

City of Good Hope, Alabama
**Financial Statements and
Supplementary Information
September 30, 2021**

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GOOD HOPE, ALABAMA
For the Year Ended September 30, 2021

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of Good Hope, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the City of Good Hope, Alabama, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, the business-type activities, and each major fund, of the City of Good Hope, Alabama, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, 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 information and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United 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 statement, 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 Good Hope, Alabama's basic financial statements. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining financial statements listed in the table of contents are fairly stated in all material respects in relation to the financial statements taken as a whole.

August 5, 2022
Madison, Alabama

Vance CPA LLC

Vance CPA LLC

Management's Discussion and Analysis
Concerning the Audited Financial Statement
For the Fiscal Year Ended September 30, 2021

The City of Good Hope (City) was incorporated under the laws of the State of Alabama in 1962 and operates under an elected Mayor-Council form of government. The City's elected officials consist of a full-time mayor, who also serves as the wastewater treatment plant superintendent, and five part-time council members, each elected by city-wide vote to serve concurrent four-year terms.

Mayor Jerry Bartlett is the chief executive officer of the City of Good Hope. The Mayor is responsible for the supervision of the daily operations and the officers of the City of Good Hope. The Mayor, with assistance from the City Clerk, prepares the annual budget for the City of Good Hope.

The Council is the legislative body and adopts all policies, procedures, and laws that govern the City of Good Hope. The council is responsible for the financial management and long term planning of the City of Good Hope which includes amending and adopting the annual budget.

The City Clerk/Treasurer, Christie Chamblee, is appointed by the City Council. As City Clerk, she is responsible for preparation of the agenda and the recording of the minutes of all City Council Meeting, she supervises the collection of the revenues for the City of Good Hope, and she serves as custodian of the records and also performs the duties prescribed by law and assigned by the Mayor and Council. As City Treasurer, she is responsible for management of funds for the City of Good Hope and its financial records, she designates all City depositories and authorizes the issuance of payments for the lawful expenditures of City's funds, and she also performs the duties prescribed by law and assigned by the Mayor and Council.

The costs of general government, streets and sanitation, public safety, culture and recreation, as well as appropriations to various public agencies and non-profit groups, debt service for governmental purposes and most matching funds for federal and state grants are paid from the General Fund.

The Wastewater Department is accounted for in enterprise funds.

Overview of the Financial Statements

The annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information and an optional section that presents combining statements for general fund and the non-major governmental funds. Major governmental funds are the general fund and the capital projects fund. The basic financial statements include two kinds of statements that present different views of the City.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the City's sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds which are added together and presented in single columns in the basic financial statements.

The following summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of City of Good Hope’s Government-wide and Fund Financial Statements

| | Government-wide Statements | Fund Statements | |
|--------------------------------------|--|--|--|
| | | Governmental Funds | Proprietary Funds |
| Scope | Entire City government (Except fiduciary funds) and The City’s component units | The activities of the City that are not proprietary or fiduciary such as police, fire and public works | Activities the City operates similar to private businesses; the water and sewer systems |
| Required financial Statements | Statement of net position Statement of activities | Balance Sheet Statement of revenues, expenditures, and changes in fund balances | Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows |
| Accounting basis And measurement | Accrual accounting and economic resource focus | Modified accrual accounting and current financial resources Focus | Accrual accounting and economic resources focus |
| Type of asset/ Liability information | All assets and liabilities, both financial and capital, and Short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital Assets included | All assets and liabilities, both financial and capital, and short-term and long-term |
| Type of inflow/ | All revenues and expense during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid |

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and how it has changed. Net position – the difference between the City’s assets and liabilities – are one way to measure the City’s financial health.

Increases or decreases in the City’s net position are an indicator of whether its financial health is improving or deteriorating, respectively. In order to assess the overall health of the City. However, additional factors such as changes in property tax base, economic growth, unemployment, new and/or expanded businesses and industries, and the condition of the City’s assets and infrastructure must be considered.

The government-wide financial statements of the City are divided into two categories:

Governmental activities - Most of the City’s basic services are included here, such a police, fire, public works and general administration. Property taxes, sales taxes, fees for certain services and state-shared revenues finance most of these activities.

Business-type activities – The City charges fees to customers to cover most of the costs of certain services it provides. The City’s sewer system is self-sustaining.

Fund financial Statements

The fund financial statements provide more detailed information about the City’s most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending of particular purposes. Some funds are required by State law or by bond covenants. The City Council establishes other funds to control and manage money for particular purposes.

The City of Good Hope has two kinds of funds: Governmental Funds and Proprietary Funds.

Most of the City’s basic services are included in **governmental funds** which focus on (1) cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that could be spent in the near future to finance the City’s operations. Additional information is furnished in the notes to the financial statement. The City has one major fund – the general fund.

The collection and disposal of wastewater for which customers are charged fees are accounted for and reported in and **enterprise fund**, one type of Proprietary Fund.

Financial Highlights

- The City’s net position increased \$626,928 over the course of this year’s operation, which was derived from a \$612,355 increase in the net position of the governmental activities and \$14,573 increase in the business-type activities.
- Budgeted revenues in the general fund for fiscal year 2021 were based generally on the previous year’s receipts; however, actual revenues increased during the year due to the improving local economy. Revenues were \$381,823 more than budgeted. General fund expenditures were \$310,092 more than budgeted.
- The most important source of revenue in the general fund for fiscal year 2021 was sales taxes, which produced \$1,306,712 for general purposes. The other major sources of revenue in fiscal year 2021 were beer and alcohol taxes in the amount of \$264,186, the municipal three percent tax in the amount of \$86,688, property taxes in the amount of \$115,222, and charges for services in the amount of \$95,046.

Condensed Financial Statements

**City of Good Hope, Alabama’s Net Position
September 30, 2021 and 2020**

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|----------------------------------|--------------------------------|---------------------|---------------------------------|-------------------|---------------------|---------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Current and other assets | \$ 1,500,409 | \$ 1,648,959 | \$ 162,937 | \$ 183,400 | \$ 1,663,346 | \$ 1,832,359 |
| Capital assets, net | <u>3,819,290</u> | <u>3,386,617</u> | <u>1,686,636</u> | <u>1,648,398</u> | <u>5,505,926</u> | <u>5,035,015</u> |
| Total assets | <u>5,319,699</u> | <u>5,035,576</u> | <u>1,849,573</u> | <u>1,831,798</u> | <u>7,169,272</u> | <u>6,867,374</u> |
| Deferred outflows | <u>125,486</u> | <u>135,377</u> | <u>34,038</u> | <u>41,027</u> | <u>159,524</u> | <u>176,404</u> |
| Current liabilities | <u>96,436</u> | <u>117,941</u> | <u>284,189</u> | <u>157,580</u> | <u>380,625</u> | <u>275,521</u> |
| Long term liabilities | <u>522,140</u> | <u>910,143</u> | <u>750,000</u> | <u>880,396</u> | <u>1,272,140</u> | <u>1,790,539</u> |
| Total liabilities | <u>618,576</u> | <u>1,028,084</u> | <u>1,034,189</u> | <u>1,037,976</u> | <u>1,652,765</u> | <u>2,066,060</u> |
| Deferred inflows | <u>72,409</u> | <u>1,024</u> | <u>—</u> | <u>—</u> | <u>72,409</u> | <u>1,024</u> |
| Net position: | | | | | | |
| Net investment in capital assets | <u>3,288,698</u> | <u>2,526,924</u> | <u>801,636</u> | <u>633,002</u> | <u>4,090,334</u> | <u>3,159,926</u> |
| Restricted | <u>51,967</u> | <u>40,569</u> | <u>141,153</u> | <u>139,120</u> | <u>193,120</u> | <u>179,689</u> |
| Unrestricted | <u>1,413,535</u> | <u>1,574,352</u> | <u>(93,367)</u> | <u>62,727</u> | <u>1,320,168</u> | <u>1,637,079</u> |
| Total net position | <u>\$ 4,754,200</u> | <u>\$ 4,141,845</u> | <u>\$ 849,422</u> | <u>\$ 834,849</u> | <u>\$ 5,603,622</u> | <u>\$ 4,976,694</u> |

**City of Good Hope, Alabama's Changes in Net Position
September 30, 2021 and 2020**

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|---------------------------|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Revenues | | | | | | |
| Charges for services | \$ 223,260 | \$ 185,268 | \$ 188,391 | \$ 183,377 | \$ 411,651 | \$ 368,645 |
| Operating grants | 629,806 | 61,210 | — | — | 629,806 | 61,210 |
| Capital grants | 25,420 | 30,886 | — | — | 25,420 | 30,886 |
| Sales Tax | 1,306,712 | 1,105,159 | — | — | 1,306,712 | 1,105,159 |
| Other taxes | 404,510 | 543,826 | — | — | 404,510 | 543,826 |
| Intergovernmental | 92,618 | 266,254 | — | — | 92,618 | 266,254 |
| Other | 15,743 | 34,394 | — | — | 15,743 | 34,394 |
| Transfers | (195,000) | (126,600) | 195,000 | 126,600 | — | — |
| Total revenues | <u>2,503,069</u> | <u>2,100,397</u> | <u>383,391</u> | <u>309,977</u> | <u>2,886,460</u> | <u>2,410,374</u> |
| Expenses | | | | | | |
| General government | 981,463 | 585,758 | — | — | 981,463 | 585,758 |
| Streets and highways | 728,980 | 772,825 | — | — | 728,980 | 772,825 |
| Culture and recreation | 79,021 | 53,945 | — | — | 79,021 | 53,945 |
| Education | 41,750 | 41,500 | — | — | 41,750 | 41,500 |
| Public Safety | 47,500 | 54,155 | — | — | 47,500 | 54,155 |
| Health and social service | 8,000 | 10,000 | — | — | 8,000 | 10,000 |
| Conservation | 4,000 | 4,000 | — | — | 4,000 | 4,000 |
| Business type activities | — | — | 368,818 | 285,422 | 368,818 | 285,422 |
| Total expenses | <u>1,890,714</u> | <u>1,522,183</u> | <u>368,818</u> | <u>285,422</u> | <u>2,259,532</u> | <u>1,807,605</u> |
| Net Position Increase | <u>\$ 612,355</u> | <u>\$ 578,214</u> | <u>\$ 14,573</u> | <u>\$ 24,555</u> | <u>\$ 626,928</u> | <u>\$ 602,769</u> |

Financial Analysis of the City's Funds

As the City of Good Hope completed the year, its general fund reported a combined fund balance of \$1,371,540 as compared with the previous year's balance of \$1,476,828. The revenues of the general fund increased by \$639,464, 28.54%, due to an increase in taxes, and other miscellaneous revenues received. The expenditures of the general fund increased by \$1,447,220, 91.6%, due to an increase in highways and streets for road maintenance done during the year.

The total fund balance for the City of Good Hope decreased by \$157,255 due to an increase in tax revenues. The City's financial position was stable and increased during the year.

General Fund Budgetary Highlights

The City Council does not amend the annual budget of the City of Good Hope to reflect actual year ending amounts. Over the course of the year the budget was revised several times by the City Council and Treasurer:

- 1) To move budgeted amounts from one line item to another to accurately reflect the category to which the expenditure was charged;
- 2) During the year where increases or decreases in the cost of various items made it necessary to adjust the budget, or where the City council found it necessary or expedient to approve an expenditure which was not contemplated when the budget was adopted.
- 3) Increases in appropriations to prevent budget overruns.

Capital Assets

The capital assets of the City are reported at actual or estimated historic cost. The capital assets are depreciated on a straight-line basis over the estimated useful life.

Governmental Activities:

During the fiscal year ended September 30, 2021, the City:

- Purchased \$1,078,290 in capital assets. \$508,686 in infrastructure, \$37,698 in street equipment, \$30,001 in autos and \$501,905 in land.

Long-Term Debt

Governmental Activities:

The only long-term debt activities during the year for governmental activities were the normal routine payments as required by the debt agreements.

Business-Type Activities:

Sewer System: The only long-term debt activities during the year for the sewer system were the normal routine payments as required by the debt agreements.

See Note E for additional information related to long-term debt.

Current Events

During 2022 the City completed the following projects:

| | |
|-----------------------------------|------------------|
| Equipment/Vehicles | \$177,873 |
| Lindsey & Reid Drainage | 29,947 |
| Paving Co Rd 437 & Beech Grove Rd | 474,095 |
| Roof on Maintenance Shop | 46,000 |
| 3 Gravely Lawn Mowers | 34,138 |
| New Park | 21,400 |
| Patch Work Municipal Dr | <u>10,500</u> |
| | <u>\$793,953</u> |

Contacting the City's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability and stewardship of the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk Christie Chamblee at 135 Municipal Drive, Cullman, AL 35057. Telephone: (256) 739-3757 or email address: clerk@goodhopeal.com.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
CITY OF GOOD HOPE, ALABAMA
For the Year Ended September 30, 2021

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash equivalents | \$ 1,126,491 | \$ 5,604 | \$ 1,132,095 |
| Accounts receivable | 9,380 | 16,180 | 25,560 |
| Due from other governments | 339,070 | — | 339,070 |
| Prepaid expenses and deposits | 25,468 | — | 25,468 |
| Total current assets | 1,500,409 | 21,784 | 1,522,193 |
| Restricted Assets: | | | |
| Cash equivalents | — | 141,153 | 141,153 |
| Total restricted assets | — | 141,153 | 141,153 |
| Capital Assets: | | | |
| Land and other assets not being depreciated | 1,073,049 | 243,703 | 1,316,752 |
| Buildings, improvements, and equipment, net of depreciation | 2,746,241 | 1,442,933 | 4,189,174 |
| Total capital assets | 3,819,290 | 1,686,636 | 5,505,926 |
| Total Assets | 5,319,699 | 1,849,573 | 7,169,272 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflow resources - pension | 125,486 | — | 125,486 |
| Unamortized loss on refunding | — | 34,038 | 34,038 |
| Total Deferred Outflows of Resources | 125,486 | 34,038 | 159,524 |

STATEMENT OF NET POSITION (Continued)

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|----------------------------|
| LIABILITIES AND NET POSITION | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 9,991 | \$ 135,816 | \$ 145,807 |
| Notes and warrants payable | <u>86,445</u> | <u>—</u> | <u>86,445</u> |
| Total current liabilities | <u>96,436</u> | <u>135,816</u> | <u>232,252</u> |
| Liabilities payable from restricted assets: | | | |
| Accrued interest | — | 13,373 | 13,373 |
| Notes and warrants payable | — | <u>135,000</u> | <u>135,000</u> |
| Total liabilities payable from restricted assets | <u>—</u> | <u>148,373</u> | <u>148,373</u> |
| Long-term liabilities: | | | |
| Notes and warrants payable | 444,147 | 750,000 | 1,194,147 |
| Compensated absences | 18,864 | — | 18,864 |
| Net pension liability | <u>59,129</u> | <u>—</u> | <u>59,129</u> |
| Total long-term liabilities | <u>522,140</u> | <u>750,000</u> | <u>1,272,140</u> |
| Total Liabilities | <u>618,576</u> | <u>1,034,189</u> | <u>1,652,765</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred inflow of resources - pension | <u>72,409</u> | <u>—</u> | <u>72,409</u> |
| Total Deferred Inflows of Resources | <u>72,409</u> | <u>—</u> | <u>72,409</u> |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 3,288,698 | 801,636 | 4,090,334 |
| Restricted for: | | | |
| Debt service | — | 141,153 | 141,153 |
| Capital improvements | 43,051 | — | 43,051 |
| Highways and streets | 8,916 | — | 8,916 |
| Unrestricted | <u>1,413,535</u> | <u>(93,367)</u> | <u>1,320,168</u> |
| Total Net Position | <u>\$ 4,754,200</u> | <u>\$ 849,422</u> | <u>\$ 5,603,622</u> |

STATEMENT OF ACTIVITIES

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> | | | | | | <u>Total</u> |
|--------------------------------------|---------------------------|--|---|---|--------------------------------|---------------------------------|----------------------------|--------------|
| | | <u>Program Revenues</u> | | | <u>Primary Government</u> | | | |
| | | <u>Fees, Fines & Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business Type Activities</u> | | |
| Governmental activities | | | | | | | | |
| General government | \$ 981,463 | \$ 156,619 | \$ 597,930 | \$ 25,420 | \$ (201,494) | \$ — | \$ (201,494) | |
| Streets and highways | 728,980 | — | 31,876 | — | (697,104) | — | (697,104) | |
| Culture and recreation | 79,021 | 66,641 | — | — | (12,380) | — | (12,380) | |
| Public safety | 47,500 | — | — | — | (47,500) | — | (47,500) | |
| Health and social services | 8,000 | — | — | — | (8,000) | — | (8,000) | |
| Conservation | 4,000 | — | — | — | (4,000) | — | (4,000) | |
| Education | 41,750 | — | — | — | (41,750) | — | (41,750) | |
| Total Governmental Activities | <u>1,890,714</u> | <u>223,260</u> | <u>629,806</u> | <u>25,420</u> | <u>(1,012,228)</u> | <u>—</u> | <u>(1,012,228)</u> | |
| Business-Type Activities | | | | | | | | |
| Sewer | 368,818 | 188,391 | — | — | — | (180,427) | (180,427) | |
| Total Government | <u>\$2,259,532</u> | <u>\$ 411,651</u> | <u>\$ 629,806</u> | <u>\$ 25,420</u> | <u>(1,012,228)</u> | <u>(180,427)</u> | <u>(1,192,655)</u> | |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| | | | | | 1,306,712 | — | 1,306,712 | |
| | | | | | 264,186 | — | 264,186 | |
| | | | | | 86,688 | — | 86,688 | |
| | | | | | 115,222 | — | 115,222 | |
| | | | | | 17,611 | — | 17,611 | |
| | | | | | 98,886 | — | 98,886 | |
| | | | | | 92,618 | — | 92,618 | |
| | | | | | 15,743 | — | 15,743 | |
| | | | | | (178,083) | — | (178,083) | |
| | | | | | (195,000) | 195,000 | — | |
| | | | | | 612,355 | 14,573 | 626,928 | |
| | | | | | 4,141,845 | 834,849 | 4,976,694 | |
| | | | | | <u>\$ 4,754,200</u> | <u>\$ 849,422</u> | <u>\$ 5,603,622</u> | |

BALANCE SHEET – GOVERNMENTAL FUNDS

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | <u>General Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------------|---|---|
| ASSETS | | | |
| Cash equivalents | \$ 1,079,366 | \$ 47,125 | \$ 1,126,491 |
| Due from other governments | 334,078 | 4,992 | 339,070 |
| Accounts receivable | 9,380 | — | 9,380 |
| Prepaid expenses | 25,358 | — | 25,358 |
| Utility deposits | 110 | — | 110 |
| Total assets | <u>1,448,292</u> | <u>52,117</u> | <u>1,500,409</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Accounts payable | 9,841 | 150 | 9,991 |
| Total liabilities | <u>9,841</u> | <u>—</u> | <u>9,991</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unearned revenues | 118,878 | — | 118,878 |
| FUND BALANCES | | | |
| Nonspendable | | | |
| Prepaid expenditures | 25,358 | — | 25,358 |
| Utility deposit | 110 | — | 110 |
| Restricted for: | | | |
| Highways and streets | — | 8,916 | 8,916 |
| Capital improvements | — | 43,051 | 43,051 |
| Assigned for: | | | |
| Parks and recreation | 6,621 | — | 6,621 |
| Unassigned | 1,287,484 | — | 1,287,484 |
| Total Fund Balances | <u>1,319,573</u> | <u>51,967</u> | <u>1,371,540</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 1,448,292</u> | <u>\$ 52,117</u> | <u>\$ 1,500,409</u> |

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION**

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

Fund balance – total governmental funds \$ 1,371,540

Amounts reported for governmental activities in the statement of net position
are different because:

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

| | | |
|---|--------------------|-----------|
| Land and other assets not being depreciated | \$ 1,073,049 | |
| Buildings, improvements, and equipment | 7,475,605 | |
| Accumulated depreciation | <u>(4,729,364)</u> | 3,819,290 |

| | |
|--|---------|
| Property taxes assess prior to the current year are not considered as Revenue in the funds unless collected in 60 days. | 118,878 |
|--|---------|

Long-term liabilities applicable to the City’s governmental activities are not due
and payable in the current period and accordingly are not reported as fund
liabilities. Interest on long-term debt is not accrued in governmental funds, but
rather is recognized as an expenditure when due. All liabilities – both current
and long-term – are reported in the statement of net position. In addition, the
deferred interest on refunding, the deferred discounts, and the deferred premium
are expenditures and revenues at the fund level, but are deferred and amortized
in the statement of net position.

| | | |
|---|-----------------|----------------------------|
| Notes and warrants payable | \$ (530,592) | |
| Compensated absences | (18,864) | |
| Net Pension Liability | (59,129) | |
| Less deferred outflows of resources – pension | 125,486 | |
| Plus deferred inflows of resources - pension | <u>(72,409)</u> | (555,508) |
| Net Position of Governmental Activities | | <u>\$ 4,754,200</u> |

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

**CITY OF GOOD HOPES, ALABAMA
For the Year Ended September 30, 2021**

| | <u>General Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------------|---|---|
| REVENUES | | | |
| Taxes: | | | |
| Sales taxes | \$ 1,306,712 | \$ — | \$ 1,306,712 |
| Beer and alcohol taxes | 264,186 | — | 264,186 |
| Municipal three percent tax | 86,688 | — | 86,688 |
| Property taxes | 115,222 | — | 115,222 |
| Lodging taxes | 17,611 | — | 17,611 |
| One-cent gasoline tax | 67,010 | — | 67,010 |
| Other | 31,876 | — | 31,876 |
| Licenses and permits: | | | |
| Privilege business licenses | 78,901 | — | 78,901 |
| Alcohol business licenses | 8,545 | — | 8,545 |
| Franchise fees | 26,301 | — | 26,301 |
| Building permits | 14,467 | — | 14,467 |
| Intergovernmental revenues: | | | |
| State gasoline and excise taxes | — | 51,811 | 51,811 |
| Alabama trust fund | — | 25,420 | 25,420 |
| TVA distribution | 74,787 | — | 74,787 |
| Other grants and distributions | 597,930 | — | 597,930 |
| Charges for services | 95,046 | — | 95,046 |
| Miscellaneous: | | | |
| Interest earned | 967 | — | 967 |
| Miscellaneous | 14,776 | — | 14,776 |
| Total revenues | <u>2,801,025</u> | <u>77,231</u> | <u>2,878,256</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 964,365 | — | 964,365 |
| Streets and highways | 467,114 | 65,967 | 533,081 |
| Culture and recreation | 63,445 | — | 63,445 |
| Public safety | 47,500 | — | 47,500 |
| Health and social services | 8,000 | — | 8,000 |
| Conservation | 4,000 | — | 4,000 |
| Education | 41,750 | — | 41,750 |
| Capital outlay | 1,078,290 | — | 1,078,290 |
| Debt service: | | | |
| Principal retirement | 329,101 | — | 329,101 |
| Interest charges | 23,457 | — | 23,457 |
| Total expenditures | <u>3,027,022</u> | <u>65,967</u> | <u>3,092,989</u> |
| Revenues Over (Under) Expenditures | (225,997) | 11,264 | (214,733) |
| Other Financing Sources (Uses) | | | |
| Sale proceeds | 261,642 | — | 261,642 |
| Operating transfers in (out) | (192,900) | (2,100) | (195,000) |
| Total Other Financing Sources (Uses) | <u>68,742</u> | <u>(2,100)</u> | <u>66,642</u> |
| Net Change in Fund Balance | (157,255) | 9,164 | (148,091) |
| Fund Balances Beginning of the Year | 1,476,828 | 42,803 | 1,519,631 |
| Fund Balances End of the Year | <u>\$ 1,319,573</u> | <u>\$ 51,967</u> | <u>\$ 1,371,540</u> |

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

Net change in fund balance – total governmental funds \$ (148,091)

Amounts reported for governmental activities in that statement of activities are different because:

Governmental funds report capital outlays as current expenditures. However in the government-wide statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$1,078,290 exceeded depreciation \$205,892 in the current period. 872,398

The cost of assets sold are not considered in the funds, but are considered in the government-wide statements. (439,725)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment is a combination of the following items:

| | | |
|---|----------------|---------|
| Compensated Absences | \$ (74) | |
| Net pension liability, including deferred outflows of resources and deferred inflows of resources | 850 | |
| Accrued property tax | <u>(2,104)</u> | (1,328) |

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of debt principal 329,101

Change in Net Position of Governmental Activities \$ 612,355

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION**

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | <u>Sewer Fund</u> |
|---|----------------------------|
| ASSETS | |
| Current Assets | |
| Cash equivalents | \$ 5,604 |
| Accounts receivable | <u>16,180</u> |
| Total Current Assets | <u>21,784</u> |
| Restricted Assets: | |
| Cash equivalents | 141,153 |
| Capital Assets: | |
| Land & improvements | 98,405 |
| Buildings | 65,573 |
| Vehicles and equipment | 45,452 |
| Sewer system | 5,296,604 |
| Less: Accumulated depreciation | <u>(3,964,696)</u> |
| | 1,541,338 |
| Construction in progress | <u>145,298</u> |
| Total Capital Assets | <u>1,686,636</u> |
| Total Assets | <u>1,849,573</u> |
| Deferred Outflows of Resources: | |
| Unamortized loss on refunding | <u>34,038</u> |
| Total Deferred Outflows of Resources | <u>34,038</u> |
| LIABILITIES & NET POSITION | |
| Current Liabilities: | |
| Accounts payable | 135,816 |
| Accrued interest | 13,373 |
| General obligation refunding warrants – current maturities | <u>135,000</u> |
| Total Current Liabilities | <u>284,189</u> |
| Long-term Liabilities: | |
| General obligation refunding warrants – 2010 issue | <u>750,000</u> |
| Total Long-term Liabilities | <u>750,000</u> |
| Total Liabilities | <u>1,034,189</u> |
| Net Position: | |
| Net investment in capital assets | 674,636 |
| Restricted for debt service | 141,153 |
| Unrestricted | <u>33,633</u> |
| Total Net Position | <u>849,422</u> |
| Total Liabilities and Net Position | <u>\$ 1,883,611</u> |

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | <u>Sewer Fund</u> |
|--|--------------------------|
| Operating Revenues | |
| Charges for Services | \$ 188,391 |
| Operating Expense | |
| Salaries and wages | 39,750 |
| Payroll taxes | — |
| Telephone and utilities | 42,486 |
| Repairs and maintenance | 90,872 |
| Depreciation | 88,762 |
| Professional fees | 63,085 |
| Miscellaneous | <u>651</u> |
| Total Operating Expense | <u>325,606</u> |
| Operating Income (Loss) | (137,215) |
| Non-Operating Revenues (Expenses) | |
| Interest income | — |
| Interest Expense | <u>(43,212)</u> |
| Total Non-Operating Revenues (Expenses) | <u>(43,212)</u> |
| (Decrease) in Net Position before Transfers | (180,427) |
| Transfers In | <u>195,000</u> |
| Net Increase in Net Position | 14,573 |
| Net Position – October 1, 2019 | <u>834,849</u> |
| Net Position – September 30, 2021 | <u>\$ 849,422</u> |

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | <u>Sewer Fund</u> |
|---|--------------------------------|
| Cash Flows From Operating Activities | |
| Receipts from customers | \$ 186,851 |
| Payments to suppliers | (55,864) |
| Payments to employees & benefits | <u>(39,750)</u> |
| Net Cash Provided by (used in) Operating Activities | <u>91,237</u> |
| Cash Flows From Non-capital Financing Activities | |
| Cash transfers from other funds | <u>195,000</u> |
| Net cash Flows from Capital Related Financing Activities | <u>195,000</u> |
| Cash Flows From Investing Activities | |
| Cash transfers from other funds | <u>—</u> |
| Net cash Flows from Investing Activities | <u>—</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Acquisition and construction of capital assets | (127,000) |
| Principal paid on long-term liabilities | (135,000) |
| Interest paid on long-term liabilities | <u>(46,240)</u> |
| Net Cash (Used In) Capital and Related Financing Activities | <u>(308,240)</u> |
| Net Decrease in Cash and Cash Equivalents | (22,003) |
| Cash and Cash Equivalents - Beginning | <u>168,760</u> |
| Cash and Cash Equivalents - Ending | <u><u>146,757</u></u> |
| Reconciliation Of Operating (Loss) To Net Cash (Used In) Operating Activities | |
| Operating income (loss) | (137,215) |
| Adjustments to reconcile operating (loss) to net cash provided by operating activities | |
| Depreciation and amortization | 95,751 |
| Accounts receivable | (1,540) |
| Accounts payable | 127,252 |
| Deferred outflows | <u>6,989</u> |
| Net Cash Provided by (Used In) Operating Activities | <u><u>\$ 91,237</u></u> |

NOTES TO BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENT CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.1 REPORTING ENTITY

The City of Good Hope (City) was incorporated under the laws of the State of Alabama in 1962 and operates under an elected Mayor-Council form of government.

Component Units

In evaluating how to define the City of Good Hope, Alabama, for financial reporting purposes, management considered all the criteria for determining component units. The basic but not the only - criteria for including a potential component unit within the reporting entity is the government's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City of Good Hope, Alabama, does not exercise oversight duties or responsibilities over other units of government.

A.2 BASIS OF PRESENTATION

Government-wide Statements

The Statement of Net Position and the Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The City of Good Hope, Alabama did not have any fiduciary activities as of September 30, 2021.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statements of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The city reports the following major governmental fund:

General Fund: This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

Sewer: This fund accounts for the system maintenance and the sewage disposal service provided to its customers.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A.3 MEASUREMENT FOCUS BASIS OF ACCOUNTING

Government-wide and Proprietary Financial Statements

The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Property taxes are levied by the County on October 1 and are due by December 31. The County then remits the City its' share of the tax. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. However, all grants earned and charges for services are considered to be available as of year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. The issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost- reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City follows GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and A/CPA Pronouncements*. This standard incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB pronouncements, which does not conflict with or contradict GASB pronouncements and eliminates the criteria to apply post-November 30, 1989, pronouncements that do not conflict with or contradict GASB pronouncements.

A.4 ASSETS, LIABILITIES AND NET POSITION

Cash Equivalents

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents are reported at carrying amount, which reasonably estimates fair value. Certificates of deposit are carried at cost, which approximates market value.

Accounts Receivable

Accounts receivable are presented net of allowances for doubtful accounts. As of September 30, 2021, the allowance for doubtful accounts for all funds was \$-0-.

Property Tax Calendar

Cullman County is responsible for the assessment, collection, and apportionment of property taxes for the City of Good Hope. The County levies property taxes on October 1 on property values for the previous year ended September 30. Secured property tax payments are due by December 31. As prescribed by Governmental Accounting Standards Board (GASB) Statement 33, a receivable of \$120,982 has been accrued as a receivable as of September 30, 2021, for the bills sent out October 1, 2020, because the City has an enforceable legal claim on these property taxes. However, since these resources were not available for use during the year ended September 30, 2021, an offsetting balance of \$118,878 has also been reflected as unearned revenue in the financial statements.

Prepaid Expenses/Expenditures

Prepaid expenses/expenditures are payments made by the City in the current year to provide goods or services that benefit a subsequent period. Prepaid insurance is charged to expenditures/expenses over the term of the policies.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

Certain proceeds of general long-term debt and proprietary fund warrants, as well as certain resources set aside for their repayment and other amounts are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants and/or contractual obligations.

Capital Assets, Depreciation and Amortization

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The City maintains infrastructure asset records consistent with all other capital assets. The cost of normal repairs and maintenance that do not add value to the asset or materially extend the assets lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations. The City's capitalization policy is to capitalize all capital assets with a cost of \$5,000 or more.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|--------------------------------|------|
| Buildings and improvements | 3-40 |
| Office furniture and equipment | 5-10 |
| Street equipment | 5-15 |
| Municipal park | 5-20 |
| Autos and equipment | 3-15 |
| Infrastructure | 7-25 |
| Sewer system | 5-20 |

Amortization

Unamortized debt discount is amortized on the straight-line method over the life of the warrants. Unamortized loss on refunding is amortized on the straight-line method over the lesser of the life of the old warrants refunded or the life of the new warrants issued.

Net Position

Net position comprises the various net earnings from operating and non-operating revenues and expenses. Net position is classified in the following three components; net investment in capital assets, restricted net position; and unrestricted net position. Net investment in capital assets, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvements of those assets; debt related to unspent proceeds and

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

restricted cash equivalents are excluded from the determination. Restricted net position consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories.

As of September 30, 2021, the City had \$43,051 restricted for capital improvements; and \$8,916 restricted for highways and streets.

Governmental Fund Balances

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council, the City's highest level of decision-making authority. Formal resolution by the Council is required to be taken to modify or rescind fund balance commitment.

Assigned Fund Balance – includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City's Budget Committee is authorized to make assignments.

Unassigned Fund Balance – is represented by the residual classification of the General Fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pension

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

NOTE B – DEPOSITS (CASH)

The City's funds are invested in accordance with State statutes which allow investment in: (1) direct obligations of the United States government pledged by its full faith and credit, (2) savings accounts and certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, (3) pre-funded public obligations, and (4) interests in collective investment funds in accordance with guidelines set out in Section 11-81-21, Code of Alabama, 1975.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE B – DEPOSITS (CASH) (continued)

The City's deposits were insured by federal depository insurance coverage (FDIC) or the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program is administered by the State Treasurer according to the State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit.

NOTE C – AMOUNTS DUE FROM OTHER GOVERNMENTAL AGENCIES

The amounts due from other governments on the balance sheet as of September 30, 2021, were as follows:

| | <u>General</u> | <u>Other Governmental</u> |
|----------------------------|--------------------------|-------------------------------|
| <u>Governmental Agency</u> | | |
| State of Alabama | \$ 11,810 | \$ 4,992 |
| Cullman County Commission | 322,268 | — |
| Total | <u>\$ 334,078</u> | <u>\$ 4,992</u> |

NOTE D – CAPITAL ASSETS

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

| | <u>Balance 9/30/2020</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance 9/30/2021</u> |
|--------------------------------------|-------------------------------------|-------------------------|---------------------------|-------------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 1,010,869 | \$ 501,905 | \$ (439,725) | \$ 1,073,049 |
| Total non-depreciable assets | <u>1,010,869</u> | <u>501,905</u> | <u>(439,725)</u> | <u>1,073,049</u> |
| Depreciable Assets: | | | | |
| Buildings & Improvements | 564,731 | — | — | 564,731 |
| Office furniture and equipment | 51,504 | — | — | 51,504 |
| Street equipment | 573,257 | 37,698 | — | 610,955 |
| Municipal park | 992,420 | — | — | 992,420 |
| Autos | 108,353 | 30,001 | — | 138,354 |
| Infrastructure | <u>4,608,955</u> | <u>508,686</u> | — | <u>5,117,641</u> |
| Total depreciable assets | <u>6,899,220</u> | <u>576,385</u> | — | <u>7,475,605</u> |

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE D – CAPITAL ASSETS (continued)

| | Balance 9/30/2020 | Additions | Retirements | Balance 9/30/2021 |
|--|------------------------------|--------------------------|----------------------------|------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Less accumulated depreciation for: | | | | |
| Buildings & Improvements | 254,247 | 12,845 | — | 267,092 |
| Office furniture and equipment | 48,227 | 614 | — | 48,841 |
| Street equipment | 329,954 | 65,417 | — | 395,371 |
| Municipal park | 200,774 | 15,576 | — | 216,350 |
| Autos | 60,505 | 24,349 | — | 84,854 |
| Infrastructure | <u>3,629,765</u> | <u>87,091</u> | <u>—</u> | <u>3,716,856</u> |
| Total accumulated depreciation | <u>4,523,472</u> | <u>205,892</u> | <u>—</u> | <u>4,729,364</u> |
| Total capital assets being Depreciated, net | <u>2,375,748</u> | <u>370,493</u> | <u>—</u> | <u>2,746,241</u> |
| Governmental Activity Capital Assets, Net | <u>\$ 3,386,617</u> | <u>\$ 872,398</u> | <u>\$ (439,725)</u> | <u>\$ 3,819,290</u> |

BUSINESS-TYPE ACTIVITIES

Depreciable Assets:

| | | | | |
|------------------------------|----------------|----------------|----------|----------------|
| Land | \$ 98,405 | \$ — | \$ — | \$ 98,405 |
| Construction in progress | <u>18,298</u> | <u>127,000</u> | <u>—</u> | <u>145,298</u> |
| Total non-depreciable assets | <u>116,703</u> | <u>127,000</u> | <u>—</u> | <u>243,703</u> |

Depreciable Assets:

| | | | | |
|--------------------------|------------------|----------|----------|------------------|
| Buildings & Improvements | 65,573 | — | — | 65,573 |
| Autos and equipment | 45,452 | — | — | 45,452 |
| Sewer system | <u>5,296,604</u> | <u>—</u> | <u>—</u> | <u>5,296,604</u> |
| Total depreciable assets | <u>5,407,629</u> | <u>—</u> | <u>—</u> | <u>5,407,629</u> |

Less Accumulated Depreciation for:

| | | | | |
|--------------------------------|------------------|-----------------|----------|------------------|
| Buildings and improvements | 64,506 | 1,067 | — | 65,573 |
| Autos and equipment | 36,617 | 2,007 | — | 38,624 |
| Sewer System | <u>3,774,811</u> | <u>85,688</u> | <u>—</u> | <u>3,860,499</u> |
| Total accumulated depreciation | <u>3,875,934</u> | <u>88,762</u> | <u>—</u> | <u>3,964,696</u> |
| Depreciable Assets Net | <u>1,531,695</u> | <u>(88,762)</u> | <u>—</u> | <u>1,442,933</u> |

Business-Type Activity Capital

| | | | | |
|--------------------|----------------------------|-------------------------|--------------------|----------------------------|
| Assets, Net | <u>\$ 1,648,398</u> | <u>\$ 38,238</u> | <u>\$ —</u> | <u>\$ 1,686,636</u> |
|--------------------|----------------------------|-------------------------|--------------------|----------------------------|

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE D – CAPITAL ASSETS (continued)

Depreciation Expense is charged to functions as follows:

| | |
|---|-------------------|
| Governmental Activities: | |
| General | \$ 16,061 |
| Parks and Recreation | 15,576 |
| Highways and Streets, including depreciation Of general infrastructure | <u>174,255</u> |
| Total | <u>\$ 205,892</u> |

Depreciation expense of \$95,219 was charged to sewer operations in the business-type activities.

NOTE E – LONG-TERM DEBT

As of September 30, 2021, the long-term debt payable from the governmental activities consisted of the following.

| | |
|---|------------|
| Note payable to Premier Bank dated March 22, 2013; interest Rate of 3.20%; payments of \$7,003 per month with a final Maturity of December 15, 2027 | \$ 474,791 |
|---|------------|

| | |
|--|-------------------|
| Cullman Electric Cooperative dated September 11, 2015; Interest rate of 2.0%; revolving fund; payments of \$1,479 Per month with a final maturity of December 30, 2024 | <u>55,801</u> |
| Total | 530,592 |
| Less: current portion | <u>(86,445)</u> |
| Total Long-term Notes Payable | <u>\$ 444,147</u> |

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE E – LONG-TERM DEBT (continued)

As of September 30, 2021, the long-term debt payable from business-type activities consisted of the following:

| | |
|---|-------------------|
| General Obligation Refunding Warrants Series 2010 dated September 1, 2010, original principal of \$2,065,000; due in annual principal installments ranging from \$120,000 to \$160,000, with interest ranging from 2.40% to 3.50% | \$ 885,000 |
| Due November 2026 | \$ 885,000 |
| Less: current portion | (135,000) |
| Total Long-term Warrants Payable | <u>\$ 750,000</u> |

Proceeds of the General Obligation Refunding Warrants shown in the business-type activities were used by proprietary funds and are being repaid by those funds. However, they remain a contingent liability of the City's governmental activities.

Changes in long-term liabilities for the fiscal year ended September 30, 2021, were as follow:

Governmental Activities

| <u>Notes Payable</u> | Balance September 30, 2020 | Additions | Removals | Balance September 30, 2021 | Due Within One Year |
|-----------------------------|---|------------------|---------------------|---|------------------------------------|
| Note – Premier Bank | \$ 542,230 | \$ — | \$ (67,439) | \$ 474,791 | \$ 69,660 |
| Note – Premier Bank | 245,208 | — | (245,208) | — | — |
| CEC Revolving Note | 72,255 | — | (16,454) | 55,801 | 16,785 |
| Total Notes Payable | <u>\$ 859,693</u> | <u>\$ —</u> | <u>\$ (329,101)</u> | <u>\$ 530,592</u> | <u>\$ 86,445</u> |

Business-type Activities

| <u>Notes Payable</u> | Balance September 30, 2020 | Additions | Removals | Balance September 30, 2021 | Due Within One Year |
|-----------------------------|---|------------------|---------------------|---|------------------------------------|
| General Obligation | | | | | |
| Warrants Series 2010 | \$ 1,020,000 | \$ — | \$ (135,000) | \$ 885,000 | \$ 135,000 |
| Unamortized debt discount | (41,027) | — | 6,988 | (34,039) | — |
| Total | <u>\$ 978,973</u> | <u>\$ —</u> | <u>\$ (128,012)</u> | <u>\$ 850,961</u> | <u>\$ 135,000</u> |

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE E – LONG-TERM LIABILITIES (continued)

Annual principal maturities and debt service requirements of the long-term debt of the City of Good Hope during the next five years followed by five year increments to maturity are as follows:

| <u>Year</u> | <u>Governmental Activities</u> | | |
|-------------|--------------------------------|------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | \$ 86,445 | \$ 15,334 | \$ 101,779 |
| 2023 | 89,078 | 12,701 | 101,779 |
| 2024 | 91,766 | 10,013 | 101,779 |
| 2025 | 81,192 | 7,275 | 88,467 |
| 2026 | 79,298 | 4,733 | 84,031 |
| 2027 | 81,910 | 2,121 | 84,031 |
| 2028 | 20,903 | 105 | 21,008 |
| Total | <u>\$ 530,592</u> | <u>\$ 52,282</u> | <u>\$ 582,874</u> |

| <u>Year</u> | <u>Business-type Activities</u> | | |
|-------------|---------------------------------|------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | \$ 135,000 | \$ 27,563 | \$ 162,563 |
| 2023 | 140,000 | 23,263 | 163,263 |
| 2024 | 145,000 | 18,632 | 163,632 |
| 2025 | 150,000 | 13,650 | 163,650 |
| 2026 | 155,000 | 8,313 | 163,313 |
| 2027 | 160,000 | 2,800 | 162,800 |
| Total | <u>\$ 885,000</u> | <u>\$ 94,221</u> | <u>\$ 979,221</u> |

NOTE F – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

There were not any interfund receivables/payables as of September 30, 2021. Interfund transfers during the year ended September 30, 2021 were as follows:

| <u>Fund</u> | <u>Total</u> | | |
|----------------------|---------------------|----------------------|--------------------------|
| | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Transfers In(Out)</u> |
| General Fund | \$ 2,100 | \$ (195,000) | \$ (192,900) |
| Capital Project Fund | — | (2,100) | (2,100) |
| Sewer Fund | 195,000 | — | 195,000 |
| Total | <u>\$ 197,100</u> | <u>\$ (197,100)</u> | <u>\$ —</u> |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; move receipts restricted to debt service from the funds collecting the receipts to the fund where debt service payments are due; and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE F – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

In the year ended September 30, 2021, the City made the above-listed transfers to the sewer fund to subsidize sewer improvements and other expenditures in the sewer fund.

NOTE G – NET POSITION

Net position represents the difference between assets and liabilities. The net position amounts were determined as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|---|---|--|
| Net investment in capital assets: | | |
| Capital assets | \$ 3,819,290 | \$ 1,686,636 |
| Less: Notes and warrants payable | <u>(530,592)</u> | <u>(885,000)</u> |
| Total net investment in capital assets | 3,288,698 | 801,636 |
| Restricted for: | | |
| Debt service | — | 141,153 |
| Capital projects | 43,051 | — |
| Streets & highways | <u>8,916</u> | <u>—</u> |
| Total restricted | 51,967 | 141,153 |
| Unrestricted | <u>1,413,535</u> | <u>(93,367)</u> |
| Total Net Position | <u>\$ 4,754,200</u> | <u>\$ 849,422</u> |

NOTE H – PENSION PLAN

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.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE H – PENSION PLAN (continued)

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 www.rsa-al.gov.

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

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

Benefits provided.

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

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE H – PENSION PLAN (continued)

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

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

The ERS serves approximately 907 local participating employers. The ERS membership includes approximately 93,986 participants. As of September 30, 2020, membership consisted of:

| | |
|--|----------------------|
| Retirees and beneficiaries currently receiving benefits | 25,871 |
| Terminated employees entitle to but not yet receiving benefits | 1,794 |
| Terminated employees not entitled to a benefit | 11,001 |
| Active Members | 55,222 |
| Post-DROP Participants still in active service | <u>98</u> |
| Total | <u>93,986</u> |

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE H – PENSION PLAN (continued)

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 preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2021, the City's active employee contribution rate was 4.95 percent of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 10.50 percent of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2021, was 7.5% of pensionable pay for Tier 1 employees, and 6.0% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$18,734 for the year ended September 30, 2021.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE H – PENSION PLAN (continued)

Net Pension Liability

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

| | <u>Expected</u> | <u>Actual</u> |
|--|-------------------|--------------------|
| a) Total Pension Liability as of September 30, 2019 | \$ 244,710 | \$ 169,690 |
| b) Discount Rate | 7.70% | 7.70% |
| c) Entry Age Normal Cost for October 1, 2019– September 30, 2020 | \$ 21,474 | \$ 21,474 |
| d) Actual Benefit Payments and Refunds for October 1, 2019 – September 30, 2020 | <u>\$ —</u> | <u>\$ —</u> |
| e) Total Pension Liability as of September 30, 2020 [(a) x (1.08)] + (b) – [(c) x (1.04)] | <u>\$ 285,027</u> | <u>\$ 204,230</u> |
| f) Difference between Expected and Actual Experience (Gain) | | \$ (80,797) |
| g) Less Liability Transferred for Immediate Recognition | | <u>\$ —</u> |
| h) Experience (Gain)/Loss | | <u>\$ (80,797)</u> |

Actuarial Assumptions

The total pension liability as of September 30, 2020 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized below:

Inflation 2.75%
Projected Salary Increases 3.25% - 5.00%
Investment Rate of Return* 7.70%

*Net of pension plan investment expense

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

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE H – PENSION PLAN (continued)

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.

Long-Term Expected Rate of Return:

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

| Asset Class | Target Allocation | Long-Term Expected Rate of Return* |
|----------------------------|-------------------|------------------------------------|
| Fixed Income | 17.0% | 4.4% |
| US Large Stocks | 32.0% | 8.0% |
| US Mid Stocks | 9.0% | 10.0% |
| US Small Stocks | 4.0% | 11.0% |
| Int'l Developed Mkt Stocks | 12.0% | 9.5% |
| Int'l Emerging Mkt Stocks | 3.0% | 11.0% |
| Alternatives | 10.0% | 10.1% |
| Real Estate | 10.0% | 7.5% |
| Cash Equivalents | <u>3.0%</u> | 1.5% |
| Total | 100.0% | |

*Includes assumed rate of inflation of 2.50%.

Discount Rate

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

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE H – PENSION PLAN (continued)

The changes in net pension liability for the City for the year ended September 30, 2021 are as follows:

Changes in Net Pension Liability:

| | <u>Increase (Decrease)</u> | | |
|--|--|--|--|
| | <u>Total Pension Liability (a)</u> | <u>Plan Fiduciary Net Position (b)</u> | <u>Net Pension Liability (a)-(b)</u> |
| Balances at 9/30/2019 | \$ 244,710 | \$ 103,051 | \$ 141,659 |
| Changes for the year: | | | |
| Service cost | 21,474 | — | 21,474 |
| Interest | 18,843 | — | 18,843 |
| Change of assumptions | — | — | — |
| Differences between expected and actual experience | (80,797) | — | (80,797) |
| Contributions - employer | — | 15,606 | (15,606) |
| Contributions - employee | — | 19,551 | (19,551) |
| Net investment income | — | 6,893 | (6,893) |
| Benefit payments, including refunds of employee contributions | — | — | — |
| Net changes | <u>(40,480)</u> | <u>42,050</u> | <u>(82,530)</u> |
| Balances at 9/30/2020 | \$ 204,230 | \$ 145,101 | \$ 59,129 |

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:

| | <u>1% Decrease (6.70%)</u> | <u>Current Rate (7.70%)</u> | <u>1% Increases (8.70%)</u> |
|------------------------------|--------------------------------|---------------------------------|---------------------------------|
| Town’s net pension liability | 94,660 | 59,129 | 30,130 |

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor’s report 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.rsaal.gov/index.php/employers/financial-reports/gasb-68-reports/>.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE H – PENSION PLAN (continued)

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

For the year ended September 30, 2021, the City recognized pension expense of \$18,734. At September 30, 2021, 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 | 96,055 | 72,409 |
| Changes of assumptions | 6,552 | — |
| Net difference between projected and actual earnings on pension plan investments | 4,145 | — |
| Employer contributions subsequent to the measurement date | <u>18,734</u> | <u>—</u> |
| Total | <u>125,486</u> | <u>72,409</u> |

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

| Year ended September 30: | | |
|---------------------------------|----|-------|
| 2022 | \$ | 5,375 |
| 2023 | \$ | 5,644 |
| 2024 | \$ | 5,826 |
| 2025 | \$ | 4,872 |
| 2026 | \$ | 4,393 |
| Thereafter | \$ | 8,233 |

NOTE I – CONCENTRATIONS OF CREDIT RISK

The City grants unsecured credit for sewer charges to various customers who are generally located within Cullman County, Alabama. The unsecured credit amount would be an amount in excess of security deposit and the customer would be subject to discontinuance of service for nonpayment.

**NOTES TO THE FINANCIAL STATEMENT
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2020

NOTE J – RISK MANAGEMENT

The City is exposed to various risks such as losses related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and other people, and natural disasters. These risks are handled through the purchase of commercial insurance.

NOTE K – COMMITMENTS

Governmental Activities

As of March 2013, the City entered into a commerce agreement to fund the construction of the interchange on Interstate 65 at County Road 222. The agreement provides for joint funding by the Cullman County Commission, City of Cullman and City of Good Hope for the project up to \$2,000,000. The loan was set for a period of 10 years. The Cullman Chamber of Commerce irrevocably pledged 70% of the lodging tax collected by them to pay for the debt. To the extent the lodging taxes do not pay for the debt service payments required for the loan, the three parties share equally in the additional amounts due. For the year ended September 30, 2021, the City of Good Hope incurred \$13,104 under the agreement.

NOTE L – SUBSEQUENT EVENTS

The City evaluated subsequent events through August 5, 2022, the date which the financial statements were available to be issued. The City did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE M – TAX ABATEMENTS

The City has tax abatements with one business under the provisions of Alabama Code section 40-98-4, et. Seq. (1975) as amended, the regulations promulgated thereunder, as the same may time to time be amended (the “Abatement Act”) state’s as of September 30, 2021. Under the act, local governmental units may permit non-educational property tax abatements up to 10 years of businesses’ future property taxes, construction related transaction taxes and mortgage and recording taxes, for the purpose of industrial development.

The agreements grant tax abatements to any businesses either already located within or agreeing to establish its location within the City. During the fiscal year ending September 30, 2021 the City granted property tax abatements to industry amounting to \$5,537.

All of the abatements related to manufacturing with the following being greater than 10% of the property taxes abated during the fiscal year:

- A building supply manufacturer in amount of \$5,537 for construction of a new facility addition.

REQUIRED SUPPLEMENTARY INFORMATION

**GENERAL FUND - STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CITY OF GOOD HOPE, ALABAMA**

For the Year Ended September 30, 2021

| | <u>Budgeted Amounts</u> | | | <u>Variance</u> |
|---|----------------------------|---------------------------|----------------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Favorable</u> <u>(Unfavorable)</u> |
| REVENUES | | | | |
| Taxes: | | | | |
| Sales taxes | \$ 1,062,510 | \$1,062,510 | \$ 1,306,712 | \$ 244,202 |
| Beer and alcohol taxes | 241,430 | 241,430 | 264,186 | 22,756 |
| Municipal three percent tax | 89,295 | 89,295 | 86,688 | (2,607) |
| Property taxes | 104,500 | 104,500 | 115,222 | 10,722 |
| Lodging taxes | 13,900 | 13,900 | 17,611 | 3,711 |
| One-cent gasoline tax | 67,000 | 67,000 | 67,010 | 10 |
| Other | 30,600 | 30,600 | 31,876 | 1,276 |
| Licenses and permits: | | | | |
| Privilege business licenses | 112,000 | 112,000 | 78,901 | (33,099) |
| Alcohol business licenses | 5,700 | 5,700 | 8,545 | 2,845 |
| Franchise fees | 26,600 | 26,600 | 26,301 | (299) |
| Building permits | 3,800 | 3,800 | 14,467 | 10,667 |
| Intergovernmental revenues: | | | | |
| TVA distribution | 76,000 | 76,000 | 74,787 | (1,213) |
| Grants | 136,000 | 528,784 | 597,930 | 69,146 |
| Charges for services | 53,795 | 53,795 | 95,046 | 41,251 |
| Miscellaneous: | | | | |
| Interest earned | — | — | 967 | 967 |
| Miscellaneous | <u>3,288</u> | <u>3,288</u> | <u>14,776</u> | <u>11,488</u> |
| Total Revenues | <u>2,026,418</u> | <u>2,419,202</u> | <u>2,801,025</u> | <u>381,823</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | \$ 522,931 | \$ 522,931 | \$ 962,265 | \$ (439,334) |
| Street and highways | 606,323 | 606,323 | 467,114 | 139,209 |
| Culture and recreation | 57,764 | 57,764 | 63,445 | (5,681) |
| Public safety | 58,000 | 58,000 | 47,500 | 10,500 |
| Health and social services | 8,000 | 8,000 | 8,000 | — |
| Conservation | 4,000 | 4,000 | 4,000 | — |
| Education | 26,500 | 26,000 | 41,750 | (15,750) |
| Capital outlay | 250,000 | 1,078,290 | 1,078,290 | — |
| Debt service: | | | | |
| Principal retirement | 109,595 | 329,101 | 329,101 | — |
| Interest charges | <u>24,421</u> | <u>24,421</u> | <u>23,457</u> | <u>964</u> |
| Total Expenditures | <u>1,667,534</u> | <u>2,714,830</u> | <u>3,024,922</u> | <u>(310,092)</u> |
| Revenues Over Expenditures | 358,884 | (295,628) | (223,897) | 71,731 |
| Other financing sources (uses): | | | | |
| Sale proceeds | 5,000 | 261,642 | 261,642 | — |
| Operating transfers in (out) | <u>(203,000)</u> | <u>(203,000)</u> | <u>(195,000)</u> | <u>8,000</u> |
| Total Other Financing | | | | |
| Sources (Uses) | <u>(198,000)</u> | <u>58,642</u> | <u>66,642</u> | <u>8,000</u> |
| Revenues & Other Sources Over (Under) Expenditures | 160,884 | (236,986) | (157,255) | 79,731 |
| Fund balance at October 1 | <u>1,476,828</u> | <u>1,476,828</u> | <u>1,476,828</u> | <u>—</u> |
| Fund balance at September 30 | <u>\$ 1,637,712</u> | <u>\$1,239,842</u> | <u>\$ 1,319,573</u> | <u>\$ 79,731</u> |

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | 2020 | 2019 | 2018 | 2017 |
|---|-------------------|-------------------|-------------------|-------------------|
| Total pension liability | | | | |
| Service Cost | \$ 21,474 | \$ 24,784 | \$ 20,002 | \$ 13,355 |
| Interest | 18,883 | 14,425 | 8,471 | 7,002 |
| Changes of benefit terms | — | — | — | — |
| Differences between expected and actual experience | (80,797) | 24,811 | 54,780 | (1,399) |
| Change of assumptions | — | — | 1,429 | — |
| Benefit payments, including refunds of employee contributions | — | (13,296) | — | — |
| Transfer among Employees | — | — | — | — |
| Net change in total pension liability | (40,440) | 50,724 | 84,682 | 18,958 |
| Total pension liability - beginning | 244,710 | 193,986 | 109,304 | 90,346 |
| Total pension liability – ending (a) | \$ 204,230 | \$ 244,710 | \$ 193,986 | \$ 109,304 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 15,606 | \$ 12,377 | \$ 17,049 | \$ 13,651 |
| Contributions - member | 19,551 | 16,228 | 19,752 | 12,165 |
| Net investment income | 6,893 | 2,388 | 5,672 | 3,402 |
| Benefit payments, including refunds of employee contributions | — | (13,296) | — | — |
| Transfers among employers | — | — | — | — |
| Net change in plan fiduciary net position | 42,050 | 17,697 | 42,473 | 29,218 |
| Plan net position - beginning | 103,051 | 85,354 | 42,881 | 13,663 |
| Total net position – ending (b) | \$ 145,101 | \$ 103,051 | \$ 85,354 | \$ 42,881 |
| Net pension liability (asset) – ending (a) – (b) | \$ 59,129 | \$ 141,659 | \$ 106,632 | \$ 66,423 |
| Plan fiduciary net position as a percentage of the total pension liability | 71.05% | 42.11% | 44.0% | 39.23% |
| Covered-employee payroll* | \$ 381,910 | \$ 245,339 | \$ 203,645 | \$ 182,299 |
| Net pension liability (asset) as a Percentage of covered-employee payroll | 15.48% | 57.74% | 53.34% | 36.44% |

*Employer’s covered-payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For FY2020 the measurement period is October 1, 2018 – September 30, 2019.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (continued)

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | <u>2016</u> |
|---|-------------------------|
| Total pension liability | |
| Service Cost | \$ 9,380 |
| Interest | — |
| Changes of benefit terms | — |
| Differences between expected and actual experience | 63,745 |
| Change of assumptions | 9,903 |
| Benefit payments, including refunds of employee contributions | — |
| Transfer among Employees | <u>7,318</u> |
| Net change in total pension liability | <u>90,346</u> |
| Total pension liability - beginning | <u>—</u> |
| Total pension liability – ending (a) | <u><u>\$ 90,346</u></u> |
| Plan fiduciary net position | |
| Contributions - employer | \$ 3,001 |
| Contributions - member | 2,682 |
| Net investment income | 662 |
| Benefit payments, including refunds of employee contributions | — |
| Transfers among employers | <u>7,318</u> |
| Net change in plan fiduciary net position | <u>13,663</u> |
| Plan net position - beginning | <u>—</u> |
| Total net position – ending (b) | <u><u>\$ 13,663</u></u> |
| Net pension liability (asset) – ending (a) – (b) | <u><u>\$ 76,683</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 15.12% |
| Covered-employee payroll* | \$ 40,147 |
| Net pension liability (asset) as a Percentage of covered-employee payroll | 191.01% |

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------|----------------|----------------|----------------|
| Actuarially determined contribution* | \$ 18,734 | \$ 16,265 | \$ 13,025 | \$ 17,843 |
| Contributions in relation to the actuarially determined contribution* | <u>18,734</u> | <u>16,265</u> | <u>13,025</u> | <u>17,843</u> |
| Contribution deficiency (excess) | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |
| Covered-employee payroll** | <u>378,600</u> | <u>381,910</u> | <u>245,339</u> | <u>203,645</u> |
| Contributions as a percentage of covered-employee payroll | 4.95% | 4.26% | 5.31% | 8.76% |

| | <u>2017</u> | <u>2016</u> |
|---|----------------|---------------|
| Actuarially determined contribution* | \$ 13,650 | \$ 3,001 |
| Contributions in relation to the actuarially determined contribution* | <u>13,650</u> | <u>3,001</u> |
| Contribution deficiency (excess) | <u>\$ —</u> | <u>\$ —</u> |
| Covered-employee payroll** | <u>182,299</u> | <u>40,147</u> |
| Contributions as a percentage of covered-employee payroll | 7.49% | 7.48% |

*These are the amount of employer contributions related to normal and accrued liability components of the employer rate net of any refunds or error service payments.

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 the year ended September 30, 2021 were based on the September 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry Age |
| Amortization method | Level percent closed |
| Remaining amortization period | 14.5 years |
| Asset valuation method | Five year smoothed market |
| Inflation | 2.75% |
| Salary increases | 3.25 – 5.00%, including inflation |
| Investment rate of return | 7.70%, net pension plan investment expense, including inflation |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

BUDGETARY DATA

Budget Policy and Practice

The City clerk submits the annual budget to the City Council which adopts annual fiscal year appropriated budgets for the General Fund and Special Revenue Funds. Once approved, the City Council may amend the legally adopted budgets when unexpected modifications are required in estimated revenues and appropriations.

Budget

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by function. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. There were no revisions made to the budget throughout the year.

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET – GENERAL FUND

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | <u>General Fund</u> | <u>Parks and Recreation</u> | <u>Total General Fund</u> |
|--|---------------------------|---------------------------------|-------------------------------|
| ASSETS | | | |
| Cash equivalents | \$1,072,745 | \$ 6,621 | \$1,079,366 |
| Due from other governments | 334,078 | — | 334,078 |
| Accounts receivable | 9,380 | — | 9,380 |
| Prepaid insurance | 25,358 | — | 25,358 |
| Utility deposits | <u>110</u> | <u>—</u> | <u>110</u> |
| Total assets | <u>1,441,671</u> | <u>6,621</u> | <u>1,448,292</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | 9,841 | — | 9,841 |
| Deferred Inflows: | | | |
| Deferred inflow of res unearned revenues | 118,878 | — | 118,878 |
| Fund Balances: | | | |
| Nonspendable: | | | |
| Prepaid expenditures | 25,358 | — | 25,358 |
| Utility deposit | 110 | — | 110 |
| Assigned: | | | |
| Parks and recreation | — | 6,621 | 6,621 |
| Unassigned | <u>1,287,484</u> | <u>—</u> | <u>1,287,484</u> |
| Total fund balances | <u>1,312,952</u> | <u>6,621</u> | <u>1,319,573</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$1,441,671</u> | <u>\$ 6,621</u> | <u>\$1,448,292</u> |

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GENERAL FUND**

CITY OF GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | General Fund | Parks and Recreation | Total General Fund |
|---|----------------------------|---------------------------------|-------------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Sales Tax | \$ 1,306,712 | \$ — | \$1,306,712 |
| Beer and alcohol taxes | 264,186 | — | 264,186 |
| Municipal three percent tax | 86,688 | — | 86,688 |
| Property taxes | 115,222 | — | 115,222 |
| Lodging taxes | 17,611 | — | 17,611 |
| One-cent gasoline tax | 67,010 | — | 67,010 |
| County tag taxes | 28,496 | — | 28,496 |
| Motor vehicle license tax | 3,380 | — | 3,380 |
| License and permits: | | | |
| Privilege business licenses | 78,901 | — | 78,901 |
| Alcohol business licenses | 8,545 | — | 8,545 |
| Franchise fees | 26,301 | — | 26,301 |
| Building permits | 14,467 | — | 14,467 |
| Intergovernmental Revenues: | | | |
| TVA Distribution | 74,787 | — | 74,787 |
| Other grants and distributions | 597,930 | — | 597,930 |
| Charges for services | 38,545 | 56,501 | 95,046 |
| Miscellaneous: | | | |
| Interest earned | 967 | — | 967 |
| Miscellaneous | 14,776 | — | 14,776 |
| Total Revenues | <u>2,744,524</u> | <u>56,501</u> | <u>2,801,025</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 962,265 | — | 962,265 |
| Street and highways | 467,114 | — | 467,114 |
| Culture and recreation | 9,467 | 53,978 | 63,445 |
| Public safety | 47,500 | — | 47,500 |
| Health and social services | 8,000 | — | 8,000 |
| Conservation | 4,000 | — | 4,000 |
| Education | 41,750 | — | 41,750 |
| Capital Outlay | 1,078,290 | — | 1,078,290 |
| Debt service | | | |
| Principal retirement | 329,101 | — | 329,101 |
| Interest charges | 23,457 | — | 23,457 |
| Total Expenditures | <u>2,970,944</u> | <u>53,975</u> | <u>3,024,922</u> |
| Revenues over (Under) Expenditures | <u>(226,420)</u> | <u>2,523</u> | <u>(223,897)</u> |
| Other Financing Sources (Uses): | | | |
| Sales proceeds | 261,642 | — | 261,642 |
| Transfers in (out) | <u>(196,000)</u> | <u>1,000</u> | <u>(195,000)</u> |
| Total Other Financing Sources (Uses) | <u>65,642</u> | <u>1,000</u> | <u>66,642</u> |
| Revenues and Other Sources Over | | | |
| Expenditures and Other Uses | (160,778) | 3,523 | (157,255) |
| Fund Balance at October 1 | <u>1,473,730</u> | <u>3,098</u> | <u>1,476,828</u> |
| Fund Balances At September 30 | <u>\$ 1,312,952</u> | <u>\$ 6,621</u> | <u>\$1,319,573</u> |

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | Special Revenue | | | | |
|-----------------------------------|----------------------------------|---------------------------|---------------------------|-------------------------------|---|
| | Capital Projects Fund | 4 Cent Gas Tax | 7 Cent Gas Tax | Alabama Trust Fund | Total Nonmajor Governmental Fund |
| ASSETS | | | | | |
| Cash equivalents | \$ 134 | \$ 3,640 | \$ 434 | \$ 42,917 | \$ 47,125 |
| Due from other governmental units | <u>—</u> | <u>3,485</u> | <u>1,507</u> | <u>—</u> | <u>4,992</u> |
| Total Assets | <u><u>134</u></u> | <u><u>7,125</u></u> | <u><u>\$ 1,941</u></u> | <u><u>42,917</u></u> | <u><u>52,117</u></u> |
| LIABILITIES | | | | | |
| Due to general fund | <u>—</u> | <u>150</u> | <u>—</u> | <u>—</u> | <u>150</u> |
| Total Fund Balances | <u><u>—</u></u> | <u><u>150</u></u> | <u><u>—</u></u> | <u><u>—</u></u> | <u><u>150</u></u> |
| FUND BALANCES | | | | | |
| Restricted for: | | | | | |
| Highways and streets | — | 6,975 | 1,941 | — | 8,916 |
| Capital Improvements | <u>134</u> | <u>—</u> | <u>—</u> | <u>42,917</u> | <u>43,051</u> |
| Total Fund Balances | <u><u>134</u></u> | <u><u>6,975</u></u> | <u><u>1,941</u></u> | <u><u>42,917</u></u> | <u><u>51,967</u></u> |

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

GOOD HOPE, ALABAMA

For the Year Ended September 30, 2021

| | Special Revenue | | | | |
|---|----------------------------------|---------------------------|---------------------------|-------------------------------|---|
| | Capital Projects Fund | 4 Cent Gas Tax | 7 Cent Gas Tax | Alabama Trust Fund | Total Nonmajor Governmental Fund |
| REVENUES | | | | | |
| Intergovernmental revenues: | | | | | |
| State gasoline taxes | \$ — | \$ 34,124 | \$ 14,243 | \$ — | \$ 48,367 |
| Alabama excise taxes | — | 1,161 | — | — | 1,161 |
| Petroleum inspection fees | — | — | 2,283 | — | 2,283 |
| Alabama Trust Fund | — | — | — | 25,420 | 25,420 |
| Other grants | — | — | — | — | — |
| Total Revenues | — | 35,285 | 16,526 | 25,420 | 77,231 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Culture and recreation | — | — | — | — | — |
| Highways and streets | — | 33,452 | 16,042 | 16,473 | 65,967 |
| Total Expenditures | — | 33,452 | 16,042 | 16,473 | 65,967 |
| Revenues (Under) | | | | | |
| Expenditures | — | 1,833 | 484 | 8,947 | 11,264 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | (2,100) | — | — | — | (2,100) |
| Total Other Financing Sources (Uses) | (2,100) | — | — | — | (2,100) |
| Change in net position | (2,100) | 1,833 | 484 | 8,947 | 9,164 |
| Fund Balances at October 1 | 2,234 | 5,142 | 1,457 | 33,970 | 42,803 |
| Fund Balances at September 30 | \$ 134 | \$ 6,975 | \$ 1,941 | \$ 42,917 | \$ 51,967 |