

**CITY OF SPANISH FORT  
CITY COUNCIL MEETING  
AGENDA**

Regular Meeting  
May 1, 2023  
Spanish Fort Community Center  
6:00 p.m.

- I. CALL TO ORDER
- II. ROLL CALL
- III. INVOCATION
- IV. PLEDGE OF ALLEGIANCE
- V. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETINGS

Work Session April 3, 2023  
Regular Meeting April 3, 2023

- VI. REPORTS OF COMMITTEES AND OFFICERS
- VII. PUBLIC PARTICIPATION
- VIII. ANNOUNCEMENTS

Congressman Jerry Carl recently sent out a survey to Spanish Fort residents asking for feedback about our postal service. Please check your email inbox and fill out that survey. If you did not receive a survey, please send your comments to [jerry.carl@mail.house.gov](mailto:jerry.carl@mail.house.gov). It is important the Congressman and his staff receive your feedback.

Please join us for a free concert on Sunday, May 7, 2023. The Mobile Big Band Society Youth Jazz Band will perform at the Community Center at 5:00 p.m. Come out, bring your picnic blanket and tailgate chairs and enjoy the music on the grounds of the Community Center as we celebrate the spring season with a series of concerts.

We would like to thank all of our sponsors, volunteers, committee, staff and all of those who attended our annual Delta Woods and Waters Expo on April 29, 2023, at 5 Rivers. The event is an outstanding showcase for all of the many outdoor activities the area has to offer, and we look forward to seeing everyone next year!

“TIDY THE CITY” Clean Up for the City of Spanish Fort – Dumpsters will be placed at Spirit Park on May 4-7, 2023, for everything except electronics, household garbage, tires and hazardous chemicals.

Join the City of Spanish Fort and the Spanish Fort Public Library in presenting a family movie night on May 5, 2023, at 7:00 p.m. for a showing of “The Princess Bride”. There will be lawn games and activities beginning at 6:00 p.m. Families are invited to bring your picnic blankets and lawn chairs and enjoy the movie on the grounds of the Spanish Fort Community Center, 7361 Spanish Fort Blvd.

The Spanish Fort Community Center and Spanish Fort Public Library will be closed on Monday, May 29, 2023, to commemorate the Memorial Day Holiday. The Library will also be closed on Saturday, May 27, 2023.

- IX. OLD BUSINESS
- X. NEW BUSINESS

Proclamation for of May as Mental Health Month in the City of Spanish Fort and  
Proclamation of the First Week of May as Tardive Dyskinesia Week in the City of  
Spanish Fort

**Public Hearings on Audits for Fiscal Year ending September 30, 2022, as follows:**

- The City of Spanish Fort
- The Cooperative District of the City of Spanish Fort – Highway 181 Public Facilities
- The Cooperative District of the City of Spanish Fort – Highway 98 Public Facilities

**Public Hearing on Proposed Public Improvement Projects**

Ordinance No. 635-2023----An Ordinance Authorizing the Mayor to Execute an Agreement with Direct TV LLC

**Public Hearing on Proposed Issuance of General Obligation Warrant, 2023, as follows:**

Ordinance No. 636-2023----An Ordinance Authorizing the Issuance of a \$15,000,000 City of Spanish Fort, Alabama General Obligation Warrant, 2023

Resolution No. 1331-2023----A Resolution Authorizing the Mayor to Enter into a Contract for Services Between the City of Spanish Fort and the Spanish Fort Sports Association

Resolution No. 1332-2023----A Resolution Authorizing the Mayor to Enter into an Intergovernmental Services Agreement with Baldwin County for the Purpose of Mowing Certain Rights-of-Way

Resolution No. 1333-2023----A Resolution Authorizing the Mayor to Execute Contracts with Sunset Contracting, Inc.

Resolution No. 1334-2023----A Resolution Authorizing the Mayor to Execute a Contract with Motorola Solutions for the Purchase and Installation of a Mobile Dispatch Console for the City of Spanish Fort Police Department

Resolution No. 1335-2023----A Resolution Authorizing the Mayor to Execute a Contract with the University of Alabama Museums, Office of Archaeological Research

Resolution No. 1336-2023----A Resolution Declaring an Emergency and Authorizing the Mayor to Execute a Contract to Perform Emergency Sidewalk Repairs at 11848 Arlington Blvd.

XI. ADJOURN TO NEXT MEETING  
Work Session and Regular Meeting, May 15, 2023

## Spanish Fort City Council

### Minutes, Work Session, Monday, April 17, 2023

The City Council of the City of Spanish Fort, Alabama, met Monday, April 17, 2023, at 4:32 p.m., at the Spanish Fort Community Center, that being the scheduled date, time and place of such meeting.

The following Councilmembers were present: Curt Smith, Carl Gustafson, Shane Perry, J. R. Smith, Mary Brabner and Mayor McMillan. A quorum being present, the work session proceeded.

The Council discussed general municipal business.

Mr. David Conner, City Attorney, made a recommendation that the City Council go into executive session in accordance with the Alabama Open Meetings Act to discuss the general reputation and character of certain individuals and, subject to the limitations set out therein, to discuss the job performance of certain public employees; to discuss the legal ramifications of and legal options for pending litigation, controversies not yet being litigated, but imminently likely to be litigated, or imminently likely to be litigated if the governmental body pursues a proposed course of action; and to discuss the consideration the governmental body is willing to offer or accept when considering the purchase, sale, exchange, lease, or market value of real property. Mr. Conner made an oral declaration that the exceptions under the Open Meetings Act are applicable to the planned discussion. A motion was made by Councilmember J. R. Smith and seconded by Councilmember Brabner to go into executive session at 5:17 p.m. to discuss the aforementioned matters. Mayor McMillan called for the polling of votes. Voting "aye" were Councilmembers Curt Smith, Gustafson, Perry, J. R. Smith, Brabner and Mayor McMillan. Voting "nay" were none. Mayor McMillan announced that the executive session would last approximately 30 minutes and that the Work Session would resume upon the conclusion of the executive session.

At 5:49 p.m., City Clerk Rebecca A. Gaines announced the executive session would continue approximately 10 more minutes.

The Council reconvened at 6:09 p.m. There being no further business before the Council, the work session adjourned at 6:09 p.m.

*Approved this \_\_\_\_\_ day of May, 2023.*

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Rebecca A. Gaines  
City Clerk

**Spanish Fort City Council  
Minutes, Regular Meeting, April 17, 2023**

**CALL TO ORDER**

The City Council of the City of Spanish Fort, Alabama, met Monday, April 17, 2023, at 6:02 p.m., at the Spanish Fort Community Center, that being the scheduled date, time and place of such meeting.

**ROLL CALL**

The following Councilmembers were present: Curt Smith, Carl Gustafson, Shane Perry, J. R. Smith, Mary Brabner and Mayor McMillan.

**INVOCATION AND PLEDGE OF ALLEGIANCE**

City Attorney David Conner led the invocation and Pledge of Allegiance.

**APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

The minutes of the Meeting and Work Session of April 3, 2023, were distributed to each member, and Mayor McMillan called for any corrections. No corrections being offered, Mayor McMillan declared the minutes approved as written.

**REPORTS OF COMMITTEES AND OFFICERS**

The Mayor recognized Jack Roussos of the Junior City Council who was present at the meeting.

**PUBLIC PARTICIPATION**

There was none.

**ANNOUNCEMENTS**

Congressman Jerry Carl recently sent out a survey to Spanish Fort residents asking for feedback about our postal service. Please check your email inbox and fill out that survey. If you did not receive a survey, please send your comments to [jerry.carl@mail.house.gov](mailto:jerry.carl@mail.house.gov). It is important the Congressman and his staff receive your feedback.

Please join us for a free concert series for your family. Come out, bring your picnic blanket and tailgate chairs and enjoy the music on the grounds of the Community Center as we celebrate the spring season with a series of concerts.

On Sunday, April 23, 2023, the Mobile Pops Band will be performing at the Spanish Fort Community Center on Sunday, at 6:00 p.m. FAME, Fine Arts, Music & Entertainment will have an art guild show prior to the concert from 5:00 p.m. to 6:00 p.m.

On Sunday, May 7, 2023, the Mobile Big Band Society Youth Jazz Band will perform at the Community Center at 5:00 p.m.

We hope to see you for our free concert events.

Saturday, April 29, 2023, 9:00 a.m. to 4:00 p.m., the City is hosting the Twelfth Annual Delta Woods & Waters Expo family day. The Expo will be held at 5 Rivers Delta Resource Center on the Mobile Bay Causeway. There will be lots of outdoor activities, including fly fishing, geocaching, demonstrations of turkey calling, archery and many other activities. Admission is free.

“TIDY THE CITY” Clean Up for the City of Spanish Fort – Dumpsters will be placed at Spirit Park on May 4-7, 2023, for everything except electronics, household garbage, tires and hazardous chemicals.

Join the City of Spanish Fort and the Spanish Fort Public Library in presenting a family movie night on May 5, 2023, at 7:00 p.m. for a showing of “The Princess Bride”. There will

be lawn games and activities beginning at 6:00 p.m. Families are invited to bring your picnic blankets and lawn chairs and enjoy the movie on the grounds of the Spanish Fort Community Center, 7361 Spanish Fort Blvd.

## **OLD BUSINESS**

There was none.

## **NEW BUSINESS**

### ***Proclamation for Library Week in the City of Spanish Fort, Alabama***

Mayor McMillan issued a proclamation proclaiming the week of April 23-29, 2023 as Library Week in the City of Spanish Fort, Alabama. David Conner read the proclamation. Librarian Tracy Cole accepted the proclamation on behalf of the Library.

### ***Proclamation of Earth Day in the City of Spanish Fort, Alabama***

Mayor McMillan issued a proclamation proclaiming April 22, 2023, as Earth Day in the City of Spanish Fort. David Conner read the proclamation.

### ***Audits for Fiscal Year ending September 30, 2022, as follows:***

- The City of Spanish Fort
- The Cooperative District of the City of Spanish Fort – Highway 181 Public Facilities
- The Cooperative District of the City of Spanish Fort – Highway 98 Public Facilities

Mayor McMillan presented the general audit for the City of Spanish Fort and general audits for the Cooperative District of the City of Spanish Fort – Highway 181 Public Facilities and the Cooperative District of the City of Spanish Fort – Highway 98 Public Facilities. Discussion followed. Mayor McMillan announced that a Public Hearing will be held at the next meeting on May 3, 2023, to hear any comments in opposition to or in favor of the proposed Audits. The Audits can be reviewed at the Community Center.

### ***Public Hearing on Proposed Public Improvement Projects***

Mayor McMillan introduced and outlined the proposed public improvement projects to be undertaken by the City of Spanish Fort. David Conner further explained the proposed projects. Discussion followed. Mayor McMillan opened the public hearing. There were no comments. Mayor McMillan closed the public hearing. Discussion followed.

### ***Public Hearing on Proposed Issuance of Series 2023 General Obligation Warrants***

Mayor McMillan introduced and outlined the proposed General Obligation Warrants to be entered into by the City of Spanish Fort. David Conner further explained the proposed projects. Discussion followed. Mayor McMillan opened the public hearing. There were no comments. Mayor McMillan closed the public hearing. Discussion followed.

### ***Ordinance No. 634-2023***

Mayor McMillan presented Ordinance No. 634-2023, an ordinance exempting certain “Covered Items” from the municipal sales and use tax during the third weekend of July, 2023, as authorized by *Code of Alabama* 1975 § 40-23-210 through 40-23-213, as amended, generally referred to as the State Back-to-School Sales Tax Holiday Legislation. David Conner explained the proposed Ordinance. Discussion followed.

A motion was made by Councilmember Brabner and seconded by Councilmember J. R. Smith to adopt Ordinance No. 634-2023. Discussion followed. Mayor McMillan called for a polling of votes. Voting “aye” were Councilmembers Curt Smith, Gustafson, Perry, J. R. Smith, Brabner and Mayor McMillan. Voting “nay” were none. Mayor McMillan declared the Ordinance adopted.

***Ordinance No. 635-2023***

Mayor McMillan introduced Ordinance No. 635-2023, an ordinance authorizing the Mayor to execute an agreement with Direct TV LLC. David Conner explained the proposed Ordinance. Discussion followed.

***Resolution No. 1326-2023***

Mayor McMillan presented Resolution No. 1326-2023, a resolution authorizing the City of Spanish Fort, Alabama, to make a Grant Application for the Community Oriented Policing Services Hiring Program from the United States Department of Justice. David Conner explained the proposed resolution. Discussion followed.

A motion was made by Councilmember Perry and seconded by Councilmember Brabner to adopt Resolution No. 1326-2023. Discussion followed. Mayor McMillan called for a polling of votes. Voting “aye” were Councilmembers Curt Smith, Gustafson, Perry, J. R. Smith, Brabner and Mayor McMillan. Voting “nay” were none. Mayor McMillan declared the Resolution adopted.

***Resolution No. 1328-2023***

Mayor McMillan presented Resolution No. 1328-2023, a resolution authorizing the Mayor to execute an agreement between the City of Spanish Fort and PowerDMS. David Conner explained the proposed resolution. Discussion followed.

A motion was made by Councilmember Gustafson and seconded by Councilmember Curt Smith to adopt Resolution No. 1328-2023. Discussion followed. Mayor McMillan called for a polling of votes. Voting “aye” were Councilmembers Curt Smith, Gustafson, Perry, J. R. Smith, Brabner and Mayor McMillan. Voting “nay” were none. Mayor McMillan declared the Resolution adopted.

***Resolution No. 1329-2023***

Mayor McMillan presented Resolution No. 1329-2023, a resolution authorizing the Mayor to execute a contract for services between the City of Spanish Fort and Uniti Fiber. David Conner explained the proposed resolution. Discussion followed.

A motion was made by Councilmember J. R. Smith and seconded by Councilmember Gustafson to adopt Resolution No. 1329-2023 for a three-year term of service. Discussion followed. Mayor McMillan called for a polling of votes. Voting “aye” were Councilmembers Curt Smith, Gustafson, Perry, J. R. Smith, Brabner and Mayor McMillan. Voting “nay” were none. Mayor McMillan declared the Resolution adopted.

***Resolution No. 1330-2023***

Mayor McMillan introduced Resolution No. 1330-2023, a resolution amending the Spanish Fort Police Department Policy Manual. David Conner explained the proposed resolution. Discussion followed.

A motion was made by Councilmember Curt Smith and seconded by Councilmember Gustafson to adopt Resolution No. 1330-2023. Discussion followed. Mayor McMillan called for a polling of votes. Voting “aye” were Councilmembers Curt Smith, Gustafson, Perry, J. R. Smith, Brabner and Mayor McMillan. Voting “nay” were none. Mayor McMillan declared the Resolution adopted.

***Resolution No. 1331-2023***

Mayor McMillan introduced Resolution No. 1331-2023, a resolution amending the Spanish Fort Police Department Policy Manual. David Conner explained the proposed resolution. Discussion followed.

**ADJOURNMENT**

There being no further business before the Council, the meeting adjourned at 6:34 p.m.

*Approved this \_\_\_\_ day of May, 2023.*

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Rebecca A. Gaines  
City Clerk.

CITY OF SPANISH FORT, ALABAMA  
GENERAL PURPOSE FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2022



CITY OF SPANISH FORT, ALABAMA  
GENERAL PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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**FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members  
of the City Council  
City of Spanish Fort, Alabama

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Spanish Fort, Alabama as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Spanish Fort, Alabama, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Spanish Fort, Alabama, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Spanish Fort, Alabama's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Spanish Fort, Alabama's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Spanish Fort, Alabama's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Schedule of Changes in the Net Pension Liability and the Schedule of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Governmental Auditing Standards*, we have also issued our report dated March 27, 2023, on our consideration of the City of Spanish Fort, Alabama's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal

control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Spanish Fort, Alabama's internal control over financial reporting and compliance.

Certified Public Accountants

March 27, 2023  
Fairhope, Alabama

## **BASIC FINANCIAL STATEMENTS**

CITY OF SPANISH FORT, ALABAMA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 17,776,185
Loan proceeds receivable	16,101
Receivables, net	509,353
Capital assets, net	44,240,022
Total assets	<u>62,541,661</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Employer retirement contributions and net difference between projected and actual earnings on plan investments	1,045,361
Loss on defeasance	168,690
Total deferred outflows of resources	<u>1,214,051</u>
Total assets and deferred outflows of resources	<u><u>\$ 63,755,712</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 112,223
Long-term liabilities	
Due within one year	912,677
Due in more than one year, net	6,033,751
Total liabilities	<u>7,058,651</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Net difference between projected and actual earnings on plan investments	510,616
Total deferred inflows of resources	<u>510,616</u>
Total liabilities and deferred inflows of resources	<u>7,569,267</u>
<b>NET POSITION</b>	
Net investment in capital assets	38,369,455
Restricted for:	
Construction and road maintenance	936,107
Unrestricted	16,880,883
Total net position	<u>56,186,445</u>
Total liabilities and net position	<u><u>\$ 63,755,712</u></u>

See independent auditors' report and notes to the financial statements.

CITY OF SPANISH FORT, ALABAMA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Primary Governmental Activities
<b>Primary Government</b>					
Governmental activities:					
General	\$ 4,007,424	\$ 1,198,563	\$ 213,962	\$ 9,595,212	\$ 7,000,313
Police	3,155,709	219,310	2,901	-	(2,933,498)
Fire	255,735	91,049	-	-	(164,686)
Public works	477,012	-	-	-	(477,012)
Library	260,733	-	-	-	(260,733)
Building	309,984	222,803	-	-	(87,181)
Senior Center	73,366	-	-	-	(73,366)
Interest on long term debt	336,977	-	-	-	(336,977)
Total governmental activities	<u>\$ 8,876,940</u>	<u>\$ 1,731,725</u>	<u>\$ 216,863</u>	<u>\$ 9,595,212</u>	<u>2,666,860</u>
General revenues:					
Taxes					
Sales					
Real estate					
Liquor					
Other					
Intergovernmental					
Investment earnings					
Value of assets received from Fire Department merger					
Other					
Total general revenues					<u>13,501,276</u>
Change in net position					16,168,136
Net position, beginning					40,018,309
Net position, ending					<u>\$ 56,186,445</u>

See independent auditors' report and notes to the financial statements.



CITY OF SPANISH FORT, ALABAMA

FUND BALANCE SHEETS  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Major Fund		Nonmajor Funds	Total
	General	Capital Projects Athletic Fund	Other Governmental	Governmental Funds
<b>ASSETS</b>				
Cash	\$ 16,817,364	\$ 22,334	\$ 936,487	\$ 17,776,185
Receivables - Intergovernmental	509,353	-	-	509,353
Loan proceeds receivable	16,101	-	-	16,101
<b>TOTAL ASSETS</b>	<u>\$ 17,342,818</u>	<u>\$ 22,334</u>	<u>\$ 936,487</u>	<u>\$ 18,301,639</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 70,162	\$ -	\$ -	\$ 70,162
<b>TOTAL LIABILITIES</b>	<u>70,162</u>	<u>-</u>	<u>-</u>	<u>70,162</u>
<b>FUND BALANCES</b>				
Restricted				
Construction and road maintenance	-	22,334	913,773	936,107
Assigned	2,345,954	-	-	2,345,954
Unassigned	14,926,702	-	22,714	14,949,416
<b>TOTAL FUND BALANCES</b>	<u>17,272,656</u>	<u>22,334</u>	<u>936,487</u>	<u>18,231,477</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 17,342,818</u>	<u>\$ 22,334</u>	<u>\$ 936,487</u>	<u>\$ 18,301,639</u>

See independent auditors' report and notes to the financial statements.

CITY OF SPANISH FORT, ALABAMA

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION OF  
GOVERNMENTAL ACTIVITIES

SEPTEMBER 30, 2022

<b>Fund balances as reported on page 6</b>	\$ 18,231,477
Net Position reported for governmental activities in the Statement of Net Position (page 4) are different from Fund Balances for governmental activities because:	
Capital assets used in governmental activities are financial resources and are not reported in fund financial financial statements	52,186,574
Depreciation is provided for the above capital assets in government-wide reporting, but not in fund financial statements	(7,946,552)
Long-term liabilities, including warrants payable, capital lease obligations and notes payable are not due and payable in the current period and are not reported in fund financial statements	
Obligations under capital leases	(98,715)
Warrants payable	(5,940,542)
Net pension liability	(907,171)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds	534,745
Deferred loss on the early retirement of debt is not reported in the fund financial statements but is recognized for government wide reporting	168,690
Accrued interest payable is not due and payable in the current period and therefore not reported in fund financial statements	<u>(42,061)</u>
<b>Net Position of Governmental Activities as reported on page 4</b>	<u><u>\$ 56,186,445</u></u>

See independent auditors' report and notes to the financial statements.

CITY OF SPANISH FORT, ALABAMA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Major Fund		Non Major Funds	Total
	General	Capital Projects	Other	Governmental
		Athletic Fund	Governmental	Funds
REVENUES				
Local taxes	\$ 7,949,521	\$ -	\$ 29,373	\$ 7,978,894
Licenses, permits and fees	1,421,364	-	-	1,421,364
Fines	219,310	-	-	219,310
State of Alabama	145,331	-	225,921	371,252
Grants	9,812,075	-	-	9,812,075
Other revenues	385,854	13	8	385,875
Total revenues	19,933,455	13	255,302	20,188,770
EXPENDITURES				
General government	3,170,043	-	2,188	3,172,231
Building department	280,097	-	-	280,097
Police department	2,946,766	-	-	2,946,766
Public works	421,951	-	-	421,951
Library	260,733	-	-	260,733
Senior Center	73,366	-	-	73,366
Fire department	172,792	-	-	172,792
Capital outlay	10,164,518	-	-	10,164,518
Contributions	89,682	-	-	89,682
Debt service				
Principal	508,203	-	384,616	892,819
Interest	110,231	-	58,057	168,288
Total expenditures	18,198,382	-	444,861	18,643,243
EXCESS OF EXPENDITURES OVER (UNDER) REVENUES BEFORE OTHER FINANCING SOURCES (USES)	1,735,073	13	(189,559)	1,545,527
OTHER FINANCING SOURCES (USES)				
Debt proceeds	115,111	-	-	115,111
Transfers (to) from other funds	(442,673)	-	442,673	-
Total other financing sources (uses)	(327,562)	-	442,673	115,111
NET CHANGE IN FUND BALANCES	1,407,511	13	253,114	1,660,638
Fund balances, beginning of year	15,865,145	22,321	683,373	16,570,839
FUND BALANCES, END OF YEAR	\$ 17,272,656	\$ 22,334	\$ 936,487	\$ 18,231,477

See independent auditors' report and notes to the financial statements.

CITY OF SPANISH FORT, ALABAMA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<b>Net change in fund balances - total governmental funds, page 8</b>	<b>\$ 1,660,638</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different from the Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets.</p>	
Capital outlays for the year	10,164,518
Depreciation expense for the year	(972,275)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.</p>	
Value of assets received from Fire Department merger	4,856,304
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
Principal payments on long term debt	892,819
Debt Proceeds	(115,111)
<p>Some expenditures reported in governmental funds are to be paid on a long-term basis and therefore are not reported as expenses in the Statement of Activities</p>	
Change in deferred outflows of resources- loss on defeasance	(168,689)
Pension expense	<u>(150,068)</u>
<b>Change in Net Position of Governmental Activities, page 5</b>	<b><u><u>\$ 16,168,136</u></u></b>

See independent auditors' report and notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

CITY OF SPANISH FORT, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Spanish Fort, Alabama (the City) was incorporated on July 19, 1993. The City operates under a Mayor - Council form of government and its members are elected by district.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to municipal governments. The following is a summary of the more significant policies.

A. REPORTING ENTITY

The financial statements of the City have been prepared in conformity with the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB). In June 1999, GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the City prepares and presents financial information. The Statement was developed to make annual reports easier to understand and more useful to the people who use government financial information to make decisions.

The criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships and/or a significant economic benefit exists, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, this report includes financial statements of the funds and account groups required to account for those financial activities for which the City has the ability to influence and control through its legislative processes and/or with which special financing relationships exist.

**Potential Component Units**

The following entities were considered for inclusion in the City's financial statements as potential component units. However, the City has determined they do not meet all the criteria currently required by Governmental Accounting Standards for inclusion as component units. Thus, the City has chosen not to present the entities within its financial statements. However, separately issued audited financial statements are available for each entity and may be obtained from the City Clerk's office.

The Cooperative District of the City of Spanish Fort- Hwy. 181 Public Facilities is a legally separate, tax exempt entity. The District encompasses a retail area called the "The Eastern Shore Centre", and it collects a fee that is assessed on all retail sales in the District. The fee will repay warrants used to finance the construction of certain public infrastructure in the District. In the event that the debt is satisfied, the fee will be used as directed by the governing body of the City. Under any circumstance, the fee is to be used to support the District and its properties.

CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Cooperative District of the City of Spanish Fort- Hwy. 98 Public Facilities is a legally separate, tax exempt entity. The District encompasses a retail area called the “Spanish Fort Town Center” and collects a fee that is assessed on all retail transactions in the District. The fee will repay warrants used to finance the construction of certain public infrastructure in the District. In the event that the debt is satisfied, the fee will be used as directed by the governing body of the City. Under any circumstance, the fee is to be used to support the District and its properties.

The City of Spanish Fort has no legal obligation for debts of the Districts and receives no direct financial benefit from the Districts. Each District issues a separate financial statement available from the City Clerk of the City of Spanish Fort.

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND LEVEL

Government-wide

The basic financial statements include government-wide and fund financial statements. The previous reporting model emphasized fund types, while the new model focuses on the City as a whole and major funds. Government-wide and fund financial statements categorize primary activities as governmental or business type. In the Statement of Net Position, governmental and business-type activities (a) are presented on a consolidated basis, and (b) reflect full accrual accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Receivables and payables between activities are eliminated in the government-wide presentation through the caption “Internal Balances” on the Statement of Net Position.

The Statement of Activities reflects both the gross and net cost per functional category (public works, police, etc.) which are otherwise being supported by general government revenues (taxes, licenses and permits, etc.). The Statement of Activities reduces gross expenses, including depreciation, by related program revenues. The program revenues must be directly associated with a function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Level

The governmental fund level financial statements are presented on a current financial resource and modified accrual basis of accounting. Since governmental fund level financial statements are presented on a different basis of accounting and measurement focus than governmental activities in the government-wide presentation, a summary is presented to explain adjustments necessary to reconcile fund level statements to the government-wide presentation.

CITY OF SPANISH FORT, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into broad fund categories as follows:

**Governmental Funds:**

General Fund – The General Fund is used to account for all revenues and expenditures applicable to the general operations of city government which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund. The General Fund will be a major fund.

Capital Projects Athletic Fund- Capital Project Funds are used to account for the financial resources designated to construct major improvements other than those financed by special assessments. This fund will be a major fund.

Special Revenue Fund – The Special Revenue Fund is an operating fund for which the use of revenues is restricted or designated by outside sources.

Capital Projects Fund – Capital Project Funds are used to account for the financial resources designated to construct major improvements other than those financed by special assessments.

C. CAPITAL ASSETS

The accounting treatment over capital assets depends on whether the assets are used by governmental funds or proprietary funds and in fund level or government-wide reporting.

In government-wide reporting, all capital assets are reported as capital assets for governmental-type activities. The City has not established a minimum capitalization threshold at this time. Depreciation is provided on all capital assets at the government-wide level.

In fund level reporting, capital assets are reported as expenditures by governmental funds.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation.



CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is allocated as an expense in the Statement of Activities (government-wide level) and accumulated depreciation is reflected in the Statement of Net Position (government-wide level). Depreciation has been provided over the estimated useful lives using the straight line rates as follows:

Buildings	40 years
Streets	40 years
Vehicles	5 years
Other equipment	5 – 10 years

Cost of fixed assets includes interest during the construction period.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual, when they become both "measurable" and "available" to finance expenditures of the current period. The City uses a 60-day availability period except for FEMA disaster recovery grants which are recognized using a 12-month availability period.

Taxes collected by an intermediary are considered "measurable" when in the hand of the intermediary collecting governments and may be recognized as revenue at that time.

Expenditures other than interest on general long-term debt are recorded at the time liabilities are incurred. Revenues susceptible to accrual are those which are measurable and available to finance expenditures of the current period.

E. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Recently Issued Accounting Principles

GASB Statement No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of GASB Statement No. 87 are effective for fiscal year 2022. The City identified no significant leases in the current year which would necessitate application of GASB Statement No. 87.

CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB Statement No. 89 are effective for the fiscal year 2022. The City implemented GASB 89 in fiscal year 2022 with no significant impact to its financial statements.

GASB Statement 92, *Omnibus 2020*, was issued as guidance addressing various accounting and financial reporting issues identified during the implementation and application of GASB Statement No. 87, *Leases*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statement 67 and 68*, as amended, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, GASB Statement No. 84, *Fiduciary Activities*, and the measurement of liabilities and assets, if any, related to asset retirement obligations in a government acquisition. The various requirements of GASB Statement No. 92 are effective as early as the fiscal year 2022. The City implemented GASB 92 in fiscal year 2022 with no significant impact to its financial statements.

GASB Statement 96, *Subscription-Based Information Technology Arrangements*, was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability, (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) note disclosures regarding a SBITA. The requirements of GASB Statement No. 96 are effective for the fiscal year 2023. The City is currently evaluating the impact that this statement may have on its financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62, was issued to define *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes, along with the accounting, reporting, and disclosures relating to these changes. The requirements of GASB Statement No. 100 are effective for the fiscal year 2023. The City is currently evaluating the impact that this statement may have on its financial statements.

CITY OF SPANISH FORT, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. DEFERRED INFLOWS OF RESOURCES AND DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS

Deferred inflows of resources and deferred outflows of resources related to pensions that are derived from the difference between projected and actual earnings on the respective pension plan investments are amortized to pension expense over a closed five-year period. Deferred inflows of resources and deferred outflows of resources related to pensions that are derived from differences between expected and actual experience with regard to economic or demographic factors (difference between expected and actual experience) in the measurement of the respective pension plan's total pension liability are amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the respective pension plan (active and inactive employees) determined as of the beginning of the measurement period. Contributions to the pension plan from the employer subsequent to the measurement date of net pension liability and before the end of the reporting period are reported as a deferred outflow of resources related to pensions and amortized over twelve months. This contribution is included as an increase in the respective pension plan fiduciary net position in the subsequent fiscal year.

G. DEFERRED OUTFLOWS OF RESOURCES FROM CURRENT REFUNDING OR ADVANCE REFUNDING OF DEBT

For the governmental activities, in the government-wide statements, the difference between the reacquisition price (new debt) and the carrying value of the old debt on refunded debt transactions is recorded as a deferred outflow of resources and amortized over the shorter of the remaining life of the old debt or the life of the new debt.

H. PROPERTY TAX

All ad valorem taxes levied by the state, county and any municipality in Baldwin County are assessed and collected by the Revenue Commissioner of Baldwin County. The Baldwin County property tax calendar requires the Revenue Commissioner to assess and attach taxes as enforceable liens on property as of September 30 and taxes are due October 1 through December 31. Property taxes not paid by January 1 are considered delinquent. Tax collections received by the County Revenue Commissioner are remitted to the City on a monthly basis. In accordance with implementation of GASB Statement No. 33, revenue is recorded based upon taxes assessed and considered available.

CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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.

J. NET POSITION AND EQUITY CLASSIFICATIONS

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) the City's own laws through its enabling legislation and other provisions of its laws and regulations.
- Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The fund equity of the governmental fund financial statements is classified as fund balance. In March 2009, GASB adopted a standard that establishes a hierarchy based on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

Fund balance is classified into one of the following four components:

- Restricted fund balance – Consists of fund balances with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) the City’s own laws through its enabling legislation and other provisions of its laws and regulations.
- Committed fund balance – Consists of fund balances that are useable only for specific purposes by formal action of the government’s highest level of decision making authority. The City’s highest level of decision making lies with the Mayor and the members of the governing body. In order to establish, modify or rescind a fund balance commitment, the Mayor and governing body must pass a law by formal action committing the funds, by passage of a resolution.
- Assigned fund balance – Consists of fund balances that are intended to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (1) the governing body itself, or (2) a subordinate high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. The Mayor and governing body have the power to assign fund balance amounts to specific purposes. The governing body must vote to grant authorization of assigned fund balances to specific purposes.
- Unassigned fund balances – All other fund balances that do not meet the definition of “restricted, committed or assigned fund balances.”

The City considers unrestricted amounts to have been spent when an expenditure is incurred for the purpose for which restricted or unrestricted fund balance is available. The City considers unassigned amounts to have been spent when an expenditure is incurred for the purpose for which amounts in any of those unrestricted fund balance classifications could be used.

CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NOTE 2 CAPITAL ASSETS

Changes in capital assets, during the fiscal year, were as follows:

<u>Governmental Activities</u>	<u>Balance 10/1/2021</u>	<u>Additions</u>	<u>Reclassifications/ Retirements</u>	<u>Balance 9/30/2022</u>
<b>Capital assets not subject to depreciation</b>				
Land	\$ 5,344,170	\$ 9,259,976	\$ -	\$ 14,604,146
Construction in progress	5,698,812	129,335	(432,051)	5,396,096
	<u>11,042,982</u>	<u>9,389,311</u>	<u>(432,051)</u>	<u>20,000,242</u>
<b>Capital assets subject to depreciation</b>				
Buildings and improvements	12,760,121	2,307,508	-	15,067,629
Streets and drainage	10,085,223	471,040	-	10,556,263
Equipment and vehicles	3,346,621	3,285,014	(69,195)	6,562,440
Total	<u>26,191,965</u>	<u>6,063,562</u>	<u>(69,195)</u>	<u>32,186,332</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(2,675,804)	(325,824)	-	(3,001,628)
Streets and drainage	(1,918,554)	(223,272)	-	(2,141,826)
Equipment and vehicles	(2,449,114)	(423,179)	69,195	(2,803,098)
Total accumulated depreciation	<u>(7,043,472)</u>	<u>(972,275)</u>	<u>69,195</u>	<u>(7,946,552)</u>
Capital assets subject to depreciation, net	<u>19,148,493</u>	<u>5,091,287</u>	<u>-</u>	<u>24,239,780</u>
Total capital assets, net	<u>\$ 30,191,475</u>	<u>\$ 14,480,598</u>	<u>\$ (432,051)</u>	<u>\$ 44,240,022</u>
Depreciation was charged to governmental activities as follows:				
General government				\$ 414,071
Capital projects				181,369
Building				29,888
Fire				82,943
Police				208,942
Public works				55,062
Total				<u>\$ 972,275</u>

CITY OF SPANISH FORT, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2022

NOTE 3 LONG TERM DEBT

The City has the following general obligation debt outstanding at September 30, 2022:

General obligation refunding warrants 2014A dated January 15, 2014, at fixed interest rate of 2.86%, payable monthly, principal payable February 15, 2014 through December 15, 2028.	\$ 3,392,850
General obligation warrant, 2012 dated October 19, 2012, at a fixed interest rate of 2.29%, payable semi-annually, principal payable October 15, 2015 through October 15, 2027.	2,307,692
General obligation warrant, 2021-CWSRF-DL (Partial Principal Forgiveness Loan), dated January 1, 2021, at a per annum rate interest rate of 2.20%, payable semi-annually, principal payable in annual installments from February 15, 2022 through February 15, 2041.	240,000
	\$ 5,940,542

The changes in general long term debt during the fiscal year were:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due Within One Year
General Obligation					
Warrants	\$ 6,816,965	\$ -	\$ 876,423	\$ 5,940,542	\$ 890,350
Net pension liability	718,314	188,857	-	907,171	-
Obligations under capital lease	-	115,111	16,396	98,715	22,327
Total	\$ 7,535,279	\$ 303,968	\$ 892,819	\$ 6,946,428	\$ 912,677

The following is a summary of the debt service requirements to maturity as of September 30, 2022, including interest payments:

September 30,	Principal	Interest	Total
2023	\$ 890,350	\$ 144,879	\$ 1,035,229
2024	904,716	121,462	1,026,178
2025	919,497	97,432	1,016,929
2026	934,707	73,072	1,007,779
2027	950,358	48,272	998,630
2028-2032	1,205,914	38,153	1,244,067
2033-2037	75,000	10,725	85,725
2038-2041	60,000	2,640	62,640
Total	\$ 5,940,542	\$ 536,635	\$ 6,477,177

CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NOTE 4 CAPITAL LEASES

As of September 30, 2022, the City has one capital lease obligation through one bank for the purchase of a stormwater camera. Total minimum lease payments are as follows:

Year	Total
2023	\$ 24,460
2024	24,460
2025	24,460
2026	24,460
2027 and thereafter	6,115
Total minimum lease payments	103,955
Less amount representing interest	(5,240)
Present value of minimum lease payments	\$ 98,715

The assets acquired through outstanding capital leases are shown below

	Total
Buildings	\$ 115,111
Less: accumulated depreciation	(8,633)
Total	\$ 106,478

NOTE 5 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 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. 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](http://www.rsa-al.gov).

The ERS Board of Control consists of 15 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



CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 5 PENSION PLAN (CONTINUED)

6. 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.
7. Eight 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. One full time employee of a participating municipality or city in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
  - d. One full time employee of a participating county in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
  - e. One full time employee or retiree of a participating employer in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
  - f. One full time employee of a participating employer other than a municipality, city or county in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.

*Benefits Provided*

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

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.

CITY OF SPANISH FORT, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 5 PENSION PLAN (CONTINUED)

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

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

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

	<u>Number</u>
Retired members or their beneficiaries currently receiving benefits	9
Vested inactive members	1
Non-vested inactive members	15
Active members	<u>50</u>
Total	<u><u>75</u></u>

*Contributions*

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

CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 5 PENSION PLAN (CONTINUED)

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

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, 2022 the City's active employee contribution rate was 5% for Tier 1 – Regular, 6% for Tier 1 – FLC, 7.5% for Tier 2 – Regular and 8.5% for Tier 2 - FLC of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 3.99% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2022, was 6.97% of pensionable pay for Tier 1 employees, and 4.17% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2019, 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 \$317,779 for the year ended September 30, 2022.

CITY OF SPANISH FORT, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2022

NOTE 5 PENSION PLAN (CONTINUED)

*Net Pension Liability*

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>	<u>Actual After 2020 Experience Study</u>
(a) Total Pension Liability as of September 30, 2020	\$ 5,371,394	\$ 5,741,205	\$ 5,884,225	\$ 6,200,053
(b) Discount rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 to September 30, 2021	191,457	191,457	217,587	240,207
(d) Transfers Among Employers:	-	(54,564)	(54,564)	(54,564)
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 to September 30, 2021	<u>(224,767)</u>	<u>(224,767)</u>	<u>(224,767)</u>	<u>(224,767)</u>
(f) Total Pension Liability as of September 30, 2021 [(a) x (1+(b))] + (c) + (d) + [(e) x (1/.05*(b))]	<u>\$ 5,743,028</u>	<u>\$ 6,086,751</u>	<u>\$ 6,266,913</u>	<u>\$ 6,614,460</u>
(g) Difference between Expected and Actual		\$ 343,723		
(h) Less Liability Transferred for Immediate Recognition:		\$ (54,564)		
(i) Difference between Expected and Actual - Experience (Gain)/Loss		\$ 398,287		
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/Loss			\$ 180,162	
(k) Difference between Actual TPL Before and After 2020 Experience Study - Assumption Change (Gain)/Loss				\$ 347,547

CITY OF SPANISH FORT, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2022

NOTE 5 PENSION PLAN (CONTINUED)

*Actuarial Assumptions* - The total pension liability in the September 30, 2021, was determined on the annual actuarial funding valuation reported prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected salary increase	3.25% - 6.00% for State and Local Employees and 4.00% - 7.75% for State Police, including inflation
Investment rate of return*	7.45%
*Net of pension plan investment expense	

Mortality rates were based Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u> <b>Male: 90% ages &lt; 65,</b>
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 20, 2020.

CITY OF SPANISH FORT, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 5 PENSION PLAN (CONTINUED)

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

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	15.0%	2.8%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
Inter'ntl Developed Mkt Stks	12.0%	9.5%
Inter'ntl Emerging Mkt Stks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash	5.0%	1.5%

\*Includes assumed rate of inflation of 2.0%

*Discount Rate* - The discount rate used to measure the total pension liability was the long term rate of return, 7.45%. 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 RSA Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SPANISH FORT, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2022

NOTE 5 PENSION PLAN (CONTINUED)

**Changes in Net Pension Liability**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2020	\$ 5,371,394	\$ 4,653,080	\$ 718,314
Changes for the year:			
Service cost	191,457	-	191,457
Interest	404,944	-	404,944
Changes of benefit terms	180,162	-	180,162
Changes of assumptions	347,547	-	347,547
Differences between expected and actual experience	398,287	-	398,287
Contributions - employer	-	147,244	(147,244)
Contributions - employee	-	150,917	(150,917)
Net investment income	-	1,035,379	(1,035,379)
Benefit payments, including refunds of employee contributions	(224,767)	(224,767)	-
Administrative expense	-	-	-
Transfers among employers	(54,564)	(54,564)	-
Net Changes	<u>1,243,066</u>	<u>1,054,209</u>	<u>188,857</u>
Balances at September 30, 2021	<u>\$ 6,614,460</u>	<u>\$ 5,707,289</u>	<u>\$ 907,171</u>

*Sensitivity of the net pension liability to changes in the discount rate* - The following table presents the Board's net pension liability calculated using the discount rate of 7.45%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Net pension liability	\$ 1,832,563	\$ 907,171	\$ 143,337

*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, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the RSA prepared as of September 30, 2021. 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 [www.rsa-al.gov](http://www.rsa-al.gov).

CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NOTE 5 PENSION PLAN (CONTINUED)

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

For the year ended September 30, 2022, the City recognized pension expense of \$317,779. At September 30, 2022, 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	\$ 498,735	\$ 95,986
Changes of assumptions	389,284	-
Net difference between projected and actual earnings on plan investments	-	414,630
Employer contributions subsequent to measurement date *	157,342	-
Total	<u>\$ 1,045,361</u>	<u>\$ 510,616</u>

\* \$157,342 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending September 30,	
2023	\$ 71,433
2024	82,352
2025	35,981
2026	(4,104)
2027	112,720
Thereafter	79,021
	<u>\$ 377,403</u>



CITY OF SPANISH FORT, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 6 RISK MANAGEMENT AND CONTINGENCIES

Various lawsuits are pending against the City. City management believes that the potential adverse impact of these claims is mitigated by insurance and will not be material to the financial statements of the City.

The City receives Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. City management believes such disallowances, if any, will be immaterial.

NOTE 7 MERGER OF SPANISH FORT FIRE DEPARTMENT

On August 1, 2022, the Spanish Fort Fire Department transferred its assets to the City in the amount of \$4,856,304. The City agreed to assume the future operations of the fire department. All income and receipts as well as the related expenses and costs associated with the operation of the fire department are included in the government activities and treated as a separate department under the general fund.

NOTE 8 SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 27, 2023, the date which the financial statements were available to be issued. There were no material subsequent events which require disclosure at September 30, 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF SPANISH FORT, ALABAMA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local taxes	\$ 6,636,000	\$ 6,636,000	\$ 7,949,521	\$ 1,313,521
Licenses, permits and fees	1,509,500	1,509,500	1,421,364	(88,136)
Fines	112,000	112,000	219,310	107,310
State of Alabama	136,100	136,100	145,331	9,231
Grants	4,339,080	4,339,080	9,812,075	5,472,995
Other revenues	383,900	383,900	385,854	1,954
<b>TOTAL REVENUES</b>	<b>13,116,580</b>	<b>13,116,580</b>	<b>19,933,455</b>	<b>6,816,875</b>
<b>EXPENDITURES</b>				
General government	4,431,000	4,431,000	3,170,043	(1,260,957)
Building department	337,500	337,500	280,097	(57,403)
Police department	2,896,100	2,896,100	2,946,766	50,666
Public works	610,142	610,142	421,951	(188,191)
Library department	279,400	279,400	260,733	(18,667)
Senior Center	70,200	70,200	73,366	3,166
Fire department	-	-	172,792	172,792
Contributions	-	-	89,682	89,682
Capital outlays	5,191,580	5,191,580	10,164,518	4,972,938
Debt service	1,089,000	1,089,000	618,434	(470,566)
<b>TOTAL EXPENDITURES</b>	<b>14,904,922</b>	<b>14,904,922</b>	<b>18,198,382</b>	<b>3,293,460</b>
<b>EXCESS OF EXPENDITURES OVER (UNDER) REVENUES BEFORE OTHER FINANCING SOURCES (USES)</b>				
	<b>(1,788,342)</b>	<b>(1,788,342)</b>	<b>1,735,073</b>	<b>3,523,415</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	-	115,111	115,111
Transfers to other funds	-	-	(442,673)	(442,673)
Total other financing sources (uses)	-	-	(327,562)	(327,562)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,788,342)</b>	<b>\$ (1,788,342)</b>	<b>1,407,511</b>	<b>\$ 3,195,853</b>
Fund Balance, beginning of year			15,865,145	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ 17,272,656</b>	

See independent auditors' report and note to budgetary comparison schedule.

CITY OF SPANISH FORT, ALABAMA

NOTE TO BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2022

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Each September the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. Line item budgets are used for administrative control. The level of control for the detailed budgets is at the function level.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) The budget is legally enacted through passage of a resolution.
- (4) Reports are submitted to the City Council showing approved budget and actual operations.
- (5) The Mayor is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures must be approved by the City Council.
- (6) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

CITY OF SPANISH FORT, ALABAMA

SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY

LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

<b>Total pension liability</b>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 191,457	\$ 173,590	\$ 179,680
Interest	404,944	387,902	355,905
Changes of benefit terms	180,162	-	-
Differences between expected and actual experience	398,287	(129,666)	64,297
Changes of assumptions	347,547	-	-
Benefit payments, including refunds of employee contributions	(224,767)	(253,437)	(188,000)
Transfer among employees	(54,564)	28,595	36,384
<b>Net change in total pension liability</b>	<u>1,243,066</u>	<u>206,984</u>	<u>448,266</u>
<b>Total pension liability- beginning</b>	<u>5,371,394</u>	<u>5,164,410</u>	<u>4,716,144</u>
<b>Total pension liability- ending (a)</b>	<u><u>\$ 6,614,460</u></u>	<u><u>\$ 5,371,394</u></u>	<u><u>\$ 5,164,410</u></u>
<b>Plan fiduciary net position</b>			
Contributions- employer	\$ 147,244	\$ 125,667	\$ 120,746
Contributions- member	150,917	152,200	212,621
Net investment income	1,035,379	250,086	106,627
Benefit payments, including refunds of employee	(224,767)	(253,437)	(188,000)
Transfers among employers	(54,564)	28,595	36,384
<b>Net change in plan fiduciary net position</b>	<u>1,054,209</u>	<u>303,111</u>	<u>288,378</u>
<b>Plan net position- beginning</b>	<u>4,653,080</u>	<u>4,349,969</u>	<u>4,061,591</u>
<b>Plan net position- ending (b)</b>	<u><u>\$ 5,707,289</u></u>	<u><u>\$ 4,653,080</u></u>	<u><u>\$ 4,349,969</u></u>
<b>Net pension liability (asset)- ending (a) - (b)</b>	\$ 907,171	\$ 718,314	\$ 814,441
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	86.29%	86.63%	84.23%
<b>Covered-employee payroll *</b>	\$ 2,486,586	\$ 2,111,352	\$ 1,957,253
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	36.48%	34.02%	41.61%

\*Employer's covered payroll during the measurement period is the total covered payroll. For FY 2022 the measurement period is October 1, 2020 - September 30, 2021. GASB issued a Statement "Pension Issues" in March 2016 to redefine covered payroll for FY 2017.

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

CITY OF SPANISH FORT, ALABAMA

SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY

LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

2018	2017	2016	2015	2014
\$ 181,308	\$ 180,401	\$ 156,891	\$ 138,724	\$ 146,624
319,980	281,739	242,829	216,441	193,855
-	-	-	-	-
71,064	126,451	30,239	43,112	-
30,170	-	220,075	-	-
(74,716)	(72,633)	(83,882)	(52,971)	(63,336)
22,209	(21,485)	28,202		
550,015	494,473	594,354	345,306	277,143
4,166,129	3,671,656	3,077,302	2,731,996	2,454,853
<u>\$ 4,716,144</u>	<u>\$ 4,166,129</u>	<u>\$ 3,671,656</u>	<u>\$ 3,077,302</u>	<u>\$ 2,731,996</u>
\$ 105,373	\$ 116,650	\$ 106,559	\$ 96,150	\$ 91,797
141,459	197,979	104,143	88,741	83,111
335,818	388,331	262,967	28,538	244,167
(74,716)	(72,633)	(83,882)	(52,971)	(63,336)
22,209	(21,485)	28,202	9,237	-
530,143	608,842	417,989	169,695	355,739
3,531,448	2,922,606	2,504,617	2,334,922	1,979,183
<u>\$ 4,061,591</u>	<u>\$ 3,531,448</u>	<u>\$ 2,922,606</u>	<u>\$ 2,504,617</u>	<u>\$ 2,334,922</u>
\$ 654,553	\$ 634,681	\$ 749,050	\$ 572,685	\$ 397,074
86.12%	84.77%	79.60%	81.39%	85.47%
\$ 1,892,593	\$ 1,860,752	\$ 1,824,951	\$ 1,562,554	\$ 1,562,554
34.58%	34.11%	41.04%	36.65%	25.41%

CITY OF SPANISH FORT, ALABAMA  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution*	\$ 157,342	\$ 147,244	\$ 125,667	\$ 127,988	\$ 112,375	\$ 114,011	\$ 106,555	\$ 96,055
Contributions in relation to the actuarially determined contribution*	157,342	147,244	125,667	127,988	112,375	114,011	106,555	96,055
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll**	\$ 2,719,564	\$ 2,486,586	\$ 2,111,352	\$ 1,957,253	\$ 1,892,593	\$ 1,860,752	\$ 1,824,951	\$ 1,562,554
Contributions as a percentage of covered-employee payroll	5.79%	5.92%	5.95%	6.54%	5.94%	6.13%	5.84%	6.15%

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

\*\*Employer's covered payroll for FY2022 is the total covered payroll for the 12-month period of the underlying financial statements.

CITY OF SPANISH FORT, ALABAMA  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

**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 fiscal year 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	15.7 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25- 5.00 %, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



**COMPLIANCE AND INTERNAL CONTROL SECTION**



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members  
of the City Council  
City of Spanish Fort, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Spanish Fort, Alabama, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Spanish Fort, Alabama's basic financial statements, and have issued our report thereon dated March 27, 2023.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Certified Public Accountants

March 27, 2023  
Fairhope, Alabama

THE COOPERATIVE DISTRICT OF THE CITY OF  
SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

GENERAL PURPOSE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

GENERAL PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cooperative District of the  
City of Spanish Fort  
Highway 98 Public Facilities  
Spanish Fort, Alabama

### **Opinions**

We have audited the accompanying financial statements of the governmental activities of The Cooperative District of the City of Spanish Fort – Highway 98 Public Facilities as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise The Cooperative District of the City of Spanish Fort – Highway 98 Public Facilities’ basic financial statements as listed in the table of contents.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Cooperative District of the City of Spanish Fort – Highway 98 Public Facilities, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Cooperative District of the City of Spanish Fort – Highway 98 Public Facilities, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Management’s Responsibility for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cooperative District of the City of Spanish Fort – Highway 98 Public Facilities’ ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cooperative District of the City of Spanish Fort – Highway 98 Public Facilities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cooperative District of the City of Spanish Fort – Highway 98 Public Facilities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Certified Public Accountants

March 27, 2023  
Fairhope, Alabama



## **BASIC FINANCIAL STATEMENTS**

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

<b>ASSETS</b>	
Investments	\$ 1,228,023
Receivables	125,539
Capital assets, net	<u>15,870,879</u>
Total assets	<u><u>\$ 17,224,441</u></u>
 <b>LIABILITIES</b>	
Accrued expenses	\$ 552,838
Long-term liabilities	
Due within one year	400,218
Due in more than one year, net	<u>25,429,782</u>
Total liabilities	<u>26,382,838</u>
 <b>NET POSITION</b>	
Net investment in capital assets	(9,959,121)
Restricted for:	
Debt service	<u>800,724</u>
Total net position	<u>(9,158,397)</u>
Total liabilities and net position	<u><u>\$ 17,224,441</u></u>

See independent auditors' report and notes to the financial statements.

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

REVENUES	
Charges for services- district license fees	\$ 2,098,644
General revenues- investment earnings	2,593
Other revenue	216,667
Total revenues	<u>2,317,904</u>
GENERAL GOVERNMENTAL EXPENSES	
Depreciation	472,868
General expenses	15,700
Interest expense	1,637,123
Total general governmental expenses	<u>2,125,691</u>
Change in net position	192,213
Net position, beginning of year	<u>(9,350,610)</u>
Net position, end of year	<u>\$ (9,158,397)</u>

See independent auditors' report and notes to the financial statements.

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

FUND BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

ASSETS	
Investments	\$ 1,228,023
Receivables	<u>125,539</u>
TOTAL ASSETS	<u>\$ 1,353,562</u>
FUND BALANCES	
Fund Balance - restricted for:	
Debt service	<u>\$ 1,353,562</u>
TOTAL FUND BALANCES	<u>\$ 1,353,562</u>

See independent auditors' report and notes to the financial statements.

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES

SEPTEMBER 30, 2022

<b>Fund balances as reported on page 4</b>	\$ 1,353,562
Net Position reported for governmental activities in the Statement of Net Position (page 2) are different from Fund Balances for governmental activities because:	
Capital assets used in governmental activities are financial resources and are not reported in fund financial financial statements	22,507,035
Depreciation is provided for the above capital assets in government-wide reporting, but not in fund financials statements	(6,636,156)
Long-term liabilities are not due and payable in the current period and are not reported in fund financial statements	(25,830,000)
Accrued interest payable is not due and payable in the current period and therefore not reported in fund financial statements	<u>(552,838)</u>
<b>Net Position of Governmental Activities as reported on page 2</b>	<u><u>\$ (9,158,397)</u></u>

See independent auditors' report and notes to the financial statements.

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

REVENUES	
License fees	\$ 2,098,644
Interest income	2,593
Other income	216,667
Total revenues	<u>2,317,904</u>
EXPENDITURES	
General government	15,700
Debt service	
Principal	375,000
Interest	1,645,088
Total expenditures	<u>2,035,788</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	282,116
NET CHANGE IN FUND BALANCES	282,116
Fund balances, beginning of year	<u>1,071,446</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,353,562</u>

See independent auditors' report and notes to the financial statements.

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<b>Net change in fund balances - total governmental funds, page 6</b>	\$ 282,116
 Amounts reported for governmental activities in the Statement of Activities are different from the Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds because:	
 Governmental funds report capital outlays as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets.	
Depreciation	(472,868)
 Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal payments on long term debt	375,000
 Accrued interest expense is not due and payable in the current period and therefore not reported in fund financial statements	
	<u>7,965</u>
<b>Change in Net Position of Governmental Activities, page 3</b>	<u><u>\$ 192,213</u></u>

See independent auditors' report and notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**



THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cooperative District of the City of Spanish Fort- Highway 98 Public Facilities, (the District), was incorporated on March 9, 2007. The District operates under an agreement with The Spanish Fort Redevelopment Authority, (the Authority), and the City of Spanish Fort, Alabama. The Authority has a board of directors appointed by the Mayor of the City of Spanish Fort.

The District approved a percentage of certain taxes collected by the City in the Cooperative District to be remitted monthly from the City to the District (1.5% of sales taxes).

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to municipal governments. The following is a summary of the more significant policies.

A. REPORTING ENTITY

The financial statements of the District have been prepared in conformity with the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB). In June 1999, GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the District prepares and presents financial information. The Statement was developed to make annual reports easier to understand and more useful to the people who use government financial information to make decisions.

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND LEVEL

The basic financial statements include government-wide and fund financial statements. The previous reporting model emphasized fund types, while the new model focuses on the District as a whole and major funds. Government-wide and fund financial statements categorize primary activities as governmental or business type.

Government-wide

Government-wide financial statements (statement of net position and statement of activities) report information on all activities of the District. The statement of net position, is (a) presented on a consolidated basis, and (b) reflects, full accrual accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. The statement of activities reflects the degree to which direct expenses are offset by program revenues and then presents general revenues (license fees and investment earnings) to support remaining direct and indirect expenses.

(continued)

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Level

The governmental fund level financial statements are presented on a current financial resource and modified accrual basis of accounting. Since governmental fund level financial statements are presented on a different basis of accounting and measurement focus than governmental activities in the government-wide presentation, a summary is presented to explain adjustments necessary to reconcile fund level statements to the government-wide presentation.

A single General Fund is used to account for all revenues and expenditures applicable to the general operations of the District.

C. CAPITAL ASSETS

In government-wide reporting, all capital assets are reported as capital assets. The District has not established a minimum capitalization threshold at this time. Depreciation is provided on all capital assets at the government-wide level.

In fund level reporting, capital assets are reported as expenditures by governmental funds.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation.

All assets relating to the construction in the District are considered assets of the District. The Warrant documents specifically state that all infrastructure be maintained by the District, thus giving full ownership of those assets to the District.

Depreciation is allocated as an expense in the Statement of Activities (government-wide level) and accumulated depreciation is reflected in the Statement of Net Position (government-wide level). Depreciation has been provided over the estimated useful lives using the straight-line rates as follows:

Streets and Drainage	40 years
Electrical Components	40 years
Landscaping	15 years
Traffic Equipment	15 years

(continued)

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (current and noncurrent) are included in the statement of net position and the operating statements present the changes in total net position. Accrual basis accounting recognizes revenues when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are presented using current financial resources measurement focus and are accounted for under the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual, when they become both "measurable" and "available" to finance expenditures of the current period. License fees collected by an intermediary are considered "measurable" when in the hand of the intermediary collecting governments and may be recognized as revenue at that time. Expenditures other than interest on general long-term debt are recorded at the time liabilities are incurred. Revenues susceptible to accrual are those which are measurable and available to finance expenditures of the current period.

E. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Recently Issued and Adopted Accounting Principles

GASB Statement No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of GASB Statement No. 87 are effective for fiscal year 2022. The District does not currently have any lease contracts. Therefore, GASB Statement No. 87 did not have any effect on the financial statements for fiscal year 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB Statement No. 89 are effective for the fiscal year 2022. The District implemented GASB 89 in fiscal year 2022 with no significant impact to its financial statements.

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THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Principles

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62, was issued to define *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes, along with the accounting, reporting, and disclosures relating to these changes. The requirements of GASB Statement No. 100 are effective for the reporting periods beginning after June 15, 2023. The District is currently evaluating the impact that this statement may have on its financial statements.

F. DEBT ISSUE COST

In the government-wide financial statements, bond discounts and premiums are deferred and amortized over the term of the bonds using the bonds outstanding method. Bond discounts and premiums are presented as a reduction or addition to the face amount of the bonds payable whereas issuance costs are expensed as incurred. Deferred losses associated with the issuance of long-term debt are presented as Deferred Outflows of Resources and are amortized on the straight-line method over the term of the bond.

G. 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.

H. NET POSITION AND EQUITY CLASSIFICATIONS

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) the District's own laws through its enabling legislation and other provisions of its laws and regulations.
- Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The fund equity of the governmental fund financial statements is classified as fund balance.

Fund balance is classified into one of the following four components:

- Restricted fund balance - Consists of fund balances with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) the District's own laws through its enabling legislation and other provisions of its laws and regulations.
- Committed fund balance - Consists of fund balances that are useable only for specific purposes by formal action of the government's highest level of decision making authority. The District's highest level of decision making lies with the board. In order to establish, modify or rescind a fund balance commitment, the board must pass a law by formal action committing the funds, by passage of a resolution.
- Assigned fund balance - Consists of fund balances that are intended to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (1) the governing body itself, or (2) a subordinate high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. The District has the power to assign fund balance amounts to specific purposes. The District must vote to grant authorization of assigned fund balances to specific purposes.
- Unassigned fund balance - All other fund balances that do not meet the definition of "restricted, committed or assigned fund balances."

The District considers restricted fund balances to have been spent when both restricted and unrestricted fund balances are available. Also, the District considers assigned and committed fund balances to have been spent when unassigned or unrestricted amounts are available.

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 2 CAPITAL ASSETS

Changes in the District's capital assets are as follows at September 30, 2022:

<u>Governmental Activities</u>	<u>Balance 10/1/21</u>	<u>Additions</u>	<u>Reclassifications/ Retirements</u>	<u>Balance 9/30/22</u>
<b>Capital assets not subject to depreciation</b>				
Land	\$ 3,592,293	\$ -	\$ -	\$ 3,592,293
<b>Capital assets subject to depreciation</b>				
Infrastructure	18,914,742	-	-	18,914,742
<b>Less accumulated depreciation</b>				
Infrastructure	<u>(6,163,288)</u>	<u>(472,868)</u>	<u>-</u>	<u>(6,636,156)</u>
Capital assets, net	<u>\$ 16,343,747</u>	<u>\$ (472,868)</u>	<u>\$ -</u>	<u>\$ 15,870,879</u>
Depreciation was charged to governmental activities as follows:				
General government				<u>\$ 472,868</u>

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 3 LONG TERM DEBT

The District has the following general obligation debt outstanding at September 30, 2022:

Public Improvement Revenue Bond, Series 2018 (\$27,170,000) dated October 30, 2018, interest rate of 6.30%, payable semi-annually, principal payable December 1, 2019 through December 1, 2048	<u>\$ 25,830,000</u>
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The changes in general long term debt during the fiscal year were:

	<u>Balance 10/1/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/22</u>	<u>Due within One Year</u>
General Obligation Warrants	<u>\$ 26,205,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>	<u>\$ 25,830,000</u>	<u>\$ 400,218</u>

Maturities of long term debt including estimated interest are:

Year Ending <u>September 30,</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	# \$	400,218	\$ 1,638,602	\$ 2,038,820
2024	#	425,829	1,612,992	2,038,821
2025	#	453,078	1,585,742	2,038,820
2026		482,072	1,556,748	2,038,820
2027		512,921	1,525,899	2,038,820
2028-2032	#	3,101,025	7,093,076	10,194,101
2033-2037	#	4,228,610	5,965,492	10,194,102
2038-2042	#	5,766,203	4,427,898	10,194,101
2043-2047	#	7,862,891	2,331,210	10,194,101
2048-2049	#	2,597,153	183,011	2,780,164
Total		<u>\$ 25,830,000</u>	<u>\$ 27,920,670</u>	<u>\$ 53,750,670</u>

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 4 DEPOSIT AND INVESTMENT RISK

At September 30, 2022, the District had investments in U.S. Treasury money market mutual funds through its trustee agreement for debt service. The fair value of the investments as of September 30, 2022 was \$1,228,023.

**Investment Risk** – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State statutes authorize the District’s investments. The District is authorized to invest in U.S. Government obligations and its agencies or instrumentalities; direct obligations of the state, SEC registered mutual funds holding like securities. The District has no investment policy that further limits investment choices. The District’s mutual fund investments were rated AAA by Standard & Poor’s.

**Custodial Credit Risk** - The District may participate in the Security for Alabama Funds Enhancement (SAFE) Program, a multiple financial institution collateral pool, administered by the State of Alabama. The program, by law, provides administration of pledged collateral coverage for all governments and agencies in the state and requires qualified financial institutions to provide collateral to the administrator adequate to secure all deposits of public funds in that financial institution. The State guarantees deposits identified as “public funds” will be adequately secured by insurance or collateral. Any collateral shortages of one financial institution are assessed to other member financial institutions.

NOTE 5 FAIR VALUE DISCLOSURES

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation input used to measure as asset’s fair value. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments’ fair value measurements are as follows at September 30, 2022:



THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 98 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 5 FAIR VALUE DISCLOSURES (CONTINUED)

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Treasuries Money Market	\$ 1,228,023	\$ 1,228,023	\$ -	\$ -
	<u>\$ 1,228,023</u>	<u>\$ 1,228,023</u>	<u>\$ -</u>	<u>\$ -</u>

Debt securities categorized as Level 1 are based on prices quoted in active markets for those securities. There are no Level 2 or 3 investments

NOTE 6 SUBSEQUENT EVENTS

The District board has evaluated subsequent events through March 27, 2023, the date which the financial statements were available to be issued. There were no material subsequent events identified which require disclosure at September 30, 2022.

THE COOPERATIVE DISTRICT OF THE CITY OF  
SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

GENERAL PURPOSE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

GENERAL PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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**FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cooperative District of the  
City of Spanish Fort  
Highway 181 Public Facilities  
Spanish Fort, Alabama

### **Opinions**

We have audited the accompanying financial statements of the governmental activities of The Cooperative District of the City of Spanish Fort – Highway 181 Public Facilities as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise The Cooperative District of the City of Spanish Fort – Highway 181 Public Facilities' basic financial statements as listed in the table of contents.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Cooperative District of the City of Spanish Fort – Highway 181 Public Facilities, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Cooperative District of the City of Spanish Fort – Highway 181 Public Facilities, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Management's Responsibility for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cooperative District of the City of Spanish Fort – Highway 181 Public Facilities' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cooperative District of the City of Spanish Fort – Highway 181 Public Facilities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cooperative District of the City of Spanish Fort – Highway 181 Public Facilities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Certified Public Accountants

March 27, 2023  
Fairhope, Alabama

## **BASIC FINANCIAL STATEMENTS**

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

**ASSETS**

Investments	\$ 3,469,553
Receivable	135,328
Capital assets, net	<u>8,821,665</u>
Total assets	<u>\$ 12,426,546</u>

**NET POSITION**

Net investment in capital assets	\$ 8,821,665
Unrestricted	<u>3,604,881</u>
Total net position	<u>\$ 12,426,546</u>



THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

**REVENUES**

Charges for services- district license fees	\$ 1,683,055
Interest	<u>1,756</u>
Total revenues	<u>1,684,811</u>

**GENERAL GOVERNMENTAL EXPENSES**

Depreciation	313,969
Trustee and professional fees	21,892
General expenses	<u>2,203</u>
Total general governmental expenses	<u>338,064</u>

Change in net position 1,346,747

Net position, beginning of year 11,079,799

**Net position, end of year** \$ 12,426,546

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

FUND BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

**ASSETS**

Investments	\$ 3,469,553
Receivables	<u>135,328</u>

**TOTAL ASSETS**

\$ 3,604,881

**FUND BALANCES**

Fund Balance - unassigned	<u>\$ 3,604,881</u>
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**TOTAL FUND BALANCES**

\$ 3,604,881

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION OF  
GOVERNMENTAL ACTIVITIES

SEPTEMBER 30, 2022

<b>Fund balances as reported on page 4</b>	\$ 3,604,881
Net Position reported for governmental activities in the Statement of Net Position (page 2) are different from Fund Balances for governmental activities because:	
Capital assets used in governmental activities are financial resources and are not reported in fund financial financial statements	15,626,049
Depreciation is provided for the above capital assets in government-wide reporting, but not in fund financial statements	<u>(6,804,384)</u>
<b>Net Position of Governmental Activities as reported on page 2</b>	<u><u>\$ 12,426,546</u></u>

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

**REVENUES**

License fees	\$ 1,683,055
Interest	1,756
Total Revenue	<u>1,684,811</u>

**EXPENDITURES**

Capital outlay	792,982
Utility expense	2,203
General government	21,892
Total expenditures	<u>817,077</u>

NET CHANGE IN FUND BALANCES 867,734

Fund balances, beginning of year 2,737,147

**FUND BALANCES, END OF YEAR** \$ 3,604,881

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

**Net change in fund balances - total governmental funds, page 6** \$ 867,734

Amounts reported for governmental activities in the Statement of Activities are different from the Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets.

Capital outlays	792,982
Depreciation	<u>(313,969)</u>

**Change in Net Position of Governmental Activities, page 3** \$ 1,346,747

**NOTES TO THE FINANCIAL STATEMENTS**

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cooperative District of the City of Spanish Fort - Highway 181 Public Facilities, (the District), was incorporated on July 31, 2003. The District operates under an agreement with The Commercial Development Authority of the City of Spanish Fort, (the Authority), and the City of Spanish Fort, Alabama. The Authority has a board of directors appointed by the Mayor of the City of Spanish Fort.

The District approved a percentage of certain taxes collected by the City in the Cooperative District to be remitted monthly from the City to the District (1.5% of sales taxes).

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to municipal governments. The following is a summary of the more significant policies.

A. REPORTING ENTITY

The financial statements of the District have been prepared in conformity with the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB). In June 1999, GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the District prepares and presents financial information. The Statement was developed to make annual reports easier to understand and more useful to the people who use government financial information to make decisions.

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND LEVEL

The basic financial statements include government-wide and fund financial statements. The previous reporting model emphasized fund types, while the new model focuses on the District as a whole and major funds. Government-wide and fund financial statements categorize primary activities as governmental or business type.

Government-wide

Government-wide financial statements (statement of net position and statement of activities) report information on all activities of the District. The statement of net position, is (a) presented on a consolidated basis, and (b) reflects, full accrual accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. The statement of activities reflects the degree to which direct expenses are offset by program revenues and then presents general revenues (license fees and investment earnings) to support remaining direct and indirect expenses.

(continued)

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Level

The governmental fund level financial statements are presented on a current financial resource and modified accrual basis of accounting. Since governmental fund level financial statements are presented on a different basis of accounting and measurement focus than governmental activities in the government-wide presentation, a summary is presented to explain adjustments necessary to reconcile fund level statements to the government-wide presentation.

A single General Fund is used to account for all revenues and expenditures applicable to the general operations of the District.

C. CAPITAL ASSETS

In government-wide reporting, all capital assets are reported as capital assets. The District has not established a minimum capitalization threshold at this time. Depreciation is provided on all capital assets at the government-wide level.

In fund level reporting, capital assets are reported as expenditures by governmental funds.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation.

All assets relating to the construction in the District are considered assets of the District. The Warrant documents specifically state that all infrastructure be maintained by the District, thus giving full ownership of those assets to the District. All payments made by the City for those assets have been treated as contributions to the District.

Depreciation is allocated as an expense in the Statement of Activities (government-wide level) and accumulated depreciation is reflected in the Statement of Net Position (government-wide level). Depreciation has been provided over the estimated useful lives using the straight line rates as follows:

Streets and Drainage	40 years
Electrical Components	40 years
Landscaping	15 years
Traffic Equipment	15 years

(continued)



THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (current and noncurrent) are included in the statement of net position and the operating statements present the changes in total net position. Accrual basis accounting recognizes revenues when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are presented using current financial resources measurement focus and are accounted for under the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual, when they become both "measurable" and "available" to finance expenditures of the current period. License fees collected by an intermediary are considered "measurable" when in the hand of the intermediary collecting governments and may be recognized as revenue at that time. Expenditures other than interest on general long-term debt are recorded at the time liabilities are incurred. Revenues susceptible to accrual are those which are measurable and available to finance expenditures of the current period.

E. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

*Recently Issued and Adopted Accounting Principles*

GASB Statement No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of GASB Statement No. 87 are effective for fiscal year 2022. The District does not currently have any lease contracts. Therefore, GASB Statement No. 87 did not have any effect on the financial statements for fiscal year 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB Statement No. 89 are effective for the fiscal year 2022. The District implemented GASB 89 in fiscal year 2022 with no significant impact to its financial statements.

(continued)

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Principles

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62, was issued to define *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes, along with the accounting, reporting, and disclosures relating to these changes. The requirements of GASB Statement No. 100 are effective for the reporting periods beginning after June 15, 2023. The District is currently evaluating the impact that this statement may have on its financial statements.

F. DEBT ISSUE COST

In the government-wide financial statements, bond discounts and premiums are deferred and amortized over the term of the bonds using the bonds outstanding method. Bond discounts and premiums are presented as a reduction or addition to the face amount of the bonds payable whereas issuance costs are expensed as incurred. Deferred losses associated with the issuance of long-term debt are presented as Deferred Outflows of Resources and are amortized on the straight-line method over the term of the bond.

G. 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.

H. NET POSITION AND EQUITY CLASSIFICATIONS

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) the District's own laws through its enabling legislation and other provisions of its laws and regulations.
- Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

(continued)

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The fund equity of the governmental fund financial statements is classified as fund balance.

Fund balance is classified into one of the following four components:

- Restricted fund balance - Consists of fund balances with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) the District's own laws through its enabling legislation and other provisions of its laws and regulations.
- Committed fund balance - Consists of fund balances that are useable only for specific purposes by formal action of the government's highest level of decision making authority. The District's highest level of decision making lies with the board. In order to establish, modify or rescind a fund balance commitment, the board must pass a law by formal action committing the funds, by passage of a resolution.
- Assigned fund balance - Consists of fund balances that are intended to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (1) the governing body itself, or (2) a subordinate high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. The District has the power to assign fund balance amounts to specific purposes. The District must vote to grant authorization of assigned fund balances to specific purposes.
- Unassigned fund balance - All other fund balances that do not meet the definition of "restricted, committed or assigned fund balances."

The District considers restricted fund balances to have been spent when both restricted and unrestricted fund balances are available. Also, the District considers assigned and committed fund balances to have been spent when unassigned or unrestricted amounts are available.

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 2 CAPITAL ASSETS

Changes in the District's capital assets are as follows at September 30, 2022:

Changes in capital assets, during the fiscal year, were as follows:

Governmental Activities	Balance 10/1/21	Additions	Reclassifications/ Retirements	Balance 9/30/22
<b>Capital assets not subject to depreciation</b>				
Land	\$ 1,121,358	\$ -	\$ -	\$ 1,121,358
Construction in progress	-	792,982	-	792,982
Capital assets not depreciated	<u>1,121,358</u>	<u>792,982</u>	<u>-</u>	<u>1,914,340</u>
<b>Capital assets subject to depreciation</b>				
Electrical	653,340	-	-	653,340
Landscape	1,070,000	-	-	1,070,000
Streets and drainage	11,905,435	-	-	11,905,435
Traffic equipment	82,934	-	-	82,934
Capital assets subject to depreciation at cost	<u>13,711,709</u>	<u>-</u>	<u>-</u>	<u>13,711,709</u>
<b>Less accumulated depreciation for:</b>				
Electrical	(277,673)	(16,333)	-	(294,006)
Landscape	(1,069,998)	-	-	(1,069,998)
Streets and drainage	(5,059,810)	(297,636)	-	(5,357,446)
Traffic equipment	(82,934)	-	-	(82,934)
Total accumulated depreciation	<u>(6,490,415)</u>	<u>(313,969)</u>	<u>-</u>	<u>(6,804,384)</u>
Capital assets subject to depreciation, net	<u>7,221,294</u>	<u>(313,969)</u>	<u>-</u>	<u>6,907,325</u>
 Total capital assets, net	 <u>\$ 8,342,652</u>	 <u>\$ 479,013</u>	 <u>\$ -</u>	 <u>\$ 8,821,665</u>
 Depreciation was charged to governmental activities as follows:				
General Government				<u>\$ 313,969</u>

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 3 DEPOSIT AND INVESTMENT RISK

At September 30, 2022, the District had investments in U. S. Treasury money market mutual funds through its trustee agreement for debt reserve and sinking funds. The fair value was \$3,469,553.

**Investment Risk** – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State statutes authorize the District’s investments. The District is authorized to invest in U.S. Government obligations and its agencies or instrumentalities; direct obligations of the state, SEC registered mutual funds holding like securities. The District has no investment policy that further limits investment choices. The District’s mutual fund investments were rated AAA by Standard & Poor’s.

**Custodial Credit Risk** - The District may participate in the Security for Alabama Funds Enhancement (SAFE) Program, a multiple financial institution collateral pool, administered by the State of Alabama. The program, by law, provides administration of pledged collateral coverage for all governments and agencies in the state and requires qualified financial institutions to provide collateral to the administrator adequate to secure all deposits of public funds in that financial institution. The State guarantees deposits identified as “public funds” will be adequately secured by insurance or collateral. Any collateral shortages of one financial institution are assessed to other member financial institutions.

NOTE 4 FAIR VALUE DISCLOSURES

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation input used to measure as asset’s fair value. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments’ fair value measurements are as follows at September 30, 2022:

(continued)

THE COOPERATIVE DISTRICT OF THE  
CITY OF SPANISH FORT- HIGHWAY 181 PUBLIC FACILITIES

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 4 FAIR VALUE DISCLOSURES (CONTINUED)

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
U.S. Treasuries Money Market	\$ 3,469,553	\$ 3,469,553	\$ -	\$ -
	<u>\$ 3,469,553</u>	<u>\$ 3,469,553</u>	<u>\$ -</u>	<u>\$ -</u>

Debt securities categorized as Level 1 are based on prices quoted in active markets for those securities. There are no Level 2 or 3 investments.

NOTE 5 SUBSEQUENT EVENTS

The District board has evaluated subsequent events through the date which the financial statements were available to be issued. There were no material subsequent events which require disclosure at September 30, 2022.



City of Spanish Fort  
7361 Spanish Fort Blvd.  
Spanish Fort, Alabama 36527

Dear City Council:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Spanish Fort as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Spanish Fort's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Spanish Fort's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Spanish Fort's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

This communication is intended solely for the information and use of governing body of the City and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

March 27, 2023  
Fairhope, Alabama



City of Spanish Fort, Alabama  
7361 Spanish Fort Blvd.  
Spanish Fort, Alabama 36527

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Spanish Fort, Alabama for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 5, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Spanish Fort are described in Note 1 to the financial statements. New accounting policies issued and adopted in 2022 are as follows:

- GASB Statement No. 87, *Leases*, was issued to improve the consistency of accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.
- GASB Statement 92, *Omnibus 2020*, was issued as guidance addressing various accounting and financial reporting issues identified during the implementation and application of GASB Statement No. 87, *Leases*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, GASB Statement No. 84, *Fiduciary Activities*, and the measurement of liabilities and assets, if any, related to asset retirement obligations in a government acquisition.

We noted no transactions entered into by City of Spanish Fort during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Spanish Fort's financial statements were:



Management's estimate of the depreciation for capital assets and amortization for intangible and other assets is based on methods applied consistent with standards set forth with the industry by the standard setting bodies or other current factors. We evaluated the key factors and assumptions used to develop those estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Management relies on the expertise of actuaries in regard to the estimates for pension.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term debt in Note 3 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 27, 2023.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Spanish Fort's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as [Name of Governmental Unit]'s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to the budgetary comparison schedules, notes to required supplementary information, schedule for employer contributions and schedule of changes in the net pension liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Mayor, Council Members and management of City of Spanish and is not intended to be, and should not be, used by anyone other than these specified parties.

Certified Public Accountants

March 27, 2023  
Fairhope, Alabama



The Cooperative District  
Of the City of Spanish Fort  
Highway 98 Public Facilities  
P.O. Box 7226  
Spanish Fort, Alabama 36577

Dear Board of Directors:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cooperative District of the City of Spanish Fort Highway 98 Public Facilities (the District) as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

This communication is intended solely for the information and use of governing body of the District and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

March 27, 2023  
Fairhope, Alabama



The Cooperative District  
of the City of Spanish Fort  
Highway 98 Public Facilities  
P.O. Box 7226  
Spanish Fort, Alabama 36577

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cooperative District of the City of Spanish Fort Highway 98 Public Facilities (the District) for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 5, 2022. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. New accounting policies issued and adopted in 2022 are as follows:

- GASB Statement No. 87, *Leases*, was issued to improve the consistency of accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the depreciation for capital assets and amortization for intangible and other assets is based on methods applied consistent with standards set forth with the industry by the standard setting bodies or other current factors. We evaluated the key factors and assumptions used to develop those estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term debt in Note 3 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 27, 2023.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the information and use of the governing body of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Certified Public Accountants

March 27, 2023  
Fairhope, Alabama



The Cooperative District  
Of the City of Spanish Fort  
Highway 181 Public Facilities  
P.O. Box 7226  
Spanish Fort, Alabama 36577

Dear Board of Directors:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cooperative District of the City of Spanish Fort Highway 181 Public Facilities (the District) as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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Certified Public Accountants

March 27, 2023  
Fairhope, Alabama



The Cooperative District  
of the City of Spanish Fort  
Highway 181 Public Facilities  
P.O. Box 7226  
Spanish Fort, Alabama 36577

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Restriction on Use

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Certified Public Accountants

March 27, 2023  
Fairhope, Alabama



**ORDINANCE NO. 635-2023**

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE AN AMENDMENT TO THE AGREEMENT WITH DIRECTV LLC**

**WHEREAS**, the City of Spanish Fort and BellSouth Telecommunications, Inc., d/b/a AT&T Alabama previously entered into an agreement for the provision of certain IP-Enabled Video Services, which agreement is set to expire on December 31, 2023 (“the Agreement”); and

**WHEREAS**, DIRECTV LLC (hereinafter referred to as DIRECTV) is the successor in interest to AT&T Alabama; and

**WHEREAS**, DIRECTV has requested a four-year extension of the Agreement, beginning on January 1, 2024, and expiring on December 31, 2027; and

**WHEREAS**, the City Council desires to grant DIRECTV’s request to renew the Agreement for an additional term of four years.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SPANISH FORT, ALABAMA, AS FOLLOWS:**

**SECTION 1.** The City Council hereby agrees to renew with DIRECTV the terms of the Agreement granted to BellSouth Telecommunications, Inc., d/b/a AT&T Alabama for provision of certain IP-Enabled Video Services for a term of four years beginning on January 1, 2024, and expiring on December 31, 2027, in accordance with the terms of the Agreement between the parties, as the same has been amended. The City Council hereby authorizes the Mayor to execute the First Amendment to Video Services Agreement which is attached hereto as Exhibit 1, subject to any changes approved by the Mayor and City Attorney.

**SECTION 2.** Except as expressly amended in this Ordinance and the First Amendment to Video Services Agreement, all terms and conditions contained in Ordinance No. 440-2013, as amended, shall remain in full force and effect.

**SECTION 3.** If any part, section or subdivision of this Ordinance shall be held unconstitutional or invalid for any reason, such holding shall not be construed to invalidate or impair the remainder of this Ordinance, which shall continue in full force and effect notwithstanding such holding.

**SECTION 4.** This Ordinance shall become effective upon its adoption or as otherwise required by state law.

Adopted and approved this \_\_\_\_ *day of* \_\_\_\_\_, 2023.

---

Michael M. McMillan  
Mayor

ATTEST:

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Rebecca A. Gaines  
City Clerk

# Exhibit 1

## **FIRST AMENDMENT TO VIDEO SERVICES AGREEMENT**

**THIS FIRST AMENDMENT TO VIDEO SERVICES AGREEMENT** ("First Amendment") is made on this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by and between DIRECTV, LLC ("DIRECTV") and the City of Spanish Fort, Alabama ("City").

### **RECITALS**

**WHEREAS** on or about July 31, 2021, BellSouth Telecommunications, LLC d/b/a AT&T Alabama ("AT&T Alabama") completed the transfer of its interest in the Video Services Agreement ("Agreement") with the City regarding the provision of the U-verse IPTV video service to its affiliate, DIRECTV; and

**WHEREAS** the initial Agreement with the City was entered on August 14, 2013 for a term expiring December 31, 2023, but allows for extending the Agreement upon written mutual request of the parties; and

**WHEREAS** the City and DIRECTV now desire to extend the term of the Agreement through December 31, 2027, and agree that there is sufficient mutual consideration for renewing and extending the term of the Agreement; and

**WHEREAS** DIRECTV and the City of Spanish Fort desire to make one other modification to the terms of the Agreement, which is fully set forth herein below and agree that there is sufficient mutual consideration for renewing and extending the term of the Agreement through December 31, 2027.

### **AGREEMENTS**

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein and in the original Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, DIRECTV and the City of Spanish Fort agree as follows:

1. Paragraph 2 of the Agreement is hereby amended and acknowledged to read as follows  

Term. The term of this Agreement shall be from the Effective Date of this Agreement through December 31, 2027. The term may be extended upon mutual agreement of the parties in writing.
2. Paragraph 13, the "Notices" paragraph of the Agreement, is amended by changing the address for AT&T Alabama to the following:  

DIRECTV  
Legal/External Affairs  
2260 E. Imperial Hwy.  
El Segundo, CA 90245

e-mail: scott.alexander@directv.com
3. Unless amended by the terms of this First Amendment, all other terms and conditions of the Agreement, shall remain unchanged and in full force and effect throughout the extended term. In the event the terms and conditions of the Agreement conflict with the terms of this First Amendment, this First Amendment shall be deemed to supersede and override the terms of the Agreement.
4. This First Amendment incorporates and includes all prior and contemporaneous negotiations, correspondence, conversations, agreements and understandings between the parties concerning the subject matter hereof. No deviation from the terms hereof shall be predicated upon any prior or contemporaneous representations, agreements or understanding, whether oral or written.

**IN WITNESS WHEREOF**, DIRECTV and the City of Spanish Fort have caused this First Amendment to be duly executed on their behalf by their duly authorized representative, as of the date first above written.

**(Signature page immediately follows)**

**DIRECTV, LLC (DIRECTV)**

Printed Name: Scott J. Alexander

Title: Senior Director, External Affairs

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**City of Spanish Fort Alabama**

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTEST**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## ORDINANCE NO. 636-2023

### AN ORDINANCE AUTHORIZING THE ISSUANCE OF A \$15,000,000 CITY OF SPANISH FORT, ALABAMA GENERAL OBLIGATION WARRANT, 2023

BE IT ORDAINED by the City Council (the "Council") of the City of Spanish Fort, Alabama (the "City"), as follows:

**Section 1. Findings.** Having made due and proper investigation of the matters hereinafter referred to, the Council has ascertained and does hereby find and declare that the following facts are true and correct:

- (a) In order to provide financing for the acquisition, construction and installation of capital improvements, including construction, installation and equipping a fire station; construction of six pickleball courts; renovation of the irrigation system at the Spirit Park ball fields; construction of a storage building for storage of fire and public works equipment; construction, installation and equipping of a dog park; construction of an additional phase of the Integrity park baseball and soccer complex and other municipal improvements, all for use by the City (the "Improvements"), it is necessary that the City borrow the sum of \$15,000,000;
- (b) In order to obtain such funds, it is necessary, advisable and in the interest of the public that the City borrow such funds from Synovus Bank and to issue the Warrant hereinafter authorized as evidence of its obligation to such Bank; and
- (c) In order to provide for certain terms and conditions with respect to the loan evidenced by such Warrant, it is necessary, advisable and in the interest of the public that the City enter into a Financing Agreement with Synovus Bank (the "Financing Agreement").

**Section 2. Authorization of Warrant.** Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama 1975, as amended, and for the purpose of providing the funds necessary to finance the Improvements, to pay the costs of issuance thereof, and for no other purpose, there is hereby authorized to be issued by the City its \$15,000,000 General Obligation Warrant, 2023 (the "Warrant"). The Warrant shall be dated the date of its delivery and shall contain and be subject to the terms and conditions set forth in the form of Warrant attached hereto as Exhibit A and made a part hereof.

**Section 3. Source of Payment; Security.** The indebtedness evidenced and ordered paid by the Warrant is and shall be a general obligation of the City for payment of the principal of and the interest on which the full faith and credit of the City are hereby irrevocably pledged. The City further agrees that, so long as the Warrant remains outstanding and any portion thereof remains unpaid, and to the full extent of the City's power to do so under the constitution and laws of the State of Alabama, the City will continue to collect and enforce taxes to the extent necessary to pay the principal of and interest on the Warrant.

**Section 4. Creation of Warrant Fund.** There is hereby created a special trust fund of the City, the full name of which shall be "City of Spanish Fort, Alabama Warrant Fund, 2023." Synovus Bank shall be and remain the Depository for the Warrant Fund. The monies in the Warrant Fund shall be used to pay the principal of and interest on the Warrant as the same shall become due and payable. There shall be paid into the Warrant Fund, on or before the last business day preceding any date on which a payment of principal of or interest on the Warrant is due, an amount which, when added to the amount then on deposit therein, will equal the principal of (if any) and interest on the Warrant coming due on such payment date.

All monies on deposit in the Warrant Fund shall be used for payment of the principal of and interest coming due on the Warrant.

The Warrant Fund shall be and at all times remain public funds impressed with a trust for the purpose for which the Warrant Fund is herein created. The Depository for the Warrant Fund shall at all times keep the monies on deposit with it in the Warrant Fund continuously secured for the benefit of the City and the Holder of the Warrant.

**Section 5. Covenant as to Tax-Exempt Obligation.** The City acknowledges and agrees that the Warrant is to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation pursuant to the relevant provisions of the Code and covenants and agrees that it will not in any way cause or permit the proceeds of the Warrant to be used in a manner which would cause the interest on the Warrant to lose the exemption from federal income taxation as provided under the Code and the applicable regulations thereunder and will comply with all applicable provisions of the Code (including, without limitation, the provisions relating to post-issuance actions affecting tax exemption) to the extent necessary for interest on the Warrant to be excludable from gross income of the holders thereof.

(b) Upon the occurrence of a Determination of Taxability, as hereinafter defined, the City shall promptly notify the Holder of the Warrant and shall make all payments required by the terms of the Warrant. As used herein, the term “Determination of Taxability” shall mean a determination that, as a result of any action or failure to act on the part of the City, the interest income on the Warrant is includable in gross income of the recipient thereof for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

- (a) The date on which the City determines that the interest income on the Warrant is includable in gross income for federal income tax purposes by filing with the Warrantholder a statement to that effect;
- (b) The date on which the City or any Warrantholder shall be advised by private ruling, technical advice or any other written communication from an authorized official of the Internal Revenue Service that, based upon any filings by the City, or upon any review or audit of the City, or upon any other grounds whatsoever, the interest income on the Warrant is includable in gross income for federal income tax purposes;
- (c) The date on which the City shall receive notice from the Warrantholder in writing that the Warrantholder has been advised (i) by any Warrantholder that the Internal Revenue Service has notified such Warrantholder that it has determined that the interest income on the Warrant is includable in gross income for federal income tax purposes or (ii) by any authorized official of the Internal Revenue Service that the interest income on the Warrant is includable in gross income for federal income tax purposes; or
- (d) The date on which the City shall receive notice from the Warrantholder that such Warrantholder has become aware of facts that cause such Warrantholder to determine in good faith that the interest income on the Warrant is includable in gross income for federal income tax purposes;

provided, that no Determination of Taxability shall be deemed to have occurred: (1) as a result of a determination by the City pursuant to the preceding clause (a) unless supported by a written opinion of Bond Counsel acceptable to the Warrantholder and the City that the interest income on the Warrant is includable in gross income for federal income tax purposes; (2) as a result of the event described in the preceding clause (d) if within twenty (20) days after the City has received notice of the event described in said clause (d) the City shall deliver to the Warrantholder giving such notice an opinion of Bond Counsel acceptable to the Warrantholder that the interest income on the Warrant is not so includable; or (3) as a result of the events described in either of the preceding clauses (b) and (c) unless and until (A) the City has been afforded a reasonable opportunity, at its expense, to contest such a determination either through its own action (if permitted by law) or by or on behalf of the Warrantholder and (B) all such contests, if made, have been abandoned by the City or have been finally determined by a court of competent jurisdiction from which no further appeal exists.

**Section 6. Authorization of Financing Agreement.** The execution and delivery by the City of the Financing Agreement between the City and Synovus Bank is hereby authorized. The Financing Agreement shall be in substantially the form presented at the meeting at which this Ordinance is adopted, a copy of which is attached hereto as Exhibit “B”, with such changes as shall be satisfactory to Synovus Bank and approved by the Mayor, which approval shall be conclusively evidenced by the Mayor’s execution of such Financing Agreement.

**Section 7. Authorization.** The Mayor and Clerk of the City are hereby authorized and directed to execute and deliver the Warrant and the Financing Agreement to Synovus Bank, together with such other instruments, directions, notices, consents or other documents as shall be necessary or desirable to consummate the transactions contemplated thereunder.

**Section 8. Contractual Provisions.** The provisions of this Ordinance shall constitute a contract between the City and the Holder of the Warrant. Upon payment in full of the principal of and interest on the Warrant, the obligations of the City hereunder and under the Financing Agreement shall cease.

**Section 9. Severability.** The various provisions of this Ordinance are hereby declared to be severable. In the event any provisions hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this Ordinance.

**Section 10. Effective Date.** This Ordinance shall become effective immediately upon its adoption or otherwise as shall be required by State law.

Adopted and approved this \_\_\_\_ *day of* \_\_\_\_\_, 2023.

---

Michael M. McMillan  
Mayor

ATTEST:

---

Rebecca A. Gaines  
City Clerk



EXHIBIT A

FORM OF WARRANT

UNITED STATES OF AMERICA  
STATE OF ALABAMA  
CITY OF SPANISH FORT, ALABAMA  
GENERAL OBLIGATION WARRANT, 2023

The CITY OF SPANISH FORT, ALABAMA, a municipal corporation under the laws of the State of Alabama (the "City"), for value received, hereby acknowledges that it is indebted in the principal sum of FIFTEEN MILLION AND NO/100 DOLLARS (\$15,000,000.00) and hereby directs its Clerk to pay (but solely out of the Warrant Fund referred to below) such principal sum to SYNOVUS BANK, or registered assigns, and to pay (but solely out of the Warrant Fund) interest on such principal sum from the date hereof until such principal sum shall become due and payable at the rate of 4.40% per annum, calculated on the basis of a 360 day year and 12 consecutive 30-day months and payable on the first day of each May and November, commencing November 1, 2023. The principal hereof shall be payable in twenty (20) annual installments on the first day of May, as follows:

<b>Principal Payment Date</b>	<b>Amount</b>
May 1, 2024	
May 1, 2025	
May 1, 2026	
May 1, 2027	
May 1, 2028	
May 1, 2029	
May 1, 2030	
May 1, 2031	
May 1, 2032	
May 1, 2033	
May 1, 2034	
May 1, 2035	
May 1, 2036	
May 1, 2037	
May 1, 2038	
May 1, 2039	
May 1, 2040	
May 1, 2041	
May 1, 2042	
May 1, 2043	

Upon the occurrence of a Determination of Taxability (as defined in the Warrant Ordinance hereinafter described), interest hereon shall accrue at the Taxable Rate (as hereinafter defined),

commencing with the payment immediately following receipt by the Holder hereof of notice of such occurrence. In addition, within ten (10) days following any Determination of Taxability, the City shall pay to the Holder hereof (without regard to whether such Holder shall have previously been the Holder) (1) an amount equal to the difference between (a) the interest paid hereon from the date from which interest hereon became includable in gross income of the Holder to the date of the Determination of Taxability, and (b) the amount of interest which would have been payable hereon if this Warrant had borne interest at the Taxable Rate during that same period, plus (2) an amount equal to any interest, penalties and additions to tax suffered by the Holder. As used herein, the "Taxable Rate" shall mean the per annum rate derived by multiplying (x) the rate borne hereby (4.40%) times (y) 1 minus the maximum federal corporate income tax rate as of the date of the Determination of Taxability.

The principal and interest so payable, and punctually paid or duly provided for on any payment date will, as provided in the ordinance adopted by the City Council of the City on May \_\_\_, 2023 (the "Warrant Ordinance"), be paid to the person in whose name this Warrant is registered at the close of business on the last business day prior to such payment date.

Pursuant to the Warrant Ordinance, the City has established a special fund for the payment of debt service on the Warrants (the "Warrant Fund") that will be held by Synovus Bank, as Depository. The City has obligated itself to pay or cause to be paid into the Warrant Fund from the taxes, revenues or other funds of the City sums sufficient to provide for the payment of debt service on the Warrants as the same becomes due and payable.

Payment of principal of or interest on this Warrant due on each payment date shall be made by check or draft mailed by the City to the person entitled thereto at its address appearing in the Warrant Register maintained with respect to the Warrants. Such payments of principal and interest shall be credited on the date received by the holder hereof but shall be deemed timely made if so mailed on the payment date or, if such payment date is not a date on which banks are open for business, on the next such day next following such payment date. Payment of the final installment of principal of and interest on this Warrant shall be made only upon surrender of this Warrant to the City. All such payments shall be made in such coin or currency of the United States of America as at the time of payment as legal tender for the payment of public and private debts.

The indebtedness evidenced and ordered paid by this Warrant is a general obligation of the City, for the payment of the principal of and interest on which the full faith and credit of the City have been irrevocably pledged. The City hereby covenants and agrees that so long as this Warrant is outstanding it will levy and collect such taxes as are permitted under the Constitution and laws of the State of Alabama to the extent necessary to pay the principal hereof and interest hereon.

This Warrant is subject to redemption at the option of the City, in whole or in part, upon written notice delivered to the Holder not less than ten (10) days prior to the date of redemption, at a redemption price equal to the principal amount to be redeemed plus the interest accrued thereon to the date of redemption, plus, in the case of any redemption prior to the third anniversary of the date hereof, a redemption premium equal to two percent (2%) of the principal amount to be redeemed.

This Warrant is nonnegotiable and is transferable only by a transfer duly executed by the person in whose name this Warrant is registered on the registry books of the Clerk of the City. Each Holder hereof, by receiving or accepting this Warrant, shall consent and agree and shall be estopped to deny that this Warrant may be transferred only in accordance with the provisions hereof. Without limiting the generality of the foregoing, each Holder hereof takes this Warrant subject to any prepayments and to the terms of that certain Financing Agreement, dated May \_\_\_, 2023, between the City and Synovus Bank.

It is hereby certified and recited that the indebtedness evidenced and ordered paid by this Warrant is lawfully due without condition, abatement or offset of any description; that this Warrant has been registered in the manner provided in the Warrant Ordinance; that all conditions, actions and things required by the Constitution and laws of the State of Alabama to exist, be performed or happen precedent to the issuance of this Warrant exist, have been performed and have happened; and that the indebtedness evidenced and ordered paid by this Warrant, together with all other indebtedness incurred by the City, was at the time the same was created and is now within every debt and other limit prescribed by the Constitution and laws of the State of Alabama.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its behalf by its Mayor and by the City Clerk and has caused the seal of the City to be impressed hereon, and has caused this Warrant to be dated May \_\_\_, 2023.

CITY OF SPANISH FORT, ALABAMA

(SEAL)

By: \_\_\_\_\_  
[FORM]  
Mayor

Attest:

\_\_\_\_\_  
[FORM]  
City Clerk

REGISTRATION AS CLAIM AGAINST WARRANT FUND

Date of Registration: \_\_\_\_\_

I hereby certify that this Warrant has been registered by me as a claim against the Warrant Fund referred to in this Warrant.

\_\_\_\_\_  
Treasurer, City of Spanish Fort, Alabama

FORM OF ASSIGNMENT

For value received \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_ the within Warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_, attorney, with full power of substitution in the premises, to transfer this Warrant on the books of the within-mentioned City.

Dated this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Warrant in every particular, without alteration, enlargement or change whatsoever.

Signature Guarantee:

\_\_\_\_\_  
(Bank, Trust Company or Fund)

By: \_\_\_\_\_  
(Authorized Officer)

FINANCING AGREEMENT

Between

CITY OF SPANISH FORT, ALABAMA

and

SYNOVUS BANK

Exhibit B

## FINANCING AGREEMENT

THIS FINANCING AGREEMENT dated May \_\_\_, 2023, entered into by the CITY OF SPANISH FORT, ALABAMA, a municipal corporation under the laws of the State of Alabama (the “City”), and SYNOVUS BANK, a Georgia banking corporation (the “Lender”).

### Recitals

Simultaneously with the execution and delivery of this Agreement, the City has issued its \$15,000,000 General Obligation Warrant, 2023 (the "Warrant"). The proceeds of the Warrant will be used to finance the acquisition, construction and installation of capital improvements, including without limitation construction, installation and equipping a fire station; construction of six pickleball courts; renovation of the irrigation system at the Spirit Park ball fields; construction of a storage building for storage of fire and public works equipment; construction, installation and equipping of a dog park; and construction of an additional phase of the Integrity park baseball and soccer complex, all for use by the City (the “Improvements”). Pursuant to this Agreement, the Lender has agreed to make a loan (the “Loan”) to the City in the amount of \$15,000,000 to provide the financing described above. The City’s obligation to repay the Loan will be evidenced by the Warrant.

The terms of the Warrant are described in the City’s ordinance adopted by Mayor and City Council of the City on May \_\_\_, 2023, authorizing the issuance of the Warrant (the “Ordinance”) and in the form of Warrant attached as Exhibit A to the Ordinance.

In order to provide for the issuance of the Warrant, for certain representations and covenants on the part of the City and the Lender and for the other purposes set forth herein, the parties have agreed to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows:

### **Section 1. Agreement to Make the Loan**

Upon the terms and conditions in the Ordinance, the Lender hereby agrees to lend to the City, and the City hereby agrees to borrow from the Lender, \$15,000,000. The City’s obligation to repay the Loan shall be evidenced by the Warrant in the principal amount of \$15,000,000. The Warrant shall bear interest at the rate per annum and shall be payable on the dates indicated in the form of the Warrant. Principal of the Warrant shall be payable as described in the form of the Warrant.

The indebtedness evidenced and ordered paid by the Warrant is and shall be a general obligation of the City for payment of the principal of and the interest on which the full faith and credit of the City are hereby irrevocably pledged. So long as the Warrant remains outstanding and any portion thereof remains unpaid, and to the full extent of the City’s power to do so under the constitution and laws of the State of Alabama, the City further agrees that it will continue to collect and enforce taxes to the extent necessary to pay the principal of and interest on the Warrant.

## **Section 2. Representations and Warranties**

(a) Representations and Warranties by the City. The City hereby represents and warrants to the Lender as follows:

(1) The City is a municipal corporation duly organized and existing under the general laws of the State of Alabama, with full power to accept the Loan, to enter into this Financing Agreement and to issue the Warrant.

(2) The City has duly adopted the Ordinance and has thereby authorized the acceptance of the Loan, the execution and delivery of this Financing Agreement and the issuance of the Warrant. This Financing Agreement constitutes, and when issued and delivered the Warrant will constitute, the legal, valid and binding obligations of the City enforceable against it in accordance with the terms of each such instrument, except as enforcement thereof may be limited by (i) bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

(3) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, pending or, to the knowledge of the City, threatened against the City to (i) restrain or enjoin the issuance of the Warrant or the execution and delivery by the City of this Financing Agreement, or (ii) wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial position of the City.

(4) The financial statements provided to the Lender by the City are complete and correct and fairly represent the financial condition of the City. There have been no material adverse changes in the business, properties or financial condition of the City, whether or not arising in the ordinary course of business, since September 30, 2022; the City has not defaulted in the payment of the principal of or the interest on any of its outstanding indebtedness; and, since September 30, 2022, except in the ordinary course of business, the City has not incurred any material liabilities or obligations, direct or contingent, or entered into any transactions material to the City, in any case which would have a material adverse effect upon the financial condition of the City.

(5) The City's Fiscal Year commences on October 1 and ends on September 30.

(b) Representations and Warranties by the Lender. The Lender represents and warrants to the City as follows:

(1) The Lender is acquiring the Warrant for its own account as evidence of a loan in the ordinary course of business and has no present intention of reselling or disposing of the Warrant or engaging in any "distribution" thereof (as that term is used in the Securities Act of 1933, as amended (the "1933 Act"), and the regulations of the Securities and Exchange Commission thereunder). Notwithstanding the foregoing, the Lender shall have the right, but not the obligation, to engage a participant bank or banks suitable to Lender in its sole and absolute discretion;

provided, that the City shall not be required to respond to or consult with any such participant or to make payment otherwise than to the registered owner of the Warrant.

(2) The Lender is familiar with the operations and financial condition of the City based upon information available to the Lender and has made such inquiries as it deems appropriate in connection with making the Loan and acquiring the Warrant, and has regularly acquired municipal obligations similar to the Warrant in the normal course of its commercial banking business and is capable of evaluating the merits and risks of making the Loan and acquiring the Warrant.

(3) The Lender has made its own independent evaluation of the creditworthiness of the City and has been provided with or permitted access to all information it has deemed material to formulating its decision to make the Loan and acquire the Warrant. The Lender acknowledges that no credit rating will be assigned to the Warrant, that no official statement or other offering document has been or will be prepared in connection with the issuance of the Warrant and that the City has not undertaken to provide any “continuing disclosure” under Rule 15c2-12 of the United States Securities and Exchange Commission or, except as provided in this Agreement, to provide any other information subsequent to the issuance of the Warrant.

(4) The Lender is aware that there may be no secondary market for the Warrant and that it may be required to hold the Warrant until maturity, although it reserves the right at all times to control the disposition of its assets, including the Warrant, and reserves the right to sell, assign and transfer the Warrant; provided, however, that no public offering of all or any portion of the Warrant, or of any interest therein, shall be made, that any purchaser shall be an “accredited investor” as defined in Regulation D promulgated under the 1933 Act, as amended and/or a qualified institutional buyer within the meaning of Rule 144A under the 1933 Act, and that the Lender shall comply with all federal and state laws relating to the sale of securities.

(5) The Lender acknowledges that the City has retained Hand Arendall Harrison Sale LLC (“Hand Arendall”) as its bond counsel with respect to the Loan, the issuance of the Warrant and matters pertaining thereto, that Hand Arendall does not represent the Lender with respect to the Loan, the Warrant or matters related thereto, and that it has determined whether to retain its own counsel based upon its own judgment and is not relying upon Hand Arendall to advise it in any matter relating to the Loan or the Warrant.

### **Section 3. Covenants of the City**

(a) The City shall pay the principal of and the interest on the Warrant at the time and place and in the manner provided in the Warrant.

(b) The City shall within ten (10) days after it acquires knowledge thereof, notify the Lender in writing upon the happening, occurrence, or existence of any Event of Default hereunder, and any event or condition which with the passage of time or giving of notice, or both, would constitute an Event of Default, and shall provide the Lender with such written notice a detailed statement by a responsible officer of the City of all relevant facts and the action being taken or proposed to be taken by the City with respect thereto.



(c) The City shall promptly inform the Lender in writing of any actual or potential contingent liabilities or pending or threatened litigation of any amount that could reasonably be expected to have a material and adverse effect upon the financial condition of the City and upon the ability of the City to perform its obligations under the Warrant.

(d) The City shall maintain such liability, casualty, and other insurance as is reasonable and prudent for similarly situated political subdivisions of the State and shall, upon written request of the Lender, provide evidence of such coverage to the Bank.

(e) The City shall comply with all applicable federal, state and local laws and regulatory requirements applicable to it.

(f) In the event the Warrant should be subject to the any documentary or other excise tax, or any other document should be subject to any excise tax on documents, or any similar tax, the City shall pay such taxes or reimburse the Lender for any such taxes paid by it; provided, that nothing in this clause (f) shall be deemed to impose any obligation with respect to the payment of federal or state income tax with respect to interest paid with respect to the Warrant.

(g) The Lender shall be provided with such financial information regarding the City as Lender may reasonably request, including but not limited to providing annual audited financial statements within 210 days after the end of the City's Fiscal Year.

(h) The City shall provide to the Lender a copy of the City's annual budget promptly upon approval thereof by the City Council.

(i) The City shall permit the Lender and any of its authorized representatives, and shall cause such persons and entities to be permitted to visit, examine, inspect and make extracts from books and records of the City and shall discuss with Lender or its representatives the affairs, finances and accounts of the City at such reasonable times and as often as may be reasonably requested.

#### **Section 4. Closing; Construction Fund**

(a) Subject to the conditions described below, not later than 2:00 p.m. (Spanish Fort, Alabama time) on the Closing Date, the City will deliver the Warrant to the Lender in definitive form, duly executed and authenticated, together with the other documents required by this Section 4.

(b) The Lender's obligation to fund the Loan and to accept and pay for the Warrant shall be subject to receipt of the following documents on or prior to the Closing Date:

(1) Ordinance. A certified copy of the Ordinance, together with a certificate of the City Clerk of the City to the effect that the Ordinance is in full force and effect and has not been modified or amended since the date of its adoption.

(2) Warrant. The properly executed, authenticated and delivered Warrant.

(3) Financing Agreement. A duly executed and delivered counterpart of this Financing Agreement.

(4) Tax Certificate. A duly executed and delivered counterpart of a Tax Certificate and Agreement, in form acceptable to Bond Counsel, executed by the City with respect to its compliance with certain provisions of the Internal Revenue Code of 1986, as amended.

(5) Form 8038-G. A report on Form 8038-G, in form satisfactory to Bond Counsel.

(6) Opinion of City Attorney. An opinion of the City Attorney of the City (Blackburn & Conner, P.C.), in form and substance satisfactory to the Lender, addressed to the Lender and dated the Closing Date.

(7) Opinion of Bond Counsel. An opinion of Hand Arendall Harrison Sale LLC, bond counsel to the City, to the effect that the interest borne by the Warrant is excluded from income for purposes of federal and State of Alabama income taxation, which opinion shall be addressed to the Lender, dated the Closing Date and otherwise in form and substance satisfactory to the Lender.

(c) The proceeds of the Loan will be deposited and maintained in a separate account of the City (the "2023 Construction Fund"). The Lender shall be the depository for the 2023 Construction Fund. The entire principal amount of the Warrant shall be paid by the Lender into the 2023 Construction Fund upon receipt of the Warrant and other required documents. Funds may be drawn from the 2023 Construction Fund from time to time by check or draft signed by the Mayor or other authorized officer of the City or, at the request of the City, by wire transfer or other electronic means.

## **Section 5. Events of Default**

(a) Each of the following shall be an "Event of Default" hereunder:

(1) any representation or warranty made herein, or in connection herewith or with the Warrant or Loan shall prove to be, or have been, false or misleading in any material respect;

(2) default in the payment of the principal of or any interest on the Warrant, as and when due and payable;

(3) the occurrence of any Event of Default or default under, or any default in the due observance or performance of any other term, covenant, condition or agreement on the part of the City to be observed or performed pursuant to the provisions of this Agreement, the Ordinance and the Warrant, or any other agreement between the City and Lender;

(4) the City shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of the City or any of its respective properties or assets, (ii) admit in writing its inability to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv)

be adjudicated a bankrupt or insolvent, or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against the City in any proceeding under any such law or if any action whatsoever shall be taken for the purpose of effecting any of the foregoing;

(5) an order, judgment or decree shall be entered without the application, approval or consent of the City by any court of competent jurisdiction, approving a petition seeking reorganization or liquidation of the City, or of all or any part of its respective properties or assets, or appointing a receiver, trustee or liquidator of the City;

(6) the dissolution or liquidation of the City.

(b) Upon the occurrence of any such Event of Default, the Lender shall have all such rights and remedies as shall be available under law or in equity, including, without limitation, the right of injunctive relief and specific performance and the right to a writ of mandamus to enforce the obligations of the City hereunder.

#### **Section 6. Role of Lender**

The City hereby acknowledges that Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to any information, materials or communications provided by the Lender: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to any information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the City has been informed that the City should discuss any such information, materials or communications with any and all internal and external advisors and experts that the City deems appropriate before acting on any such information, materials or communications

#### **Section 7. Patriot Act**

The City represents and warrants to the Lender that neither it nor any of its principals, shareholders, members, partners, or Affiliates, as applicable, is a Person named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of any such person. The Issuer further represents and warrants to the Lender that the Issuer and its principals, shareholders, members, partners, or Affiliates, as applicable, are not directly or indirectly, engaged in, nor facilitating, the

transactions contemplated by this transaction on behalf of any Person named as a Specially Designated National and Blocked Person

**Section 8. Privately Negotiated Loan**

The City hereby acknowledges and agrees that the Lender is purchasing the Warrant in evidence of a privately negotiated loan and in that connection the Warrant shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP® number by Standard & Poor's CUSIP Service.

**Section 9. Notices**

Any notice required to be delivered hereunder shall be in writing and shall be delivered by first class mail at the respective addresses set forth below:

To the City: City of Spanish Fort  
Attention: Mayor  
7361 Spanish Fort Boulevard  
Spanish Fort, Alabama 36527

To the Lender: Synovus Bank  
Attention:  
\_\_\_\_\_  
\_\_\_\_\_

**Section 10. Miscellaneous**

- (a) Waiver of Jury Trial. Each of the City and the Lender hereby knowingly, intentionally and voluntarily waives any right to a trial by jury with respect to any matter directly or indirectly relating to the Warrant, this Agreement or any other document or instrument delivered in connection with the Warrant and the transaction contemplated hereby.
- (b) Severability. In the event that any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.
- (c) Agreement to Remain in Effect. This Agreement shall be effective as of its date and shall remain in effect until the entire principal of and interest on the Warrant is paid or provision therefor is made to the satisfaction of the Lender.
- (d) Governing Law. This Financing Agreement and the rights and obligations of the City and the Lender shall be governed by and construed in accordance with the laws of the State of Alabama.

**IN WITNESS WHEREOF**, the City and the Lender have caused this Agreement to be executed and delivered by their duly authorized officers or agents.

SYNOVUS BANK

By: \_\_\_\_\_

Title: \_\_\_\_\_

CITY OF SPANISH FORT, ALABAMA

(SEAL)

By \_\_\_\_\_

Michael M. McMillan

Its Mayor

ATTEST:

\_\_\_\_\_  
Rebecca A. Gaines  
City Clerk

(8748967.1)

**RESOLUTION NO. 1331-2023**

**A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO A CONTRACT FOR SERVICES BETWEEN THE CITY OF SPANISH FORT, ALABAMA, AND THE SPANISH FORT SPORTS ASSOCIATION**

**WHEREAS**, the SPANISH FORT SPORTS ASSOCIATION (“the Association”) provides a valuable service to the City of Spanish Fort and its citizens by providing organized league play in baseball and softball activities for the general public within the City; and

**WHEREAS**, the City has recognized and continues to recognize the benefits conferred upon the City and its citizens as a direct result of the services performed by the Association on an annual basis; and

**WHEREAS**, the City desires to continue the benefits conferred upon the public as a direct result of the Association’s efforts.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SPANISH FORT, ALABAMA, AS FOLLOWS:**

The City Council requests and authorizes the Mayor to enter into an agreement with the Association for services rendered to the City of Spanish Fort in the provision of league play activities. In consideration of such services, there is hereby appropriated the sum of Twenty Thousand Dollars (\$20,000.00) to the Spanish Fort Sports Association. A copy of the proposed Agreement is attached hereto as Exhibit A, subject to any changes approved by the Mayor.

*ADOPTED and APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2023.*

---

Michael M. McMillan  
Mayor

ATTEST:

---

Rebecca A. Gaines  
City Clerk

**Exhibit A**

**AGREEMENT**

This Agreement is entered into on this the \_\_\_\_ day of \_\_\_\_\_, 2023, by and between the City of Spanish Fort (“City”) and the SPANISH FORT SPORTS ASSOCIATION (“Association”).

**WHEREAS**, the SPANISH FORT SPORTS ASSOCIATION provides a valuable service to the City of Spanish Fort and its citizens by providing league play in baseball and softball for the general public within the City; and

**WHEREAS**, the City has recognized and continues to recognize the benefits conferred upon the City and its citizens as a direct result of the services performed by the Association on an annual basis; and

**WHEREAS**, the parties desire to enter into an agreement to continue the aforesaid benefits conferred upon the citizens of the City.

**WITNESSETH:**

For and in consideration of the premises contained herein, the parties hereby agree as follows:

1. The City hereby agrees to provide to the ASSOCIATION the sum of TWENTY THOUSAND DOLLARS (\$20,000.00) as consideration for the services to be performed by the Association.
2. The Association agrees to provide league play in baseball and softball for the general public within the City, without discrimination, and the Association shall be responsible for all aspects of the programs.
3. The term of this Agreement shall be for the remainder of the 2023 calendar year.

**DONE THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2023.**

\_\_\_\_\_  
Michael M. McMillan, Mayor

ATTEST:

\_\_\_\_\_  
Rebecca A. Gaines  
City Clerk

SPANISH FORT SPORTS  
ASSOCIATION  
  
By: \_\_\_\_\_  
  
Its: \_\_\_\_\_

**RESOLUTION NO. 1332-2023**

**A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO AN INTERGOVERNMENTAL SERVICES AGREEMENT WITH BALDWIN COUNTY FOR THE PURPOSE OF MOWING CERTAIN RIGHTS-OF-WAY**

**WHEREAS**, Baldwin County has assisted the City in mowing certain rights-of-way within the corporate limits of the City of Spanish Fort; and

**WHEREAS**, the City Council desires to seek the assistance of Baldwin County in mowing Bromley Road, County Road 39, D'Olive Road and Jimmy Faulkner Drive.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SPANISH FORT, ALABAMA, AS FOLLOWS:**

**SECTION 1.** The City Council hereby authorizes the Mayor to enter into an Intergovernmental Service Agreement with Baldwin County for the purpose of mowing Bromley Road, County Road 39, D'Olive Road and Jimmy Faulkner Drive quarterly in accordance with quarterly payments for the actual cost. A copy of the agreement is attached hereto as Exhibit 1, subject to any changes approved by the Mayor.

**SECTION 2.** This Resolution shall become effective upon its adoption.

***ADOPTED and APPROVED this \_\_\_\_ day of \_\_\_\_, 2023.***

---

Michael M. McMillan  
Mayor

Attest:

---

Rebecca A. Gaines  
City Clerk



# Exhibit 1

## INTERGOVERNMENTAL SERVICE AGREEMENT

This Intergovernmental Service Agreement (“Agreement”) is entered into by and between the Baldwin County Commission (hereinafter “County”) and the City of Spanish Fort, Alabama (hereinafter “City”), as follows:

### RECITALS

**Whereas**, County is the duly formed governing body in and for Baldwin County, Alabama, and City is an incorporated municipality of the State of Alabama; and

**Whereas**, County and City are authorized under Alabama law to control, manage, supervise, regulate, repair, maintain and improve (hereinafter collectively “control”) certain public roads inside their respective jurisdictions; and

**Whereas**, with the consent of the City Council of a municipality, the County may establish, construct, and maintain any road or street within the corporate limits of such municipality; and

**Whereas**, County and City acknowledge and agree that those portions of Bromley Road, County Road 39, D’Olive Road and Jimmy Faulkner Drive, as identified and depicted on *Exhibit A* hereto, are situated inside the present incorporated municipal limits of City, and are roads over which City is responsible for and over which City exercises control; and

**Whereas**, the City has requested that the County assist the City in its efforts to mow the portions of Bromley Road, County Road 39, D’Olive Road and Jimmy Faulkner Drive that lie inside the Spanish Fort City Limits; and

**Whereas**, the City agrees to remit to the County any and all costs incurred by the County in its performance of this Agreement; and

**Whereas**, the City agrees to remit to the County any and all actual costs for labor and equipment incurred by County in its performance of this Agreement; and

**Whereas**, County and City now wish to enter into this Agreement to provide mowing on Bromley Road, County Road 39, D’Olive Road and Jimmy Faulkner Drive, inside the City’s jurisdiction.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants contained herein, the sufficiency of which being hereby acknowledged, County and City do hereby agree as follows:

1. **Recitals:** The recitals set out above are incorporated into this Agreement, as though the same were set out in full in this paragraph.
2. **Purpose:** The parties acknowledge and agree that the purpose of this Agreement is to provide mowing on the above listed public roads and rights-of-way inside the corporate limits of the City.
3. **City Remains Owner of Right-of-Way:** The City, at all times, including during the effective term of this Agreement and beyond, shall retain exclusive responsibility for and control over those portions of Bromley Road, County Road 39, D’Olive Road and Jimmy Faulkner Drive, inside Spanish Fort City Limits specifically identified and depicted on *Exhibit A* hereto. The

County shall obtain no rights, responsibilities or control over the road portions as a result of this Agreement or the duties and/or obligations contained anywhere herein either during or following the effective term of this Agreement. Nothing contained herein shall be construed to require or result in the County assuming responsibility for any public streets inside the Spanish Fort City Limits.

4. **No Joint Ownership of Property:** The parties acknowledge and agree that they will not jointly acquire, own or otherwise come into joint or common possession of any property as a result of or in relation to this Agreement.
5. **Inapplicability to Roads Not Expressly Identified:** The parties acknowledge and agree that this Agreement does not address or affect, and that the parties do not intend by this Agreement to address or affect, the responsibility for or control of any roads or road portions not expressly identified and depicted herein.
6. **Financing and Budgeting:** Each party shall be responsible for financing the obligations undertaken by that party hereunder, and shall not be responsible for financing, or in any other manner contributing to, the costs or expenses of the obligations undertaken by the other party unless expressly identified herein.
7. **Approval and Effective Date:** This Agreement shall become effective upon the date of full execution by both parties (“Effective Date”).
8. **Term:** The term of this Agreement shall be for twenty-four (24) months from its Effective Date. This document may be amended only upon written approval by the Parties hereto, and any such amendment shall be approved by the same method by which this original Agreement has been approved by the Parties.
9. **Services to be Performed by County:**
  - A. County forces and equipment to perform mowing on the portions of Bromley Road, County Road 39, D’Olive Road and Jimmy Faulkner Drive, as depicted on *Exhibit A*, inside Spanish Fort City Limits, as the County performs its normal mowing routes of the general area of where the roads are located.
  - B. Remit quarterly invoices to the City for actual labor and equipment costs incurred. **Note: County cannot sell bid item materials to the City.**
10. **Services to be Performed by City (the Project):**
  - A. Comply with all necessary local, State and Federal rules, regulations and laws applicable to the Project and this Agreement.
  - B. Furnish and/or acquire all necessary property rights, including without limitation any necessary access and ownership rights, for access to the right-of-way without cost or liability to the County.
  - C. Adjust and/or relocate all utilities for the project without cost to the County, if applicable.
  - D. Promptly remit payment within 30 days of the receipt of invoice for all actual labor and equipment costs incurred by the County.
11. **Termination and Notice:** Notwithstanding the foregoing, either party may terminate this Agreement, with or without cause, upon written notice to the other party. A party’s said notice shall be deemed effective, and the Agreement deemed terminated thirty (30) days after

the date such notice is mailed by certified mail to the other party. In the event of termination by either party, the City shall be responsible for all costs incurred by the County through the date of receipt of the requisite termination notice. All notices provided for herein shall be sent as follows:

To City: City of Spanish Fort  
7361 Spanish Fort Boulevard  
Spanish Fort, Alabama 36527

To County: Baldwin County Commission  
312 Courthouse Square, Suite 12  
Bay Minette, Alabama 36507

12. **Indemnity:** City accepts the improvement, work, property, product and services of the County as a result of the Project in its “WHERE IS”, “AS IS”, condition and acknowledges that the County has made no representation or warranty to City as to, and has no obligation for the condition of the improvements, work, property, product and services of the County. City assumes the risk of any latent or patent defects or problems that are or may be contained in the improvements, work, property, product and services of the County or City. City agrees that the County shall not be liable for any injury, loss or damage on account of any defects or problems. City for itself and City Representatives waive and release the County from any claims for injury to persons or damage to the personal property by reason of the condition of the improvements, work, property, product and services of the County or otherwise.

Furthermore, to the fullest extent allowed by law, City shall defend, indemnify and hold County harmless from and against all demands, actions and claims of any description whatsoever, for property damage, personal injury (including death), actions in trespass and all other claimed loss, injury or damage, including, but not limited to, attorneys' fees and costs, arising out of, relating to, or resulting from, any and all acts or omissions in relation to the obligations hereunder.

All guarantees, duties, representations, assurances, without limitation, contained within this Agreement shall survive and exist beyond the date of termination or expiration of this Agreement, and time, or the lapse thereof, shall not be used for or argued as a defense for the City against the same.

Nothing contained herein shall be construed to limit or modify the laws of Alabama as the same may apply to the County or City or in any way diminish any immunity, absolute or qualified, to which the County and City are otherwise entitled by law.

13. **Entire Agreement:** This Agreement represents the entire and integrated agreement between County and City and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by the parties.
14. **Both Parties Contributed Equally to the Agreement.** This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both County and City have contributed substantially and materially to the preparation of this Agreement.

- 15. **Failure to Strictly Enforce Performance:** The failure of either party to insist upon the strict performance of any of the terms, covenants, agreements and conditions of this Agreement shall not constitute a default or be construed as a waiver or relinquishment of the right of a party to thereafter enforce any such term, covenant, agreement or condition, but the same shall continue in full force and effect.
- 16. **Assignment:** Neither this Agreement nor any interest herein shall be assigned, transferred or otherwise encumbered without a prior written agreement providing for such assignment, transfer or other encumbrance signed by the parties.
- 17. **Choice of Law:** The parties acknowledge and agree that this Agreement shall in all respects be governed by the laws of the state of Alabama, including, without limitation, all issues relating to capacity, formation, interpretation and available remedies, without regard to Alabama conflict of law principles.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of full execution below.

**COUNTY:**  
BALDWIN COUNTY

\_\_\_\_\_/\_\_\_\_\_  
CHARLES F. GRUBER / DATE  
CHAIRMAN

ATTEST:

\_\_\_\_\_/\_\_\_\_\_  
RONALD J. CINK / DATE  
INTERIM COUNTY ADMINISTRATOR/  
BUDGET DIRECTOR

STATE OF ALABAMA )  
COUNTY OF BALDWIN )

I, \_\_\_\_\_, a Notary Public in and for said County, in said State, hereby certify that Charles F. Gruber and Ronald J. Cink, whose names as Chairman and Interim County Administrator/Budget Director of the Baldwin County Commission, respectively, are signed to the foregoing instrument and who are known to me, acknowledged before me on this date that, being informed of the contents of said instrument, they executed the same voluntarily with full authority to do so for and as an act of the Baldwin County Commission.

Given under my hand and official seal this the \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

**CITY:**  
THE CITY OF SPANISH FORT

\_\_\_\_\_/\_\_\_\_\_  
Mayor Michael M. McMillan /Date

ATTEST:

\_\_\_\_\_/\_\_\_\_\_  
Rebecca A. Gaines /Date  
City Clerk

STATE OF ALABAMA  
COUNTY OF BALDWIN

I, \_\_\_\_\_, a Notary Public, in and for said County in said State, hereby certify that Michael M. McMillan and Rebecca A. Gaines, whose names as Mayor and City Clerk of CITY OF SPANISH FORT, respectively, are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of this instrument, they executed the same voluntarily with full authority to do so for and as an act of the City of Spanish Fort, Alabama.

Given under my hand and official seal this the \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

**RESOLUTION NO. 1333-2023**

**A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE CONTRACTS  
WITH SUNSET CONTRACTING, INC., FOR ASPHALT REPAIRS AT SOUTHERN  
WAY AND BATTERY HEIGHTS**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SPANISH  
FORT, ALABAMA, AS FOLLOWS:**

**SECTION 1.** The City Council hereby authorizes the Mayor to execute an agreement with Sunset Contracting, Inc., in the amount of \$11,125.00 to repair asphalt at the intersection of Southern Way and Battery. A copy of the proposed agreement is attached hereto as Exhibit 1.

**SECTION 2.** This Resolution shall become effective immediately upon its adoption.

**ADOPTED AND APPROVED** this \_\_\_\_ day of \_\_\_\_\_, *2023*.

---

Michael M. McMillan  
Mayor

ATTEST:

---

Rebecca A. Gaines  
City Clerk

# Exhibit 1



# SUNSET CONTRACTING, INC.

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3030 Lees Ln. \* Mobile, Alabama 36693  
Phone: (251) 660-0411 Fax: (251) 660-0494

April 10, 2023

City of Spanish Fort  
7581 Spanish Fort Blvd.  
Spanish Fort, AL 36527

Re: Southern Way & Battery Heights Asphalt Mill & Overlay


Attn: Shannon

We offer you a price of \$ **11,125.00** to repair asphalt cracks at above address

Items included are listed below.

1. Mobilization
2. Mill Existing Asphalt ( Aprox.223sy)
3. Traffic Control
4. New Asphalt Patch

Thanks

  
Marion Peterson  
Estimator

**RESOLUTION NO. 1334-2023**

**A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT WITH  
MOTOROLA SOLUTIONS FOR THE PURCHASE AND INSTALLATION OF A  
MOBILE DISPATCH CONSOLE FOR THE CITY OF SPANISH FORT POLICE  
DEPARTMENT**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SPANISH  
FORT, ALABAMA, AS FOLLOWS:**

**SECTION 1.** The City Council hereby authorizes the Mayor to execute a contract with Motorola Solutions for the purchase and installation of a mobile dispatch console for the City of Spanish Fort Police Department. A copy of the contract is attached hereto as Exhibit 1, subject to any changes approved by the Mayor.

**SECTION 2.** This Resolution shall become effective immediately upon its adoption.

***ADOPTED AND APPROVED this 1st day of \_\_\_\_\_, 2023.***

---

Michael M. McMillan  
Mayor

ATTEST:

---

Rebecca A. Gaines  
City Clerk

# Exhibit 1

**RESOLUTION NO. 1335-2023**

**A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT WITH  
THE UNIVERSITY OF ALABAMA MUSEUMS, OFFICE OF ARCHAEOLOGICAL  
RESEARCH**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SPANISH  
FORT, ALABAMA, AS FOLLOWS:**

**SECTION 1.** The City Council hereby authorizes the Mayor to execute a contract with the University of Alabama Museums, Office of Archaeological Research (OAR) for a cultural resources assessment to be conducted on the Cypress Point property in the City of Spanish Fort, Alabama. A copy of the proposed statement of work and a cost estimate is attached hereto as Exhibit 1, subject to any changes approved by the Mayor.

**SECTION 2.** This Resolution shall become effective immediately upon its adoption.

*ADOPTED AND APPROVED this 1st day of \_\_\_\_\_, 2023.*

---

Michael M. McMillan  
Mayor

ATTEST:

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Rebecca A. Gaines  
City Clerk

# Exhibit 1

April 12, 2023

Mr. Brian Rushing  
The University of Alabama  
Center for Economic Development  
621 Greensboro Avenue  
Box 870138  
Tuscaloosa, Alabama 35487

**Re: Cultural Resources Assessment of a Proposed Recreational Development in Spanish Fort, Baldwin County, Alabama**

Dear Mr. Rushing,

The University of Alabama Museums, Office of Archaeological Research (OAR) is pleased to submit this research design and cost estimate for cultural resources assessment of a Proposed Recreational Development in Spanish Fort, Baldwin County, Alabama. Included in this proposal package are a Statement of Work, Work Schedule, Budget, and Project Information Request Form. The Statement of Work, found in Attachment I, contains a description of the work to be done by The University of Alabama Office of Archaeological Research, as well as additional information relevant to this project. The Work Schedule, found in Attachment II, displays the estimated timetable for completing the work as outlined in Attachment I. The Budget, found in Attachment III, contains an itemized estimation of costs as it relates to the Statement of Work.

The University of Alabama, Office of Archaeological Research looks forward to applying its expertise and experience to this project. In the instance of acceptance, please forward notification to Sam Mizelle to initiate the project. It is understood that funding for the effort will be a departmental transfer.

If you have any questions or comments about the proposal package, please do not hesitate to contact the Office of Archaeological Research. Thank you for your consideration.

Sincerely,



Sam Mizelle  
Cultural Resources Investigator/IT Manager  
The University of Alabama  
Office of Archaeological Research

## ATTACHMENT I

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### Statement of Work

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#### **Project Information**

**Project Title:** Cultural Resources Assessment of a Proposed Recreational Development in Spanish Fort, Baldwin County, Alabama

**Sponsoring Company/Agency:** The University of Alabama, Center for Economic Development

**Point of Contact Info:** Brian Rushing / Sam Mizelle

**Principal Investigator:** Matt Gage

#### **Description of Work**

The University of Alabama Museums, Office of Archaeological Research (OAR) is pleased to submit this research design and cost estimate for cultural resources assessment of a Proposed Recreational Development in Spanish Fort, Baldwin County, Alabama. All phases of the research will be conducted in compliance with the guidelines set forth by the Department of the Interior and the Alabama Historical Commission (AHC) for Section 106 of the National Historic Preservation Act (NHPA) of 1966 as amended 2006 (16 USC 470) and its implementing regulations (36 CFR 800). Included with this research design is an itemized estimation of costs as it relates to the Statement of Work. The budget has been prepared in reliance upon the information provided by your organization.

The property under consideration is approximately 47 hectares (141 acres) and has been previously surveyed by three different entities. It is OAR's opinion that the 70 acres surveyed by Curren et. al. (2004) does not meet the current survey standards and will need to be resurveyed (Figure 1).

The cultural resources assessment will address archaeological resources within the proposed location and historic standing structures and archaeological site distribution will be considered within the immediate vicinity.

Prior to field investigations, the National Register of Historic Places (NRHP) and the Alabama Cultural Resources Online Database housed at OAR will be searched for historic properties, previously recorded sites, and previous cultural resources assessments conducted within the area.

In order to identify and evaluate the APE, the following methodology will be employed:

- (1) The APE will be subject to visual inspection and shovel testing. The proposed APE will be tested in areas that exhibit less than 15 percent slope and less than 50 percent surface visibility by shovel tests (30 cm diameter) excavated at 30 m intervals to a depth of 70 cm or until subsoil is encountered. In areas with greater slope or increased surface visibility, shovel tests will be extended to 60 m intervals. All excavated soils will be screened through 6.35 mm (0.25 inch) hardware cloth, and artifacts recovered shall be bagged and labeled by provenience.
- (2) Should an archaeological site be identified shovel tests will be conducted at 10 m intervals until two negative shovel tests are excavated in an effort to delineate the site boundaries within the proposed undertaking's boundary. Buried deposits up to 2.5 m below surface will be identified with the use of hand augering if necessary. All deposits will be screened through 6.35 mm hardware cloth. Artifacts recovered in the screen will be bagged and labeled by provenience.
- (3) Recommendations of NRHP eligibility or ineligibility for all cultural resources identified during the Phase I cultural resources survey will be made in accordance with the evaluation criteria in 36 CFR 60.4. The findings of this analysis will be included in the survey results section of the cultural resources report. Summary recommendations concerning project impact on any resource recommended eligible will be offered in the concluding chapter of the report (discussed below).
- (4) All standing structures will be assessed by an architectural historian who will discuss the architectural elements of any historic standing structures, existing historic districts, or potential historic districts within the APE and conduct background research on said structures.

## **Deliverables**

Upon completion of the fieldwork, should an archaeological site/sites be identified, OAR will generate site forms to be submitted to the Alabama State Site File. Similarly, should historic standing structures be located, AHC standing structure forms will be completed and submitted to the AHC. Within one week of completion of fieldwork, OAR will submit a Management Summary that outlines the horizontal and vertical extent of archaeological sites within the APE, as well as OAR's recommendations as to the NRHP eligibility status of all cultural resources identified.

OAR will prepare a report that meets accepted professional standards, and incorporates the initial research design, discussion of field and laboratory methodologies, a description of the area surveyed, as well as any field conditions encountered that affected or modified the initial research design (with approval from the lead federal agency and/or AHC). Photographs and diagrams of representative shovel and auger tests and a table of their description will be included. The report will also include a statement regarding the research potential of additional investigations and significance from archaeological and architectural historical perspectives. OAR will submit a digital (PDF) copy of the draft report to you for review and comment. Once you have supplied comments, three bound copies (upon request) and one digital copy (PDF) will be submitted for review and comment by parties from which you are seeking concurrence. After receipt of comments, OAR will incorporate the requested changes and submit up to three bound copies and a digital copy of the final report. The final report will conform to professional standards and the guidelines set forth by the AHC. OAR will provide complete copies of archaeological site survey forms with permanent state site numbers for each site identified during the survey. These forms will be included as an appendix to the final report



OAR meets all requirements in the Secretary of the Interiors Standards and Guidelines (as amended) for professional qualifications for historical, archaeological, and architectural historical personnel.

Fieldwork will begin within 10 working days of a notice to proceed, with the work being completed within one week of the start date.

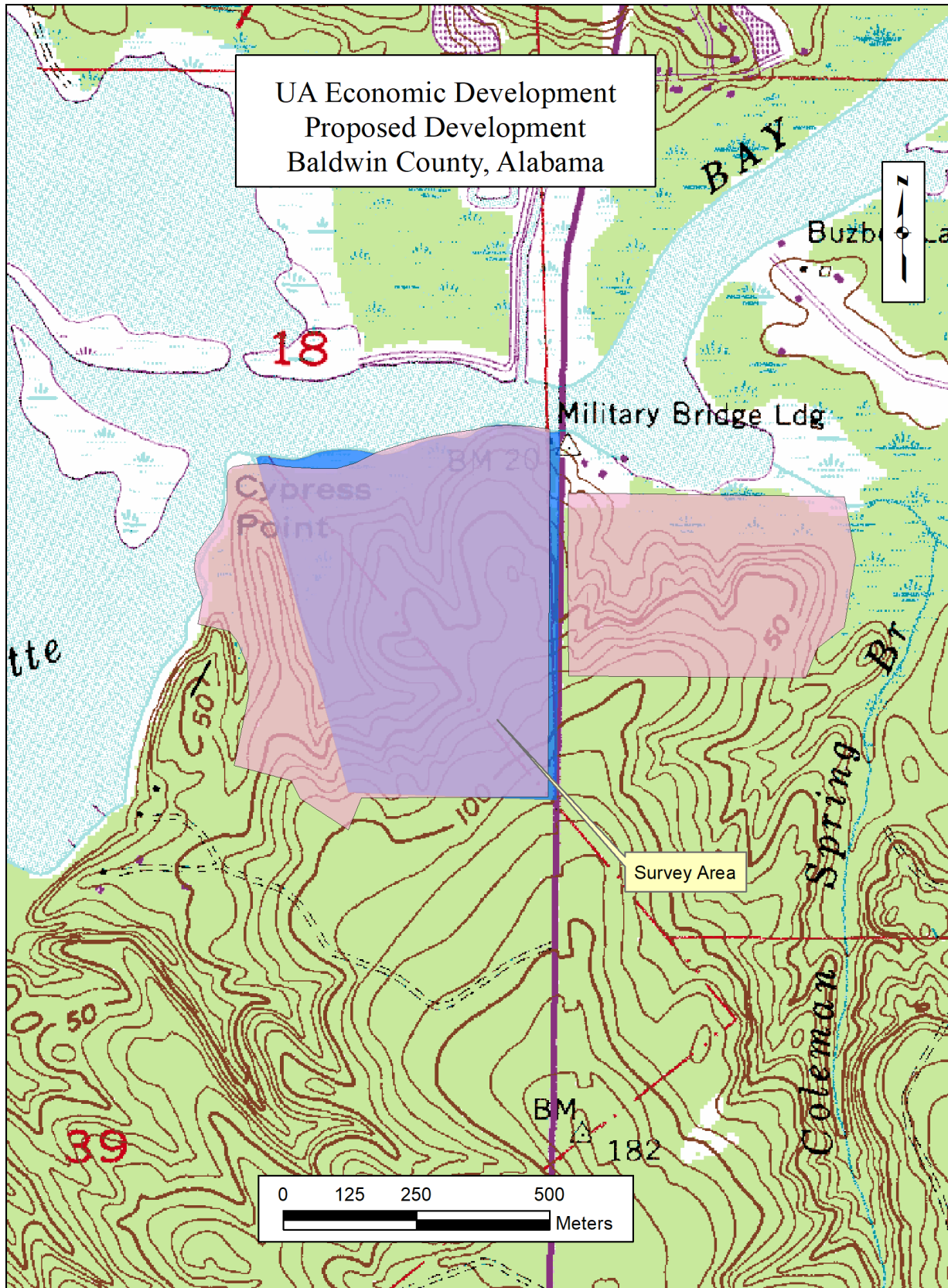


Figure 1. Proposed APE (Pink) and the Curren et. al. 2004 survey to be redone.

**Schedule of Work**

Background Research/Field Work	8 days
Laboratory Analysis and Report Production	1 week
<b>TOTAL ESTIMATED TIME</b>	<b>3 weeks</b>

**The official Period of Performance for this project will be established by final binding Contract. Authorization or notice to proceed dates must fall within the Period of Performance as stated in the Contract.**

**Budget**

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**Cost Proposal**  
**Cultural Resources Assessment of a Proposed Recreational Development in Spanish Fort**  
**Baldwin County, Alabama**

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Salaries & Wages	\$6,170.28
Benefits	\$2,626.07
<b>Subtotal Salaries, Wages, Benefits</b>	<b>\$8,796.35</b>
Travel & Per Diem	\$4,117.00
Operating (GPR Equipment, Supplies, etc.)	\$20.00
Curation	\$102.50
<b>Subtotal Operating Expense</b>	<b>\$4,239.50</b>
F&A (@ 26% MTDC)	\$3,389.32
<b>Total Estimated Cost</b>	<b>\$16,425.17</b>

**RESOLUTION NO. 1336-2023**

**A RESOLUTION DECLARING AN EMERGENCY AND AUTHORIZING THE  
MAYOR TO EXECUTE A CONTRACT TO PERFORM EMERGENCY SIDEWALK  
REPAIRS AT 11848 ARLINGTON BLVD.**

**WHEREAS**, it has come to the attention of the City Council that a portion of the sidewalk and inlets located adjacent to 11848 Arlington Blvd. has failed resulting in erosion and threatening further damage to land, structures, utilities and other improvements in the area; and

**WHEREAS**, the City has determined, based on review and inspection of the area, that immediate emergency work is necessary in order to correct this problem which constitutes an immediate danger to the public health, safety or convenience; and

**WHEREAS**, it has been determined that any delay in affecting the repairs to the subject facilities would result in further damage to the land and adjacent improvements, and could cause further damage to the sidewalk;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY  
OF SPANISH FORT, ALABAMA, AS FOLLOWS:**

**Section 1.** The City Council hereby declares an emergency and authorizes the Mayor to take immediate action to contract with Sunset Contracting, Inc., for the repair of sidewalks and inlets at 11848 Arlington Blvd. in accordance with the proposal attached hereto as Exhibit 1, subject to any changes approved by the Mayor. The estimated cost of repair is \$5220.00, including removal and replacement of the existing sidewalk, repairing the concrete inlet and pipe and any other repairs as necessary. Based on this emergency declaration, the City Council hereby authorizes the Mayor to have the repairs performed immediately. Based on the estimate of the repairs, competitive bids are not required.

**Section 2.** If any part, section or subdivision of this Resolution shall be held unconstitutional or invalid for any reason, such holding shall not be construed to invalidate or impair the remainder of this Resolution, which shall continue in full force and effect notwithstanding such holding.

**Section 3** This Resolution shall become effective immediately upon its adoption.

*ADOPTED AND APPROVED this \_\_\_\_th day of \_\_\_\_\_, 2023.*

---

Michael M. McMillan  
Mayor

**ATTEST:**

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Rebecca A. Gaines  
City Clerk

# Exhibit 1

# SUNSET CONTRACTING, INC.

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3030 Lees Ln. \* Mobile, Alabama 36693  
Phone: (251) 660-0411 Fax: (251) 660-0494

April 21, 2023

City of Spanish Fort  
7581 Spanish Fort Blvd.  
Spanish Fort, AL 36527

Re: 11848 Arlington Blvd


Attn: Shannon

We offer you a price of \$ **5220.00** to Remove & Replace Sidewalks at above address  
& Inlet Repair

Items included are listed below.

1. Mobilization
2. Remove & Replace Sidewalk
3. Repair Concrete Inlet Throat
4. Reseal Existing Concrete Pipe
5. Until the Existing Inlet is Exposed total Scope of Repair may not be known.

Thanks

  
Marion Peterson  
Estimator