

CITY OF JASPER
Jasper, Alabama

Financial Statements and
Supplemental Information

September 30, 2021

KELLUM, WILSON & ASSOCIATES, P.C.

Certified Public Accountants

1799 ELLIOTT BOULEVARD
JASPER, ALABAMA 35501

CITY OF JASPER, ALABAMA

Table of Contents

	<u>Page(s)</u>
INDEPENDENT AUDITORS' REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 – 11
BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	12
Statement of Activities	13
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	14 – 15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	17
General Fund – Statement of Revenues, Expenditures, and Encumbrances – Budget to Actual for the Year Ended September 30, 2021	18
Statement of Fund Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21 – 22
Statement of Net Position – Fiduciary Funds	23
NOTES TO BASIC FINANCIAL STATEMENTS	24 – 55
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net Pension Liability	56
Schedule of Employer Contributions	57
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net OPEB Liability	58
Combining Balance Sheet – All Nonmajor Governmental Funds	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All Nonmajor Governmental Funds	60
Combining Balance Sheet – Nonmajor Special Revenue Funds	61 – 62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	63 – 64
Combining Balance Sheet – Nonmajor Capital Project Funds	65 – 66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds	67 – 68
Combining Balance Sheet – Nonmajor Debt Service Fund	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Fund	70
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	71 – 72

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Certified Public Accountants

1799 ELLIOTT BOULEVARD

JASPER, ALABAMA 35501

PHILLIP D. EADS, CPA, MANAGER

(205) 221-2935

FAX (205) 221-2985

peads@kwacpa.net

JOHN W. KELLUM, III, CPA
CHARLES R. WILSON, CPA

LORI L. KES, CPA
PHILLIP D. EADS, CPA
BENJAMIN D. DOUGHTY, CPA
LINDY B. EICHELBERGER, CPA
JAMES C. BOHANNON, CPA, CFE

BIRMINGHAM OFFICE
JOHN W. KELLUM, III, CPA
3825 LORNA ROAD, SUITE 212
HOOVER, ALABAMA 35244
(205) 942-5424

CHARLES W. HULLETT, CPA
(1927-2005)

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Jasper, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison for the General Fund of the City of Jasper, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Jasper City Board of Education of the City of Jasper, Alabama, which represent 100 percent of the assets, net position, and revenues of that component unit column. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jasper City Board of Education is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jasper, Alabama, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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, the Schedule of Changes in Net Pension Liability, and the Schedule of Employer Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jasper, Alabama's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022, on our consideration of the City of Jasper, Alabama'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 the City of Jasper, Alabama's internal control over financial reporting and compliance.

Kellum, Wilson & Associates, P.C.

Kellum, Wilson & Associates, P.C.
July 29, 2022

**CITY OF JASPER, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

As management of the City of Jasper, Alabama (the "City"), we present this narrative overview and analysis designed to assist readers of the City's financial statements for the fiscal year ended September 30, 2021. Our discussion and analysis focuses on significant financial issues, provides an overview of the City's financial activity, identifies changes in the City's financial position, identifies any material deviations from the financial plan (the approved budget), and identifies individual fund issues or concerns.

Financial Highlights

- The assets of the City's Governmental Activities exceed its liabilities at the close of the fiscal year ended September 30, 2021, by \$21,477,997 (net position). The portion of net position that may be used to meet the City's ongoing obligations to citizens and creditors (unrestricted net position) is \$891,238.
- The City's total net position increased by \$4,426,153 in fiscal 2021.
- The City's total net capital assets decreased by \$1,849,627 in fiscal 2021. This decrease was mainly attributable to depreciation exceeding current year additions.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$19,685,194, an increase of \$5,301,414 from the prior year. Of this amount, \$4,517,159 is restricted.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund (the City's primary operating fund) was \$13,878,607.
- The City's net long-term debt decreased by \$2,100,592.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements, which is comprised of the basic financial statements and the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**CITY OF JASPER, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources with the difference reported as net position. This statement combines governmental funds' current financial resources with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information focused on functions and shows how the City's net position changed during the most recent fiscal year. This is intended to summarize and simplify the user's analysis of revenue and expenses of various governmental services and/or subsidies to various business-type activities. 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to typically recover all or a significant portion of the cost of operation, including depreciation, through user fees and charges for services (*business-type activities*). The governmental activities of the City include general government, public safety, public works, recreation and cultural services, and non-departmental. The business-type activities of the City reflect private sector type operations and include cemeteries and garbage services.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the activities of *its component units*, the Jasper City Board of Education and the Industrial Development Board of the City of Jasper, Alabama. A component unit is a legally separate organization over which the City can exercise influence and/or may be obligated to provide financial subsidies. The focus of the statements is clearly on the primary government and the presentation allows the readers to address the City's relative relationship with the component units. The Jasper City Board of Education and the Industrial Development Board issue complete financial statements, which may be obtained by contacting the entities directly.

Fund Financial Statements

Traditional users of governmental financial statements will find the *Fund Financial Statements* presentation more familiar. The focus is on the City's major funds rather than the City as a whole. 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. Governmental, proprietary, and fiduciary are the three categories of fund types.

**CITY OF JASPER, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Fund Financial Statements – Continued

Governmental Funds – The City of Jasper maintains three individual *major 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, American Rescue Plan, and the One-Cent Sales Tax Fund. Data from other governmental funds are combined into a single *nonmajor governmental funds* aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

For management control of expenditures, the City adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for the City's major governmental funds to demonstrate compliance with their budgets.

Proprietary Funds – The City of Jasper maintains three proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to provide for separate information for the two cemeteries and the garbage services, each of which is considered a major fund of the City.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons and the City's progress in funding its obligations to provide pension benefits to its employees.

The combining fund statements and schedules are presented immediately following the required supplementary information.

**CITY OF JASPER, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

**Condensed Statements of Net Position
September 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$ 22,076,349	\$ 15,696,517	\$ 754,994	\$ 514,446	\$ 22,831,343	\$ 16,210,963
Capital Assets (Net)	<u>81,249,129</u>	<u>83,183,801</u>	<u>781,954</u>	<u>696,909</u>	<u>82,031,083</u>	<u>83,880,710</u>
Total Assets	<u>103,325,478</u>	<u>98,880,318</u>	<u>1,536,948</u>	<u>1,211,355</u>	<u>104,862,426</u>	<u>100,091,673</u>
Deferred Outflows of Resources	<u>7,137,609</u>	<u>5,293,563</u>	<u>356,581</u>	<u>217,558</u>	<u>7,494,190</u>	<u>5,511,121</u>
Other Liabilities	5,696,762	4,514,316	432,080	359,270	6,128,842	4,873,586
Long-Term Liabilities	<u>82,282,577</u>	<u>81,424,701</u>	<u>1,465,636</u>	<u>1,266,851</u>	<u>83,748,213</u>	<u>82,691,552</u>
Total Liabilities	<u>87,979,339</u>	<u>85,939,017</u>	<u>1,897,716</u>	<u>1,626,121</u>	<u>89,877,055</u>	<u>87,565,138</u>
Deferred Inflows Of Resources	1,005,751	1,183,019	84,301	111,002	1,090,052	1,294,021
Net Position:						
Net Invested in						
Capital Assets	16,069,600	15,884,494	344,301	278,442	16,413,901	16,162,936
Restricted	4,517,159	4,424,388	-	-	4,517,159	4,424,388
Unrestricted (Deficit)	<u>891,238</u>	<u>(3,257,037)</u>	<u>(432,789)</u>	<u>(586,652)</u>	<u>458,449</u>	<u>(3,843,689)</u>
Total Net Position	<u>\$ 21,477,997</u>	<u>\$ 17,051,845</u>	<u>\$ (88,488)</u>	<u>\$ (308,210)</u>	<u>\$ 21,389,509</u>	<u>\$ 16,743,635</u>

The City's total assets were \$104,862,427 as of September 30, 2021. Capital assets, including infrastructure, account for \$82,031,084.

The remaining City assets of \$20,639,901 are accounted for in cash and cash equivalents, \$1,841,616 in accounts receivable, \$24,300 in liens receivable, and the remainder spread among miscellaneous assets.

At September 30, 2021, the City had outstanding liabilities of \$89,877,055, of which \$83,748,213 was long-term. Long-term liabilities include warrants and notes payable, compensated absences, accrued landfill closure and post closure care costs, pension liabilities, and the OPEB obligation. Of the total amount outstanding, approximately \$3,318,762 is due within one year, with the remainder due at various dates before 2044.

Included in other liabilities in the above table are \$860,800 in accounts payable (most of which will be paid from the general fund and bond funds), and deferred revenue of \$1,560,654, the amount of long-term liabilities due within one year of \$3,318,762, and the remainder is accrued interest and deposits.

The largest portion of the City's net position reflects its investment in capital assets, less any outstanding related debt used to acquire those assets. The City's capital assets are used to provide services to citizens. Consequently, investments in capital assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining unrestricted net position is \$891,238.

**CITY OF JASPER, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

**Condensed Statement of Activities
For the Years Ended September 30, 2021, and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 4,634,615	\$ 4,681,196	\$ 1,831,146	\$ 1,780,507	\$ 6,465,761	\$ 6,461,703
Grants/Contributions	761,085	597,800	-	-	761,085	597,800
General Revenues:						
Property Taxes	3,353,363	3,248,914	-	-	3,353,363	3,248,914
Sales Taxes	18,504,593	16,217,011	-	-	18,504,593	16,217,011
Other Taxes	4,340,297	3,350,179	-	-	4,340,297	3,350,179
Other General Revenue	<u>300,591</u>	<u>472,351</u>	<u>142,631</u>	<u>7,082</u>	<u>443,222</u>	<u>479,433</u>
Total Revenues	<u>31,894,544</u>	<u>28,567,451</u>	<u>1,973,777</u>	<u>1,787,589</u>	<u>33,868,321</u>	<u>30,355,040</u>
Expenses						
Governmental Activities:						
General Government	1,939,616	924,692	-	-	1,939,616	924,692
Public Safety	7,674,741	6,849,281	-	-	7,674,741	6,849,281
Public Works	4,494,269	4,158,359	-	-	4,494,269	4,158,359
Recreation and Cultural	3,023,517	2,523,498	-	-	3,023,517	2,523,498
Nondepartmental	8,282,124	7,930,035	-	-	8,282,124	7,930,035
Interest on Long-Term Debt	2,054,124	2,539,894	-	-	2,054,124	2,539,894
Business-Type Activities:						
Cemeteries	-	-	21,827	25,055	21,827	25,055
Garbage Collection	<u>-</u>	<u>-</u>	<u>1,732,227</u>	<u>1,812,020</u>	<u>1,732,227</u>	<u>1,812,020</u>
Total Expenses	<u>27,468,391</u>	<u>24,925,759</u>	<u>1,754,054</u>	<u>1,837,075</u>	<u>29,222,445</u>	<u>26,762,834</u>
Net Increase (Decrease)	<u>4,426,153</u>	<u>3,641,692</u>	<u>219,723</u>	<u>(49,486)</u>	<u>4,645,876</u>	<u>3,592,206</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 4,426,153</u>	<u>\$ 3,641,692</u>	<u>\$ 219,723</u>	<u>\$ (49,486)</u>	<u>\$ 4,645,876</u>	<u>\$ 3,592,206</u>

Total revenues for the City were \$33,868,321 for the year ended September 30, 2021. Governmental activities provided \$31,894,544 or 94.2%, while \$1,973,777 of business-type activities revenue was provided by charges for services and interest income. The governmental activities received \$18,504,593 or 54.6% of total revenue, from sales taxes and \$3,353,363, or 9.9% of total revenue, from business licenses and permits.

**CITY OF JASPER, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Fund Financial Analysis

Governmental Funds

The General Fund is the chief operating fund of the City. The total general fund balance increased by \$5,138,870 in 2021 to \$14,504,002. At the end of the current fiscal year, the unassigned fund balance was \$13,878,607. 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 fund expenditures. This is very useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned fund balance represents approximately 71.0% of total general fund expenditures, while total fund balance represents 74.0% of the total general fund expenditures.

Enterprise Funds

The City operates the New Prospect Cemetery and the North Oakhill Cemetery. Lots are sold for \$250 each at New Prospect and \$600 each at North Oakhill. The City normally charges New Prospect \$1,000 for each mowing. The cemeteries will generally operate with a small profit each year, largely as a result of interest income from a certificate of deposit owned by North Oakhill Cemetery. This year, New Prospect Cemetery recorded loss from operations of \$(12,852) and North Oakhill Cemetery recorded income from operations of \$29,425.

The City also operates a garbage collection service for the citizens of the City. Current year income from operations was \$215,881.

Budgetary Highlights

The following is a brief review of the budgeting changes from the original to the final budget for the General Fund.

- No significant budget changes were made during the year.

Capital Assets

**Capital Assets
As of September 30, 2021, and 2020
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,746,973	\$ 1,746,973	\$ 122,500	\$ 122,500	\$ 1,869,473	\$ 1,869,473
Construction in Progress	-	123,039	-	-	-	123,039
Buildings	50,024,587	51,996,712	117,933	120,557	50,142,520	52,117,269
Equipment	4,287,889	3,892,459	541,521	453,852	4,829,410	4,346,311
Infrastructure	<u>25,189,680</u>	<u>25,424,618</u>	<u>-</u>	<u>-</u>	<u>25,189,680</u>	<u>25,424,618</u>
Total	<u>\$ 81,249,129</u>	<u>\$ 83,183,801</u>	<u>\$ 781,954</u>	<u>\$ 696,909</u>	<u>\$ 82,031,083</u>	<u>\$ 83,880,710</u>

**CITY OF JASPER, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Capital Assets – Continued

This investment in capital assets includes land, buildings, improvements other than buildings, system improvements (drainage and streets), machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was \$1,849,627 (net of depreciation).

Major capital asset events during the current fiscal year included the following:

- Construction of roads.
- Development of sidewalks.

Debt Administration

As of year-end, the City had \$65,617,182 in debt (bonds, notes, etc.) outstanding compared to \$67,717,774 at the end of last year, a \$2,100,592 decrease.

Outstanding Debt at Year-End

	<u>2021</u>	<u>2020</u>
Governmental:		
Note Payable	\$ 1,366,057	\$ 1,479,434
Note Payable	189,583	224,583
Note Payable	574,000	-
2014 Bond Issue	10,235,000	11,535,000
2009 Bond Issue	-	105,000
2012 Bond Issue	80,595	183,772
2015 Bond Issue	3,280,569	3,458,042
Deferred Amounts	1,118,725	1,233,476
2017 Bond Issue	9,930,000	10,310,000
2020 Bond Issue	38,405,000	38,770,000
Business-Type:		
Bank Loans	270,752	60,838
2019 Bond Issue	92,470	210,671
2015 Bond Issue	<u>74,431</u>	<u>146,958</u>
 Total Debt	 \$ <u>65,617,182</u>	 \$ <u>67,717,774</u>

The City financed the purchase of a fire truck and a garbage truck in 2021.

**CITY OF JASPER, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Economic Factors

The City of Jasper is largely dependent upon its sales tax revenue for growth in income. In periods of economic decline, the City is faced with increasing taxes, licenses, or user charges as a means to increase revenue or reducing expenses in the form of reductions in services or the number of employees.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the City Clerk on the second floor of City Hall, 400 West 19th Street, Post Office Box 1589, Jasper, Alabama 35502-1589.

CITY OF JASPER, ALABAMA
Statement of Net Position
September 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Jasper City Board of Education	Industrial Development Board of the City of Jasper, Alabama
ASSETS					
Cash and Cash Equivalents	\$ 19,384,696	\$ 1,255,205	\$ 20,639,901	\$ 8,912,045	\$ 1,139,748
Investments	-	-	-	13,129,463	-
Due from Primary Government	-	-	-	-	-
Receivables, Net	1,762,826	78,790	1,841,616	3,498,707	36,053
Liens Receivable	24,300	-	24,300	-	-
Internal Balances	596,512	(596,512)	-	-	-
Inventories and Prepays	308,015	17,511	325,526	52,637	-
Capital Assets, Net					
Nondepreciable	1,746,973	122,500	1,869,473	7,765,145	-
Depreciable	79,502,156	659,454	80,161,610	19,290,650	3,847,293
TOTAL ASSETS	103,325,478	1,536,948	104,862,426	52,648,647	5,023,094
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	2,386,227	-	2,386,227	-	-
Deferred Outflows					
Related to Pension Liability	-	-	-	4,252,000	-
Employer OPEB Contribution	981,305	-	981,305	6,944,601	-
Contributions to Pension Plan	3,770,077	356,581	4,126,658	1,946,771	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,137,609	356,581	7,494,190	13,143,372	-
LIABILITIES					
Accounts Payable	830,501	30,299	860,800	2,135,656	3,467
Deposit	-	225,520	225,520	-	-
Deferred Revenue	1,560,654	-	1,560,654	36,426	-
Accrued Interest Payable	163,106	-	163,106	252,480	-
NONCURRENT LIABILITIES					
Due Within One Year	3,142,501	154,070	3,296,571	763,916	50,000
Due in More Than One Year	70,222,259	283,583	70,505,842	29,389,026	-
Net Pension Obligation	12,060,318	1,204,244	13,264,562	27,505,000	-
TOTAL LIABILITIES	87,979,339	1,897,716	89,877,055	60,082,504	53,467
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	-	-	2,052,979	-
Related to OPEB Liability	124,184	-	124,184	11,006,234	-
Related to Pension Deferrals	881,567	84,301	965,868	1,135,000	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,005,751	84,301	1,090,052	14,194,213	-
NET POSITION					
Invested in Capital Assets	16,069,600	344,301	16,413,901	12,497,067	3,797,293
Restricted for:					
Capital Projects	2,288,322	-	2,288,322	6,973,868	-
Other Purposes	2,228,837	-	2,228,837	174,942	-
Unrestricted	891,238	(432,789)	458,449	(28,130,574)	1,172,334
TOTAL NET POSITION	\$ 21,477,997	\$ (88,488)	\$ 21,389,509	\$ (8,484,697)	\$ 4,969,627

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

	Net (Expenses) Revenues and Changes in Net Position								
	Program Revenues			Primary Government		Component Units			
	Expenses	Charges for Services	Program Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Jasper City Board of Education	Industrial Development Board of the City of Jasper, Alabama
FUNCTIONS									
PRIMARY GOVERNMENT									
Governmental Activities									
General Government	\$ (1,939,616)	\$ 3,650,905	\$ -	\$ 34,157	\$ 1,745,446	\$ -	\$ 1,745,446	\$ -	\$ -
Public Safety	(7,674,741)	433,038	-	9,334	(7,232,369)	-	(7,232,369)	-	-
Public Works	(4,494,269)	21,024	-	606,344	(3,866,901)	-	(3,866,901)	-	-
Recreation and Cultural Services	(3,023,517)	74,243	-	111,250	(2,838,024)	-	(2,838,024)	-	-
Nondepartmental	(8,282,124)	455,405	-	-	(7,826,719)	-	(7,826,719)	-	-
Interest on Long-Term Debt	(2,054,124)	-	-	-	(2,054,124)	-	(2,054,124)	-	-
Total Governmental Activities	(27,468,391)	4,634,615	-	761,085	(22,072,691)	-	(22,072,691)	-	-
Business-Type Activities									
Cemeteries	(21,827)	38,400	-	-	-	16,573	16,573	-	-
Garbage Collection	(1,732,227)	1,792,745	-	-	-	60,518	60,518	-	-
Total Business-Type Activities	(1,754,054)	1,831,145	-	-	-	77,091	77,091	-	-
TOTAL PRIMARY GOVERNMENT	\$ (29,222,445)	\$ 6,465,760	\$ -	\$ 761,085	(22,072,691)	77,091	(21,995,600)	(7,509,454)	(784,856)
COMPONENT UNITS									
Jasper City Board of Education	\$ (30,331,383)	\$ 1,923,559	\$ 20,068,205	\$ 830,165					
Industrial Development Board	(784,856)	-	-	-					
TOTAL COMPONENT UNITS	\$ (31,116,239)	\$ 1,923,559	\$ 20,068,205	\$ 830,165					
GENERAL REVENUES									
Sales and Use Taxes					18,504,593	-	18,504,593	7,505,017	-
Property Tax					3,353,363	-	3,353,363	2,041,305	-
Licenses and Permits					-	-	-	-	554,388
Other Taxes					4,340,297	-	4,340,297	171,323	-
Investment Earnings					8,506	1,017	9,523	60,334	14,555
Other General Revenues					292,085	141,614	433,699	696,945	5,000
Total General Revenues					26,498,844	142,631	26,641,475	10,474,924	573,943
Transfers					-	-	-	-	-
Changes in Net Position					4,426,153	219,722	4,645,875	2,965,470	(210,913)
NET POSITION – BEGINNING OF YEAR					17,051,844	(308,210)	16,743,634	(11,450,167)	5,180,540
NET POSITION – END OF YEAR					\$ 21,477,997	\$ (88,488)	\$ 21,389,509	\$ (8,484,697)	\$ 4,969,627

The notes to the financial statements are an integral part of this statement.
- 13 -

CITY OF JASPER, ALABAMA

Balance Sheet

Governmental Funds

September 30, 2021

	Major Funds				Total Governmental Funds
	General Fund	American Rescue Plan	One-Cent Sales Tax	Other Governmental Funds	
ASSETS					
Cash and Cash Equivalents	\$ 12,501,786	\$ 1,560,761	\$ 1,632,939	\$ 3,689,210	\$ 19,384,696
Receivable, Net	1,762,826	-	-	-	1,762,826
Liens Receivable	24,300	-	-	-	24,300
Due from Other Funds	598,750	-	-	-	598,750
Inventories and Prepaids	308,015	-	-	-	308,015
TOTAL ASSETS	\$ 15,195,677	\$ 1,560,761	\$ 1,632,939	\$ 3,689,210	\$ 22,078,587
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 690,476	\$ -	\$ -	\$ 140,025	\$ 830,501
Due to Other Funds	1,199	-	-	1,039	2,238
Deferred Revenue	-	1,560,654	-	-	1,560,654
TOTAL LIABILITIES	691,675	1,560,654	-	141,064	2,393,393
FUND BALANCES					
Unreserved					
Nonspendable Fund Balance	308,015	-	-	-	308,015
Restricted Fund Balance	-	107	1,632,939	2,884,113	4,517,159
Committed Fund Balance	-	-	-	-	-
Assigned Fund Balance	317,380	-	-	664,033	981,413
Unassigned Fund Balance	13,878,607	-	-	-	13,878,607
TOTAL FUND BALANCES	14,504,002	107	1,632,939	3,548,146	19,685,194
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,195,677	\$ 1,560,761	\$ 1,632,939	\$ 3,689,210	\$ 22,078,587

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

CITY OF JASPER, ALABAMA

Balance Sheet – Continued

September 30, 2021

Fund Balances – Total Governmental Funds \$ 19,685,194

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

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

Governmental Capital Assets	\$ 126,053,213	
Less Accumulated Depreciation	<u>(44,804,084)</u>	
		81,249,129

Deferred outflows of resources related to

Pensions		3,770,077
OPEB		981,305
Refunding		2,386,227

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

Governmental Bonds Payable and Loans Payable	(65,179,529)	
Current Year Accrued Interest	(163,106)	
Accrued Landfill Closure and Post Closure Costs	(320,004)	
Net Pension Obligation	(12,060,318)	
Compensated Absences	(1,737,537)	
OPEB Obligation	<u>(6,127,690)</u>	
		(85,588,184)

Deferred inflows of resources related to pensions are not reported in the funds

(1,005,751)

Net Position of Governmental Activities

\$ 21,477,997

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

CITY OF JASPER, ALABAMA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2021

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	American Rescue Plan	One-Cent Sales Tax		
REVENUES					
Taxes	\$ 24,825,360	\$ -	\$ -	\$ 1,147,819	\$ 25,973,179
Interest	7,955	107	-	444	8,506
Licenses and Permits	3,650,905	-	-	-	3,650,905
Fines and Forfeitures	254,094	-	-	178,944	433,038
Intergovernmental	77,272	-	-	147,802	225,074
Charges and Fees	550,672	-	-	-	550,672
Rental Income	122,872	-	-	-	122,872
Grant Proceeds and Donations	-	34,157	-	726,928	761,085
Miscellaneous	20,834	-	-	148,377	169,211
TOTAL REVENUES	29,509,964	34,264	-	2,350,314	31,894,542
EXPENDITURES					
Current					
General Government	1,610,599	34,157	128	13,294	1,658,178
Public Safety	6,553,637	-	-	13,428	6,567,065
Public Works	2,956,546	-	-	27,719	2,984,265
Recreation and Cultural Services	2,244,584	-	-	327,093	2,571,677
Nondepartmental	3,473,020	-	-	-	3,473,020
Intergovernmental	2,741,550	-	-	-	2,741,550
Debt Service Principal	-	-	1,665,000	914,027	2,579,027
Interest and Other Charges	-	-	1,554,023	479,527	2,033,550
Capital Outlays	25,935	-	-	2,532,861	2,558,796
TOTAL EXPENDITURES	19,605,871	34,157	3,219,151	4,307,949	27,167,128
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,904,093	107	(3,219,151)	(1,957,635)	4,727,414
OTHER FINANCING SOURCES (USES)					
Proceeds of Long-Term Debt	-	-	-	574,000	574,000
Bond Issue Cost	-	-	-	-	-
Deposit with Escrow Agent	-	-	-	-	-
Transfers In	124,777	-	4,433,480	2,038,700	6,596,957
Transfers Out	(4,890,000)	-	(843,700)	(863,257)	(6,596,957)
TOTAL OTHER FINANCING SOURCES (USES)	(4,765,223)	-	3,589,780	1,749,443	574,000
NET CHANGE IN FUND BALANCES	5,138,870	107	370,629	(208,192)	5,301,414
FUND BALANCES – BEGINNING OF YEAR	9,365,132	-	1,262,310	3,756,338	14,383,780
FUND BALANCES – END OF YEAR	\$ 14,504,002	\$ 107	\$ 1,632,939	\$ 3,548,146	\$ 19,685,194

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

CITY OF JASPER, ALABAMA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
September 30, 2021

**NET CHANGE IN FUND BALANCES TOTAL
GOVERNMENTAL FUNDS**

\$ 5,301,414

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Capital Outlays Capitalized	\$ 2,558,796	
Depreciation	(4,478,461)	
Amortization of Bond Discount	(114,751)	
Advanced and Current Refundings	<u>176,617</u>	(1,857,799)

Contributions to pension plan in current fiscal year are not included on the Statement of Activities

754,035

Contributions to pension plan in prior fiscal year are included on the Statement of Activities

(692,481)

Some expenses reported in the Statement of Activities differ from amounts reported as expenditures in governmental funds.

Compensated Absences	(89,865)	
Change in OPEB Obligations	(437,520)	
Accrued Interest	15,164	
Pension Expense	(545,155)	
Accrued Closure and Post Closure Costs	<u>(26,667)</u>	(1,084,043)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceed repayments.

Bond and Loan Proceeds	(574,000)	
Principal Payments	<u>2,579,027</u>	<u>2,005,027</u>

**CHANGE IN NET POSITION
OF GOVERNMENTAL ACTIVITIES**

\$ 4,426,153

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

CITY OF JASPER, ALABAMA

Statement of Revenues, Expenditures, and Encumbrances – Budget to Actual

General Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 21,557,800	\$ 22,777,800	\$ 24,825,360	\$ 2,047,560
Interest	5,000	5,000	7,955	2,955
Licenses and Permits	3,797,500	3,697,500	3,650,905	(46,595)
Fines and Forfeitures	200,000	200,000	254,094	54,094
Intergovernmental	270,500	525,500	77,272	(448,228)
Charges and Fees	104,200	104,200	550,672	446,472
Rental Income	110,000	110,000	122,872	12,872
Miscellaneous	5,000	5,000	20,834	15,834
TOTAL REVENUES	26,050,000	27,425,000	29,509,964	2,084,964
EXPENDITURES				
General Government	1,831,650	1,868,194	1,610,599	257,595
Public Safety	6,796,450	6,830,711	6,553,637	277,074
Public Works	3,141,525	3,168,535	2,956,546	211,989
Recreation and Cultural Services	2,480,550	2,619,171	2,244,584	374,587
Nondepartmental	3,399,850	3,462,950	3,473,020	(10,070)
Intergovernmental	2,741,550	2,741,550	2,741,550	-
Capital Outlays	-	-	25,935	(25,935)
TOTAL EXPENDITURES	20,391,575	20,691,111	19,605,871	1,085,240
Excess of Revenues Over Expenditures	5,658,425	6,733,889	9,904,093	3,170,204
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	124,777	124,777
Transfers Out	(4,340,000)	(4,770,000)	(4,890,000)	(120,000)
TOTAL OTHER FINANCING SOURCES (USES)	(4,340,000)	(4,770,000)	(4,765,223)	4,777
NET CHANGE IN FUND BALANCE	1,318,425	1,963,889	5,138,870	3,174,981
FUND BALANCE – BEGINNING OF YEAR	9,365,132	9,365,132	9,365,132	-
FUND BALANCE – END OF YEAR	\$ 10,683,557	\$ 11,329,021	\$ 14,504,002	\$ 3,174,981

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

CITY OF JASPER, ALABAMA

Statement of Net Position – Proprietary Funds

September 30, 2021

	Proprietary Funds			Total Business-Type Activities
	New Prospect Cemetery	North Oakhill Cemetery	Garbage Collection	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 220,317	\$ 162,690	\$ 872,198	\$ 1,255,205
Accounts Receivable, Net	-	-	78,790	78,790
Due from Other Funds	-	-	-	-
Inventory and Prepaids	-	-	17,511	17,511
TOTAL CURRENT ASSETS	220,317	162,690	968,499	1,351,506
Noncurrent Assets				
Capital Assets				
Land	122,500	-	-	122,500
Equipment and Improvements	30,648	177,427	3,513,755	3,721,830
	153,148	177,427	3,513,755	3,844,330
Less: Accumulated Depreciation	(30,647)	(91,886)	(2,939,843)	(3,062,376)
TOTAL NONCURRENT ASSETS	122,501	85,541	573,912	781,954
TOTAL ASSETS	342,818	248,231	1,542,411	2,133,460
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to Pension Plan	-	-	356,581	356,581
LIABILITIES				
Current Liabilities				
Accounts Payable	1,280	-	29,019	30,299
Deposit	-	-	225,520	225,520
Due to Other Funds	-	-	596,512	596,512
	1,280	-	851,051	852,331
Noncurrent Liabilities				
Due Within One Year				
Bonds and Note Payable	-	-	154,070	154,070
Due in More Than One Year				
Net Pension Obligation	-	-	1,204,244	1,204,244
Bonds and Note Payable	-	-	283,583	283,583
TOTAL LIABILITIES	1,280	-	2,492,948	2,494,228
DEFERRED INFLOWS OF RESOURCES				
Pension Deferrals	-	-	84,301	84,301
NET POSITION				
Invested in Capital Assets	122,501	85,541	136,259	344,301
Unrestricted	219,037	162,690	(814,516)	(432,789)
TOTAL NET POSITION	\$ 341,538	\$ 248,231	\$ (678,257)	\$ (88,488)

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

CITY OF JASPER, ALABAMA

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2021

	Proprietary Funds			Total Business-Type Activities
	New Prospect Cemetery	North Oakhill Cemetery	Garbage Collection	
OPERATING REVENUES				
Sales of Lots	\$ -	\$ 38,400	\$ -	\$ 38,400
Collection Fees	-	-	1,792,746	1,792,746
Annual Upkeep	-	-	-	-
Miscellaneous	-	-	141,614	141,614
TOTAL OPERATING REVENUES	-	38,400	1,934,360	1,972,760
OPERATING EXPENSES				
Personnel	-	-	955,052	955,052
Vehicle Expenses	-	-	110,802	110,802
Repairs and Maintenance	12,180	3,248	205,795	221,223
Depreciation	-	5,727	135,351	141,078
Other	672	-	223,056	223,728
Supplies	-	-	47,507	47,507
Utilities	-	-	40,916	40,916
TOTAL OPERATING EXPENSES	12,852	8,975	1,718,479	1,740,306
OPERATING INCOME (LOSS)	(12,852)	29,425	215,881	232,454
NONOPERATING REVENUES (EXPENSES)				
Interest Expense	-	-	(13,748)	(13,748)
Interest Income	647	15	355	1,017
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	647	15	(13,393)	(12,731)
CHANGE IN NET POSITION	(12,205)	29,440	202,488	219,723
NET POSITION – BEGINNING OF YEAR	353,743	218,791	(880,745)	(308,211)
NET POSITION – END OF YEAR	\$ 341,538	\$ 248,231	\$ (678,257)	\$ (88,488)

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

CITY OF JASPER, ALABAMA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Proprietary Funds			Total Business-Type Activities
	New Prospect Cemetery	North Oakhill Cemetery	Garbage Collection	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Citizens	\$ -	\$ 38,400	\$ 1,792,745	\$ 1,831,145
Cash Receipts for Annual Upkeep	16,420	-	-	16,420
Other Miscellaneous Collections	-	-	141,615	141,615
Cash Paid to Employees for Services	-	-	(895,552)	(895,552)
Cash Paid to Suppliers	<u>(12,852)</u>	<u>(3,248)</u>	<u>(614,297)</u>	<u>(630,397)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,568</u>	<u>35,152</u>	<u>424,511</u>	<u>463,231</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash Received from Interest Earnings	<u>647</u>	<u>15</u>	<u>355</u>	<u>1,017</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>647</u>	<u>15</u>	<u>355</u>	<u>1,017</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase (Decrease) in Due to Other Funds	<u>-</u>	<u>-</u>	<u>338,273</u>	<u>338,273</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>338,273</u>	<u>338,273</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments on Long-Term Debt	-	-	(265,731)	(265,731)
Proceeds from New Debt	-	-	290,000	290,000
Purchase of Capital Assets	-	-	(289,873)	(289,873)
Cash Paid for Interest Expense	<u>-</u>	<u>-</u>	<u>(13,748)</u>	<u>(13,748)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(279,352)</u>	<u>(279,352)</u>
NET INCREASE (DECREASE) IN CASH	<u>4,215</u>	<u>35,167</u>	<u>483,787</u>	<u>523,169</u>
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	<u>216,102</u>	<u>127,523</u>	<u>388,411</u>	<u>732,036</u>
CASH AND CASH EQUIVALENTS- END OF YEAR	<u>\$ 220,317</u>	<u>\$ 162,690</u>	<u>\$ 872,198</u>	<u>\$ 1,255,205</u>

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

CITY OF JASPER, ALABAMA
Statement of Cash Flows – Continued
Proprietary Funds
For the Year Ended September 30, 2021

	Proprietary Funds			Total Business-Type Activities
	New Prospect Cemetery	North Oakhill Cemetery	Garbage Collection	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (12,852)	\$ 29,425	\$ 215,881	\$ 232,454
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation and Amortization	-	5,727	135,351	141,078
Pension Expense	-	-	-	-
Change in Accounts Receivable	16,420	-	(9,168)	7,252
Change in Inventory	-	-	(4,239)	(4,239)
Change in Deferred Outflows and Inflows	-	-	(165,724)	(165,724)
Change in Accounts Payable	-	-	8,097	8,097
Change in Customer Deposits	-	-	19,089	19,089
Change in Net Pension Liability	-	-	225,224	225,224
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,568</u>	<u>\$ 35,152</u>	<u>\$ 424,511</u>	<u>\$ 463,231</u>

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

CITY OF JASPER, ALABAMA
Statement of Net Position
Fiduciary Funds
September 30, 2021

	<u>Private Purpose Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 23,640
Accounts Receivable	<u>-</u>
TOTAL ASSETS	23,640
LIABILITIES	
Accounts Payable	<u>69,618</u>
NET POSITION	
Held in Trusts for Individual	\$ <u><u>(45,978)</u></u>

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Jasper, Alabama (the "City"), operates under a Mayor-Council form of government. The City's major operations include police and fire protection, parks, library and recreation, public works, and general administrative services. In addition, the City owns and operates two cemeteries.

The City's financial statements have been prepared in accordance 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 GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes the ultimate authority on GAAP for state and local governmental units. The more significant accounting policies established by GAAP and used by the City are discussed below.

As required by GAAP, these financial statements present the City and its component units, legally separate entities for which the City is considered to be financially accountable. The City has no blended component units. On the other hand, the City does have two discretely presented component units. The Jasper City Board of Education has a September 30 year-end and the Industrial Development Board of the City of Jasper, Alabama, has a December 31 year-end.

- Jasper City Board of Education – Five members of the Board of Education are appointed by the City and the Board of Education as an agency of the State of Alabama under the general supervision and financial jurisdiction of the Alabama State Department of Education. The City is obligated in some manner for the debt of the Board of Education and the City levies a sales tax specifically for operations of the Board of Education. Complete financial statements for the Jasper City Board of Education may be obtained at the following administrative office: Jasper City Board of Education, 110 17th Street West, P.O. Box 500, Jasper, Alabama 35502-0500.
- Industrial Development Board of the City of Jasper, Alabama – The Industrial Development Board members are appointed by the City and the City is obligated in some manner for the debt of the Industrial Development Board. Complete financial statements for the Industrial Development Board may be obtained at the following administrative office: Industrial Development Board, P.O. Box 972, Jasper, Alabama 35502.
- Related Organizations – The City is also responsible for appointing a voting majority of the boards of other organizations, but the City's financial accountability for these organizations does not extend beyond making the appointments or the financial resources and obligations of these organizations are immaterial. The City appointed a voting majority of the following boards: Jasper Water Works and Sewer Board, Inc., City of Jasper Library Board, City of Jasper Board of Zoning Adjustments, City of Jasper Housing Authority, and City of Jasper Medical and Public Building Authority. These organizations are related organizations, which have not been included in the reporting entity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide and fund financial statements. Government-wide financial statements focus on the City as a whole and are designed to allow the users of financial reports to assess the City's *operational accountability*. The fund financial statements focus on major individual funds and are designed to demonstrate the City's *fiscal accountability*. Operational accountability refers to the City's responsibility to report the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet those objectives for the foreseeable future. Fiscal accountability is the City's responsibility to demonstrate that its actions in the current period have complied with public decisions concerning the raising and spending of public money in the short-term (usually one budgetary cycle or one year).

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately *from business-type activities*, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities reflects both the gross and net costs per functional category (i.e., general government, public safety, etc.) by offsetting direct expenses with program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

The fund financial statements provide separate financial statements for governmental funds, proprietary funds, and fiduciary funds (even though fiduciary funds are excluded from the government-wide financial statements). The emphasis of the fund financial statements is on the City's major funds and each major fund is reported in a separate column. Nonmajor funds of each type are summarized into a single column.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the related liability is incurred. Property taxes are recognized as revenues in the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 available when they are collectible 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Property taxes, sales and use taxes, beer taxes, lodging taxes, rental and leasing taxes, payments in lieu of taxes, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- General Fund – The General Fund is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.
- American Rescue Plan – This fund is used to account for the American Rescue Plan funds received.
- One-Cent Sales Tax Fund – The One-Cent Sales Tax Fund is a fund used to account for the collection of the additional one-cent sales tax revenue and the disbursements of these funds.

The City reports the following major proprietary funds to account for the activities associated with the respective cemeteries and garbage services:

- New Prospect Cemetery and North Oakhill Cemetery
- Garbage Collection Fund – The Garbage Collection Fund was established to account for garbage service provided by the City. Garbage fees collected from businesses and residents are deposited into this fund. The fees collected for garbage service are used to pay for certain garbage expenses and capital improvements.

Additionally, the City reports the following fund types:

- Special Revenue Funds – The City's nonmajor special revenue funds are used to account for resources that are legally restricted to expenditure for specific purposes, not including those accounted for in capital projects funds.
- Debt Service Funds – Debt Service Funds account for the payment of principal and interest on long-term debt not financed by proprietary funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

- Capital Projects Funds – The City's nonmajor capital projects funds account for the costs of constructing or acquiring capital assets and major improvements other than those financed by proprietary funds.
- Fiduciary Funds – Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and is reported using accounting principles similar to proprietary funds.

The City's fiduciary fund is presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other private parties) and cannot be used to address activities or obligations of the government, this fund is not incorporated into the government-wide statements.

The City maintains the following fiduciary fund:

- Hazardous Duty Pay – In 1992 the Legislature of the State of Alabama enacted a bill enabling the City of Jasper to levy additional court costs and charges of twelve dollars (\$12) upon any criminal or civil case whose jurisdiction is in the City of Jasper Municipal Court of the 1411 Judicial Circuit. The legislative act requires that money collected from these charges be placed in a special fund known as the Hazardous Duty Pay Fund. As funds are available, each police officer is entitled to hazardous duty pay of \$150 per month, and each jailer is entitled to \$100 per month. Funds are transferred into the Hazardous Duty Pay Fund as court costs are collected, and funds are transferred out as payroll to the police officers and jailers.

Proprietary funds distinguish *operating* revenue and expense from nonoperating items. Operating revenue and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenue of the City's enterprise funds are charges to customers and users for sales and services. Operating expenses for enterprise funds include the cost of sales and services and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from these estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Budgetary Control

The fiscal year of the City is the twelve-month period beginning October 1. The departments submit to the City Clerk a budget of estimated expenditures for the ensuing fiscal year after which the City Clerk subsequently submits a budget of estimated expenditures and revenues to the City Council. Upon receipt of the budget estimates, the Council holds a public hearing on the proposed budget. After the public hearing, the budget is legally enacted through passage of an ordinance. The City Clerk is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Assets, Liabilities, and Net Position or Equity

Cash and Investments:

Cash includes cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the City. State statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, U.S. corporate stock, U.S. corporate debt, State of Alabama Government obligations, County Government obligations, and other Municipal Government obligations. All investments are reported at fair value.

For purposes of the statements of cash flows, cash and cash equivalents include short-term investments with an original maturity date of three months or less.

Accounts Receivable:

Activity between funds that is representative of lending and borrowing arrangements, as well as all other outstanding balances between funds at year-end, are referred to as either due to/from other funds (for the current portion) or advances to/from other funds (for the noncurrent portion). Any outstanding balances between governmental activities and business-type activities are reported in the government-wide statement of net position as “internal balances.”

Accounts receivable are written off on an individual basis in the year the City deems them uncollectible. Management has estimated the allowance to be zero. The City grants credit to customers who use its various services, substantially all of whom are local residents or businesses.

Prepaid Items:

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year.

Inventories:

Inventories in the general fund consist of expendable supplies held for the City's use and are carried at cost using the first-in, first-out method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities, and Net Position or Equity – Continued

Capital Assets:

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimates useful lives:

Buildings	20 - 50 years
Machinery and Equipment	5 - 10 years
Improvements	10 - 20 years
Other Infrastructure	10 - 50 years

Revenues:

Property taxes are billed and collected within the same period in which the taxes are levied. The City is responsible for levying property taxes, but the taxes are collected by the Walker County Tax Assessor and remitted to the City.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. This category includes deferred charge on refunding reported on the government-wide statement of net position. The deferred charge on refunding is the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. This category also includes amounts related to pensions for certain actuarially determined differences projected and actual investment earnings.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, this category includes revenue received in advance and amounts related to pensions for certain actuarially determined differences between projected and actual experience.

Expenditures:

Expenditures are recognized when the related liability is incurred.

Compensated Absences:

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities, and Net Position or Equity – Continued

Interfund Activity:

Interfund activity is reported as services provided, reimbursements, or transfers. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Government-Wide and Proprietary Fund Net Position:

Government-Wide and Proprietary Fund net position are divided into three components:

- Invested in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any outstanding debt used to finance those assets.
- Restricted net position – consists of net position that is restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the City's parks endowment).
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances:

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. Nonspendable amounts consist of inventories and prepaids at September 30, 2021.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. Restricted amounts are for construction and debt service at September 30, 2021.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the City Council, the City's highest level of decision-making authority. Commitments may be modified or rescinded only through ordinances approved by the City Council. Committed amounts are for capital improvements at September 30, 2021.
- Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the City Clerk or other City management.

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities, and Net Position or Equity – Continued

Governmental Fund Balances – Continued:

- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed, or assigned for a specific purpose within the General Fund. The City reports all amounts that are not classified in the above categories as unassigned.

As of September 30, 2021, fund balances are composed of the following:

	<u>General Fund</u>	<u>American Rescure Plan Fund</u>	<u>One-Cent Sales Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Inventories \$	14,500	\$ -	\$ -	\$ -	\$ 14,500
Prepaid Items	293,515	-	-	-	293,515
Restricted:					
Construction	-	-	-	2,288,322	2,288,322
Debt Service	-	-	1,632,939	368,618	2,001,557
Miscellaneous	-	107	-	227,173	227,280
Committed:					
Construction	-	-	-	-	-
Debt Service	-	-	-	-	-
Assigned:					
Construction	-	-	-	-	-
Miscellaneous	317,380	-	-	664,033	981,413
Unassigned:	<u>13,878,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,878,607</u>
	<u>\$ 14,504,002</u>	<u>\$ 107</u>	<u>\$ 1,632,939</u>	<u>\$ 3,548,146</u>	<u>\$ 19,685,194</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

Subsequent Events:

In preparing the financial statements, management evaluated subsequent events through July 29, 2022, the date the financial statements were available to be issued.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial credit risk – This is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk; however, none of the City's bank balances were exposed to custodial credit risk. All of the City's bank balances are insured by the Federal Deposit Insurance Corporation and the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program is a multiple financial collateral pool administered by the State Treasurer according to State of Alabama statute.

NOTE 2. CASH AND CASH EQUIVALENTS – CONTINUED

Interest rate risk – The City does not have a formal investment policy that limits investment securities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

NOTE 3. RECEIVABLES

Receivables as of September 30, 2021, for the City's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Garbage Collection	Other Nonmajor Funds	Total
Taxes and Intergovernmental Accounts	\$ 1,352,919 <u>409,907</u>	\$ - <u>78,790</u>	\$ - <u>-</u>	\$ 1,352,919 <u>488,697</u>
Gross Receivables	1,762,826	78,790	-	1,841,616
Less Allowance for Uncollectible Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	\$ <u>1,762,826</u>	\$ <u>78,790</u>	\$ <u>-</u>	\$ <u>1,841,616</u>

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 4. CAPITAL ASSETS

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

	Balance 10/01/20	Additions/ Completions	Retirements/ Transfers	Balance 09/30/21
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,746,973	\$ -	\$ -	\$ 1,746,973
Construction in Progress	<u>123,039</u>	<u>-</u>	<u>123,039</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	1,870,012	-	123,039	1,746,973
Capital Assets Being Depreciated:				
Buildings and Improvements	66,619,088	144,411	-	66,763,499
Equipment	16,436,552	1,233,720	71,107	17,599,165
Infrastructure	<u>38,639,872</u>	<u>1,303,704</u>	<u>-</u>	<u>39,943,576</u>
Total Capital Assets Being Depreciated	121,695,512	2,681,835	71,107	124,306,240
Less Accumulated Depreciation for:				
Buildings and Improvements	14,622,376	2,116,536	-	16,738,912
Equipment	12,544,093	823,283	56,100	13,311,276
Infrastructure	<u>13,215,254</u>	<u>1,538,642</u>	<u>-</u>	<u>14,753,896</u>
Total Accumulated Depreciation	<u>40,381,723</u>	<u>4,478,461</u>	<u>56,100</u>	<u>44,804,084</u>
Total Capital Assets Being Depreciated, Net	<u>81,313,789</u>	<u>(1,796,626)</u>	<u>15,007</u>	<u>79,502,156</u>
Governmental Activities Capital Assets, Net	\$ <u>83,183,801</u>	\$ <u>(1,796,626)</u>	\$ <u>138,046</u>	\$ <u>81,249,129</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ <u>122,500</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>122,500</u>
Total Capital Assets Not Being Depreciated	<u>122,500</u>	<u>-</u>	<u>-</u>	<u>122,500</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	462,390	-	-	462,390
Equipment	<u>3,118,317</u>	<u>289,873</u>	<u>148,750</u>	<u>3,259,440</u>
Total Capital Assets Being Depreciated	3,580,707	289,873	148,750	3,721,830
Less Accumulated Depreciation for:				
Buildings and Improvements	341,833	2,624	-	344,457
Equipment	<u>2,664,465</u>	<u>138,454</u>	<u>85,000</u>	<u>2,717,919</u>
Total Accumulated Depreciation	<u>3,006,298</u>	<u>141,078</u>	<u>85,000</u>	<u>3,062,376</u>
Total Capital Assets Being Depreciated, Net	<u>574,409</u>	<u>148,795</u>	<u>63,750</u>	<u>659,454</u>
Business-Type Activities Capital Assets, Net	\$ <u>696,909</u>	\$ <u>148,795</u>	\$ <u>63,750</u>	\$ <u>781,954</u>

NOTE 4. CAPITAL ASSETS – CONTINUED

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

Governmental Activities:	
General Government	\$ 59,893
Nondepartmental	2,067,554
Public Safety	415,837
Public Works	1,483,337
Recreation and Cultural Services	<u>451,840</u>
Total Depreciation Expense – Governmental Activities	\$ <u>4,478,461</u>
Business-Type Activities:	
Garbage Services	\$ 135,351
Cemeteries	<u>5,727</u>
Total Depreciation Expense – Business-Type Activities	\$ <u>141,078</u>

Discretely Presented Component Units

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF JASPER, ALABAMA

	<u>Balance</u> <u>01/01/21</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirements/</u> <u>Transfers</u>	<u>Balance</u> <u>12/31/21</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Land and Land Improvements	\$ 4,021,785	\$ -	\$ 174,492	\$ 3,847,293
Buildings	<u>1,939,090</u>	<u>-</u>	<u>1,939,090</u>	<u>-</u>
Total Capital Assets Being Depreciated	<u>5,960,875</u>	<u>-</u>	<u>2,113,582</u>	<u>3,847,293</u>
Less Accumulated Depreciation:	<u>200,954</u>	<u>12,428</u>	<u>213,382</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,759,921</u>	<u>\$ (12,428)</u>	<u>\$ 1,900,200</u>	<u>\$ 3,847,293</u>

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 4. CAPITAL ASSETS – CONTINUED**JASPER CITY BOARD OF EDUCATION**

	<u>Balance</u> <u>10/01/20</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirements/</u> <u>Transfers</u>	<u>Balance</u> <u>09/30/21</u>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 1,987,871	\$ -	\$ -	\$ 1,987,871
Construction in Progress	<u>4,102,652</u>	<u>1,799,696</u>	<u>125,074</u>	<u>5,777,274</u>
Total Capital Assets Not Being Depreciated	<u>6,090,523</u>	<u>1,799,696</u>	<u>125,074</u>	<u>7,765,145</u>
Capital Assets Being Depreciated:				
Land Improvements – Exhaustible	1,795,809	-	-	1,795,809
Buildings	16,257,941	-	-	16,257,941
Building Improvements	11,298,321	181,574	-	11,479,895
Equipment	1,486,747	45,215	-	1,531,962
Vehicles	<u>2,397,444</u>	<u>95,487</u>	<u>-</u>	<u>2,492,931</u>
Total Capital Assets Being Depreciated	<u>33,236,262</u>	<u>322,276</u>	<u>-</u>	<u>33,558,538</u>
Less Accumulated Depreciation for:				
Land Improvements – Exhaustible	427,221	79,547	-	506,768
Buildings	9,493,788	305,358	-	9,799,146
Building Improvements	1,476,069	101,109	-	1,577,178
Equipment	726,168	48,582	-	744,750
Vehicles	<u>1,451,423</u>	<u>158,623</u>	<u>-</u>	<u>1,610,046</u>
Total Accumulated Depreciation	<u>13,574,669</u>	<u>693,219</u>	<u>-</u>	<u>14,267,888</u>
Total Capital Assets Being Depreciated, Net	<u>19,661,593</u>	<u>(370,943)</u>	<u>125,074</u>	<u>19,290,650</u>
Governmental Activities Capital Assets, Net	\$ <u>25,752,116</u>	\$ <u>1,428,753</u>	\$ <u>125,074</u>	\$ <u>27,055,795</u>

Depreciation expense was charged as direct expense to programs of the Board of Education as follows:

Instructional Services	\$ 477,908
Instructional Support Services	20,970
Operation and Maintenance	13,424
Student Transportation Services	157,435
Food Services	19,526
General Administrative Services	<u>3,956</u>
Total Depreciation Expense	\$ <u>693,219</u>

NOTE 5. INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2021, consisted of the following:

	Due to:	
	<u>General Fund</u>	<u>Total</u>
Due from:		
Garbage	\$ 596,512	\$ 596,512
General Fund	1,199	1,199
Other Governmental Funds	<u>1,039</u>	<u>1,039</u>
 Total	 \$ <u>598,750</u>	 \$ <u>598,750</u>

The balances receivable in each of the funds shown above resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended September 30, 2021, consisted of the following:

	Transfer in:			
	<u>General Fund</u>	<u>One-Cent Sales Tax</u>	<u>All Others</u>	<u>Total</u>
Transfer Out:				
General Fund	\$ -	\$ 4,433,480	\$ 456,520	\$ 4,890,000
One-Cent Sales Tax	124,777	-	718,923	843,700
All Others	<u>-</u>	<u>-</u>	<u>863,257</u>	<u>863,257</u>
 Total	 \$ <u>124,777</u>	 \$ <u>4,433,480</u>	 \$ <u>2,038,700</u>	 \$ <u>6,596,957</u>

Transfers are primarily used to move funds:

- For various capital projects and debt service.

NOTE 6. LITIGATION

There are pending lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

The City and the Board of Education have received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. City management believes such disallowances, if any, will be immaterial.

NOTE 7. RISK MANAGEMENT

The City carries traditional insurance coverage rather than self-insurance.

NOTE 8. NONCURRENT LIABILITIES

General Obligation Warrants

General Obligation ("GO") Warrants are direct obligations issued on a pledge of the general taxing power of the payment of the debt obligations of the City. GO Warrants require the City to compute at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity (the City is in compliance with this requirement).

On September 22, 2009, the City issued \$5,680,000 of General Obligation Warrants. The bonds carry interest rates of 3.00% to 4.00% and mature between January 1, 2010, and January 1, 2021. The proceeds of the bond were used to fully refund outstanding balances in 1998 GO Warrants, 2002 GO Warrants, and 2006 GO Warrants. The remaining proceeds were used to purchase property through the City's Project Fund. This was paid off in 2021.

On July 10, 2012, the City issued \$2,076,000 of General Obligation Warrants. The bonds mature on August 1, 2022, at an interest rate of 2%. The entire amount of the bond proceeds was used to purchase various equipment for use throughout the City.

On April 29, 2014, the City issued \$50,760,000 of General Obligation Warrants. The bonds mature on March 1 in years from 2015 through 2044 and carry interest rates of 2.00% to 5.00%. The bonds proceeds are being used to construct a new high school.

In August 2015, the City issued \$4,780,000 of General Obligation Warrants. Bonds mature May 1 in years 2016 through 2032 and carry interest rates from 2.00% to 4.00%. The bond proceeds are being used for equipment and infrastructure.

In May 2017, the City issued \$10,980,000 of General Obligation Warrants. Bonds mature May 1 in years 2019 through 2034 and carry interest rates from 2.00% to 4.00%. The bond proceeds are being used for capital improvements and equipment.

In March 2020, the City issued \$38,770,000 of General Obligation Warrants. Bonds mature March 1 in years 2021 through 2044 and carry interest rates from 1.82% to 3.20%. the proceeds are used to refund a portion of the 2014 issue.

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 8. NONCURRENT LIABILITIES – CONTINUED**General Obligation Warrants – Continued**

At September 30, 2021, warrants payable consisted of the following individual issues:

	<u>Governmental</u>	<u>Business-Type</u>
2015 General Obligation Warrants dated August 2015, due semi-annual installments May 1 and November 1 each year through 2032, bearing interest ranging from 2.00% to 4.00%.	\$ 3,280,569	\$ 74,431
2014 General Obligation Warrants dated April 29, 2014, due in semi-annual installments through March 1, 2044, bearing interest ranging from 2.00% to 5.00%.	10,235,000	-
2012 General Obligation Warrants, dated July 10, 2012, due in monthly installments through August 1, 2022, with an interest rate of 2.00%.	80,595	-
2017 General Obligation Warrants, dated May 2017, due in semi-annual installments May 1 through November 1 each year through 2034, bearing interest ranging from 2.00% to 4.00%.	9,930,000	-
2019 General Obligation Warrants, dated February 2019, due in monthly installments of \$3,568, bearing interest of 3.55%, secured by equipment.	-	92,470
2020 General Obligation Warrant, dated March 2020, due in semi-annual installments March 1 and September 1 each year through 2024m bearing interest ranging from 1.82% to 3.2%.	<u>38,405,000</u>	<u>-</u>
Total Warrants Payable	<u>\$ 61,931,164</u>	<u>\$ 166,901</u>

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 8. NONCURRENT LIABILITIES – CONTINUED

Notes Payable – Governmental

In April 2016, the City purchased a building (Jasper Civic Center), secured by building, installments of \$11,233 are paid monthly beginning October 2017, interest is fixed at 1.50%. The balance will be paid in full with the September 2032 payment. Loan balance at September 30, 2021, is \$1,366,657.

In February 2017, the City borrowed \$350,000 from Powersouth Energy, for the purpose of energy efficient improvements. Monthly installments are payable through 2027 at 0.00% interest. The balance at September 30, 2021, was \$189,583.

In February 2021, the City borrowed \$574,000 for the purchase of a fire truck. Monthly installments are payable through 2031 at 2.2% interest. The balance at September 30, 2021, was \$574,000.

Notes Payable – Business-Type

At September 30, 2021, notes payable consisted of the following:

Pinnacle Bank installment note, dated February 2021, due in monthly installments through January 2024, secured by garbage truck, interest fixed at 3.55%.	<u>\$ 270,752</u>
Total Notes Payable	<u>\$ 270,752</u>

Current Year Transactions

Transactions for the year ended September 30, 2021, are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds/Notes Payable:					
General Obligation					
Warrants	\$ 64,361,814	\$ -	\$ 2,430,650	\$ 61,931,164	\$ 2,496,164
Notes Payable	1,704,017	574,000	148,377	2,129,640	194,954
Deferred Amounts	<u>1,233,476</u>	<u>-</u>	<u>114,751</u>	<u>1,118,725</u>	<u>103,876</u>
Total Governmental					
Warrants and					
Notes Payable	67,299,307	574,000	2,693,778	65,179,529	2,794,994
Other Liabilities:					
Accrued Landfill and					
Post Closure Costs	293,337	26,667	-	320,004	-
Compensated Absences	1,647,672	89,865	-	1,737,537	347,507
OPEB Obligation	<u>5,690,170</u>	<u>770,948</u>	<u>333,428</u>	<u>6,127,690</u>	<u>-</u>
Total Governmental					
Activities	<u>\$ 74,930,486</u>	<u>\$ 1,461,480</u>	<u>\$ 3,027,206</u>	<u>\$ 73,364,760</u>	<u>\$ 3,142,501</u>

NOTE 8. NONCURRENT LIABILITIES – CONTINUED

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Bonds/Notes Payable:					
General Obligation					
Warrants	\$ 352,546	\$ -	\$ 185,645	\$ 166,901	\$ 114,614
Long-Term Notes	<u>60,838</u>	<u>290,000</u>	<u>80,086</u>	<u>270,752</u>	<u>39,456</u>
Total Business-Type					
Warrants and					
Notes Payable	<u>\$ 413,384</u>	<u>\$ 290,000</u>	<u>\$ 265,731</u>	<u>\$ 437,653</u>	<u>\$ 154,070</u>

NOTE 8. NONCURRENT LIABILITIES – CONTINUED

Future debt service to maturities for warrants and notes payable outstanding:

	Total	2022	2023	2024	2025	2026	2027 - 2031	2032 - 2036	2037 - 2041	2042 - 2044
GOVERNMENTAL ACTIVITIES										
GOW Series 2015										
Principal	\$ 3,280,569	\$ 180,569	\$ 265,000	\$ 275,000	\$ 590,000	\$ 150,000	\$ 1,470,000	\$ 350,000	\$ -	\$ -
Interest	757,763	113,988	108,750	100,800	92,550	73,375	254,300	14,000	-	-
Total	<u>4,038,332</u>	<u>294,557</u>	<u>373,750</u>	<u>375,800</u>	<u>682,550</u>	<u>223,375</u>	<u>1,724,300</u>	<u>364,000</u>	<u>-</u>	<u>-</u>
GOW Series 2012										
Principal	\$ 80,595	\$ 80,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	978	978	-	-	-	-	-	-	-	-
Total	<u>81,573</u>	<u>81,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GOW Series 2014										
Principal	\$ 10,235,000	\$ 1,360,000	\$ 1,425,000	\$ 1,500,000	\$ 1,240,000	\$ -	\$ 2,950,000	\$ 1,760,000	\$ -	\$ -
Interest	1,973,160	383,163	313,538	240,413	184,313	165,713	587,020	99,000	-	-
Total	<u>12,208,160</u>	<u>1,743,163</u>	<u>1,738,538</u>	<u>1,740,413</u>	<u>1,424,313</u>	<u>165,713</u>	<u>3,537,020</u>	<u>1,859,000</u>	<u>-</u>	<u>-</u>
GOW Series 2017										
Principal	\$ 9,930,000	\$ 505,000	\$ 580,000	\$ 595,000	\$ 635,000	\$ 635,000	\$ 3,740,000	\$ 3,240,000	\$ -	\$ -
Interest	2,630,720	321,840	313,255	302,525	278,725	266,025	921,875	226,475	-	-
Total	<u>12,560,720</u>	<u>826,840</u>	<u>893,255</u>	<u>897,525</u>	<u>913,725</u>	<u>901,025</u>	<u>4,661,875</u>	<u>3,466,475</u>	<u>-</u>	<u>-</u>
GOW Series 2020										
Principal	\$ 38,405,000	\$ 370,000	\$ 375,000	\$ 385,000	\$ 390,000	\$ 1,670,000	\$ 6,085,000	\$ 8,695,000	\$ 12,165,000	\$ 8,270,000
Interest	16,841,984	1,097,606	1,090,659	1,083,476	1,075,977	1,054,620	4,837,378	3,906,955	2,292,753	402,560
Total	<u>55,246,984</u>	<u>1,467,606</u>	<u>1,465,659</u>	<u>1,468,476</u>	<u>1,465,977</u>	<u>2,724,620</u>	<u>10,922,378</u>	<u>12,601,955</u>	<u>14,457,753</u>	<u>8,672,560</u>
Fire Truck										
Principal	\$ 574,000	\$ 44,861	\$ 53,759	\$ 54,946	\$ 56,181	\$ 57,423	\$ 306,830	\$ -	\$ -	\$ -
Interest	74,573	19,997	11,099	9,912	8,676	7,434	17,455	-	-	-
Total	<u>648,573</u>	<u>64,858</u>	<u>64,858</u>	<u>64,858</u>	<u>64,857</u>	<u>64,857</u>	<u>324,285</u>	<u>-</u>	<u>-</u>	<u>-</u>
Powersouth Energy										
Principal	\$ 189,583	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 14,583	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-	-	-
Total	<u>189,583</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>14,583</u>	<u>-</u>	<u>-</u>	<u>-</u>
Note Payable - JCC										
Principal	\$ 1,366,057	\$ 115,090	\$ 116,828	\$ 118,592	\$ 120,383	\$ 122,202	\$ 639,257	\$ 133,705	\$ -	\$ -
Interest	116,650	19,702	17,963	16,199	14,408	12,590	34,699	1,089	-	-
Total	<u>1,482,707</u>	<u>134,792</u>	<u>134,791</u>	<u>134,791</u>	<u>134,791</u>	<u>134,792</u>	<u>673,956</u>	<u>134,794</u>	<u>-</u>	<u>-</u>
Total Governmental Activities										
Principal	\$ 64,060,804	\$ 2,691,115	\$ 2,850,587	\$ 2,963,538	\$ 3,066,564	\$ 2,669,625	\$ 15,205,670	\$ 14,178,705	\$ 12,165,000	\$ 8,270,000
Interest	22,395,828	1,957,274	1,855,264	1,753,325	1,654,649	1,579,757	6,652,727	4,247,519	2,292,753	402,560
Total	<u>\$ 86,456,632</u>	<u>\$ 4,648,389</u>	<u>\$ 4,705,851</u>	<u>\$ 4,716,863</u>	<u>\$ 4,721,213</u>	<u>\$ 4,249,382</u>	<u>\$ 21,858,397</u>	<u>\$ 18,426,224</u>	<u>\$ 14,457,753</u>	<u>\$ 8,672,560</u>
BUSINESS-TYPE ACTIVITIES										
GOW Series 2019										
Principal	\$ 92,470	\$ 40,183	\$ 41,633	\$ 10,654	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	3,879	2,633	1,183	63	-	-	-	-	-	-
Total	<u>96,349</u>	<u>42,816</u>	<u>42,816</u>	<u>10,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GOW Series 2015										
Principal	\$ 74,431	\$ 74,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,412	2,412	-	-	-	-	-	-	-	-
Total	<u>76,843</u>	<u>76,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Note Payable Garbage Truck										
Principal	\$ 270,752	\$ 39,456	\$ 40,232	\$ 41,020	\$ 41,833	\$ 42,654	\$ 65,557	\$ -	\$ -	\$ -
Interest	17,736	4,927	4,151	3,363	2,550	1,729	1,016	-	-	-
Total	<u>288,488</u>	<u>44,383</u>	<u>44,383</u>	<u>44,383</u>	<u>44,383</u>	<u>44,383</u>	<u>66,573</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities										
Principal	\$ 437,653	\$ 154,070	\$ 81,865	\$ 51,674	\$ 41,833	\$ 42,654	\$ 65,557	\$ -	\$ -	\$ -
Interest	24,027	9,972	5,334	3,426	2,550	1,729	1,016	-	-	-
Total	<u>\$ 461,680</u>	<u>\$ 164,042</u>	<u>\$ 87,199</u>	<u>\$ 55,100</u>	<u>\$ 44,383</u>	<u>\$ 44,383</u>	<u>\$ 66,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 8. NONCURRENT LIABILITIES – CONTINUED**Advance Refunding of Long-Term Debt**

During the fiscal year ended September 30, 2021, the City issued \$38,770,000 of general obligation warrants, of which \$38,384,707 was placed in an irrevocable trust for the purpose of generating resources for a portion of future debt service payments through the year 2044 on the City's Series 2014 general obligation warrants. As a result, the refunded warrants are considered to be defeased, and the liabilities have been removed from the financial statements. The deferred gain on the refunding was \$2,292,482 and will be amortized over the life of the bonds.

Jasper City Board of Education

Long-term liability obligations for the year ended September 30, 2021, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and Notes Payable:					
Special Tax School Warrants, 2016 Series	\$ 6,250,921	\$ -	\$ 310,114	\$ 5,940,807	\$ 319,417
PSCA Leveraged Funds, Series 2019	7,814,019	-	260,259	7,553,760	274,285
Unamortized Discount/Premium	<u>1,124,683</u>	<u>-</u>	<u>60,521</u>	<u>1,064,162</u>	<u>60,521</u>
Total Bonds and Notes Payable	<u>15,189,623</u>	<u>-</u>	<u>630,894</u>	<u>14,558,729</u>	<u>654,223</u>
Other Liabilities					
Compensated Absences	182,003	-	3,090	178,913	109,693
Net Pension Liability	23,849,000	3,656,000	-	27,505,000	-
Net OPEB Liability	<u>10,031,450</u>	<u>5,383,851</u>	<u>-</u>	<u>15,415,301</u>	<u>-</u>
Total Other Liabilities	<u>34,062,453</u>	<u>9,039,851</u>	<u>3,090</u>	<u>43,099,214</u>	<u>109,693</u>
Governmental Activities					
Long-Term Debt	\$ <u>49,252,076</u>	\$ <u>9,039,851</u>	\$ <u>633,984</u>	\$ <u>57,657,943</u>	\$ <u>763,916</u>

Debt service requirements on long-term debt at September 30, 2021, are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 593,702	\$ 503,408	\$ 1,097,110
2023	617,311	480,112	1,097,423
2024	641,207	455,826	1,097,033
2025	666,957	430,543	1,097,500
2026	693,013	404,176	1,097,189
2027 – 2031	3,898,395	1,585,366	5,483,761
2032 – 2036	4,696,191	787,102	5,483,293
2037 – 2039	<u>1,687,791</u>	<u>107,860</u>	<u>1,795,651</u>
Totals	\$ <u>13,494,567</u>	\$ <u>4,754,393</u>	\$ <u>18,248,960</u>

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 8. NONCURRENT LIABILITIES – CONTINUED

Industrial Development Board of the City of Jasper, Alabama

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds/Notes Payable:					
Revenue Bond	\$ 481,160	\$ -	\$ 431,160	\$ 50,000	\$ 50,000
Note Payable – Bank	<u>1,308,762</u>	<u>-</u>	<u>1,308,762</u>	<u>-</u>	<u>-</u>
Total Business-Type Warrants and Notes Payable	\$ <u>1,789,922</u>	\$ <u>-</u>	\$ <u>1,739,922</u>	\$ <u>50,000</u>	\$ <u>50,000</u>

Aggregate maturities required on notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
12/31/22	\$ <u>50,000</u>	\$ <u>2,000</u>	\$ <u>52,000</u>
Total	\$ <u>50,000</u>	\$ <u>2,000</u>	\$ <u>52,000</u>

Landfill Closure and Post Closure Care Cost

State and Federal laws and regulations require the City to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense of the public works function in each period based on landfill capacity used as of fiscal year end. It is estimated that the landfill is at 60% capacity.

The \$320,004 reported as landfill closure and post closure care liability at September 30, 2021, represents the cumulative amount reported to date, based on the expected capacity of 12 years. The City will recognize the remaining estimated cost of closure and post closure care of \$95,691 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2021. The City expects to close the landfill in 2029. Actual cost may be higher due to inflation, changes in technology, or changes in regulation.

NOTE 9. PENSION PLAN

Pensions. The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

NOTE 9. PENSION PLAN – CONTINUED

General Information about the Pension Plan

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

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

NOTE 9 PENSION PLAN – CONTINUED

General Information about the Pension Plan (Continued)

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

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

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

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

	<u>City</u>
Retirees and beneficiaries currently receiving benefits	125
Vested Inactive Members	6
Nonvested Inactive Members	40
Active Members	188
Post-DROP participants still in active service	<u>-</u>
Total	<u>359</u>

Contributions. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

NOTE 9. PENSION PLAN – CONTINUED

General Information about the Pension Plan (Continued)

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2021, the City's active employee contribution rate was 9.88% of covered employee payroll, and the city's average contribution rate to fund the normal and accrued liability costs was 6.06% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2021, was 13.49% of pensionable pay for Tier 1 employees and 10.24% 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 actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan were \$881,834 for the year ended September 30, 2021.

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:

NOTE 9. PENSION PLAN – CONTINUED

		<u>Expected</u>	<u>Actual</u>
Total Pension Liability			
As of September 30, 2019	(a)	\$ 31,742,546	\$ 33,751,033
Discount Rate	(b)	7.70%	7.70%
Entry Age Normal Cost for			
October 1, 2019 – September 30, 2020	(c)	\$ 622,487	\$ 622,487
Transfers Among Employers	(d)	\$ -	\$ (51,351)
Actual Benefit Payments and Refunds for			
October 1, 2019 – September 30, 2020	(e)	\$ <u>(2,176,324)</u>	\$ <u>(2,176,324)</u>
Total Pension Liability			
As of September 30, 2020			
[(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5x(b))]	(f)	\$ <u>32,549,097</u>	\$ <u>34,660,854</u>
Difference Between Expected and Actual	(g)		\$ 2,111,757
Less Liability Transferred for Immediate			
Recognition	(h)		\$ <u>(51,351)</u>
Experience (Gain)/Loss = (g) – (h)	(i)		\$ 2,163,108

Net Pension Liability (Continued)

Actuarial Assumptions. The total pension liability as of September 30, 2020, 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 Blue Collar Mortality Table projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table with Scale BB to 2020 with an adjustment of 130% at all ages for females.

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

NOTE 9. PENSION PLAN – CONTINUED

Net Pension Liability (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:

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

*Includes assumed rate of inflation of 2.50%.

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

NOTE 9. PENSION PLAN – CONTINUED

Net Pension Liability (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at 9/30/2019	\$ <u>31,742,546</u>	\$ <u>21,245,999</u>	\$ <u>10,496,547</u>
Changes for the year:			
Service Cost	622,487	-	622,487
Interest	2,360,388	-	2,360,388
Changes in Assumptions Differences Between Expected and Actual Experience	-	-	-
	2,163,108	-	2,163,108
Contributions – Employer	-	773,373	(773,373)
Contributions – Employee	-	420,088	(420,088)
Net Investment Income	-	1,184,507	(1,184,507)
Benefit Payments, Including Refunds of Employee Contributions	(2,176,324)	(2,176,324)	-
Administrative Expenses	-	-	-
Transfers Among Employers	(51,351)	(51,351)	-
Net Changes	<u>2,918,308</u>	<u>150,293</u>	<u>2,768,015</u>
Balances at 9/30/2020	\$ <u>34,660,854</u>	\$ <u>21,396,292</u>	\$ <u>13,264,562</u>

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

	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increase (8.70%)
City's Net Pension Liability	\$ 16,999,036	\$ 13,264,562	\$ 10,106,563

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 auditors' report dated April 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/index.php/employers/financial-reports/gasb-68-reports/.

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 9. 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 \$790,448. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,410,796	\$ 965,868
Changes of Assumptions	227,738	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	665,790	-
Employer Contributions Subsequent to the Measurement Date	<u>822,334</u>	<u>-</u>
Total	<u>\$ 4,126,658</u>	<u>\$ 965,868</u>

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

Year Ended September 30:	
2021	\$ 1,309,796
2022	486,472
2023	565,770
2024	602,105
2025	196,647
Thereafter	<u>-</u>
Total	<u>\$ 3,160,790</u>

Other Post-Employment Benefits

Plan Description: In December 1988, the City approved a motion to extend medical/dental benefits to retirees of the City. The City provides post-retirement medical/dental benefits to all retirees with 25 years of service or to those age 60 with 10 years of service and before Medicare eligibility. Employees hired after November 4, 2008, are not eligible for City subsidized retiree health benefits. The benefits continue to age 65. These benefits are provided through the Local Government Health Insurance Programs administered by the Alabama State Employee Insurance Board.

Funding Policies: The City is subsidizing premiums paid for retirees at 85% of the premium amount. The retiree is responsible for the remaining 15%. As of September 30, 2021, there were 82 former employees and family members that were receiving benefits. The City finances the plan on a pay-as-you-go basis. For the year ended September 30, 2021, the City recognized \$596,783 of expenditures.

The adoption date for the new GASB 75 OPEB Accounting Standard was for the Fiscal Year beginning October 1, 2017. The following shows the development of the Net OPEB Liability (NOL), the Total OPEB Expense, the Schedule of Deferred Inflows/Outflows, and the Trend and Discount Rate Sensitivity Analysis.

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 9. PENSION PLAN – CONTINUED

Other Post-Employment Benefits – Continued

Net OPEB Liability (NOL)

The Standard sets the method of determining the City's Total OPEB Liability and Net OPEB Liability. The Net OPEB Liability is the difference between the Total OPEB liability and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is zero for plans with no dedicated plan assets. To be included as assets of the plan the assets must be held in an irrevocable trust for the exclusive purpose of providing post-retirement benefits. Changes in benefit terms are recognized immediately. Changes in assumptions and experience gains/losses are amortized over the average remaining service of active employees and inactive participants. Investment gains/losses are amortized over five (5) years.

Annual OPEB Cost and Net OPEB Obligation

Beginning Net OPEB Obligation – 10/1/2020	\$ 5,690,170
Service Cost	\$ 87,078
Interest Cost	126,237
Difference Between Expected and Actual Experience	559,042
Change in Assumptions	<u>(1,409)</u>
OPEB Cost	\$ 770,948
Contributions	<u>(333,428)</u>
Change in Net OPEB Obligation	\$ <u>437,520</u>
Ending Net OPEB Obligation – 9/30/2021	\$ <u>6,127,690</u>

Total OPEB Expense

Part of the disclosure is the Total OPEB Expense included in the financial statements each fiscal year. This expense includes the service cost, interest cost, and the amortized amount of each basis required by GASB 75.

<u>Total OPEB Expense</u>	<u>FY2021</u>
Service Cost at October 1, 2020	\$ 87,078
Interest Cost (Including Interest on Service Cost)	126,237
Changes of Benefit Terms	-
Current Recognized Deferred Outflows/(Inflows)	-
Difference Between Expected and Actual Experience	175,797
Changes in Assumptions and Other Inputs	207,671
(Other Changes, if Significant)	-
Difference of Projected Investment Earnings	<u>-</u>
Total OPEB Expense as of September 30, 2021	\$ <u>596,783</u>

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 9. PENSION PLAN – CONTINUED

Other Post-Employment Benefits – Continued

GASB 75 requires disclosure of the deferred inflows/outflows resulting from the changes in the Total OPEB liability each year. Included will be a schedule showing the original amortization amount, the years to be amortized, and the remaining balance.

<u>Schedule of Deferred Inflows/Outflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 558,547	\$(123,127)
Changes in Assumption/Inputs	422,758	(1,057)
Net Difference Between Projected and Actual Investments	<u>-</u>	<u>-</u>
Total	\$ <u>981,305</u>	\$ <u>(124,184)</u>

Sensitivity Analysis of the Trend and Discount Rate

GASB 75 requires that a sensitivity analysis of the trend and discount rate used in the valuation. The sensitivity is plus or minus 1% from the base rates used in the valuation. The values shown are as of September 30, 2021.

<u>Trend</u>	<u>Total OPEB Liability</u>	<u>% Difference</u>
1% Decrease (3.50%)	\$ 5,657,461	-7.7%
Current Trend 4.50%	6,127,690	
1% Increase (5.50%)	6,657,466	8.6%

<u>Discount Rate</u>	<u>Total OPEB Liability</u>	<u>% Difference</u>
+1% Discount Sensitivity (3.26%)	\$ 5,707,993	-6.8%
Current Discount Rate 2.26%	6,127,690	
-1% Discount Sensitivity 1.26%	6,583,457	7.4%

Projection of Net Inflows (Outflows)

<u>Fiscal Year</u>	<u>Net Inflows (Outflows)</u>
2022	\$ 383,468
2023	314,044
2024	159,609
2025	-
2026	<u>-</u>
Total	\$ <u>857,121</u>

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 9. PENSION PLAN – CONTINUED

Other Post-Employment Benefits – Continued

Required Supplementary Information

Below is the Schedule of Funding Progress. Ultimately 10 years of funding progress will be shown:

Measurement Date	Fiduciary Net Position (a)	Total OPEB Liability Entry Age Normal Percentage of Salary (b)	Net OPEB Liability (b) – (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	Net OPEB Liability as a Percentage of Covered Payroll (b) – (a)/(c)
September 30, 2018	\$ -	\$ 4,744,971	\$ 4,744,971	0.00%	\$ 2,641,704	179.62%
September 30, 2019	-	5,597,726	5,597,726	0.00%	2,614,248	214.12%
September 30, 2020	-	5,690,170	5,690,170	0.00%	2,590,682	219.64%
September 30, 2021	-	6,127,690	6,127,690	0.00%	1,943,781	315.25%

Actuarial Valuation: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contribution of the City and Plan participants are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary.
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan’s benefit formula. This allocation is based on each participant’s service between date of hire and date of expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	2.26% (0.24% real rate of return plus 2.50% inflation)
Average Per Capita Claim Cost	CY2021 LGHIP annual premium of \$13,692 used for non-Medicare individual coverage to age 65. This is a pooled rate for pre-65 retirees.
Health Care Cost Trend	4.50% level
Effect of ACA	The excess coverage excise tax penalty of the Affordable Care Act has been postponed until the plan year beginning in 2032 and is not included in the projection of benefits in this valuation. This plan has current medical costs well under the limits in current law. Current legislative discussions include both repeal of the excise tax and postponement beyond 2022.

NOTE 9. PENSION PLAN – CONTINUED

Other Post-Employment Benefits – Continued

Mortality	RPH-2014 Total Table with Projection MP-2020.
Turnover	Termination rates are based on the termination rates in the latest actuarial valuation report for the Retirement Systems of Alabama (“RSA”).
Disability	None assumed
Retirement Rates	Same source for termination rates was used for retirement rate.
Retiree Contributions	15% of the premium for medical/dental coverage.
Salary Scale	3.50%
Data Assumptions	
Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 90% of all eligible actives who currently have individual healthcare coverage will continue with individual only coverage upon retirement. 27% of those with family coverage will continue with family coverage and 63% with family coverage will continue with individual only coverage at retirement.
Valuation Methodology and Terminology	We have used GASB accounting methodology to determine the postretirement medical benefit obligations.
Valuation Date	September 30, 2021
Measurement Date	September 30, 2021

CITY OF JASPER, ALABAMA

Notes to Financial Statements

September 30, 2021

NOTE 10. TAX ABATEMENTS

Under ordinance No. 2011-15 the City is authorized to provide economic development assistance to eligible retail developments. Possible assistance would be building permit exclusion, landfill disposal fee waived, sales and use tax exemption for construction cost, and sales tax rebates (30.00% of excess sales tax generated for a period of five years and 20.00% for two years). Development cost will need to exceed \$1,000,000. In general, for the sales and use tax rebate the development would generate 20 or more new full-time jobs within one calendar quarter.

Rebate of sales tax for the purpose of new or relocated business:

Cannon	\$ 129,547
PLG Investments	205,000
McDonald's	4,321
Wendy's	20,604
Atkins	136,652
Milo's	10,532
Five Below	13,891
Applebee's	42,727

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JASPER, ALABAMA
Schedule of Changes in Net Pension Liability
Fiscal Year Ending September 30, 2021

	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service Cost	\$ 622,487	\$ 594,189	\$ 583,569	\$ 597,982	\$ 536,676	\$ 535,900	\$ 547,221
Interest	2,360,388	2,236,058	2,330,947	2,309,506	2,221,373	2,153,823	2,105,941
Changes in Benefit Terms	2,163,108	917,046	(1,844,988)	(125,994)	291,131	142,648	-
Differences Between Expected and Actual Experience	-	-	150,948	-	1,103,905	-	-
Changes of Assumptions	(2,176,324)	(2,125,247)	(2,351,890)	(2,272,544)	(1,957,898)	(2,018,103)	(2,091,162)
Benefit Payments, Including Refunds of Employee Contributions	(51,351)	18,157	(18,924)	(192,612)	(4,956)	-	-
Transfers Among Employers							
NET CHANGE IN TOTAL PENSION LIABILITY	2,918,308	1,640,203	(1,150,338)	316,338	2,190,231	814,268	562,000
TOTAL PENSION LIABILITY - BEGINNING	31,742,546	30,102,343	31,252,681	30,936,343	28,746,112	27,931,844	27,369,844
TOTAL PENSION LIABILITY - ENDING (a)	\$ 34,660,854	\$ 31,742,546	\$ 30,102,343	\$ 31,252,681	\$ 30,936,343	\$ 28,746,112	\$ 27,931,844
PLAN FIDUCIARY NET POSITION							
Contributions - Employer	\$ 773,373	\$ 920,211	\$ 836,981	\$ 830,036	\$ 865,143	\$ 788,365	\$ 760,561
Contributions - Member	420,088	421,507	396,113	390,170	378,513	398,028	426,342
Net Investment Income	1,184,507	541,480	1,866,853	2,424,875	1,841,210	221,011	2,086,869
Benefit Payments, Including Refunds of Employee Contributions	(2,176,324)	(2,125,247)	(2,351,890)	(2,272,544)	(1,957,898)	(2,018,103)	(2,091,162)
Transfers Among Employers	(51,351)	18,157	(18,924)	(192,612)	(4,956)	9,318	25,600
NET CHANGE IN PLAN FIDUCIARY NET POSITION	150,293	(223,892)	729,133	1,179,925	1,122,012	(601,381)	1,208,210
PLAN NET POSITION - BEGINNING	21,245,999	21,469,891	20,740,758	19,560,833	18,438,821	19,040,202	17,831,992
PLAN NET POSITION - ENDING (b)	\$ 21,396,292	\$ 21,245,999	\$ 21,469,891	\$ 20,740,758	\$ 19,560,833	\$ 18,438,821	\$ 19,040,202
NET PENSION LIABILITY (ASSET) - ENDING (a) - (b)	\$ 13,264,562	\$ 10,496,547	\$ 8,632,452	\$ 10,511,923	\$ 11,375,510	\$ 10,307,291	\$ 8,891,642
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.73%	66.93%	71.32%	66.36%	63.23%	64.14%	68.17%
Covered-Employee Payroll*	\$ 7,756,426	\$ 7,976,978	\$ 7,976,978	\$ 7,505,349	\$ 7,403,269	\$ 6,774,687	\$ 6,711,095
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	171.01%	131.59%	108.22%	140.06%	153.66%	152.14%	132.49%

*Employer's covered-payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For FY2021 the measurement period is October 1, 2019 - September 30, 2020.

This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled governments will present information for the years available.

The accompanying notes are an integral part of these financial statements.

CITY OF JASPER, ALABAMA
Schedule of Employer Contributions
September 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contributions*	\$ 881,834	\$ 766,542	\$ 848,817	\$ 848,817	\$ 841,724	\$ 863,662	\$ 778,957
Contributions in Relation to the Actuarially Determined Contributions*	881,834	766,542	848,817	848,817	841,724	863,662	778,957
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll**	\$ 8,052,150	\$ 7,756,426	\$ 7,976,978	\$ 7,976,978	\$ 7,505,349	\$ 7,403,269	\$ 6,774,687
Contributions as a Percentage of Covered-Employee Payroll	10.95%	9.88%	10.64%	10.64%	11.21%	11.67%	11.50%

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

**Employer's covered payroll for FY2021 is the total covered payroll for the 12 month period of the underlying financial statement.

NOTES TO SCHEDULE

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

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent Closed
Remaining Amortization Period	28.3 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

This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled governments will present information for the years available.

The accompanying notes are an integral part of these financial statements.

CITY OF JASPER, ALABAMA
Schedule of Changes in Net OPEB Liability
Fiscal Year Ending September 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL PENSION LIABILITY				
Service Cost	\$ 87,078	\$ 81,197	\$ 60,633	\$ 58,267
Interest	126,237	147,191	185,025	191,882
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	559,042	(217,839)	389,442	-
Changes of Assumptions	(1,409)	372,746	593,049	-
Benefit Payments, Including Refunds of Employee Contributions	(333,428)	(290,851)	(375,394)	(346,150)
Transfers among employers	-	-	-	-
NET CHANGE IN TOTAL PENSION LIABILITY	437,520	92,444	852,755	(96,001)
TOTAL PENSION LIABILITY – BEGINNING	<u>5,690,170</u>	<u>5,597,726</u>	<u>4,744,971</u>	<u>4,840,972</u>
TOTAL PENSION LIABILITY – ENDING (a)	<u>\$ 6,127,690</u>	<u>\$ 5,690,170</u>	<u>\$ 5,597,726</u>	<u>\$ 4,744,971</u>
PLAN FIDUCIARY NET POSITION				
NET PENSION LIABILITY (ASSET) – ENDING (a) - (b)	\$ 6,127,690	\$ 5,690,170	\$ 5,597,726	\$ 4,744,971
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll*	\$ 1,943,781	\$ 2,590,682	\$ 2,614,248	\$ 2,641,704
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	315.25%	219.64%	214.12%	179.62%

This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled governments will present information for the years available.

OTHER SUPPLEMENTARY INFORMATION

CITY OF JASPER, ALABAMA
Combining Balance Sheet
All Nonmajor Governmental Funds
September 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund	Total Nonmajor Other Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,687,980	\$ 1,629,695	\$ 371,535	\$ 3,689,210
Receivables, Net	-	-	-	-
Prepays	-	-	-	-
Due from Other Funds	-	-	-	-
TOTAL ASSETS	<u>\$ 1,687,980</u>	<u>\$ 1,629,695</u>	<u>\$ 371,535</u>	<u>\$ 3,689,210</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 122,792	\$ 14,316	\$ 2,917	\$ 140,025
Due to Other Funds	-	1,039	-	1,039
TOTAL LIABILITIES	122,792	15,355	2,917	141,064
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted Fund Balance	901,155	1,614,340	368,618	2,884,113
Committed Fund Balance	-	-	-	-
Assigned Fund Balance	664,033	-	-	664,033
TOTAL FUND BALANCES	<u>1,565,188</u>	<u>1,614,340</u>	<u>368,618</u>	<u>3,548,146</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,687,980</u>	<u>\$ 1,629,695</u>	<u>\$ 371,535</u>	<u>\$ 3,689,210</u>

See Independent Auditors' Report.

CITY OF JASPER, ALABAMA

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

All Nonmajor Governmental Funds

September 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund	Total Nonmajor Other Governmental Funds
REVENUES				
Taxes	\$ 1,147,819	\$ -	\$ -	\$ 1,147,819
Interest	198	246	-	444
Fines and Forfeitures	178,944	-	-	178,944
Intergovernmental	-	147,802	-	147,802
Grant Proceeds and Donations	120,584	606,344	-	726,928
Miscellaneous	74,511	73,866	-	148,377
TOTAL REVENUES	<u>1,522,056</u>	<u>828,258</u>	<u>-</u>	<u>2,350,314</u>
EXPENDITURES				
General Government	1,217	2,957	9,120	13,294
Public Safety	13,428	-	-	13,428
Public Works	11,888	15,831	-	27,719
Recreation and Cultural Services	327,093	-	-	327,093
Intergovernmental	-	-	-	-
Debt Service: Principal	-	-	914,027	914,027
Interest and Other Charges	-	-	479,527	479,527
Capital Outlays	145,065	2,387,796	-	2,532,861
TOTAL EXPENDITURES	<u>498,691</u>	<u>2,406,584</u>	<u>1,402,674</u>	<u>4,307,949</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,023,365	(1,578,326)	(1,402,674)	(1,957,635)
OTHER FINANCING SOURCES (USES)				
Proceeds of Long-Term Debt	-	574,000	-	574,000
Bond Issue Cost	-	-	-	-
Deposit with Escrow Agent	-	-	-	-
Transfer In	60,000	493,700	1,485,000	2,038,700
Transfer Out	(825,000)	(38,257)	-	(863,257)
TOTAL OTHER FINANCING SOURCES (USES)	(765,000)	1,029,443	1,485,000	1,749,443
NET CHANGE IN FUND BALANCES	258,365	(548,883)	82,326	(208,192)
FUND BALANCES – BEGINNING	<u>1,306,823</u>	<u>2,163,223</u>	<u>286,292</u>	<u>3,756,338</u>
FUND BALANCES – ENDING	<u>\$ 1,565,188</u>	<u>\$ 1,614,340</u>	<u>\$ 368,618</u>	<u>\$ 3,548,146</u>

See Independent Auditors' Report.

CITY OF JASPER, ALABAMA
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 September 30, 2021

	Corrections	Alcohol Fund	State Street	Gasoline Tax	Ten Cent Gas Tax	Court Ordered Fund	Court Administered Fund
ASSETS							
Cash and Cash Equivalents	\$ 36,982	\$ 586,834	\$ 291,986	\$ 218,438	\$ 142,306	\$ 25,255	\$ 167,055
Receivables, Net	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 36,982	\$ 586,834	\$ 291,986	\$ 218,438	\$ 142,306	\$ 25,255	\$ 167,055
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ 109,720	\$ -	\$ -	\$ -	\$ 2,119	\$ -
Due to Other Funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	109,720	-	-	-	2,119	-
FUND BALANCES							
Restricted	36,982	-	291,986	218,438	142,306	23,136	167,055
Assigned	-	477,114	-	-	-	-	-
TOTAL FUND BALANCES	36,982	477,114	291,986	218,438	142,306	23,136	167,055
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,982	\$ 586,834	\$ 291,986	\$ 218,438	\$ 142,306	\$ 25,255	\$ 167,055

See Independent Auditors' Report.

CITY OF JASPER, ALABAMA
 Combining Balance Sheet – Continued
 Nonmajor Special Revenue Funds
 September 30, 2021

	Foothills Festival	PD Equipment Grant Fund	Special Projects Fund	Department of Justice COVID	Animal Shelter	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and Cash Equivalents	\$ 68,963	\$ 13,915	\$ 7,337	\$ -	\$ 128,909	\$ 1,687,980
Receivables, Net	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 68,963	\$ 13,915	\$ 7,337	\$ -	\$ 128,909	\$ 1,687,980
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 10,953	\$ -	\$ -	\$ -	\$ -	\$ 122,792
Due to Other Funds	-	-	-	-	-	-
TOTAL LIABILITIES	10,953	-	-	-	-	122,792
FUND BALANCES						
Restricted	-	13,915	7,337	-	-	901,155
Assigned	58,010	-	-	-	128,909	664,033
TOTAL FUND BALANCES	58,010	13,915	7,337	-	128,909	1,565,188
TOTAL LIABILITIES AND FUND BALANCES	\$ 68,963	\$ 13,915	\$ 7,337	\$ -	\$ 128,909	\$ 1,687,980

CITY OF JASPER, ALABAMA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 September 30, 2021

	Corrections	Alcohol Fund	State Street	Gasoline Tax	Ten Cent Gas Tax	Court Ordered Fund	Court Administered Fund
REVENUES							
Taxes	\$ -	\$ 911,497	\$ 78,893	\$ 72,223	\$ 85,206	\$ -	\$ -
Interest	-	82	62	40	-	2	-
Fines and Forfeitures	151,606	-	-	-	-	-	27,338
Licenses and Permits	-	-	-	-	-	-	-
Grant Proceeds and Donations	-	-	-	-	-	-	-
Miscellaneous	-	-	12,594	-	-	36,921	-
TOTAL REVENUES	<u>151,606</u>	<u>911,579</u>	<u>91,549</u>	<u>72,263</u>	<u>85,206</u>	<u>36,923</u>	<u>27,338</u>
EXPENDITURES							
General Government	-	921	-	-	286	-	-
Public Safety	141	-	-	-	-	8,387	313
Public Works	-	-	8,947	-	-	-	-
Recreation and Cultural Services	-	150,000	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Capital Outlays	-	-	110,122	-	-	29,693	-
TOTAL EXPENDITURES	<u>141</u>	<u>150,921</u>	<u>119,069</u>	<u>-</u>	<u>286</u>	<u>38,080</u>	<u>313</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	151,465	760,658	(27,520)	72,263	84,920	(1,157)	27,025
OTHER FINANCING SOURCES (USES)							
Transfer In	-	-	-	-	-	-	-
Transfer Out	(120,000)	(705,000)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(120,000)</u>	<u>(705,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	31,465	55,658	(27,520)	72,263	84,920	(1,157)	27,025
FUND BALANCES – BEGINNING	5,517	421,456	319,506	146,175	57,386	24,293	140,030
FUND BALANCES – ENDING	<u>\$ 36,982</u>	<u>\$ 477,114</u>	<u>\$ 291,986</u>	<u>\$ 218,438</u>	<u>\$ 142,306</u>	<u>\$ 23,136</u>	<u>\$ 167,055</u>

See Independent Auditors' Report.

CITY OF JASPER, ALABAMA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Continued
 Nonmajor Special Revenue Funds
 September 30, 2021

	Foothills Festival	PD Equipment Grant Fund	Special Projects Fund	Department of Justice COVID	Animal Shelter	Total Nonmajor Special Revenue Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,147,819
Interest	12	-	-	-	-	198
Fines and Forfeitures	-	-	-	-	-	178,944
Licenses and Permits	-	-	-	-	-	-
Grant Proceeds and Donations	111,250	-	-	9,334	-	120,584
Miscellaneous	20,446	-	4,550	-	-	74,511
TOTAL REVENUES	<u>131,708</u>	<u>-</u>	<u>4,550</u>	<u>9,334</u>	<u>-</u>	<u>1,522,056</u>
EXPENDITURES						
General Government	-	10	-	-	-	1,217
Public Safety	-	-	-	4,295	292	13,428
Public Works	-	-	2,941	-	-	11,888
Recreation and Cultural Services	177,093	-	-	-	-	327,093
Intergovernmental	-	-	-	-	-	-
Capital Outlays	-	-	-	5,250	-	145,065
TOTAL EXPENDITURES	<u>177,093</u>	<u>10</u>	<u>2,941</u>	<u>9,545</u>	<u>292</u>	<u>498,691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(45,385)</u>	<u>(10)</u>	<u>1,609</u>	<u>(211)</u>	<u>(292)</u>	<u>1,023,365</u>
OTHER FINANCING SOURCES (USES)						
Transfer In	60,000	-	-	-	-	60,000
Transfer Out	-	-	-	-	-	(825,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(765,000)</u>
NET CHANGE IN FUND BALANCE	<u>14,615</u>	<u>(10)</u>	<u>1,609</u>	<u>(211)</u>	<u>(292)</u>	<u>258,365</u>
FUND BALANCES – BEGINNING	<u>43,395</u>	<u>13,925</u>	<u>5,728</u>	<u>211</u>	<u>129,201</u>	<u>1,306,823</u>
FUND BALANCES – ENDING	<u>\$ 58,010</u>	<u>\$ 13,915</u>	<u>\$ 7,337</u>	<u>\$ -</u>	<u>\$ 128,909</u>	<u>\$ 1,565,188</u>

See Independent Auditors' Report.

CITY OF JASPER, ALABAMA
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 September 30, 2021

	Atrip	State Capital Improvements	2017 Bond Improvement Fund	Tap V	Downtown Tap III	2017 Community Project Fund	Tap IV Project Fund
ASSETS							
Cash and Cash Equivalents	\$ 444,097	\$ 496,022	\$ 475,621	\$ 38,009	\$ -	\$ 175,948	\$ (2)
Receivables, Net	-	-	-	-	-	-	-
Prepaid Insurance	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 444,097	\$ 496,022	\$ 475,621	\$ 38,009	\$ -	\$ 175,948	\$ (2)
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ 9,925	\$ 4,391	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	1,039	-	-	-
Due to Other Governments	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	9,925	4,391	1,039	-	-	-
FUND BALANCES							
Restricted	444,097	486,097	471,230	36,970	-	175,948	(2)
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	444,097	486,097	471,230	36,970	-	175,948	(2)
TOTAL LIABILITIES AND FUND BALANCES	\$ 444,097	\$ 496,022	\$ 475,621	\$ 38,009	\$ -	\$ 175,948	\$ (2)

See Independent Auditors' Report.

CITY OF JASPER, ALABAMA
 Combining Balance Sheet – Continued
 Nonmajor Capital Projects Funds
 September 30, 2021

	Total Nonmajor Capital Projects Funds
ASSETS	
Cash and Cash Equivalents	\$ 1,629,695
Receivables, Net	-
Prepaid Insurance	-
Due from Other Funds	-
TOTAL ASSETS	\$ 1,629,695
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 14,316
Due to Other Funds	1,039
Due to Other Governments	-
TOTAL LIABILITIES	15,355
FUND BALANCES	
Restricted	1,614,340
Committed	-
Assigned	-
TOTAL FUND BALANCES	1,614,340
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,629,695

CITY OF JASPER, ALABAMA
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Project Funds
 September 30, 2021

	Airip	State Capital Improvements	2017 Bond Improvement Fund	Tap V	Downtown Tap III	2017 Community Project Fund	Tap IV Project Fund
REVENUES							
Interest	\$ 41	\$ 85	\$ 101	\$ 3	\$ -	\$ 16	\$ -
Intergovernmental	-	147,802	-	-	-	-	-
Grant Proceeds and Donations	-	49,675	-	-	-	-	556,669
Miscellaneous	-	73,225	-	641	-	-	-
TOTAL REVENUES	<u>41</u>	<u>270,787</u>	<u>101</u>	<u>644</u>	<u>-</u>	<u>16</u>	<u>556,669</u>
EXPENDITURES							
General Government	-	2,957	-	-	-	-	-
Public Works	-	-	115	-	-	375	15,341
Recreation and Cultural Services	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Capital Outlays	-	1,317,253	307,632	13,674	-	14,068	735,169
TOTAL EXPENDITURES	<u>-</u>	<u>1,320,210</u>	<u>307,747</u>	<u>13,674</u>	<u>-</u>	<u>14,443</u>	<u>750,510</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>41</u>	<u>(1,049,423)</u>	<u>(307,646)</u>	<u>(13,030)</u>	<u>-</u>	<u>(14,427)</u>	<u>(193,841)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds of Long-Term Debt	-	574,000	-	-	-	-	-
Transfer In	-	240,000	-	50,000	-	190,000	13,700
Transfer Out	-	-	-	-	(33,480)	(4,777)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>814,000</u>	<u>-</u>	<u>50,000</u>	<u>(33,480)</u>	<u>185,223</u>	<u>13,700</u>
NET CHANGE IN FUND BALANCE	<u>41</u>	<u>(235,423)</u>	<u>(307,646)</u>	<u>36,970</u>	<u>(33,480)</u>	<u>170,796</u>	<u>(180,141)</u>
FUND BALANCES – BEGINNING	<u>444,056</u>	<u>721,520</u>	<u>778,876</u>	<u>-</u>	<u>33,480</u>	<u>5,152</u>	<u>180,139</u>
FUND BALANCES – ENDING	<u>\$ 444,097</u>	<u>\$ 486,097</u>	<u>\$ 471,230</u>	<u>\$ 36,970</u>	<u>\$ -</u>	<u>\$ 175,948</u>	<u>\$ (2)</u>

CITY OF JASPER, ALABAMA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Continued
 Nonmajor Capital Project Funds
 September 30, 2021

	Total Nonmajor Capital Projects Funds
REVENUES	
Interest	\$ 246
Intergovernmental	147,802
Grant Proceeds and Donations	606,344
Miscellaneous	73,866
TOTAL REVENUES	<u>828,258</u>
EXPENDITURES	
General Government	2,957
Public Works	15,831
Recreation and Cultural Services	-
Intergovernmental	-
Capital Outlays	2,387,796
TOTAL EXPENDITURES	<u>2,406,584</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,578,326)
OTHER FINANCING SOURCES (USES)	
Proceeds of Long-Term Debt	574,000
Transfer In	493,700
Transfer Out	(38,257)
TOTAL OTHER FINANCING SOURCES (USES)	1,029,443
NET CHANGE IN FUND BALANCE FUND BALANCES – BEGINNING	<u>(548,883)</u> <u>2,163,223</u>
FUND BALANCES – ENDING	<u>\$ 1,614,340</u>

CITY OF JASPER, ALABAMA
 Combining Balance Sheet
 Nonmajor Debt Service Fund
 September 30, 2021

	<u>2012 Bond Issue</u>	<u>Total Nonmajor Debt Service Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 371,535	\$ 371,535
Due from Other Funds	-	-
Prepays	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 371,535</u>	<u>\$ 371,535</u>
LIABILITIES AND FUND BALANCES		
Due to Other Funds	\$ -	\$ -
Accounts Payable	<u>2,917</u>	<u>2,917</u>
LIABILITIES	2,917	2,917
FUND BALANCES		
Nonspendable	-	-
Restricted	368,618	368,618
Committed	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>368,618</u>	<u>368,618</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 371,535</u>	<u>\$ 371,535</u>

CITY OF JASPER, ALABAMA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Debt Service Fund

September 30, 2021

	2012 Bond Issue	Total Nonmajor Debt Service Fund
REVENUES		
Interest	\$ -	\$ -
TOTAL REVENUES	-	-
EXPENDITURES		
General Government	9,120	9,120
Public Works	-	-
Debt Service: Principal	914,027	914,027
Interest and Other Charges	479,527	479,527
TOTAL EXPENDITURES	1,402,674	1,402,674
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,402,674)	(1,402,674)
OTHER FINANCING SOURCES		
Proceeds of Long-Term Debt	-	-
Bond Issue Cost	-	-
Deposit with Escrow Agent	-	-
Transfer In	1,485,000	1,485,000
Transfer Out	-	-
TOTAL OTHER FINANCING SOURCES	1,485,000	1,485,000
NET CHANGE IN FUND BALANCES	82,326	82,326
FUND BALANCE – BEGINNING	286,292	286,292
FUND BALANCE – ENDING	\$ <u>368,618</u>	\$ <u>368,618</u>

See Independent Auditors' Report.

KELLUM, WILSON & ASSOCIATES, P.C.

Certified Public Accountants

1799 ELLIOTT BOULEVARD

JASPER, ALABAMA 35501

PHILLIP D. EADS, CPA, MANAGER

(205) 221-2935

FAX (205) 221-2985

peads@kwacpa.net

JOHN W. KELLUM, III, CPA
CHARLES R. WILSON, CPA

LORI L. KES, CPA
PHILLIP D. EADS, CPA
BENJAMIN D. DOUGHTY, CPA
LINDY B. EICHELBERGER, CPA
JAMES C. BOHANNON, CPA, CFE

BIRMINGHAM OFFICE
JOHN W. KELLUM, III, CPA
3825 LORNA ROAD, SUITE 212
HOOVER, ALABAMA 35244
(205) 942-5424

CHARLES W. HULLETT, CPA
(1927-2005)

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*

Honorable Mayor and Members of the City Council
Jasper, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jasper, 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 and have issued our report thereon dated July 29, 2022. Our report includes a reference to other auditors who audited the financial statements of the Jasper City Board of Education of the City of Jasper, Alabama, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Kellum, Wilson & Associates, P.C.

Kellum, Wilson and Associates, P.C.

July 29, 2022