



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

February 3, 2021

Honorable Mayor and City Council
City of Fultondale, Alabama

RE: Management letter in connection with annual audit for year ended September 30, 2020

Dear Mayor and Council Members:

In addition to the audited financial statements and accountants' opinion letter, we bring the following to your attention:

I. **Operating Highlights**

For your review, a five-year condensed comparative statement of General Fund Revenue and Expenditures, stated in thousands, is presented below:

	(STATED IN THOUSANDS)				
	YEARS ENDED SEPTEMBER 30,				
	2020	2019	2018	2017	2016
Revenue:					
Sales and lodging tax	\$10,373	\$10,138	\$9,239	\$9,240	\$8,816
Licenses and permits	1,607	1,617	1,427	1,100	1,225
Fees and fines	150	312	217	200	239
Property taxes	582	492	485	511	484
Gasoline tax	144	146	145	144	143
Other taxes from county	431	384	389	331	358
Grant revenues	133	237	237	77	1,143
Gas Board transfers	-	-	2	250	281
Other operating revenues	144	251	319	965	173
Total Revenues	<u>\$13,564</u>	<u>\$13,577</u>	<u>\$12,460</u>	<u>\$12,818</u>	<u>\$12,862</u>

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(STATED IN THOUSANDS)					
YEARS ENDED SEPTEMBER 30,					
	2020	2019	2018	2017	2016
Expenditures					
Administrative	\$1,504	\$1,422	\$1,346	\$1,283	\$1,140
Judicial	357	347	307	313	279
Police	3,051	3,065	3,085	2,969	2,740
Fire and EMS	726	578	612	565	521
Street and parks	2,357	2,318	2,450	2,310	2,377
Library	481	498	491	493	510
Seniors	137	112	109	106	100
Special appropriations	214	265	237	250	227
Capital outlays	2,407	605	1,409	1,142	632
Debt service	1,929	2,115	3,593	6,142	11,916
	<u>13,163</u>	<u>11,325</u>	<u>13,639</u>	<u>15,573</u>	<u>20,442</u>
Revenue Over (under) Expenditures	401	2,252	(821)	(2,711)	(8,048)
Proceeds from debt	-	-	2,140	4,380	9,997
Other Sources (Uses)	(332)	(300)	(112)	286	-
Increase (Decrease) in Fund Balance	<u>\$69</u>	<u>\$1,952</u>	<u>\$1,207</u>	<u>\$1,955</u>	<u>\$1,949</u>

II. Fund Position

1. A summary and comparison of cash held in the various funds are shown in the following table:

FUND	2020	2019	INCREASE (DECREASE)
General Fund	\$10,123,842	\$10,171,228	(\$47,386)
Construction Fund	2,594,227	2,593,448	779
Special Street Fund	7,728	8,439	(711)
Street Resurfacing Fund	8,529	126,858	(118,329)
Downtown Redevelopment Authority	30,015	33,955	(3,940)
Commercial Development Authority	28,959	68,817	(39,858)
	<u>\$12,793,300</u>	<u>\$13,002,745</u>	<u>(\$209,445)</u>

II. **Fund Position – (continued)**

2. Fund balances in the separate accounting funds are compared at September 30, 2020 and September 30, 2019 in the tabulation below:

FUND	2020	2019	INCREASE (DECREASE)
General Fund	\$15,115,816	\$15,046,428	\$69,388
Construction Fund	2,594,227	2,593,448	779
Special Street Fund	(9,038)	17,072	(26,110)
Street Resurfacing Fund	19,432	49,175	(29,743)
Downtown Redevelopment Authority	325,534	275,050	50,484
Commercial Development Authority	(1,315,605)	(1,465,028)	149,423
	<u>\$16,730,366</u>	<u>\$16,516,145</u>	<u>\$214,221</u>

3. **Long-Term Debt**

A comparison of debt at September 30, 2020 and 2019 is as follows:

FUND	2020	2019	INCREASE (DECREASE)
General Fund			
2005-A General Obligation Warrant	\$ 2,390,000	\$ 2,505,000	(\$115,000)
2013-A General Obligation Warrant	8,840,000	9,405,000	(565,000)
2015 General Obligation Warrant	9,010,000	9,055,000	(45,000)
2017 General Obligation Warrant	3,679,200	3,854,400	(175,200)
2017 General Obligation Warrant	1,188,190	1,367,972	(179,782)
Total General Fund	<u>\$25,107,390</u>	<u>\$26,187,372</u>	<u>(\$1,079,982)</u>
Downtown Redevelopment Authority			
Series 2015 Taxable Revenue Bond (Wintzell's Birmingham I, LLC Project)	\$1,993,208	\$2,044,906	(\$51,698)
Series 2018 Taxable Revenue Bond (Shoney's)	1,540,475	1,631,405	(90,930)
	<u>3,533,683</u>	<u>3,676,311</u>	<u>(142,628)</u>
Total City of Fultondale	<u>\$28,641,073</u>	<u>\$29,863,683</u>	<u>(\$1,222,610)</u>

III. **General Comments and Recommendations**

1. **Business Licenses and permits**

We randomly selected licenses and permits and tested for calculation accuracy. In addition, we traced the payment of these selections to the receipts journals. No material unexplained variances were noted.

2. **Test of cash disbursements**

We selected a statistically appropriate sample of cash disbursements using a random number table. The sample covered all bank accounts and was tested for the following attributes:

- Purchase Order
- Purchase requisition
- Endorsement of check for payment
- Proper general ledger distribution
- Correct invoice extension
- Indication of receipt of goods
- Check was traced to clearing on bank account for amount and payee

No exceptions were noted.

III. **General Comments and Recommendations – (continued)**

3. **Grants**

The City received \$133,064 in grants during the year ended September 30, 2020. Expenditures subject to Government Audit Standards (Single Audit Requirements) are those expenditures that relate to funds received directly or indirectly from the federal government. Once expenditures reach \$750,000 during a year the City will become subject to Single Audit requirements.

We appreciate the cooperation and assistance of the City Clerk, accounting personnel and administrative personnel afforded us during our audit. As always, we wish to express our thanks for the work entrusted to our firm.

Sincerely

Cork, Hill and Company, L.L.C.