

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA

ANNUAL FINANCIAL REPORT
AS OF SEPTEMBER 30, 2019

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
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MPK GROUP, PC

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Center Point, Alabama

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Center Point, Alabama as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Center Point, Alabama, as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3 through 9), budgetary comparison information (on pages 29 through 32), and the Employees' State Retirement System of Alabama pension information (on pages 33 and 34) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with 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 Center Point, Alabama's basic financial statements. The schedule of governmental activities expenses (on pages 35 through 39) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of governmental activities expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of governmental activities expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

MPK, Group, PC

November 20, 2020

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF SEPTEMBER 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Center Point, Alabama's (City) annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The City reported a net position of \$15,576,471 at September 30, 2019, which is an increase of \$3,570,738 over the prior fiscal year. The City's net position represents the amount by which the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year. Of this amount, \$1,068,170 is unrestricted and available to fund the City's governmental activities and \$10,197,165 is invested in capital assets, net of related debt. The City's remaining net position of \$4,311,136 is restricted for street maintenance and improvements, capital acquisitions and improvements, and public safety.

The City's governmental funds reported a total ending fund balance of \$6,042,380 at September 30, 2019, which is a decrease of \$713,416 from the prior fiscal year.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

The government-wide financial statements, which include the statement of net position and statement of activities, provide information about the activities of the City as a whole and provide both long-term and short-term information about the City's overall status.

Fund financial statements tell how City services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Government-Wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status and are reported on the accrual method of accounting.

The first of these government-wide statements is the statement of net position. This is the City-wide statement of financial position presenting information that includes all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

The second government-wide statement is the statement of activities which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF SEPTEMBER 30, 2019

Overview of the Financial Statements

Fund Financial Statements

Fund financial statements focus on the City's most significant funds rather than the City as whole. A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance related laws and regulations. Major funds are separately reported within the fund financial statements. The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The government fund statements provide a detailed short-term view of the City's government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The emphasis of the fund financial statements is on major governmental funds. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The City's major funds are described below:

General fund - reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Seven Cent Gasoline Tax Fund - special revenue fund which accounts for the City's share of the state seven cent gasoline taxes and inspection fees. Revenues from these taxes are restricted for street and highway improvements.

Four and Five Cent Gasoline Taxes Fund - special revenue fund which accounts for the City's share of the state four and five cent gasoline taxes. Revenues from these taxes are restricted for street and highway improvements.

State Capital Improvements Fund - special revenue fund which accounts for the City's share of 10% of the interest derived from the investment of the Alabama Trust Fund. Revenues are restricted for capital improvement purposes and must be maintained in a separate fund.

Public Safety Fund - special revenue fund which accounts for the financial resources associated with traffic violations and other public safety related matters. Revenues are restricted for public safety purposes.

State Motor Vehicle License Fund - special revenue fund which accounts for the City's share of the state motor vehicle license on trucks and truck tractors using the public highways of Alabama. Revenues from these taxes are restricted for street and highway improvements.

The relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental funds is presented in a reconciliation following each fund statement.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF SEPTEMBER 30, 2019

Financial Analysis of the City as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the city as a whole.

Statement of Net Position

The following table provides information on the City's net position for the current and prior fiscal year:

	<u>Governmental</u> <u>Activities</u>		<u>Amount</u> <u>Change</u>
	<u>2019</u>	<u>2018</u>	
Current and other assets	\$ 6,468,082	\$ 6,955,584	\$ (487,502)
Capital assets	12,191,553	7,859,448	4,332,105
Deferred outflows of resources	<u>224,140</u>	<u>171,104</u>	<u>53,036</u>
Total assets and deferred outflows of resources	<u>18,883,775</u>	<u>14,986,136</u>	<u>3,897,639</u>
Long-term liabilities	2,609,452	2,549,603	59,849
Current and other liabilities	623,360	359,466	263,894
Deferred inflows of resources	<u>74,492</u>	<u>71,334</u>	<u>3,158</u>
Total liabilities and deferred inflows of resources	<u>3,307,304</u>	<u>2,980,403</u>	<u>326,901</u>
Net Position:			
Net investment in capital assets	10,197,165	5,786,715	4,410,450
Restricted	4,311,136	5,031,363	(720,227)
Unrestricted	<u>1,068,170</u>	<u>1,187,655</u>	<u>(119,485)</u>
Total net position	\$ <u>15,576,471</u>	\$ <u>12,005,733</u>	\$ <u>3,570,738</u>

- ◆ The largest portion of the City's net position is its net investment in capital assets in the amount of \$10,197,165 (e.g., land, buildings, infrastructure, machinery, and equipment). Net investment in capital assets represents capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition, construction or improvement of those assets, and adding back unspent outstanding debt proceeds.
- ◆ The City's unrestricted net position at September 30, 2019 is \$1,068,170. The City's unrestricted net position is available to fund the governmental activities of the City.
- ◆ The City's restricted net position at September 30, 2019 is \$4,311,136. The City's restricted net assets are restricted for street maintenance and repairs, capital asset acquisitions and improvements, and public safety. The City would typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF SEPTEMBER 30, 2019

Financial Analysis of the City as a Whole

Statement of Activities

The following table provides a summary of the changes in the City's net position for the current and prior fiscal year:

	<u>Governmental</u> <u>Activities</u>		<u>Amount</u> <u>Change</u>
	<u>2019</u>	<u>2018</u>	
Revenues:			
Program revenues:			
Fees, fines and charges for services			
Unrestricted	\$ 900,648	\$ 679,104	\$ 221,544
Restricted	757,723	807,388	(49,665)
Operating grants and contributions	405,704	339,044	66,660
Capital grants and contributions	153,967	178,011	(24,044)
General revenues:			
Sales tax	3,292,283	2,745,899	546,384
Franchise tax	874,319	828,368	45,951
Property tax	322,697	317,833	4,864
Intergovernmental revenues - unrestricted	245,596	260,721	(15,125)
Capital asset donations	2,723,750	-	2,723,750
Other income	72,184	59,091	13,093
	<u>9,748,871</u>	<u>6,215,459</u>	<u>3,533,412</u>
Total revenues			
Expenses:			
General government	1,730,933	1,617,762	113,171
Law enforcement	40,892	99,993	(59,101)
Public safety	796,755	752,960	43,795
Building and inspection	577,476	710,531	(133,055)
Public works	1,431,757	1,152,059	279,698
Park and recreation	878,534	829,458	49,076
Community center	399,755	186,452	213,303
Library	19,878	-	19,878
Senior center	202,245	191,496	10,749
Historical - Hillcrest Manor	35,677	35,631	46
Interest on long-term debt	64,231	38,455	25,776
	<u>6,178,133</u>	<u>5,614,797</u>	<u>563,336</u>
Total expenses			
Change in net position	<u>3,570,738</u>	<u>600,662</u>	<u>2,970,076</u>
Net position, beginning	<u>12,005,733</u>	<u>11,405,071</u>	<u>600,662</u>
Net position, ending	\$ <u>15,576,471</u>	\$ <u>12,005,733</u>	\$ <u>3,570,738</u>

- ◆ The City's revenues increased by \$3,533,412 when compared to the prior fiscal year. The increase in revenue was due in large part to an increase in sales tax revenue and unrestricted charges for services.
- ◆ The City also received donated capital assets valued at \$2,723,750. Donated capital assets are reported as revenue at their estimated fair value on the date donated.
- ◆ The City's expenses increased by \$563,336 when compared to the prior fiscal year, the most significant of which was public works expenses and community center expenses.

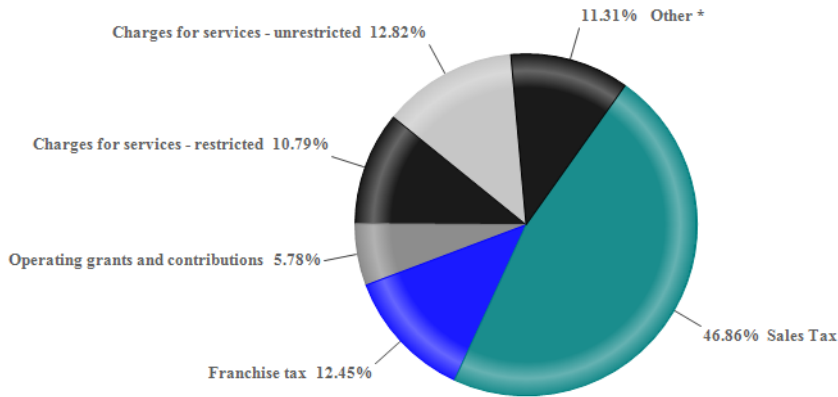
THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF SEPTEMBER 30, 2019

Financial Analysis of the City as a Whole

Statement of Activities

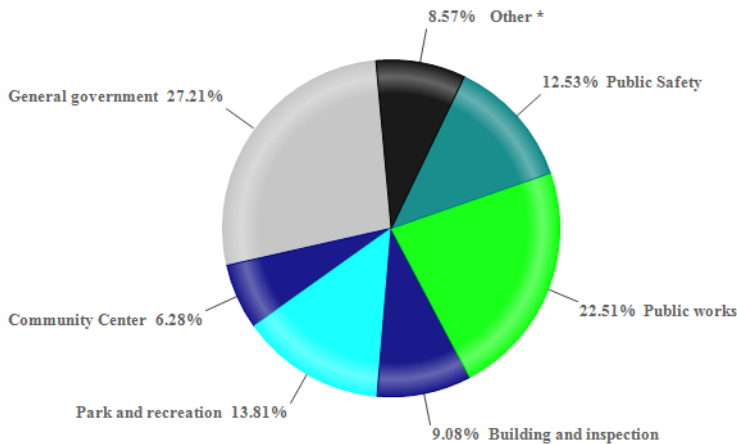
Graphical presentation of the City's governmental revenues and expenses for the current fiscal year are displayed below:

2019 GOVERNMENTAL REVENUES



* Other, Property Tax 4.59%, Capital grants and contributions 2.19%, Intergovernmental 3.50%, Other income 1.03%

2019 GOVERNMENTAL EXPENSES



* Other, Law Enforcement 0.64%, Senior center 3.18%, Historical 0.56%, Library 3.18%, Interest 1.01%

The City's unrestricted revenue sources, which consists of sales tax, franchise tax, property tax, unrestricted charges for services, intergovernmental revenues, and other income, accounted for approximately 80% of total revenue. Restricted charges for services, operating contributions and capital grants and contributions, which are restricted for specific purposes, accounted for the remaining 20% of revenue.

The City's general government and public works functions accounted for approximately 50% of total expenses. The other functions of the City, which includes law enforcement, building and inspections, park and recreation, senior center, public safety, community center, library and historical accounted for the remaining 50% of total expenses.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF SEPTEMBER 30, 2019

Financial analysis of the City's Funds

As discussed, governmental funds provide a detailed short-term view of the City's government operations. The following provides information on the most significant changes in the governmental fund statements:

The City's governmental funds reported an ending fund balance of \$6,042,380 at September 30, 2019. The City's governmental funds consist of the general fund and various restricted funds. The general fund has an ending fund balance of \$1,731,243, all of which is unrestricted. The combined restricted funds, which consist of Gas Tax Funds, State Capital Improvement Fund, Public Safety Fund, and State Motor Vehicle License Fund, have an ending fund balance of \$4,311,137. The City would typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

General Fund Budgetary Highlights

The City's budget to actual comparisons for the general fund and major special revenue funds can be found on pages 29 through 32. The City's annual budget is prepared on the modified accrual basis of accounting and is used by the Mayor, City Council and department heads as a management control device during the year.

Capital Assets

The following table provides a summary of the changes in the City's capital assets:

<u>Description</u>	<u>Governmental Activities</u>		<u>Amount Change</u>
	<u>2019</u>	<u>2018</u>	
Land	\$ 3,359,571	\$ 1,435,421	\$ 1,924,150
Construction in progress	606,455	475,970	130,485
Other capital assets	<u>12,086,386</u>	<u>9,391,954</u>	<u>2,694,432</u>
Capital assets, at cost	16,052,412	11,303,345	4,749,067
Less: accumulated depreciation	<u>(3,860,859)</u>	<u>(3,443,897)</u>	<u>(416,962)</u>
Capital assets, net of accumulated depreciation	<u>\$ 12,191,553</u>	<u>\$ 7,859,448</u>	<u>\$ 4,332,105</u>

- ◆ The City's most significant capital asset expenditure during the fiscal year ended September 30, 2019 was the renovation of the Community Center and Library. The City also completed the construction of a splash pad at Reed Harvey Park and constructed a new safe room which may be used by residents and others during inclement weather. In addition, the City received donated capital assets reported at estimated fair value at the date donated. Capital asset additions are detailed below:

Donated capital assets:	
City Hall Building and Land	\$ 1,553,450
Land and buildings for park	954,000
Commercial property	216,300
Community Center and Library renovations	1,230,862
Splash pad	249,653
Safe room	187,450
Construction in progress - Polly Reed Road Project	130,485
All other capital asset additions	<u>226,867</u>
Total capital asset additions	<u>\$ 4,749,067</u>

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF SEPTEMBER 30, 2019

Long-Term Liabilities

The following table provides a summary of the changes in the City's long-term liabilities:

<u>Description</u>	<u>Governmental</u> <u>Activities</u>		<u>Amount</u> <u>Change</u>
	<u>2019</u>	<u>2018</u>	
General obligation warrants, net of original issue discount	\$ 1,994,388	\$ 2,072,733	\$ (78,345)
Accumulated annual leave	588,292	398,393	189,899
Net pension liability	<u>224,430</u>	<u>238,156</u>	<u>(13,726)</u>
Total long-term liabilities	<u>\$ 2,807,110</u>	<u>\$ 2,709,282</u>	<u>\$ 97,828</u>

- ◆ At September 30, 2019 long-term liabilities totaled \$2,807,110. Long-term liabilities consist of general obligation warrants, accumulated annual leave, and net pension liability. The general obligation warrants were issued for the purpose of acquiring land and a building as a site for a Community Center and Library.
- ◆ The City accrues accumulated annual leave based on the rules and regulations set forth by the Personnel Board of Jefferson County.
- ◆ The City's net pension liability is provided on an annual basis by the Employees' Retirement System of Alabama and represents the City's total pension liability, net of plan fiduciary net position. The net pension liability reported in the City's September 30, 2019 annual financial report represents the liability as of September 30, 2018, which is the most recent measurement period available.

Economic Factors and Next Years Budgets and Rates

Many exciting things have taken place in Center Point in 2019 and are continuing into the future. One of the most significant was the completion of the renovations to the Community Center which opened in April 2019. Also, the Splash Pad at Reed-Harvey Park opened in July 2019 and has been very successful. Construction on the Storm Shelter at Fire Station One is complete. Also, the additions to Fire Station One are complete and the Library construction is complete.

The City's overall financial condition is very strong. Sales tax, business license, and building permit revenues all increased in the 2019 fiscal year and the City expects these revenue sources to continue to grow. Certain aspects of the City government have experienced significant growth over the years, most notably the public works and park and recreation departments. Growth in these areas was expected as the City continues to make improvements to City's infrastructure, including improvements to roads, sidewalks, expansion and improvements to the City Parks and various other projects the City has undertaken.

We feel very confident that the City will continue to grow and improve. The City has maintained a significant cash reserve in order to take advantage of both federal and state funding opportunities for infrastructure projects which generally require a local match. We feel that the City has positioned itself to take advantage of future opportunities that may arise as well as providing the citizens of the City with the essential services expected from their local government.

Contacting the City's Financial Management

The financial report is designed to provide our citizens, creditors and other interested parties with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 2209 Center Point Parkway, Center Point, Alabama 35215.

BASIC FINANCIAL STATEMENTS

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2019

PRIMARY GOVERNMENT

GOVERNMENTAL
ACTIVITIES

Assets:

Cash and cash equivalents	\$	1,740,245
Accounts receivable:		
Due from other governments		18,418
Sales tax		382,023
Franchise tax		49,086
Business licenses		6,347
Restricted assets:		
Cash and cash equivalents		4,239,827
Due from other governments		32,136
Capital assets:		
Land		3,359,571
Construction in progress		606,455
Other capital assets, net of accumulated depreciation		<u>8,225,527</u>
Total Assets		<u>18,659,635</u>

Deferred Outflows of Resources:

Deferred amounts related to pensions		<u>224,140</u>
Total Deferred Outflows of Resources		<u>224,140</u>

Liabilities:

Accounts payable		263,073
Accrued expenses		162,629
Long-term liabilities:		
Due within one year:		
General obligation warrants		80,000
Accumulated annual leave		117,658
Due after one year:		
General obligation warrants, net of original issue discount		1,914,388
Accumulated annual leave		470,634
Net pension liability		<u>224,430</u>
Total Liabilities		<u>3,232,812</u>

Deferred Inflows of Resources:

Deferred amounts related to pensions		<u>74,492</u>
Total Deferred Inflows of Resources		<u>74,492</u>

Net Position:

Net investment in capital assets		10,197,165
Restricted for:		
Street and road improvements		3,875,881
Capital projects		79,151
Public safety		356,104
Unrestricted		<u>1,068,170</u>
Total Net Position	\$	<u>15,576,471</u>

See accompanying notes to the basic financial statements.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets
Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Functions/Programs					
Governmental activities:					
General government	\$ 1,730,933	\$ 437,368	\$ 45,909	\$ 153,967	\$ (1,093,689)
Law enforcement	40,892	941	-	-	(39,951)
Public safety	796,755	757,723	-	-	(39,032)
Building and inspection	577,476	331,023	-	-	(246,453)
Public works	1,431,757	-	344,795	-	(1,086,962)
Park and recreation	878,534	107,776	-	-	(770,758)
Community center	399,755	23,540	15,000	-	(361,215)
Library	19,878	-	-	-	(19,878)
Senior center	202,245	-	-	-	(202,245)
Historical - Hillcrest Manor	35,677	-	-	-	(35,677)
Interest on long-term debt	64,231	-	-	-	(64,231)
Total Governmental Activities	\$ 6,178,133	\$ 1,658,371	\$ 405,704	\$ 153,967	(3,960,091)
General Revenues:					
Sales tax					3,292,283
Franchise tax					874,319
Property tax					322,697
Intergovernmental - unrestricted					245,596
Capital asset donations					2,723,750
Other income					72,184
Total General Revenues					7,530,829
Change in Net Position					3,570,738
Net Position, Beginning					12,005,733
Net Position, Ending					\$ 15,576,471

See accompanying notes to the basic financial statements.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2019

	General Fund	State Capital Improvements Fund	Seven Cent Gasoline Tax Fund	Four and Five Cent Gasoline Tax Fund	Public Safety Fund	State Motor Vehicle License Fund	Total Governmental Funds
Assets							
Assets:							
Cash and cash equivalents	\$ 1,740,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,740,245
Accounts receivable:							
Due from other governments	18,418	-	-	-	-	-	18,418
Sale tax	382,023	-	-	-	-	-	382,023
Franchise tax	49,086	-	-	-	-	-	49,086
Business licenses	6,347	-	-	-	-	-	6,347
Restricted assets:							
Cash and cash equivalents	-	80,448	1,285,120	2,475,756	359,127	39,376	4,239,827
Due from other governments	-	-	17,242	14,704	-	190	32,136
Due from general and gas tax funds	-	-	<u>22,593</u>	<u>35,178</u>	-	-	<u>57,771</u>
Total Assets	<u>\$ 2,196,119</u>	<u>\$ 80,448</u>	<u>\$ 1,324,955</u>	<u>\$ 2,525,638</u>	<u>\$ 359,127</u>	<u>\$ 39,566</u>	<u>\$ 6,525,853</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 257,689	\$ 1,297	\$ 1,064	\$ -	\$ 3,023	\$ -	\$ 263,073
Accrued expenses	162,629	-	-	-	-	-	162,629
Due to gas tax funds	<u>44,558</u>	<u>-</u>	<u>13,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,771</u>
Total Liabilities	<u>464,876</u>	<u>1,297</u>	<u>14,277</u>	<u>-</u>	<u>3,023</u>	<u>-</u>	<u>483,473</u>
Fund Balance:							
Unassigned	1,731,243	-	-	-	-	-	1,731,243
Restricted	<u>-</u>	<u>79,151</u>	<u>1,310,678</u>	<u>2,525,638</u>	<u>356,104</u>	<u>39,566</u>	<u>4,311,137</u>
Total Fund Balances	<u>1,731,243</u>	<u>79,151</u>	<u>1,310,678</u>	<u>2,525,638</u>	<u>356,104</u>	<u>39,566</u>	<u>6,042,380</u>
Total Liabilities and Fund Balances	<u>\$ 2,196,119</u>	<u>\$ 80,448</u>	<u>\$ 1,324,955</u>	<u>\$ 2,525,638</u>	<u>\$ 359,127</u>	<u>\$ 39,566</u>	<u>\$ 6,525,853</u>

See accompanying notes to the basic financial statements.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2019

Total Fund Balances for Governmental Funds \$ 6,042,380

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	\$ 16,052,412	
Less: Accumulated depreciation	<u>(3,860,859)</u>	12,191,553

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

General obligation warrants, net of original issue discount	\$ (1,994,388)	
Accumulated annual leave	(588,292)	
Net Pension liability	<u>(224,430)</u>	(2,807,110)

Deferred outflows and inflows of resources related to pension plans do not provide or require the use of current financial resources, therefore, are not reported in the fund statements.

Deferred outflow of resources	\$ 224,140	
Deferred inflow of resources	<u>(74,492)</u>	<u>149,648</u>

Net Position of Governmental Activities \$ 15,576,471

See accompanying notes to the basic financial statements.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	State Capital Improvements Fund	Seven Cent Gasoline Tax Fund	Four and Five Cent Gasoline Tax Fund	Public Safety Fund	State Motor Vehicle License Fund	Total Governmental Funds
Revenues:							
Sales tax	\$ 3,292,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,292,283
Franchise tax	874,319	-	-	-	-	-	874,319
Property tax	322,697	-	-	-	-	-	322,697
Licenses and permits	768,391	-	-	-	-	-	768,391
Traffic violations	-	-	-	-	757,723	-	757,723
Intergovernmental	245,596	153,967	179,525	162,822	-	2,448	744,358
Other income	265,330	-	-	-	-	20	265,350
Total Revenues	<u>5,768,616</u>	<u>153,967</u>	<u>179,525</u>	<u>162,822</u>	<u>757,723</u>	<u>2,468</u>	<u>7,025,121</u>
Expenditures:							
Current:							
General government	1,549,415	-	-	-	-	-	1,549,415
Law enforcement	40,892	-	-	-	-	-	40,892
Public Safety	-	-	-	-	774,738	-	774,738
Building and inspection	570,864	-	-	-	-	-	570,864
Public works	1,222,833	-	57,864	-	-	29	1,280,726
Park and recreation	791,482	-	-	-	-	-	791,482
Community center	351,493	-	-	-	-	-	351,493
Library	18,238	-	-	-	-	-	18,238
Senior center	175,861	-	-	-	-	-	175,861
Historical - Hillcrest Manor	16,935	-	-	-	-	-	16,935
Debt service:							
Principal	80,000	-	-	-	-	-	80,000
Interest	62,576	-	-	-	-	-	62,576
Capital outlays	<u>1,290,615</u>	<u>604,217</u>	<u>130,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,025,317</u>
Total Expenditures	<u>6,171,204</u>	<u>604,217</u>	<u>188,349</u>	<u>-</u>	<u>774,738</u>	<u>29</u>	<u>7,738,537</u>
Net Change in Fund Balances	(402,588)	(450,250)	(8,824)	162,822	(17,015)	2,439	(713,416)
Fund Balances, Beginning	<u>2,133,831</u>	<u>529,401</u>	<u>1,319,502</u>	<u>2,362,816</u>	<u>373,119</u>	<u>37,127</u>	<u>6,755,796</u>
Fund Balances, Ending	<u>\$ 1,731,243</u>	<u>\$ 79,151</u>	<u>\$ 1,310,678</u>	<u>\$ 2,525,638</u>	<u>\$ 356,104</u>	<u>\$ 39,566</u>	<u>\$ 6,042,380</u>

See accompanying notes to the basic financial statements.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (713,416)

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 are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$	2,025,317	
Depreciation expense		<u>(416,962)</u>	1,608,355

The increase in accumulated annual leave of \$189,900 is reported as an in expense in the statement of activities, but the increase does not require the use of current financial resources and is not reported in the governmental funds. (189,899)

Donations of capital assets are reported as revenue in the the statement of activities and are reported at their estimated fair value on the date donated. However, donations of capital assets do not provide current financial resources and are not reported in the governmental funds. The City received donated capital assets of \$2,723,750 during the fiscal year. 2,723,750

Repayment of debt principal is an expenditure in the governmental funds since it requires the use of current financial resources, but the repayment reduces long-term liabilities in the statement of net position. Long-term debt principal payments totaled \$80,000 during the fiscal year. 80,000

The amortization of original issue discount is reported as an expense in the statement of activities. However, the amortization of the original issue discount does not require the use of current financial resources and therefore is not recorded as an expenditure in the fund financial statements. (1,655)

Governmental funds report City pension contributions as expenditures. However, in the statement of activities, pension expense is based on changes in the net pension liability and pension related deferred outflow and inflow accounts. This is the amount that pension expenditures in the governmental funds exceeded pension expense in the government-wide statement of activities. 63,603

Change in Net Position of Governmental Activities \$ 3,570,738

See accompanying notes to the basic financial statements.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Center Point, Alabama (the "City") was incorporated on March 18, 2002. The city operates under a Mayor-Council form of government and provides various services to its citizens.

The financial statements of the City have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies of the City are described below.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the city as a whole.

The statement of net position includes all assets and liabilities of the City. The statement is presented on the accrual method of accounting which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional activity. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities and are specifically restricted for a particular purpose; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenue sources not properly included with the program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided within the City's basic financial statements. All of the City's activities are reported in governmental funds, which provide a detailed short term view of the City's government operations and the basic services it provides.

The emphasis of the fund financial statements is on major governmental funds. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The City's major funds are described below.

General fund - reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Seven Cent Gasoline Tax Fund - special revenue fund which accounts for the City's share of the state seven cent gasoline taxes and inspection fees. Revenues from these taxes are restricted for street and road improvements and maintenance and must be maintained in a separate fund.

Four and Five Cent Gasoline Taxes Fund - special revenue fund which accounts for the City's share of the state four and five cent gasoline taxes. Revenues from these taxes are restricted for street and road improvements and maintenance and must be maintained in a separate fund.

State Capital Improvements Fund - accounts for the City's share of 10% of the interest derived from the investment of the Alabama Trust Fund. Revenues are restricted for capital improvement purposes and must be maintained in a separate fund.

Public Safety Fund - special revenue fund which accounts for the financial resources associated with traffic violations and other public safety related matters. Revenues are restricted for public safety purposes.

State Motor Vehicle License Fund - special revenue fund which accounts for the City's share of the state motor vehicle license on trucks and truck tractors using the public highways of Alabama. Revenues from these taxes are restricted for street and highway improvements.

(Continued)

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

As of September 30, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned — all other spendable amounts.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; Basis of accounting refers to the point at which revenues or expenses/expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Government fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest payments which are reported as expenditures in the year due.

Major sources of revenue susceptible to accrual include: sales taxes, franchise taxes, business licenses, and intergovernmental revenues (state and county shared revenues).

Cash and Investments

The City considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

State statutes allow the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Alabama Government obligations, County Government obligations, and other Municipal Government obligations.

Accounts Receivable

The City reports accounts receivable for state and county shared revenues (due from other governments), sales taxes, franchise taxes, and business licenses in the government-wide statement of net position and the fund financial statement balance sheet.

Prepaid Assets

The City uses the consumption method to account for prepaid expenses. Under the consumption method, prepaid items are reported as an asset when purchased and are recognized as an expense/expenditure when used.

Property Taxes

Property taxes attach as enforceable lien as of January 1. Taxes are levied on October 1 and are due and payable between October 1 and December 31. The County bills and collects the taxes and remits them to City monthly.

(Continued)

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The accounting treatment for property, plant, and equipment depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements property, plant and equipment are accounted for as capital assets and reported in the statement of net position. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of three years or more. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated property and equipment are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of property, plant, and equipment is provided using the straight line method at rates based on the following estimated useful lives.

<u>Description</u>	<u>Lives</u>
Vehicles	5
Computer equipment	5
Furniture and fixtures	10
Equipment	10
Leasehold and land improvements	20
Infrastructure	20
Buildings	40

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Debt

The accounting treatment for long-term debt differs in the government-wide and the fund financial statements.

Government-Wide Financial Statements

All long-term debt to be repaid from governmental resources are reported as long-term liabilities in the government-wide statement of net position. General obligation warrants are reported net of the applicable premium or discount. Premiums and discounts are amortized over the life of the issuance using the effective interest method.

Fund Financial Statements

Long-term debt for governmental funds is not reported as a liability in the fund balance sheet. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures in statement of revenues, expenditures and changes in fund balances.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The City reports deferred outflows of resources in the government-wide statement of net position for employer retirement contributions that are contributed subsequent to the measurement date of the net pension liability and before the end of the current reporting period.

In addition to liabilities, the statement of financial 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. The City reports deferred inflows of resources in the government-wide statement of net position for the difference between projected and actual earnings on pension plan investments

(Continued)

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position reported in the government-wide statement of net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is categorized as net investment in capita assets, restricted and unrestricted.

Net investment in capital assets - represents capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition, construction or improvement of those assets, and adding back unspent outstanding debt proceeds.

Restricted - represents the City's net position with limitations on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City would typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted - represents the City's net position which is neither invested in capital assets or restricted and therefore available for all government operations.

Accumulated Annual Leave

The City provides annual sick and vacation leave for all full time employees of the City. The City accrues accumulated annual leave based on the rules and regulations set forth by the Personnel Board of Jefferson County.

Use of Estimates

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interfund Activity

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Budgetary Data

The City adopts an annual budget for all funds. The budget to actual comparisons and the procedures for establishing the budgetary data is reported as required supplementary information which immediately follows the notes to the basic financial statements.

Date of Management Review

Subsequent events have been evaluated through November 20, 2020, which is the date the financial statements were available to be issued.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 2: CASH AND CASH EQUIVALENTS

The bank's holding the City's deposits are certified participants in the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury.

Cash and cash equivalents include both restricted and unrestricted deposits. Unrestricted deposits are available to fund all government activities. At September 30, 2019 the City's unrestricted deposits totaled \$1,740,245. Restricted deposits are those deposits with limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. These deposits have been designated for a specific future purpose and are not available for general government activities. At September 30, 2019, the City's restricted deposits totaled \$4,239,827.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2019 was as follows:

	<u>Balance</u> <u>9/30/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/19</u>
Capital assets not being depreciated:				
Land	\$ 1,435,421	\$ 1,924,150	\$ -	\$ 3,359,571
Construction in progress	<u>475,970</u>	<u>130,485</u>	<u>-</u>	<u>606,455</u>
Total capital assets not being depreciated	<u>1,911,391</u>	<u>2,054,635</u>	<u>-</u>	<u>3,966,026</u>
Capital assets being depreciated:				
Buildings and improvements	4,406,203	2,188,814	-	6,595,017
Land improvements	1,368,147	278,752	-	1,646,899
Infrastructure	1,964,094	-	-	1,964,094
Furniture and fixtures	124,665	96,437	-	221,102
Computer equipment	104,259	5,358	-	109,617
Vehicles	530,405	70,505	-	600,910
Equipment	<u>894,181</u>	<u>54,566</u>	<u>-</u>	<u>948,747</u>
Total capital assets being depreciated	<u>9,391,954</u>	<u>2,694,432</u>	<u>-</u>	<u>12,086,386</u>
Less: accumulated depreciation for:				
Buildings and improvements	(860,598)	(138,978)	-	(999,576)
Land improvements	(604,153)	(69,857)	-	(674,010)
Infrastructure	(836,772)	(98,205)	-	(934,977)
Furniture and fixtures	(112,633)	(5,053)	-	(117,686)
Computer equipment	(100,389)	(2,017)	-	(102,406)
Vehicles	(398,554)	(46,181)	-	(444,735)
Equipment	<u>(530,798)</u>	<u>(56,671)</u>	<u>-</u>	<u>(587,469)</u>
Total accumulated depreciation	<u>(3,443,897)</u>	<u>(416,962)</u>	<u>-</u>	<u>(3,860,859)</u>
Total capital assets being depreciated, net	<u>5,948,057</u>	<u>2,277,470</u>	<u>-</u>	<u>8,225,527</u>
Total capital assets, net	<u>\$ 7,859,448</u>	<u>\$ 4,332,105</u>	<u>\$ -</u>	<u>\$ 12,191,553</u>

(Continued)

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 3: CAPITAL ASSETS (Continued)

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

General government	\$	55,223
Public safety		22,016
Building and inspection		6,612
Public works		151,032
Park and recreation		87,052
Community center		48,262
Library		1,639
Senior center		26,384
Historical - Hillcrest Manor		<u>18,742</u>
Total depreciation expense	\$	<u>416,962</u>

NOTE 4: LONG-TERM LIABILITIES

Long-term liability activity for the year ended Septembers 30, 2019 was as follows

	<u>Balance</u> <u>9/30/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/19</u>	<u>Due Within</u> <u>One Year</u>
General obligation warrants	\$ 2,105,000	\$ -	\$ 80,000	\$ 2,025,000	\$ 80,000
Less: Original issue discount	<u>(32,267)</u>	<u>-</u>	<u>(1,655)</u>	<u>(30,612)</u>	<u>-</u>
General obligation warrants, net	2,072,733	-	78,345	1,994,388	80,000
Accumulated annual leave	398,393	189,899	-	588,292	117,658
Net pension liability	<u>238,156</u>	<u>-</u>	<u>13,726</u>	<u>224,430</u>	<u>-</u>
Total long-term liabilities	\$ <u>2,709,282</u>	\$ <u>189,899</u>	\$ <u>92,071</u>	\$ <u>2,807,110</u>	\$ <u>197,658</u>

On December 28, 2017, the City issued general obligation warrants totaling \$2,105,000. The General Obligation Warrants were issued for the purpose of acquiring land and a building as a site for a community center and library.

General obligation warrants of City at September 30, 2019 are comprised of the following individual issues:

<u>Description</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>Dates</u>	<u>Source of Payment</u>	<u>Principal</u> <u>Issued</u>	<u>Principal</u> <u>Outstanding</u> <u>September 30,</u> <u>2019</u>
General Obligation Warrant - Series A Year of final maturity, 2038 (Community Center and Library)	2.75%-3.25%	February 1 August 1	Full faith credit and taxing power of the City of Center Point	\$ 1,430,000	\$ 1,430,000
General Obligation Warrant - Series B Year of final maturity, 2026 (Community Center and Library)	2.55%-3.40%	February 1 August 1	Full faith credit and taxing power of the City of Center Point	<u>675,000</u>	<u>595,000</u>
Total general obligation warrants				\$ <u>2,105,000</u>	\$ <u>2,025,000</u>

(Continued)

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 4: LONG-TERM LIABILITIES (Continued)

The following schedule shows debt service to maturity for the general obligation warrants:

Fiscal Year	Principal	Interest	Total
2020	\$ 80,000	\$ 60,536	\$ 140,536
2021	80,000	58,356	138,356
2022	85,000	55,964	140,964
2023	85,000	53,414	138,414
2024	90,000	50,701	140,701
2025	95,000	47,691	142,691
2026	95,000	44,510	139,510
2027	100,000	41,569	141,569
2028	105,000	38,750	143,750
2029	105,000	35,731	140,731
2030	110,000	32,506	142,506
2031	110,000	29,206	139,206
2032	115,000	25,831	140,831
2033	120,000	22,306	142,306
2034	120,000	18,706	138,706
2035	125,000	14,953	139,953
2036	130,000	10,969	140,969
2037	135,000	6,744	141,744
2038	140,000	2,275	142,275
Total	<u>\$ 2,025,000</u>	<u>\$ 650,718</u>	<u>\$ 2,675,718</u>

NOTE 5: NET ASSETS

Net position at September 30, 2019 reported in the government-wide statement of net position consisted of the following:

<u>Net investment in capital assets:</u>	
Capital assets, net of accumulated depreciation	\$ 12,191,553
Less: related debt	<u>(1,994,388)</u>
Net investment in capital assets	<u>\$ 10,197,165</u>
<u>Restricted:</u>	
State shared revenues restricted for street and road improvements and maintenance	\$ 3,875,881
State shared revenues restricted for capital improvements	79,151
Traffic violation revenues restricted for public safety	<u>356,104</u>
Total restricted	<u>\$ 4,311,136</u>
<u>Unrestricted</u>	<u>\$ 1,068,170</u>
Total Net Position	<u>\$ 15,576,471</u>

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 6: LEASING ARRANGEMENTS

The City subleases portions of the City Hall building to the Center Point Fire District and the Jefferson County Committee for Economic Opportunity. The term of the sublease is twenty years, beginning April 1, 2003, through March, 31, 2023. The term of the sublease is not dependent upon the payment of any rental payments, full consideration being provided by the organizations promises to maintain and operate those activities defined in the sublease agreement.

NOTE 7: COMMITMENTS

The City has entered into an agreement with the Jefferson County Sheriff's Department to provide law enforcement protection services for the citizens of the City of Center Point, Alabama. The City has budgeted \$556,000 for law enforcement services for the upcoming fiscal year. The City also provides garbage collection services for the citizens and has budgeted \$70,000 for garbage collection fees for the upcoming fiscal year. The City has also entered into various agreements with outside vendors to provide such services as animal control, engineering and landscaping services.

NOTE 8: GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The statement of activities reports the expenses of a given function offset by program revenues directly connected with that functional program. Program revenues include: (1) fees, fines and charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. The components of these revenue sources are as follows:

Fees, fines and charges for services:

Business licenses	\$	437,368
Traffic violations		757,723
Building and sign permits		331,023
Other		<u>132,257</u>
Total fees, fines and charges for services	\$	<u><u>1,658,371</u></u>

Operating grants and contributions:

State shared gasoline taxes:		
Four and five cent gasoline tax	\$	162,822
Seven cent gasoline tax		179,525
Motor vehicle license tag tax		2,448
Restricted grants		<u>60,909</u>
Total operating grants and contributions	\$	<u><u>405,704</u></u>

Capital grants and contributions:

State shared revenues	\$	<u>153,967</u>
Total capital grants and contributions	\$	<u><u>153,967</u></u>

NOTE 9: INTERFUND ACTIVITY

At September 30, 2019, amounts due to/from various funds are as follows:

Due to/from funds:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>
Seven Cent Gas Tax Fund	General Fund	\$ 22,593
Four and Five Cent Gas Tax Fund	General Fund	21,965
Four and Five Cent Gas Tax Fund	Seven Cent Gas Tax Fund	<u>13,213</u>
		<u><u>\$ 57,771</u></u>

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 10: RETIREMENT BENEFITS

Summary of Significant Accounting Policies

Pensions. The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the 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.

General Information about the Pension Plan

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

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.

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.

(Continued)

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 10: RETIREMENT BENEFITS (Continued)

As of September 30, 2018, the most recent measurement period available, the following employees of the City were covered by the plan:

	<u>Number</u>
Retired Members or their Beneficiaries currently receiving benefits	3
Vested Inactive Members	0
Non-vested Inactive Members	6
Active Members	43
Post-DROP Retired Members Still in Active Service	<u>0</u>
Total	<u><u>52</u></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. ERS local participating employers are not required by statute to increase contribution rates for their members.

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

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, 2019, the City's active employee contribution rate was 6.20% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 5.83% of pensionable pay.

The City's contractually required contribution rate for the year ended September 30, 2018 was 6.20% of pensionable pay for Tier 1 employees, and 3.12% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2016, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$95,179 for the year ended September 30, 2019.

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017, rolled forward to September 30, 2018 using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual</u>
Total Pension Liability as of September 30, 2017 (a)	\$ 1,796,028	\$ 1,846,131
Discount rate (b)	7.75%	7.70%
Entry Age Normal Cost for October 1, 2017-September 30, 2018 (c)	105,118	105,944
Transfers Among Employers (d)		42,500
Actual Benefit Payments and Refunds for October 1, 2017-September 30, 2018 (e)	<u>(72,100)</u>	<u>(72,100)</u>
Total Pension Liability as of September 30, 2018 [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + .05*(b))]	<u>\$ 1,965,444</u>	<u>\$ 2,061,852</u>

(Continued)

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 10: RETIREMENT BENEFITS (Continued)

Actuarial assumptions. The total pension liability as of September 30, 2018 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2017. The key actuarial assumptions are summarized below:

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

*Net of pension plan investment expense

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

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

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

	<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 Equivalents	<u>3.00%</u>	1.50%
Total	<u>100.00%</u>	

* Includes assumed rate of inflation of 2.5%.

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

(Continued)

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 10: RETIREMENT BENEFITS (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a) - (b)
Balance at 9/30/2017	\$ 1,796,028	\$ 1,557,872	\$ 238,156
Changes for the year:			
Service cost	105,118	-	105,118
Interest	136,398	-	136,398
Change in assumptions	12,409	-	12,409
Differences between expected and actual experience	41,499	-	41,499
Contributions - employer	-	71,525	(71,525)
Contributions - employee	-	87,461	(87,461)
Net investment income	-	150,164	(150,164)
Benefit payments, including refunds of employee contributions	(72,100)	(72,100)	-
Transfers among Employers	42,500	42,500	-
Net Changes	<u>265,824</u>	<u>279,550</u>	<u>(13,726)</u>
Balance at 9/30/2018	<u>\$ 2,061,852</u>	<u>\$ 1,837,422</u>	<u>\$ 224,430</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%)
District's net pension liability	\$ 501,976	\$ 224,430	\$ (6,150)

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, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2018. The auditor's report dated August 17, 2019 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 <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2019, the City recognized pension expense of \$25,599. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,213	\$ 17,658
Changes of assumptions	32,748	-
Net differences between projected and actual earnings on pension plan investments	-	56,834
Employer contributions subsequent to the measurement date	<u>95,179</u>	<u>-</u>
Total	<u>\$ 224,140</u>	<u>\$ 74,492</u>

(Continued)

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019

NOTE 10: RETIREMENT BENEFITS (Continued)

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

<u>Year Ended</u> <u>September 30.</u>		
2020	\$	4,059
2021		(9,415)
2022		(4,529)
2023		9,593
2024		18,550
Thereafter		36,211

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omission; injuries to employees and natural disaster. During the current fiscal year the City contracted with a local insurance carrier for liability, property, and crime damage insurance. The City provides health insurance for its employees which is administered by the State Employees Insurance Board. The City also maintains workers' compensation insurance by paying annual premiums which is based on accident history and administrative costs.

NOTE 12: CONTINGENT LIABILITIES

The City is subject to various claims arising in the ordinary course of business. It is the opinion of the City's management that all such matters are adequately covered by insurance and should not have an adverse material effect on the City's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Sales tax	\$ 3,177,532	\$ 3,177,532	\$ 3,292,283	\$ 114,751
Franchise tax	776,000	776,000	874,319	98,319
Property tax	400,000	400,000	322,697	(77,303)
Licenses and permits	737,260	737,260	768,391	31,131
Intergovernmental	265,600	265,600	245,596	(20,004)
Other income	<u>354,618</u>	<u>354,618</u>	<u>265,330</u>	<u>(89,288)</u>
Total Revenues	<u>5,711,010</u>	<u>5,711,010</u>	<u>5,768,616</u>	<u>57,606</u>
Expenditures:				
Current:				
General government	1,570,660	1,570,660	1,549,415	21,245
Law enforcement	83,888	83,888	40,892	42,996
Building and inspection	612,705	612,705	570,864	41,841
Public works	1,270,542	1,270,542	1,222,833	47,709
Park and recreation	835,887	835,887	791,482	44,405
Community center	315,437	315,437	351,493	(36,056)
Library	9,117	9,117	18,238	(9,121)
Senior center	173,400	173,400	175,861	(2,461)
Historical - Hillcrest Manor	29,798	29,798	16,935	12,863
Debt service:				
Principal	80,000	80,000	80,000	-
Interest	62,576	62,576	62,576	-
Capital outlays	<u>667,000</u>	<u>667,000</u>	<u>1,290,615</u>	<u>(623,615)</u>
Total Expenditures	<u>5,711,010</u>	<u>5,711,010</u>	<u>6,171,204</u>	<u>(460,194)</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	(402,588)	<u>\$ (402,588)</u>
Fund Balance, Beginning			<u>2,133,831</u>	
Fund Balance, Ending			<u>\$ 1,731,243</u>	

See accompanying notes to the budgetary comparison schedule.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>State Capital Improvements Fund:</u>			
Revenues:			
Intergovernmental	\$ <u>150,000</u>	\$ <u>153,967</u>	\$ <u>3,967</u>
Total Revenues	<u>150,000</u>	<u>153,967</u>	<u>3,967</u>
Expenditures:			
Capital outlays	<u>150,000</u>	<u>604,217</u>	<u>(454,217)</u>
Total Expenditures	<u>150,000</u>	<u>604,217</u>	<u>(454,217)</u>
Net Change in Fund Balance	\$ <u>0</u>	(450,250)	\$ <u>(450,250)</u>
Fund Balance, Beginning		<u>529,401</u>	
Fund Balance, Ending		\$ <u>79,151</u>	
<u>Seven Cent Gasoline Tax Fund:</u>			
Revenues:			
Intergovernmental	\$ <u>175,000</u>	\$ <u>179,525</u>	\$ <u>4,525</u>
Total Revenues	<u>175,000</u>	<u>179,525</u>	<u>4,525</u>
Expenditures:			
Current:			
Public works	55,000	57,864	(2,864)
Capital outlays	<u>120,000</u>	<u>130,485</u>	<u>(10,485)</u>
Total Expenditures	<u>175,000</u>	<u>188,349</u>	<u>(13,349)</u>
Net Change in Fund Balance	\$ <u>0</u>	(8,824)	\$ <u>(8,824)</u>
Fund Balance, Beginning		<u>1,319,502</u>	
Fund Balance, Ending		\$ <u>1,310,678</u>	

See accompanying notes to the budgetary comparison schedule.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Four and Five Cent Gasoline Tax Fund:</u>			
Revenues:			
Intergovernmental	\$ <u>160,000</u>	\$ <u>162,822</u>	\$ <u>2,822</u>
Total Revenues	<u>160,000</u>	<u>162,822</u>	<u>2,822</u>
Net Change in Fund Balance	\$ <u>160,000</u>	162,822	\$ <u>2,822</u>
Fund Balance, Beginning		<u>2,362,816</u>	
Fund Balance, Ending		\$ <u>2,525,638</u>	
<u>Public Safety Fund:</u>			
Revenues:			
Traffic Violations	\$ <u>550,000</u>	\$ <u>757,723</u>	\$ <u>207,723</u>
Total Revenues	<u>550,000</u>	<u>757,723</u>	<u>207,723</u>
Expenditures:			
Current:			
Public Safety	<u>550,000</u>	<u>774,738</u>	<u>(224,738)</u>
Total Expenditures	<u>550,000</u>	<u>774,738</u>	<u>(224,738)</u>
Net Change in Fund Balance	\$ <u>0</u>	(17,015)	\$ <u>(17,015)</u>
Fund Balance, Beginning		<u>373,119</u>	
Fund Balance, Ending		\$ <u>356,104</u>	
<u>State Motor Vehicle License Fund:</u>			
Revenues:			
Intergovernmental	\$ <u>2,400</u>	\$ <u>2,448</u>	\$ <u>48</u>
Other income	<u>0</u>	<u>20</u>	<u>20</u>
Total Revenues	<u>2,400</u>	<u>2,468</u>	<u>68</u>
Expenditures:			
Current:			
Public Safety	<u>2,400</u>	<u>29</u>	<u>2,371</u>
Total Expenditures	<u>2,400</u>	<u>29</u>	<u>2,371</u>
Net Change in Fund Balance	\$ <u>0</u>	2,439	\$ <u>2,439</u>
Fund Balance, Beginning		<u>37,127</u>	
Fund Balance, Ending		\$ <u>39,566</u>	

See accompanying notes to the budgetary comparison schedule.

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
NOTES TO BUDGETARY COMPARISON INFORMATION
AS OF SEPTEMBER 30, 2019

BUDGETS AND BUDGETARY ACCOUNTING

The procedures followed by the City of Center Point, Alabama in establishing the budgetary data reflected in the budgetary comparison schedules are as follows:

- The City's annual budget was prepared on the modified accrual basis of accounting.
- The City adopts an annual budget for all funds.
- Formal budgetary integration is employed as a management control device during the year.
- The budget amounts shown in the budgetary comparison schedule are the final authorized amounts as revised during the year.
- Appropriations for annually budgeted funds lapse at fiscal year end..

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY'
EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:					
Service Cost	\$ 105,118	\$ 107,278	\$ 109,474	\$ 94,053	\$ 91,654
Interest	136,398	121,346	97,387	90,638	81,388
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	41,499	24,397	59,173	(35,770)	-
Changes of assumptions	12,409	-	31,708	-	-
Benefit payments, including refunds of employee contributions	(72,100)	(74,580)	(71,643)	(57,489)	(57,330)
Transfers among employers	<u>42,500</u>	<u>14,547</u>	<u>123,786</u>	<u>-</u>	<u>-</u>
Net change in total pension liability	265,824	192,988	349,885	91,432	115,712
Total pension liability - beginning	<u>1,796,028</u>	<u>1,603,040</u>	<u>1,253,155</u>	<u>1,161,723</u>	<u>1,046,011</u>
Total pension liability - ending (a)	<u>\$ 2,061,852</u>	<u>\$ 1,796,028</u>	<u>\$ 1,603,040</u>	<u>\$ 1,253,155</u>	<u>\$ 1,161,723</u>
 Plan Fiduciary Net Position:					
Contributions - employer	\$ 71,525	\$ 61,134	\$ 58,429	\$ 63,339	\$ 55,668
Contributions - member	87,461	64,198	62,645	62,002	52,579
Net investment income	150,164	173,124	113,950	11,731	101,496
Benefit payments, including refunds of employee contributions	(72,100)	(74,580)	(71,643)	(57,489)	(57,330)
Transfers among employers	<u>42,500</u>	<u>14,547</u>	<u>123,786</u>	<u>(4,297)</u>	<u>(31,691)</u>
Net change in plan fiduciary net position	279,550	238,423	287,167	75,286	120,722
Plan net position - beginning	<u>1,557,872</u>	<u>1,319,449</u>	<u>1,032,282</u>	<u>956,996</u>	<u>836,274</u>
Plan net position - ending (b)	<u>\$ 1,837,422</u>	<u>\$ 1,557,872</u>	<u>\$ 1,319,449</u>	<u>\$ 1,032,282</u>	<u>\$ 956,996</u>
 Net pension Liability (asset) - ending (a) - (b)	<u>\$ 224,430</u>	<u>\$ 238,156</u>	<u>\$ 283,591</u>	<u>\$ 220,873</u>	<u>\$ 204,727</u>
 Plan fiduciary net position as a percentage of the total pension liability	89.12%	86.74%	82.31%	82.37%	82.38%
 Covered-employee payroll	<u>\$ 1,617,650</u>	<u>\$ 1,202,334</u>	<u>\$ 1,194,107</u>	<u>\$ 1,177,012</u>	<u>\$ 1,012,615</u>
 Net pension liability (asset) as a percentage of covered-employee payroll	13.88%	19.81%	23.75%	18.77%	20.22%

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 95,179	\$ 77,501	\$ 65,581	\$ 63,262	\$ 71,960
Contributions in relation to the actuarially determined contributions	<u>95,179</u>	<u>77,501</u>	<u>65,581</u>	<u>63,262</u>	<u>71,960</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 1,927,242	\$ 1,617,650	\$ 1,202,334	\$ 1,194,107	\$ 1,177,012
Contributions as a percentage of covered-employee payroll	4.94%	4.79%	5.45%	5.30%	6.11%

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 2019 were based on the September 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2018 to September 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	14.1 years
Asset valuation method	5-year smoothed market
Inflation	2.875%
Salary increases	3.375 - 5.125%, including inflation
Investment rate of return	7.875%, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
SCHEDULE OF GOVERNMENTAL ACTIVITIES EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

General Government:

Alabama League of Municipalities	\$ 6,510
Animal control	31,082
Auto and truck expenses	2,646
City promotions	6,561
Council expense	39,294
Chamber of commerce	164,700
Computer maintenance and support	21,147
Depreciation	55,223
Donations - Center Point Fire District	125,788
Donations - Schools/Education	108,000
Dues and subscriptions	11,069
Education and training	19,467
Employee health insurance	21,815
Equipment maintenance	3,649
Garbage collection services	52,193
Grant writing	3,218
GPS expense	6,144
Holiday decorations	9,951
Insurance	96,517
Jefferson County Emergency Management	22,725
Jefferson County Personnel Board	30,109
Jefferson County Transit Authority	28,906
Lease expense	7,191
Miscellaneous	6,696
Newsletter	3,277
Office supplies and materials	8,816
Other operating supplies	9,174
Payroll taxes	31,969
Planning and zoning	1,058
Postage	2,739
Professional services	315,338
Regional Planning Commission	10,237
Repairs and maintenance	13,528
Sales tax collection fees	45,991
Salaries	348,719
Special events	4,331
State retirement expense	3,675
Telephone	9,926
Utilities	41,554

Total General Government Expenses \$ 1,730,933

Law Enforcement:

Employee health insurance	\$ 2,630
Office supplies and materials	27
Payroll taxes	400
Salaries	36,307
State retirement expense	303
Vehicle auctions and towing	1,225

Total Law Enforcement Expenses \$ 40,892

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
SCHEDULE OF GOVERNMENTAL ACTIVITIES EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Public Safety:

Auto and truck expenses	\$ 10,720
Bank and credit card fees	10,698
Computer maintenance and support	574
Depreciation	22,016
Donations - Center Point Fire District	22,979
Dues and subscriptions	803
Education and training	4,451
Employee health insurance	9,957
Fee to state for traffic violations	49,483
Office supplies and materials	2,100
Other operating supplies	10,534
Payroll taxes	4,424
Professional services	26,680
Redflex fees	198,885
Salaries	61,505
Sheriff deputies	354,035
State retirement expense	3,813
Telephone	2,752
Uniforms	<u>346</u>
Total Public Safety Expenses	<u>\$ 796,755</u>

Building and Inspection:

Auto and truck expenses	\$ 10,323
Computer maintenance and support	11,082
Demolition	60,240
Depreciation	6,612
Dues and subscriptions	1,089
Education and training	1,297
Employee health insurance	38,181
Lease expense	2,486
Office supplies and materials	3,537
Operating supplies	2,098
Payroll taxes	27,263
Professional services	523
Postage	17,871
Printing	1,821
Salaries	376,333
State retirement expense	5,184
Telephone	10,406
Uniforms	<u>1,130</u>
Total Building and Inspections Expenses	<u>\$ 577,476</u>

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
SCHEDULE OF GOVERNMENTAL ACTIVITIES EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Public Works:

Auto and truck expenses	\$ 41,542
Buildings and grounds expense	12,930
City beautification	8,761
Computer maintenance and support	3,081
Depreciation	151,032
Dues and subscriptions	552
Education and training	5,611
Employee health insurance	101,538
Equipment maintenance	12,007
Miscellaneous	13,305
Office supplies and materials	1,548
Operating supplies	14,945
Payroll taxes	53,250
Professional services	1,136
Repairs and maintenance	6,578
Salaries and employee leasing services	906,558
State retirement expense	8,036
Street lights	9,719
Street maintenance costs	42,985
Traffic signal expense	5,161
Uniforms	2,693
Utilities	<u>28,789</u>
Total Public Works Expenses	\$ <u>1,431,757</u>

Park and Recreation:

Auto and truck expenses	\$ 12,249
Baseball/softball expense	18,675
Basketball expense	6,048
Buildings and grounds expense	34,884
Computer maintenance and support	3,341
Concessions - ballpark	20,044
Depreciation	87,052
Dues and subscriptions	798
Education and training	2,832
Employee health insurance	56,416
Football/cheerleading expense	49,058
Miscellaneous	443
Office supplies and materials	696
Operating supplies	23,358
Payroll taxes	25,630
Printing	670
Professional services	85
Salaries and employee leasing services	473,924
Special events	6,112
Splash pad	1,564
State retirement expense	3,087
Uniforms	688
Utilities	<u>50,117</u>
Total Park and Recreation Expenses	\$ <u>878,534</u>

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
SCHEDULE OF GOVERNMENTAL ACTIVITIES EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Community Center:

Advertising	\$ 4,863
Computer maintenance and support	135
Depreciation	48,262
Dues and subscriptions	4,080
Employee health insurance	10,832
Lease expense	2,440
Library expenses	270
Miscellaneous	867
Office supplies and materials	2,072
Other operating supplies	19,885
Payroll taxes	10,441
Pest control	3,622
Printing	2,392
Professional services	7,990
Repairs and maintenance	11,454
Salaries and employee leasing services	199,229
Special events	5,114
Summer camp	1,185
Telephone	3,212
Uniforms	852
Utilities	<u>60,558</u>
Total Community Center Expenses	\$ <u>399,755</u>

Library:

Depreciation	\$ 1,639
Miscellaneous	413
Payroll Taxes	555
Repairs and maintenance	2,150
Salaries	11,001
Utilities	<u>4,120</u>
Total Library Expenses	\$ <u>19,878</u>

Senior Center:

Auto and truck expenses	\$ 6,474
Depreciation	26,384
Dues and subscriptions	185
Education and training	475
Employee health insurance	12,276
Equipment maintenance	2,575
Miscellaneous	270
Office supplies and materials	1,058
Other operating supplies	7,804
Payroll taxes	6,908
Professional services	734
Repairs and maintenance	161
Salaries	112,556
State retirement expense	1,500
Special events	4,415
Telephone	2,582
Utilities	<u>15,888</u>
Total Senior Center Expenses	\$ <u>202,245</u>

THE CITY OF CENTER POINT
CENTER POINT, ALABAMA
SCHEDULE OF GOVERNMENTAL ACTIVITIES EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Historical - Hillcrest Manor

Advertising	\$ 1,965
Computer maintenance and support	763
Depreciation	18,742
Miscellaneous	707
Other operating supplies	2,207
Professional services	276
Repairs and maintenance	2,161
Telephone	1,850
Utilities	<u>7,006</u>
Total Historical - Hillcrest Manor	<u>\$ 35,677</u>