884	-	-	-	-	-
Note receivable associated with a redevelopment project, repaid in monthly installments of \$5,525, including interest at 3%. Final balloon payment due in 2023.*	-	-	-	-	-	655,803
	7,874,501	6,078,447	-	-	48,803	667,491
Less allowance for uncollectibles	(1,210,665)	(1,210,665)	-	-	-	-
	<u>\$ 6,663,836</u>	<u>\$ 4,867,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,803</u>	<u>\$ 667,491</u>

*not expected to be collected within one year

NOTE 5 - INTERFUND TRANSFERS

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due. The composition of interfund balances as of September 30, 2021, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
2020 Capital Projects Fund	Debt Service Fund	\$ 306
Debt Service Fund	General Fund	9,777,502
General Fund	Debt Service Fund	845,511
Civic Center Fund	General Fund	1,101,999
Entertainment District Fund	General Fund	84,461
2018 Capital Projects Fund	General Fund	6,469
LOC - TUB Fund	General Fund	294,660
LOC - TUB Fund	2018 Capital Projects Fund	5,394
LOC - TUB Fund	Debt Service Fund	86,490
Municipal Court Bond Fund	General Fund	2,807
Court Judicial Admin Fund	Municipal Court Bond Fund	188,103
Confiscated Fund - Spendable	Confiscated Fund - Restricted	19,927
		<u>\$ 12,413,629</u>

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

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

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ENDING BALANCE</u>
GOVERNMENTAL ACTIVITIES:				
Not being depreciated:				
Land	\$ 25,732,698	\$ 473,540	\$ -	\$ 26,206,238
Construction in process	18,933,724	2,470,318	(18,034,433)	3,369,609
	44,666,422	2,943,858	(18,034,433)	29,575,847
Other capital assets:				
Buildings and improvements	44,358,405	20,965,118	(7,598)	65,315,925
Improvements other than buildings	1,016,740	150,239	(29,759)	1,137,220
Recreation facilities	10,438,625	125,539	-	10,564,164
Equipment, technology, and rolling equipment	4,095,185	912,627	(303,116)	4,704,696
Roads, sidewalks, bridges and drainage structures	96,024,225	-	-	96,024,225
Library collection	867,276	96,557	-	963,833
Vehicles	10,263,194	959,303	(166,945)	11,055,552
	167,063,650	23,209,383	(507,418)	189,765,615
Accumulated depreciation:				
Buildings and improvements	(10,964,919)	(1,138,421)	7,598	(12,095,742)
Improvements other than buildings	(465,629)	(33,474)	29,759	(469,344)
Recreation facilities	(4,542,012)	(317,900)	-	(4,859,912)
Equipment, technology, and rolling equipment	(1,915,298)	(413,727)	303,116	(2,025,909)
Roads, sidewalks, bridges and drainage structures	(69,334,416)	(2,361,488)	-	(71,695,904)
Library collection	(235,065)	(62,646)	-	(297,711)
Vehicles	(7,487,763)	(740,083)	166,945	(8,060,901)
	(94,945,102)	(5,067,739)	507,418	(99,505,423)
Net other capital assets	72,118,548	18,141,644	-	90,260,192
Net capital assets	<u>\$ 116,784,970</u>	<u>\$ 21,085,502</u>	<u>\$ (18,034,433)</u>	<u>\$ 119,836,039</u>
COMPONENT UNIT:				
Buildings	\$ 872,433	\$ -	\$ -	\$ 872,433
Accumulated depreciation	(52,580)	(21,860)	-	(74,440)
Net capital assets	<u>\$ 819,853</u>	<u>\$ (21,860)</u>	<u>\$ -</u>	<u>\$ 797,993</u>

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION – Continued

During the year ended September 30, 2021 the Entertainment District Revitalization project was completed and removed from construction in process. The completed project was capitalized as an addition to buildings and improvements:

Entertainment District Revitalization	\$ 18,034,433
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Remaining construction in process is made up of the following:

	Expended to September 30, 2021
Police Operations Building	\$ 2,391,187
North Chalkville Loop	698,669
Highway 11 widening	200,251
Braden Corner	51,533
Recreation Field Conversion	8,078
Holiday Decoration	19,891
	\$ 3,369,609

No additional financing is expected to be necessary to complete these projects.

Depreciation was charged to functions as follows:

Depreciation was charged to functions as follows:

Streets and sanitation	\$ 2,375,695
Parks and recreation	817,566
Public safety	974,528
Administrative services	641,583
Library	250,694
Inspections	7,673
	\$ 5,067,739
Component unit	\$ 21,860

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 - BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

General Obligation Warrants

The City issues general obligation ("G.O.") warrants, which are a direct obligation and pledge of the full faith and credit of the City, for the acquisition and construction of major capital facilities or to refund other G.O. warrants. The City utilizes lines of credit generally for the short-term financing of capital projects or major equipment acquisitions. The City enters into notes payable and capital leases generally for the acquisition of property and equipment.

Description	Interest Rate	Balance 9/30/2020	Issued	Retired	Balance 9/30/2021	Amounts Due Within One Year
General Obligation Warrants:						
2009 Series, matures 2022	2.0 - 5.0	\$ 1,900,000	\$ -	\$ 930,000	\$ 970,000	\$ 970,000
2014 Series A & B*	2.0 - 5.0	6,975,000	-	1,060,000	5,915,000	1,110,000
2014 QECB Series	4.68	2,485,000	-	-	2,485,000	-
2014 Series C & D	2.0 - 5.0	2,680,000	-	470,000	2,210,000	490,000
2015 Series*	3.0 - 5.0	23,475,000	-	780,000	22,695,000	820,000
2018 Series A & B**	3.0 - 5.0	31,000,000	-	165,000	30,835,000	170,000
2020 Series A&B	.3 - 2.5	82,575,000	-	-	82,575,000	1,455,000
Subtotal General Obligation Warrants		151,090,000	-	3,405,000	147,685,000	5,015,000
Direct Placement GO Warrants:						
2013 Series	2.43	1,582,494	-	530,695	1,051,799	544,233
2017 Series	3.28	8,975,000	-	75,000	8,900,000	75,000
2021 Series	1.43	-	2,450,000	-	2,450,000	230,927
Subtotal Direct Placement GO Warrants		10,557,494	2,450,000	605,695	12,401,799	850,160
Total General Obligation Warrants		<u>\$ 161,647,494</u>	<u>\$ 2,450,000</u>	<u>\$ 4,010,695</u>	<u>\$ 160,086,799</u>	<u>\$ 5,865,160</u>
Lines of Credit:						
\$6,000,000 line of credit, interest payable monthly at 2.39%. Matures July 15, 2025.						
	2.39	\$ 3,434,941	\$ -	\$ 679,639	\$ 2,755,302	\$ 696,061
\$6,000,000 line of credit, interest payable monthly at LIBOR + 1.95% Matures December 28, 2020						
	2.21	3,209,773	-	-	3,209,773	3,209,773
Total Lines of Credit		<u>\$ 6,644,714</u>	<u>\$ -</u>	<u>\$ 679,639</u>	<u>\$ 5,965,075</u>	<u>\$ 3,905,834</u>

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 - BONDS, NOTES AND OTHER LONG-TERM LIABILITIES - Continued

Description	Interest Rate	Balance 9/30/2020	Issued	Retired	Balance 9/30/2021	Amounts Due Within One Year
Notes and capital leases payable:						
Land mortgage payable, due in monthly installments of \$15,019	3.5	\$ 1,465,540	\$ -	\$ 131,019	\$ 1,334,521	\$ 135,679
Mortgage payable, due in monthly installments of \$9,000	4.0	1,341,665	-	55,054	1,286,611	57,297
Mortgage payable, interest only balloon in 2021	3.0	719,930	-	719,930	-	-
Note payable, due in monthly installments of \$8,455	2.21	135,165	-	135,165	-	-
Note payable, due in monthly installments of \$3,485	2.21	62,029	-	62,029	-	-
Note payable, due in monthly installments of \$1,362	2.21	24,028	-	24,028	-	-
Note payable, due in monthly installments of \$11,517	2.21	342,203	-	342,203	-	-
Note payable, due in monthly installments of \$1,819	2.21	37,071	-	37,071	-	-
Note payable, due in monthly installments of \$3,371	2.21	65,265	-	65,265	-	-
Note payable, due in monthly installments of \$597	2.21	13,262	-	13,262	-	-
Note payable, due in monthly installments of \$1,692	2.21	50,668	-	50,668	-	-
Note payable, due in monthly installments of \$4,492	1.95	156,275	-	156,275	-	-
Note payable, due in monthly installments of \$6,318	1.95	243,024	-	243,024	-	-
Note payable, due in monthly installments of \$3,254	1.95	112,990	-	112,990	-	-
Note payable, due in monthly installments of \$1,183	1.95	34,859	-	34,859	-	-
Capital lease payable, due in annual installments of \$38,778	4.25	72,877	-	35,680	37,197	37,197
Capital lease payable, due in annual installments of \$169,866	4.05	615,868	-	144,923	470,945	150,760
Total notes and capital leases payable		5,492,719	-	2,363,445	3,129,274	380,933
Compensated absences		2,468,320	229,491	-	2,697,811	-
Total long-term liabilities		<u>\$ 176,253,247</u>	<u>\$ 2,679,491</u>	<u>\$ 7,053,779</u>	<u>\$ 171,878,959</u>	<u>\$ 10,151,927</u>

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 - BONDS, NOTES AND OTHER LONG-TERM LIABILITIES - Continued

Source of Repayment of Long-Term Liabilities

The City's long-term debt is generally repaid from the Debt Service fund with resources provided by the General Fund. Compensated absences are generally paid with General Fund resources since most of the activities affecting the liability occur within General Fund departments.

Principal maturities of G.O. warrants and notes payable are as follows for the fiscal years ended:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	10,151,927	7,636,724
2023	7,490,483	7,422,874
2024	7,632,284	7,363,207
2025	7,756,288	7,265,110
2026	7,306,483	6,960,280
2027-2031	38,780,500	29,886,767
2032-2036	45,427,543	19,349,580
2037-2041	42,275,640	6,133,453
2042-2046	1,630,000	312,394
2047-2051	<u>730,000</u>	<u>39,876</u>
	<u>\$ 169,181,148</u>	<u>\$ 92,370,265</u>

NOTE 8 - LEASE OBLIGATIONS

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

NOTE 9 - RISK MANAGEMENT

The City maintains commercial insurance policies to mitigate risk of significant losses. Management believes the amount of insurance maintained to be adequate. There have been no significant reductions in insurance coverage. Insurance settlements have not exceeded insurance coverage for the current year or the three prior years.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 10 - FUND BALANCE

Amounts for specific purposes by fund and fund balance classifications for the year ended September 30, 2021 are as follows:

<u>Classification / Fund</u>	<u>Purpose</u>	<u>Amount</u>
Unassigned / General Fund		\$ 18,891,806
Restricted / Capital Projects Fund	Capital Projects	6,279,512
Committed / General Fund	Education	3,738,112
Restricted / Debt Service Fund	Debt Payments	8,205,506
Restricted / Debt Service Fund	Debt Payments	274,345
Restricted / Capital Projects Fund	Capital Projects	1,118,248
Restricted / Gas Tax Fund	Infrastructure Maintenance	111,871
Restricted / Gas Tax Fund	Infrastructure Maintenance	229,606
Restricted / Corrections Fund	Public Safety	72,762
Restricted / Street Improvement Fund	Infrastructure Maintenance	233,701
Nonspendable / General Fund	Prepaid Expense	255,024
Restricted / Confiscated Fund	Public Safety	41,119
Restricted / Capital Projects Fund	Capital Projects	(55,105)
		<u>\$ 39,396,507</u>

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES

The City is involved in various lawsuits at September 30, 2021, substantially all of which will be covered by insurance in the event of a settlement or judgement against the City.

The City, in order to foster economic growth, has entered into the following agreements:

The City has entered into tax abatement agreements with local businesses to promote economic development. The agreements rebate varying percentages of sales taxes, rental taxes and / or business license fees generated by the respective commercial development. The total amount rebated under these agreements for the year ended September 30, 2021 was \$1,022,429. The balances remaining to be paid under these agreements as of September 30, 2021 cannot be determined since the total to be paid is dependent upon future sales tax, rental tax and business license revenue from each development.

NOTE 12 - POST EMPLOYMENT BENEFITS

Plan Description. The City of Trussville (the City) provides certain continuing health care for its retired employees. The 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).

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 - POST EMPLOYMENT BENEFITS - Continued

Benefits Provided. Medical insurance benefits are provided through a comprehensive plan and are made available to employees upon actual retirement. To qualify for retiree health insurance, retirees must meet one of the following conditions: age 60+ and have 10 years of coverage on the City's health insurance plan, or 25+ years of service, or age 60+ and determined to be disabled by Social Security.

In addition, in order to have the City cover the full cost of this single health insurance coverage, retiree must be: age 55+, be drawing an RSA pension, and have 25 consecutive years of service with the City or age 62+ and have 30 years of cumulative service with the City.

Employees Covered by Benefit Terms. At September 30, 2021, the following types of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>245</u>
Total	<u><u>249</u></u>

Total OPEB Liability. The City has a total OPEB liability of \$5,269,825 as of the measurement date September 30, 2021, the end of the fiscal year.

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

Inflation	2.0%
Salary increases	3.0%, including inflation
Prior Discount rate	2.21%
Discount rate	2.15%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2021, the end of the applicable measurement period.

The assumptions utilized herein were developed through analysis of this group's historical turnover, healthcare trend and retirement patterns provided by the group and available data. The only assumptions changed from last year were the September 30, 2021 discount rate and retiree benefit payments. The payroll was assumed to increase by the assumption of the 2020 actuarial report.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 - POST EMPLOYMENT BENEFITS - continued

Changes in the Total OPEB Liability.

Balance at September 30, 2020	\$ 4,485,330
Changes for the year:	
Service cost	185,671
Interest cost at 2.21%	101,177
Differences between expected and actual experience	128,113
Changes in assumptions/inputs	407,768
Benefit payments and net transfers	<u>(38,234)</u>
Net changes	<u>784,495</u>
Balance at September 30, 2021	<u><u>\$ 5,269,825</u></u>

Sensitivity of the Total OPEB Liability to Change 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 one percent lower (1.15%) or one percent higher (3.15%) than the current discount rate:

	1% Decrease (1.15%)	Current Discount (2.15%)	1% Increase (3.15%)
Total OPEB liability	<u>\$ 5,948,627</u>	<u>\$ 5,269,825</u>	<u>\$ 4,675,938</u>

Sensitivity of the Total OPEB Liability to Change in the Healthcare Cost Trend 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 healthcare cost trend rates that are one percent lower (4.5%) or one percent higher (6.5%) than the current healthcare cost trend rates:

	1% Decrease (4.5%)	Current Discount (5.5%)	1% Increase (6.5%)
Total OPEB liability	<u>\$ 4,511,787</u>	<u>\$ 5,269,825</u>	<u>\$ 6,182,928</u>

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 - POST EMPLOYMENT BENEFITS - continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended September 30, 2021, the City recognized OPEB expense of \$405,847. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 594,872	\$ (1,385,032)
Changes of assumptions	<u>2,919,838</u>	<u>(131,458)</u>
Total	<u>\$ 3,514,710</u>	<u>\$ (1,516,490)</u>

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

Amortization of Deferred Inflows / Outflows: Year ended September 30,	Current Year	Cumulative
2022	\$ 38,277	\$ 118,998
2023	38,277	118,998
2024	38,277	118,998
2025	38,277	118,998
2026	38,277	118,998
Thereafter	<u>306,218</u>	<u>1,403,230</u>
	<u>\$ 497,603</u>	<u>\$ 1,998,220</u>

NOTE 13 - PENSION PLAN

Employee's Retirement System of Alabama (ERS)

Plan Description. The City contributes to the Employees' Retirement System of Alabama (ERS), an agent multiple-employee retirement system, which acts as a common investment and administrative agent for the various state agencies and departments. The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27 (Act 515 of the Legislature of 1945)*. The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, state police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The Plan had approximately 101,245 participants from approximately 853 local participating employers as of September 30, 2020 and is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

**THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE 13 - PENSION PLAN – Continued

The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. Effective October 1, 2021 Act 390 of the Legislature of 2021 will create two additional representatives and change the composition of representatives within the ERS Board of Control.

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

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

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. 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 are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

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 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 are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

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

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

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 - PENSION PLAN – Continued

As of September 30, 2021, City membership consisted of:

Retirees and beneficiaries currently receiving benefits	51
Vested inactive members	4
Non-vested inactive members	21
Active members	225
Post-DROP participants who are still in active service	<u>-</u>
Total	<u><u>301</u></u>

Contributions. Tier 1 covered members of the ERS contribute 5 percent of earnable compensation with the exception of certified law enforcement, correctional officers and firefighters who contribute 6 percent. Tier 2 covered members contribute 6 percent of earnable compensation with the exception of law enforcement, correctional officers, and firefighters who contribute 7 percent of earnable compensation.

The ERS establishes employer rates based on an actuarial determined rate calculated by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2021, the City's active employee contribution rate was 8.25 percent of covered payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 8.25 percent of covered payroll.

The City's contractually required contribution rate for the year ended September 30, 2021 was 8.91% of pensionable pay for Tier 1 employees, and 7.01% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, a percent of annual pensionable payroll, and an actuarially determined amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$1,164,747 for the year ended September 30, 2021

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 - PENSION PLAN - Continued

Net Pension Liability

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

	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>
(a) Total Pension Liability as of September 30, 2019	\$ 39,870,273	\$ 41,780,227	\$ 42,286,855
(b) Discount rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2019 - September 30, 2020	1,173,969	1,173,969	1,283,929
(d) Transfers Among Employers:	-	(307,003)	(307,003)
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 - September 30, 2020	<u>(1,450,286)</u>	<u>(1,450,286)</u>	<u>(1,450,286)</u>
(f) Total Pension Liability as of September 30, 2020 = [(a) x (1+(b)) + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 42,608,131</u>	<u>\$ 44,358,149</u>	<u>\$ 45,013,748</u>
(g) Difference between Expected and Actual		\$ 1,750,018	
(h) Less Liability Transferred for Immediate Recognition		<u>(307,003)</u>	
(i) Difference between Expected and Actual - Experience (Gain)/Loss = (g) - (h)		<u>\$ 2,057,021</u>	
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/Loss			<u>\$ 655,599</u>

Actuarial assumptions. The total pension liability in the September 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

*Net of pension plan investment expense

Mortality rates for ERS were based on the sex distinct RP-2000 White Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females age 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 a Scale BB to 2020 with an adjustment of 130% at all ages for females.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 - PENSION PLAN - Continued

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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	17.00%	4.40%
US Large Stocks	32.00%	8.00%
US Mid Stocks	9.00%	10.00%
US Small Stocks	4.00%	11.00%
Int'l Developed Market Stocks	12.00%	9.50%
Int'l Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	100%	

Discount rate. The discount rate used to measure the total pension liability at September 30, 2020 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 plan 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.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 - PENSION PLAN - Continued

Changes in Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2019	\$ 39,870,273	\$ 32,519,321	\$ 7,350,952
Changes for the year:			
Service cost	1,173,969	-	1,173,969
Interest	3,014,175	-	3,014,175
Changes of benefit terms	655,599	-	655,599
Changes of assumptions	-	-	-
Differences between expected and actual experience	2,057,021	-	2,057,021
Contributions - employer	-	996,441	(996,441)
Contributions - employee	-	803,833	(803,833)
Net investment income	-	1,859,473	(1,859,473)
Benefit payments, including refunds of employee contributions	(1,450,286)	(1,450,286)	-
Administrative expense	-	-	-
Transfers among employers	(307,003)	(307,003)	-
Net changes	5,143,475	1,902,458	3,241,017
Balances at September 30, 2020	<u>\$ 45,013,748</u>	<u>\$ 34,421,779</u>	<u>\$ 10,591,969</u>

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the City's net pension liability calculated using the discount rate of 7.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.7%) or 1-percentage-point higher (8.7%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Plan's Net Pension Liability (Asset)	\$ 16,591,842	\$ 10,591,969	\$ 5,574,987

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

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 - PENSION PLAN - Continued

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

For the year ended September 30, 2021, the City recognized pension expense of \$2,316,592. At September 30, 2021, 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	\$ 2,882,670	\$ 27,399
Changes of assumptions	714,239	-
Net difference between projected and actual earnings on plan investments	1,067,481	-
Employer contributions subsequent to the Measurement Date	<u>1,164,747</u>	<u>-</u>
Total	<u>\$ 5,829,137</u>	<u>\$ 27,399</u>

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

Amortization of Deferred Inflows / Outflows:
Year ended September 30,

2022	\$ 1,979,229
2023	1,057,488
2024	1,121,696
2025	638,948
2026	483,250
Thereafter	<u>521,127</u>
	<u>\$ 5,801,738</u>

NOTE 14 - ECONOMIC DEPENDENCY

Sales and use tax revenue accounted for 62 percent of total governmental fund-type revenues for the year ended September 30, 2021.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 15 – FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the City in fiscal year 2022.
- Statement No. 91, *Conduit Debt Obligations* – This statement will become effective for the city in fiscal year 2022.
- Statement No. 92, *Omnibus 2020* – This statement will become effective for the City in fiscal year 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates* – This statement will become effective for the City in fiscal year 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – This statement will become effective for the City in Fiscal year 2023

The City is currently evaluating the effects that these statements will have on its financial statements for subsequent years.

The City has implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of this statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. The implementation of GASB Statement No. 84 had no impact on the City's financial statements for the year ended September 30, 2021.

NOTE 16 – DEFERRED REVENUE

During the year ended September 30, 2021, the City received federal funds from the American Rescue Plan Act (ARPA) in the amount of \$2,687,704. These funds are to be used by the City to cover allowable costs under the Act through December 31, 2024. None of these funds were expended during the year ended September 30, 2021. As a result, these funds were classified as deferred revenue on the statement of net position and balance sheet – governmental funds.

NOTE 17 - SUBSEQUENT EVENTS

COVID-19 continues to impact the City's services and activities. It is anticipated that these impacts will continue for the foreseeable future. While there have been no significant, adverse impacts to the City's operations and finances, the potential exists for future disruptions or restrictions on City services due to the outbreak. The financial impact of the outbreak, if any, cannot be estimated at this time.

The City obtained financing for a right-of-way purchase in November 2021, in the amount of \$459,187.

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through July 14, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY – RETIREMENT SYSTEMS OF ALABAMA
FOR THE YEAR ENDED SEPTEMBER 30,

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,173,969	\$ 1,092,756	\$ 1,003,571	\$ 976,468	\$ 893,261	\$ 866,177	\$ 842,773
Interest	3,014,175	2,756,258	2,522,261	2,338,719	2,138,421	1,963,550	1,815,949
Changes of benefit terms	655,599	-	-	-	-	-	-
Differences between expected and actual experience	2,057,021	877,767	558,263	89,323	(71,589)	203,360	-
Changes of assumptions	-	-	218,385	-	1,509,603	-	-
Benefit payments, including refunds of employee contributions	(1,450,286)	(1,232,373)	(1,022,225)	(938,632)	(844,892)	(849,514)	(777,902)
Transfers among employers	(307,003)	(35,886)	75,083	(55,802)	(131,171)	-	-
Net change in total pension liability	5,143,475	3,458,522	3,355,338	2,410,076	3,493,633	2,183,573	1,880,820
Total pension liability - beginning	39,870,273	36,411,751	33,056,413	30,646,337	27,152,704	24,969,131	23,088,311
Total pension liability - ending (a)	\$ 45,013,748	\$ 39,870,273	\$ 36,411,751	\$ 33,056,413	\$ 30,646,337	\$ 27,152,704	\$ 24,969,131
Plan fiduciary net position							
Contributions - employer	\$ 996,441	\$ 991,508	\$ 865,528	\$ 822,430	\$ 802,312	\$ 729,859	\$ 723,666
Contributions - member	803,833	770,222	753,840	629,893	641,861	560,562	541,561
Net investment income	1,859,473	807,952	2,615,928	3,144,242	2,226,928	250,728	2,209,510
Benefit payments, including refunds of employee contributions	(1,450,286)	(1,232,373)	(1,022,225)	(938,632)	(844,892)	(849,514)	(777,902)
Transfers among employers	(307,003)	(35,886)	75,083	(55,802)	(131,171)	54,926	26,247
Net change in plan fiduciary net position	1,902,458	1,301,423	3,288,154	3,602,131	2,695,038	746,561	2,723,082
Plan net position - beginning	32,519,321	31,217,898	27,929,744	24,327,613	21,632,575	20,886,014	18,162,932
Plan net position - ending (b)	\$ 34,421,779	\$ 32,519,321	\$ 31,217,898	\$ 27,929,744	\$ 24,327,613	\$ 21,632,575	\$ 20,886,014
Net pension liability (asset) - ending (a) - (b)	\$ 10,591,969	\$ 7,350,952	\$ 5,193,853	\$ 5,126,669	\$ 6,318,724	\$ 5,520,129	\$ 4,083,117
Plan fiduciary net position as a percentage of the total pension liability	76.47%	81.56%	85.74%	84.49%	79.38%	79.67%	83.65%
Covered-employee payroll	\$ 13,242,966	\$ 12,698,966	\$ 12,071,935	\$ 10,990,780	\$ 10,452,502	\$ 9,801,065	\$ 9,515,050
Net pension liability (asset) as a percentage of covered-employee payroll	79.98%	57.89%	43.02%	46.65%	60.45%	56.32%	42.91%

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

See notes to the required supplemental information.

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS – RETIREMENT SYSTEMS OF ALABAMA
FOR THE YEAR ENDED SEPTEMBER 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,164,747	\$ 1,059,803	\$ 1,000,397	\$ 891,797	\$ 851,471	\$ 821,552	\$ 764,120
Contribution in relation to the actuarially determined contribution	<u>1,164,747</u>	<u>1,059,803</u>	<u>1,000,397</u>	<u>891,797</u>	<u>851,471</u>	<u>821,552</u>	<u>764,120</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 14,123,140	\$ 13,242,966	\$ 12,698,966	\$ 12,071,533	\$ 10,990,780	\$ 10,452,502	\$ 9,801,065
Contributions as a percentage of covered-employee payroll	8.25%	8.00%	7.88%	7.39%	7.75%	7.86%	7.80%

Actuarial cost method:	Entry Age
Amortization Method:	Level percent closed
Remaining amortization period:	17.1 years
Asset valuation method:	Five-year smoothed market
Inflation:	2.75%
Salary increases:	3.25 – 5.00%, including inflation
Investment rate of return:	7.70%, net of pension plan investment expense, including inflation

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

See notes to the required supplemental information.

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF FUNDING PROGRESS – POST EMPLOYMENT HEALTH INSURANCE PLAN
FOR THE YEAR ENDED SEPTEMBER 30,

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 185,671	\$ 192,097	\$ 69,886	\$ 83,311
Interest cost at 2.21%	101,177	141,755	91,704	80,181
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	128,113	(1,598,113)	499,993	68,580
Changes of assumptions	407,768	552,732	2,448,817	(164,323)
Benefit payments	(38,234)	(36,241)	(36,240)	(34,351)
Net change in total OPEB liability	784,495	(747,770)	3,074,160	33,398
Total OPEB liability - beginning	4,485,330	5,233,100	2,158,940	2,125,542
Total OPEB liability - ending (a)	<u><u>\$ 5,269,825</u></u>	<u><u>\$ 4,485,330</u></u>	<u><u>\$ 5,233,100</u></u>	<u><u>\$ 2,158,940</u></u>
 Covered-employee payroll	 \$ 13,405,521	 \$ 13,015,069	 \$ 11,576,884	 \$ 11,239,693
 Net pension liability (asset) as a percentage of covered-employee payroll	 39.31%	 34.46%	 45.20%	 19.21%
 Notes to Schedule:				
Benefit Changes	None	None	None	None
Discount Rate	2.15%	2.21%	2.66%	4.18%

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

See notes to the required supplemental information.

THE CITY OF TRUSSVILLE, ALABAMA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
– GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:				
Taxes	\$ 41,167,000	\$ 42,476,200	\$ 43,952,324	\$ 1,476,124
Educational support	40,000	44,000	44,245	245
Licenses and permits	5,660,500	5,365,000	5,466,653	101,653
Intergovernmental	159,000	120,000	137,863	17,863
Charges for services	1,825,750	2,142,400	3,380,126	1,237,726
Fines and forfeitures	386,250	525,200	551,055	25,855
Financial income	129,200	65,050	-	(65,050)
Other revenues and receipts	60,500	1,124,000	1,813,716	689,716
Total Revenues	49,428,200	51,861,850	55,345,982	3,484,132
Expenditures:				
Current operations:				
General government	3,195,900	3,057,226	2,862,773	194,453
Public safety:				
Fire and rescue	5,672,600	5,809,300	6,331,682	(522,382)
Police and court	9,074,300	9,883,200	10,087,738	(204,538)
Streets and sanitation	4,043,100	4,134,350	4,112,103	22,247
Parks and recreation	5,311,100	5,098,450	5,464,102	(365,652)
Library	1,477,350	1,302,650	1,342,112	(39,462)
Inspections	621,900	615,700	616,428	(728)
Payments to the Trussville School System	5,110,000	11,005,000	11,204,370	(199,370)
Redevelopmnt Expenses	765,000	1,034,500	1,111,712	(77,212)
Total current operations	35,271,250	41,940,376	43,133,020	(1,192,644)
Capital outlays	1,888,700	2,642,700	2,455,775	186,925
Debt service	2,570,500	2,467,524	3,206,232	(738,708)
Total expenditures	39,730,450	47,050,600	48,795,027	(1,744,427)
Revenues over / (under) expenditures	9,697,750	4,811,250	6,550,955	1,739,705
Other financing sources / (uses):				
Interfund transfers in	1,460,000	1,570,600	2,222,881	652,281
Interfund transfers out	(11,264,000)	(6,345,100)	(11,456,001)	(5,110,901)
Proceeds of debt	240,000	-	-	-
Total other financing sources / (uses)	(9,564,000)	(4,774,500)	(9,233,120)	(4,458,620)
Net change in fund balance	<u>\$ 133,750</u>	<u>\$ 36,750</u>	(2,682,165)	<u>\$ (2,718,915)</u>
Fund balances, beginning			25,567,107	
Fund balances, ending			<u>\$ 22,884,942</u>	

See notes to the required supplemental information.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements:

A budget is adopted for the City's general fund. The budget is based on expected expenditures by program and estimated resources by source.

With the exception of construction in progress, appropriations lapse at the end of each fiscal year.

Appropriation control (City Council appropriated budget) is by department within a fund. The budget may be amended to transfer amounts between departments and to revise for unanticipated receipts and/or expenditures. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplemental information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS



Cork, Hill & Company, L.L.C.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States, the financial statements of The City of Trussville, Alabama (the City), which comprise the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the related notes to the financial statements and have issued our report thereon dated July 14, 2022.

Internal Control Over Financial Reporting

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

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

Certified Public Accountants

2100 Southbridge Parkway
Suite 530
Birmingham, AL 35209

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Cork, Hill & Company, L.L.C.

Birmingham, Alabama

July 14, 2022



Cork, Hill & Company, L.L.C.

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

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

Report on Compliance for Each Major Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Certified Public Accountants

**2100 Southbridge Parkway
Suite 530
Birmingham, AL 35209**

Opinion on Each Major Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified above for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Cork, Hill & Company, L.L.C.

Birmingham, Alabama

July 14, 2022

**THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

PART I: SUMMARY OF AUDITORS' RESULTS:

FINANCIAL STATEMENTS

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Are material weaknesses identified?

_____ Yes

 X No

Are significant deficiencies that are not considered
to be material weaknesses identified?

_____ Yes

 X None reported

Is noncompliance which could have a material
effect on the financial statements identified?

_____ Yes

 X No

FEDERAL AWARDS

Internal control over major programs:

Are material weaknesses identified?

_____ Yes

 X No

Are significant deficiencies that are not considered
to be material weaknesses identified?

_____ Yes

 X None reported

Type of report issued on compliance with requirements
applicable to each major program?

Unmodified

Are there and audit findings that are required to be reported
in accordance with section 2 CFR 200.516(a)?

_____ Yes

 X No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Coronavirus Relief Fund	21.019

Dollar threshold used to distinguish between type A and type B
programs:

\$750,000

Is the auditee identified as a low-risk auditee?

_____ Yes

 X No

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2021

PART II. FINANCIAL STATEMENT FINDING

None.

PART III. FEDERAL AWARD FINDING AND QUESTIONED COST

None.

SUPPLEMENTARY INFORMATION

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Direct Programs:			
U.S. Department of Treasury			
Passed through the Jefferson County Commission			
Coronavirus Relief Fund	21.019	EXR-099	<u>921,914</u>
Total: U.S. Department of Treasury			<u>921,914</u>
Department of the Interior National Park Service			
Passed through the Alabama Department of Economic and Community Affairs			
Land and Water Conservation Fund	15.916	18-LW-1062	<u>\$ 116,762</u>
 TOTAL FEDERAL FINANCIAL ASSISTANCE			 <u>\$ 1,038,676</u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The City of Trussville and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – De MINIMIS INDIRECT COST RATE

The City of Trussville has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF PRIOR AND CURRENT YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

PRIOR YEAR – FINDINGS, RECOMMENDATIONS, AND REPLIES

There are no prior year audit findings.

CURRENT YEAR – FINDINGS, RECOMMENDATIONS, AND REPLIES

There are no current year audit findings.

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF REVENUES – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TAXES	
Sales Tax	\$ 35,904,395
Advalorem Tax	5,865,556
Lodging Tax	601,582
County Road Tax	464,812
County Gas Tax	210,642
Beer, Wine & Liquor Tax	238,306
Rental Lease Tax	288,781
Bank Excise Tax	277,113
Other Miscellaneous Tax	101,137
	<u>43,952,324</u>
 EDUCATIONAL SUPPORT	 44,245
 LICENSES & PERMITS	
Business Licenses	4,109,043
Building Permits	1,120,145
Franchise Fees	237,465
	<u>5,466,653</u>
 INTERGOVERNMENTAL PAYMENTS	 137,863
 CHARGES FOR SERVICES	
Civic center and park programs	1,663,325
Ambulance calls	1,252,459
Assessments	163,629
Fees	56,182
Court	189,634
Miscellaneous	54,897
	<u>3,380,126</u>
 FINES & FORFEITURES	 551,055
 OTHER	 1,813,716
 TOTAL REVENUES	 <u><u>\$ 55,345,982</u></u>

Changes in City accounting policies and financial statement classifications affect this statement's comparability with years prior to September 30, 2020

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF EXPENDITURES – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

GENERAL GOVERNMENT	
Payroll and related costs	\$ 1,313,678
Economic incentive agreements	1,022,429
Professional fees	54,996
Insurance	23,995
Collection fees	193,265
Jefferson County Health Department	140,339
Other operating costs	114,071
	<hr/> 2,862,773
FIRE AND RESCUE	
Payroll and related costs	4,852,390
Repairs & maintenance	154,394
Utilities	204,270
Other operating costs	1,120,628
	<hr/> 6,331,682
POLICE AND COURT	
Police Department	
Payroll and related costs	7,436,624
Utilities	289,514
Repairs & maintenance	407,362
Fuel	186,333
Other operating costs	1,247,653
Municipal Court	
Payroll and related costs	400,642
Other operating costs	119,610
	<hr/> 10,087,738
STREET	
Payroll and related costs	1,002,846
Garbage pickup	2,371,650
Paving, street lights and maintenance	242,287
Other operating costs	495,320
	<hr/> 4,112,103
PARKS AND RECREATION	
Payroll and related costs	2,827,036
Parks programs & events	508,187
Utilities	623,758
Repairs & maintenance	509,113
Other operating costs	996,008
	<hr/> 5,464,102
LIBRARY	
Payroll and related costs	973,373
Library materials	113,120
Other operating costs	255,619
	<hr/> 1,342,112

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF EXPENDITURES – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

INSPECTIONS	
Payroll and related costs	519,241
Other operating costs	<u>97,187</u>
	616,428
 EDUCATIONAL SUPPORT	 11,204,370
 REDEVELOPMENT EXPENSES	 1,111,712
 CAPITAL OUTLAYS	 2,455,775
 DEBT SERVICE	 <u>3,206,232</u>
 TOTAL EXPENDITURES	 <u><u>\$48,795,027</u></u>

Changes in City accounting policies and financial statement classifications effect this statement's comparability with years prior to September 30, 2020

THE CITY OF TRUSSVILLE, ALABAMA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	STATE SHARED GASOLINE TAX FUNDS								LINE OF CREDIT	
	STATE 4 & 5	STATE 7	STATE 10	CONFISCATED	CONFISCATED		CAPITAL	CAPITAL	TRUSSVILLE	TOTALS -
	CENT GAS	CENT GAS	CENT GAS	HOLDING	AVAILABLE	CORRECTIONS	IMPROVEMENT	PROJECTS	UTILITIES BOARD	GOVT.
	TAX FUND	TAX FUND	TAX FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUNDS
Assets:										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,345	\$ 274,345
Restricted cash and cash equivalents	120,888	214,011	217,284	44,895	43,648	73,580	1,118,247	2,654,570	-	4,487,123
Investments	-	-	-	-	-	-	-	-	-	-
Receivables, net	16,791	19,690	12,322	-	-	-	-	-	-	48,803
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 137,679	\$ 233,701	\$ 229,606	\$ 44,895	\$ 43,648	\$ 73,580	\$ 1,118,247	\$ 2,654,570	\$ 274,345	\$ 4,810,271
Liabilities:										
Accounts payable and accrued liabilities	\$ 25,808	\$ -	\$ -	\$ 44,895	\$ 2,528	\$ 818	\$ -	\$ 21,971	\$ -	\$ 96,020
Deferred revenue	-	-	-	-	-	-	-	2,687,704	-	2,687,704
Total liabilities	25,808	-	-	44,895	2,528	818	-	2,709,675	-	2,783,724
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	111,871	233,701	229,606	-	41,120	72,762	1,118,247	(55,105)	274,345	2,026,547
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balance	111,871	233,701	229,606	-	41,120	72,762	1,118,247	(55,105)	274,345	2,026,547
Total liabilities and fund balances	\$ 137,679	\$ 233,701	\$ 229,606	\$ 44,895	\$ 43,648	\$ 73,580	\$ 1,118,247	\$ 2,654,570	\$ 274,345	\$ 4,810,271

THE CITY OF TRUSSVILLE, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	STATE SHARED GASOLINE TAX FUNDS								LINE OF CREDIT	
	STATE 4 & 5	STATE 7	STATE 10	CONFISCATED	CONFISCATED		CAPITAL	CAPITAL	TRUSSVILLE	TOTALS -
	CENT GAS	CENT GAS	CENT GAS	HOLDING	AVAILABLE	CORRECTIONS	IMPROVEMENT	PROJECTS	UTILITIES BOARD	GOVT.
	TAX FUND	TAX FUND	TAX FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUNDS
Revenues:										
Taxes	\$ 181,749	\$ 200,380	\$ 133,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 515,502
Educational support	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	204,396	-	-	204,396
Fines and forfeitures	-	-	-	40,066	-	146,733	-	-	-	186,799
Interest	-	-	-	-	-	-	-	-	849	849
Total Revenues	181,749	200,380	133,372	40,066	-	146,733	204,396	-	850	907,546
Expenditures:										
Current operations:										
General government	-	-	-	-	-	-	-	39,500	-	39,500
Public safety:										
Police and court	-	-	-	19,738	9,565	134,235	-	-	-	163,538
Streets and sanitation	537,633	55,320	-	-	-	-	-	-	-	592,953
Educational support	-	-	-	-	-	-	-	-	-	-
Total current operations	537,633	55,320	-	19,738	9,565	134,235	-	39,500	-	795,991
Capital outlays	-	-	-	-	4,850	5,650	27,908	2,464,150	49	2,502,607
Debt service:										
Principal	-	-	-	-	-	-	-	-	679,639	679,639
Interest and fiscal charges	-	-	-	-	-	-	-	-	74,757	74,757
Total expenditures	537,633	55,320	-	19,738	14,415	139,885	27,908	2,503,650	754,445	4,052,994
Revenues over / (under) expenditures	(355,884)	145,060	133,372	20,328	(14,415)	6,848	176,488	(2,503,650)	(753,595)	(3,145,448)
Other financing sources / (uses):										
Interfund transfers in	-	-	-	-	19,928	-	-	6,468	386,544	412,940
Interfund transfers out	-	-	-	(19,928)	-	-	-	(5,393)	-	(25,321)
Proceeds of debt	-	-	-	-	-	-	-	2,450,000	-	2,450,000
Total other financing sources / (uses)	-	-	-	(19,928)	19,928	-	-	2,451,075	386,544	2,837,619
Net change in fund balance	(355,884)	145,060	133,372	400	5,513	6,848	176,488	(52,575)	(367,051)	(307,829)
Fund balances, beginning	467,755	88,641	96,234	(400)	35,607	65,914	941,759	(2,530)	641,396	2,334,376
Fund balances, ending	\$ 111,871	\$ 233,701	\$ 229,606	\$ -	\$ 41,120	\$ 72,762	\$ 1,118,247	\$ (55,105)	\$ 274,345	\$ 2,026,547

THE CITY OF TRUSSVILLE, ALABAMA
COMPARATIVE BALANCE SHEET – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>2020</u>	<u>2021</u>
Assets:		
Cash and cash equivalents	\$ 15,089,919	\$ 16,945,038
Restricted cash and cash equivalents	8,804,365	3,513,859
Investments	-	-
Receivables, net	3,565,082	4,867,782
Prepaid expenses	<u>218,657</u>	<u>255,024</u>
 Total assets	 <u><u>\$ 27,678,023</u></u>	 <u><u>\$ 25,581,703</u></u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,110,916	\$ 2,555,080
Deferred revenue	<u>-</u>	<u>141,681</u>
Total liabilities	2,110,916	2,696,761
Fund balances:		
Nonspendable	218,657	255,024
Restricted	-	-
Committed	9,027,213	3,738,112
Unassigned	<u>16,321,237</u>	<u>18,891,806</u>
Total fund balance	<u>25,567,107</u>	<u>22,884,942</u>
 Total liabilities and fund balances	 <u><u>\$ 27,678,023</u></u>	 <u><u>\$ 25,581,703</u></u>

THE CITY OF TRUSSVILLE, ALABAMA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>2020</u>	<u>2021</u>
Revenues:		
Taxes	\$ 39,766,554	\$ 43,952,324
Educational support	92,122	44,245
Licenses and permits	5,557,426	5,466,653
Intergovernmental	137,347	137,863
Charges for services	1,939,717	3,380,126
Fines and forfeitures	384,448	551,055
Financial income	269,685	-
Other revenues and receipts	347,944	1,813,716
Total Revenues	<u>48,495,243</u>	<u>55,345,982</u>
Expenditures:		
Current operations:		
General government	2,924,007	2,862,773
Public safety:		
Fire and rescue	5,378,917	6,331,682
Police and court	9,080,361	10,087,738
Streets and sanitation	4,397,696	4,112,103
Parks and recreation	4,333,200	5,464,102
Library	1,374,960	1,342,112
Inspections	528,749	616,428
Educational support	5,717,003	11,204,370
Redevelopment expenses	800,042	1,111,712
Total current operations	<u>34,534,935</u>	<u>43,133,020</u>
Capital outlays	1,104,671	2,455,775
Debt service:		
Principal	1,367,742	2,894,662
Interest and fiscal charges	352,787	311,570
Total expenditures	<u>37,360,135</u>	<u>48,795,027</u>
Revenues over / (under) expenditures	11,135,108	6,550,955
Other financing sources / (uses):		
Interfund transfers in	100,416	2,222,881
Interfund transfers out	(10,649,369)	(11,456,001)
QECB subsidy	-	-
Proceeds of debt	593,339	-
Total other financing sources / (uses)	<u>(9,955,614)</u>	<u>(9,233,120)</u>
Net change in fund balance	1,179,494	(2,682,165)
Fund balances, beginning	<u>24,387,613</u>	<u>25,567,107</u>
Fund balances, ending	<u><u>\$ 25,567,107</u></u>	<u><u>\$ 22,884,942</u></u>