

**MINUTES FROM A REGULAR MEETING OF THE  
COUNCIL OF MUSCLE SHOALS, ALABAMA, HELD  
May 12, 2014**

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The City Council of Muscle Shoals, Alabama met at the Muscle Shoals City Hall auditorium in said City at 6:30 p.m. on the 12<sup>th</sup> day of May, 2014 being the scheduled time and approved place for said meeting. The meeting was called to order by James Holland, President of the Council. The invocation was given by Bill Howard. On roll call the following members were found to be present or absent, as indicated:

PRESENT: JOE PAMPINTO, NEAL WILLIS, MIKE LOCKHART  
JAMES HOLLAND  
ABSENT: ALLEN NOLES

James Holland, President of the Council, presided at the meeting and declared that a quorum was present and that the meeting was convened and opened for the purposes of transaction of business. Richard Williams, City Clerk, was present and kept the minutes of the meeting.

Upon motion duly made by Council Member Pampinto seconded by Council Member Lockhart and unanimously adopted, the Council waived the reading of the minutes of the previously held regular meeting and work session of April 21, 2014, the April 30, 2014 special meeting and the May 8, 2014 special meeting and approved the minutes as written.

President Holland announced that the next item of business was to set a public hearing to hear a request for a Lounge Retail Liquor License - Class II (Package) to Shri Krishna Corp dba Riverside Package Store located at 100 River Road A2.

President Holland announced that at a public hearing to be held at the City Hall in said City at 6:30 p.m. on the 9<sup>th</sup> day of June, 2014, the Council will consider the issuance of the Lounge Retail Liquor License - Class II (Package). At said time and place, all persons who desire to do so shall have the opportunity of being heard in opposition to or in favor of the approval of such license.

President Holland announced that the next item of business was to set a public hearing to hear a request for a Retail Table Wine License (off premises only) to Shri Krishna Corp dba Riverside Texaco located at 100 River Road A1.

President Holland announced that at a public hearing to be held at the City Hall in said City at 6:30 p.m. on the 9<sup>th</sup> day of June, 2014, the Council will consider the issuance of the Retail Table Wine License (off premises only). At said time and place, all persons who desire to do so shall have the opportunity of being heard in opposition to or in favor of the approval of such license.

President Holland announced that the next item of business was the presentation of the 2012-2013 Financial Audit. City Clerk/Treasurer Ricky Williams presented the audit report prepared by Leigh, King & Associates of Sheffield. President Holland directed that the report be spread upon the minutes of the meeting:

CITY OF MUSCLE SHOALS, ALABAMA

FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

## CITY OF MUSCLE SHOALS, ALABAMA

## FINANCIAL STATEMENTS

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SEPTEMBER 30, 2013

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CITY OF MUSCLE SHOALS, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Our discussion and analysis of the City of Muscle Shoals, Alabama's (COMS) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2013. Please read it in conjunction with the City's financial statements, which begin on page 11.

#### FINANCIAL HIGHLIGHTS

- The City's financial position decreased by \$.65 million, or 1.22 percent.
- During the year, the City had taxes and other revenues for governmental programs that were \$ .65 million less than the \$20.5 million in expenses.
- General fund revenues were less than budget amounts by \$ 5,206 and expenditures of funds were \$ 256,006 more than budgeted expenditures.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Financial Position and the Statement of Activities (on page 12) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

#### Reporting the City as a Whole

Our analysis of the City as a whole begins on page 11. The Statement of Financial Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net position as the difference between assets and liabilities and the change in net assets as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors should also be considered when assessing the overall health of the City. These include changes in the City's property tax base and the condition of the City's roads.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including the police, fire, public works, and parks departments, and general administration. Sales and property taxes, franchise fees, and state and federal grants finance most of these activities.

CITY OF MUSCLE SHOALS, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Component units - The City includes three separate legal entities in its report: the City of Muscle Shoals Board of Education, the City of Muscle Shoals Utility Board, and the Electric Board of the City Of Muscle Shoals. Although legally separate, these component units are important because the City is financially accountable for them.

### Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 13. The fund financial statements begin on page 13 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (e.g. - the half-cent sales tax for capital projects) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation on page 14.

### The City as a Whole

The City's net position decreased by \$.65 million, from \$54.19 million to \$53.54 million. Table 1 below summarizes net assets at September 30, 2013 and September 30, 2012, respectively.

**Table 1**

**Total Primary Government Activities**

**Net Position (in millions)**

	As of September 30,	
	2013	2012
Current and other assets	\$ 31.39	\$ 29.40
Capital assets	44.43	47.80
Total assets	\$ 75.82	\$ 77.20
Long-term debt outstanding	\$ 19.90	\$ 20.68
Other liabilities	2.38	2.33
Total liabilities	\$ 22.28	\$ 23.01
Net Position		
Invested in capital assets, net of debt	\$ 24.55	\$ 27.11
Restricted	0.66	0.62
Unrestricted	28.33	26.46
Total net position	\$ 53.54	\$ 54.19

CITY OF MUSCLE SHOALS, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2 details the change in net position for the same periods.

**Table 2**

**Total Primary Government Activities**  
**Change in Net Position (in millions)**

	For the fiscal year ended	
	2013	2012
<b>Program revenues</b>		
Fees, fines and charges for services	\$ 3.65	\$ 3.55
Grants and contributions	0.51	1.63
<b>General revenues</b>		
Sales taxes	10.94	10.76
Advalorem taxes	0.98	0.95
Other taxes	1.82	1.23
Other general revenues	0.41	3.65
Miscellaneous	1.54	
<b>Total revenues</b>	<b>\$ 19.85</b>	<b>\$ 2,030.12</b>
<b>Program expenses</b>		
General government	4.08	4.03
Police	3.48	3.56
Fire	2.69	2.48
Street	1.65	1.85
Storm and sewer	1.23	1.27
Sanitation	1.51	1.43
Education	1.30	1.30
Recreation	3.70	2.53
Loss on involuntary disposal of assets	-	0.23
Other post-employment benefits	-	0.13
Interest on long-term debt	0.86	0.90
<b>Total expenses</b>	<b>\$ 20.50</b>	<b>\$ 19.71</b>
Increase in net assets from operations	\$ (0.65)	\$ 2,010.41
Donated Assets	-	7.92
Adjustment to prior year net position	-	1.20
<b>Total Increase in net position</b>	<b>\$ (0.65)</b>	<b>\$ 2,019.53</b>

### Governmental Activities

The cost of all government activities this year was \$20.5 million. However, as shown on the Statement of Activities on page 12, the cost ultimately financed by our taxpayers for these activities was \$ 16.99 million. Program revenues in the form of user fees, charges for services and grants by other governments subsidized certain programs. These revenues amounted to \$ 3.51 million, thus reducing the burden to taxpayers.

CITY OF MUSCLE SHOALS, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Table 3 presents the cost of each of the City's programs for the fiscal years ended September 30, 2013 and September 30, 2012 respectively.

**Table 3**

Total Primary Government Activities  
Total Cost of Services (in millions)

	For the fiscal year ended	
	2013	2012
General government	\$ 4,073,503	\$ 4,030,460
Police	3,463,792	3,561,940
Fire	2,691,278	2,478,003
Street	1,648,097	1,845,083
Storm and sewer	1,236,042	1,268,763
Sanitation	1,512,474	1,432,344
Education	1,303,244	1,302,348
Recreation	3,707,647	2,534,444
All others	864,045	1,376,883
Totals	<u>\$20,500,122</u>	<u>\$ 19,830,268</u>

## THE CITY'S FUNDS

The City's governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of \$9.49 million, which increased from last year's total of \$8.65 million. The general fund balance decreased by \$.33 million from \$5.88 million to \$5.55 million.

### General Fund Budgetary Highlights

The 2012-2013 budget was approved on December 19, 2012. It was amended in September 16, 2013 as is customary, to account for mid-year adjustments to the various department line items

City officials continue to monitor the costs of employee health care. Health care costs of \$1.88 million represented 9.7% of general fund expenditures and were roughly the same as in the prior fiscal year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City has worked extensively to develop and adequately maintain capital assets. City streets are routinely inspected for potholes, shoulder deterioration and other maintenance concerns. Prompt response to citizen complaints and an aggressive inspection program have led to better control of maintenance costs. On a regularly scheduled basis, the City resurfaces streets utilizing local and state shared gasoline tax revenues. Resurfacing costs are not capitalized.

CITY OF MUSCLE SHOALS, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

At the end of fiscal year 2013, the City had \$44.4 million invested in a broad range of capital assets, including buildings, park facilities, roads, storm water detention and pumping facilities and police and fire equipment. (See Table 4)

**Table 4**

Total Primary Government Activities  
Capital Assets at Year-End (Net of Depreciation)

	As of September 30,	
	2013	2012
<b>Non-depreciable</b>		
Land	\$ 7,714,827	\$ 10,088,177
Art	31,850	31,850
Construction in progress	294,834	295,708
<b>Depreciable</b>		
Buildings	15,927,711	15,878,422
Infrastructure	23,860,073	23,860,073
Improvements	9,774,908	9,764,658
Equipment	<u>11,535,547</u>	<u>10,715,243</u>
Totals	\$ 69,139,750	\$ 70,634,131
Less: Accumulated depreciation	<u>(24,705,382)</u>	<u>(22,835,927)</u>
Capital assets-net	<u>\$ 44,434,368</u>	<u>\$ 47,798,204</u>

Significant investments of grant and state and city funds have been or are planned to be invested in infrastructure in the following areas:

A. The development of the Shoals Research Airpark continued. Three projects were awarded related to expansions of the existing industries, and construction of new industries in the park:

1. The Alabama Department of Transportation (ALDOT) has awarded a \$300,000 Industrial Access grant for the widening of 6th Street for the new CBC America plant that is currently being constructed.
2. The Alabama Department of Economic & Affairs has awarded a \$200,000 CDBG grant for the extension of water and sewer for this new plan.
3. ADECA has awarded a \$150,000 CDBG grant for storm sewer improvements related to the third expansion of North American Lighting in this industrial park.

B. There were several transportation related projects:

1. The local Metropolitan Planning Organization has allocated \$800,000 for the resurfacing of five major collector streets within the City.
2. ALDOT has awarded an \$800,000 ATRIP grant for improvements to Webster Street between 2nd Street and Avalon Avenue.
3. Design documents have been completed and approved for the ATRIP funded widening of Avalon Avenue between Wilson Dam Road and Webster Street. Construction of this project should begin in 2014.
4. Avalon Avenue between 2nd Street and Woodward Avenue has been resurfaced utilizing a \$600,000 ATRIP grant.



CITY OF MUSCLE SHOALS, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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C. Other projects that have been completed or are underway include:

1. The city invested \$500,000 to repair two retention ponds and install new greens at the Cypress Lakes Golf and Tennis complex.
2. Renovations to the club house, cart paths, pool and tennis courts at the Cypress Lakes Golf and Tennis complex have been completed at an approximate cost of \$112,000.
3. The city received a \$300,000 grant to install new sidewalks along Sheffield Avenue. The project will be constructed in 2014.
4. The city received a \$70,000 grant to repair various sidewalk ramps within the city to make them ADA accessible.

**Debt**

At year-end, the City had \$19.88 million in general obligation warrants outstanding versus \$20.68 million last year, a decrease of about \$.80 million.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Several local companies have announced expansion of their operations. North American Lighting Inc. has completed construction of their third facility. Employment has reached 1,200 for all Shoals operations. CBC ING America has announced construction of a manufacturing facility in Muscle Shoals. The company investment will be \$24 million with construction to be completed by January, 2014. CBC will employ 125. Wise Alloys continues work on a \$60 million expansion which will add an additional 35 jobs. Navistar and Freightcar America have located in the Barton Riverfront Industrial Park employing a combined 450. Tarkett Alabama has announced a new manufacturing facility in 2013. They will invest \$27.6 million and employ 120. The project will be completed in July, 2014

Unemployment in the Florence-Muscle Shoals Statistical Metropolitan Area stood at 6.1% in October 2013, a decrease of 1.2% since 2012. The local rate of 6.1% is lower than the national rate of 7.2% and the state of Alabama rate of 6.3%.

The City's property tax base continued to grow through 2013 as shown below:

<u>Tax Year</u>	<u>Assessed Value</u>
2009	172,429,980
2010	171,414,658
2011	171,190,289
2012	177,496,460
2013	179,407,660

CITY OF MUSCLE SHOALS, ALABAMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Mayor and City Council approved a conservative 2013-2014 General Fund budget. Total anticipated revenues and other financing resources are projected at \$19.5 million, an increase from the 2012-2013 budgeted revenues and other financing resources of \$19.1 million. Budgeted expenditures and other uses of funds are expected to increase to \$19.5 million from \$19.1 million in the prior year. No new positions or programs have been added to the 2013-2014 budget.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information such as separately issued financial statements for component units, contact the City Clerk/Treasurer's office at the City of Muscle Shoals, P.O. Box 2624, Muscle Shoals, AL 35662. Telephone (256) 383-5675 or e-mail at [mshoals@hiwaay.net](mailto:mshoals@hiwaay.net).



## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Muscle Shoals, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Muscle Shoals, Alabama, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Muscle Shoals City Board of Education, Muscle Shoals Electric Board and Muscle Shoals Utilities Board, which collectively represent 63 percent, 56 percent and 68 percent, respectively, of the assets, net position, and revenues of the City of Muscle Shoals, Alabama. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for City of Muscle Shoals, Alabama, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Muscle Shoals, Alabama, as of September 30, 2013, 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.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Muscle Shoals, Alabama's basic financial statements. The supplemental schedules of revenues and expenses by budget line item on pages 38-58, and the combining and individual non-major fund financial statements on pages 59 and 60 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2014 on our consideration of the City of Muscle Shoals, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Muscle Shoals, Alabama's internal control over financial reporting and compliance.

*Leigh, King & Associates, P.C.*

Leigh, King & Associates, PC  
Sheffield, Alabama  
April 10, 2014

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CITY OF MUSCLE SHOALS, ALABAMA  
STATEMENT OF NET POSITION

	Primary Government	Component Units		
	Governmental Activities	Utilities Board	Electric Board	Board of Education
ASSETS				
Cash and cash equivalents	\$ 8,322,695	\$ 280,448	\$ 3,272,657	\$ 11,908,147
Accounts receivables, net	1,288,127	628,997	3,245,699	3,821,949
Due from component units	242,405	-	-	-
Inventories	51,454	110,066	391,840	62,202
Prepayments	-	58,237	214,716	-
Net OPEB asset	401,791	-	-	-
Reserved and restricted assets	-	4,480,382	3,647,035	-
Capital Assets				
Non-depreciable	8,041,511	694,930	2,123,932	9,630,878
Other capital assets, net of depreciation	36,392,857	46,690,506	18,159,225	17,822,502
Equity interest in joint venture	18,880,336	-	-	-
Other	-	-	1,763,220	-
Receivable-Commercial Entity	733,371	-	-	-
TOTAL ASSETS	<u>\$ 74,354,547</u>	<u>\$ 52,943,566</u>	<u>\$ 32,818,324</u>	<u>\$ 43,245,678</u>
DEFERRED INFLOWS	<u>\$ 1,469,289</u>	<u>\$ 1,147,261</u>	<u>\$ 216,548</u>	

(Continued)

The accompanying notes are an integral part of these financial statements

## COMS / Financial Statements / September 30, 2013 / 11

	Primary Government	Component Units		
	Governmental Activities	Utilities Board	Electric Board	Board of Education
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 141,229	\$ 130,185	\$ 4,820,184	\$ 27,682
Customer deposits	-	30,000	893,891	-
Payable to City of Muscle Shoals	-	80,000	57,812	-
Salaries and benefits payable	256,670	-	-	1,247,576
Interest payable	160,840	583,807	71,529	-
Deferred revenue	15,000	-	-	-
Other liabilities	-	60,202	23,625	-
Compensated absences currently payable	69,412	30,000	30,000	-
Current maturities of bonds payable	800,000	615,000	160,000	4,691
Total current liabilities	\$ 1,443,151	\$ 1,529,194	\$ 6,057,041	\$ 1,279,949
Noncurrent liabilities:				
Advances from TVA-Energy Programs	\$ -	\$ -	\$ 1,762,238	\$ -
Compensated absences	1,019,543	128,300	294,260	-
Customer deposits-long term portion	-	322,547	-	-
Net OPEB obligation	-	67,571	62,400	-
Bonds payable	19,085,000	30,945,000	4,955,000	11,414,587
Bond payable-Commercial Entity	733,371	-	-	-
Total noncurrent liabilities	\$ 20,837,914	\$ 31,463,418	\$ 7,073,898	\$ 11,414,587
Total liabilities	\$ 22,281,065	\$ 32,992,612	\$ 13,130,939	\$ 12,694,536
<b>DEFERRED OUTFLOWS</b>				
		\$ 31,012		\$ 3,497,850
TOTAL DEFERRED OUTFLOWS	\$ -	\$ 31,012		\$ 3,497,850
<b>NET POSITION</b>				
Investment in capital assets, net of related det	\$ 24,549,368	\$ 16,388,890	\$ 15,313,176	\$ 16,034,102
Restricted for:				
Road projects	66,470			
Debt service	229,481	3,400,081	1,850,810	-
Capital Projects				4,871,340
Other purposes	365,476	-	-	777,963
Unrestricted	28,331,976	1,278,232	2,739,947	5,369,887
Total net position	\$ 53,542,771	\$ 21,067,203	\$ 19,903,933	\$ 27,053,292

The accompanying notes are an integral part of these financial statements

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CITY OF MUSCLE SHOALS, ALABAMA  
STATEMENT OF ACTIVITIES

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 4,073,503	\$ 1,454,993	\$ -	\$ -
Police	3,463,792	510,040	-	-
Fire	2,691,278	-	-	-
Street	1,648,097	-	-	510,040
Storm and sewer	1,236,042	-	-	-
Sanitation	1,512,474	1,006,544	-	-
Education	1,303,244	-	-	-
Recreation	3,707,647	24,855	-	-
Interest on long-term debt	864,045	-	-	-
Total governmental activities	\$ 20,500,122	\$ 2,996,432	\$ -	\$ 510,040
Component units:				
Utilities board	\$ 7,517,859	\$ 7,180,747	\$ -	\$ -
Electric board	26,476,182	27,384,928	-	-
Board of education	27,144,742	3,439,518	15,570,681	784,636
Total component units	\$ 61,138,783	\$ 38,005,193	\$ 15,570,681	\$ 784,636

## General Revenues:

## Taxes:

Sales

Ad valorem

Gasoline

Alcohol

Tobacco

Lodging

Financial institution

Other

Total taxes

Payments in lieu of taxes

Grants and contributions-unrestricted

Investment earnings

Increase in equity of joint-venture

Miscellaneous

Total general revenues

Changes in net assets from operations

Net position, beginning (as previously reported)

Net position, ending

The accompanying notes are an integral part of these financial statements



Changes in Net Assets	
Primary Government	
Governmental Activities	Component Units
\$ (2,618,510)	\$ -
(2,953,752)	-
(2,691,278)	-
(1,138,057)	-
(1,236,042)	-
(505,930)	-
(1,303,244)	-
(3,682,792)	-
(864,045)	-
<u>\$ (16,993,650)</u>	-
	\$ (337,112)
	908,746
	(7,349,907)
	<u>\$ (6,778,273)</u>
\$ 10,947,012	\$ 1,254,720
976,409	3,456,075
554,228	-
206,827	73,443
149,969	-
56,498	-
163,794	-
187,932	116,048
<u>\$ 13,242,669</u>	<u>\$ 4,900,286</u>
1,559,632	
-	1,260,000
24,855	137,597
1,204,194	
312,743	1,681,316
<u>\$ 16,344,093</u>	<u>\$ 7,979,199</u>
\$ (649,557)	\$ 1,200,926
<u>54,192,328</u>	<u>66,823,502</u>
<u>\$ 53,542,771</u>	<u>\$ 66,823,502</u>

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CITY OF MUSCLE SHOALS, ALABAMA  
BALANCE SHEET

	General Fund	Half-cent Sales Tax	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 4,271,403	\$ 3,375,318	\$ 675,974	\$ 8,322,695
Accounts receivable, net	1,247,336	1,050	9,809	1,258,195
Interfund receivable	25,288	-	4,644	29,932
Due from component units	242,405	-	-	242,405
Inventories	51,454	-	-	51,454
<b>TOTAL ASSETS</b>	<b>\$ 5,837,886</b>	<b>\$ 3,376,368</b>	<b>\$ 690,427</b>	<b>\$ 9,904,681</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 14,362	20,144	\$ -	\$ 34,506
Interfund payable	4,644	-	25,288	29,932
Due to component units		76,791		76,791
Deferred revenue	15,000	-	-	15,000
Accrued liabilities	250,097	-	6,573	256,670
<i>Total liabilities</i>	<b>\$ 284,103</b>	<b>\$ 96,935</b>	<b>\$ 31,861</b>	<b>\$ 412,899</b>
<b>FUND BALANCES:</b>				
Unreserved	\$ 5,553,783	\$ 3,279,433	\$ -	\$ 8,833,216
Unreserved, reported in nonmajor:				
Debt service fund	-	-	229,481	229,481
Special revenue funds	-	-	429,085	429,085
<i>Total fund balances</i>	<b>\$ 5,553,783</b>	<b>\$ 3,279,433</b>	<b>\$ 658,566</b>	<b>\$ 9,491,782</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,837,886</b>	<b>\$ 3,376,368</b>	<b>\$ 690,427</b>	<b>\$ 9,904,681</b>

The accompanying notes are an integral part of these financial statements

CITY OF MUSCLE SHOALS, ALABAMA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

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Total fund balance - total governmental funds	\$ 9,491,782
Capital assets are not financial resources and, therefore, are not reported in the funds. See note 2.C for additional details.	44,434,368
OPEB expense is accrued in the government-wide statements, but not in the fund financial statements.	401,791
The City's equity interest in the North Alabama Gas District is not attributable to any certain fund.	18,880,336
Long-term debt is not due and payable in the current period and is not included in the funds. See note 2.D. for details.	(19,885,000)
Accrued interest on long-term debt is not due and payable in the current period and is not included in the funds.	(160,840)
Expenses and discounts associated with debt issues are treated as a deferred asset on the Statement of Net Assets, but the costs are expensed as incurred in the fund financial statements Unamortized debt discount and expense was \$1,578,657 at year-end.	1,469,289
Compensated absences reported in the statement of net assets do not require the use of current financial resources and are not reported as liabilities in governmental funds.	<u>(1,088,955)</u>
Net assets of governmental activities	<u>\$ 53,542,771</u>

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

CITY OF MUSCLE SHOALS, ALABAMA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

	General	Half-cent Sales Tax	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Local taxes	\$ 14,897,266	-	\$ 97,767	\$ 14,995,033
Licenses, permits and fees	1,454,993	-	-	1,454,993
Charges for service	1,011,579	-	-	1,011,579
Joint Ventures	332,213	-	-	332,213
Intergovernmental revenue:	9,864	10,302	489,874	510,040
Park and Recreation	1,009,879	-	297,860	1,307,739
Investment Revenue	20,481	3,740	634	24,855
Sale of Real Estate	-	2,737,789	-	2,737,789
Other revenue:	140,248	-	13	140,261
<b>Total revenue</b>	<b>\$ 18,876,523</b>	<b>\$ 2,751,831</b>	<b>\$ 886,148</b>	<b>\$ 22,514,502</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	\$ 3,591,600	\$ 65,136	\$ 22,698	\$ 3,656,736
Police	3,218,526	2,593	197,089	3,221,119
Fire	2,283,139	21,424	-	2,304,563
Industrial Park	-	13,527	-	13,527
Street	1,377,299	24,704	99,848	1,402,003
Storm and sewer	422,627	127,673	-	550,300
Sanitation	1,512,474	-	-	1,512,474
Recreation	2,632,434	830,594	-	3,463,028
Education	1,303,244	-	-	1,303,244
Capital outlay	-	1,925,918	26,549	1,952,467
Other	183,675	-	-	183,675
Debt Service -Principal	57,835	67,555	800,000	925,390
Debt Service -Interest	-	-	864,045	864,045
	<b>\$ 16,582,853</b>	<b>\$ 3,079,124</b>	<b>\$ 2,010,229</b>	<b>\$ 21,352,571</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ 2,293,670</b>	<b>\$ (327,293)</b>	<b>\$ (1,124,081)</b>	<b>\$ 1,161,931</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	\$ 353,223	\$ 1,489,627	\$ 1,663,849	\$ 3,506,699
Transfers out	(2,978,836)	(80,000)	(447,863)	(3,506,699)
<b>Total other financing sources (uses)</b>	<b>\$ (2,625,613)</b>	<b>\$ 1,409,627</b>	<b>\$ 1,215,986</b>	<b>\$ -</b>
<b>Net change in fund balances</b>	<b>\$ (331,943)</b>	<b>\$ 1,082,334</b>	<b>\$ 91,905</b>	<b>\$ 1,161,931</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>5,885,726</b>	<b>2,197,099</b>	<b>566,661</b>	<b>8,649,486</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 5,553,783</b>	<b>\$ 3,279,433</b>	<b>\$ 658,566</b>	<b>\$ 9,491,782</b>

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

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

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Net change in fund balances - total governmental funds	\$ 1,161,931
Amounts reported for governmental activities in the statement of activities differ because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation.	(3,831,769)
Current year increase in accrued interest on long-term debt reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the governmental funds.	(7,458)
Current year decrease in post-employment benefit funding excess does not require the use of current financial resources and is not reported as an expenditure in the governmental funds	67,371
Included in the statement of activities is an increase in equity in North Alabama Gas District that is not attributable to any certain fund.	1,204,194
Current year decrease in compensated absence liability does not require the use of current financial resources and is not reported in governmental funds.	(15,669)
Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	800,000
Gains on disposal of property are not accounted for in the fund statements, but they are in the government-wide statements.	81,211
Expenses and discounts associated with the reacquisition of debt are considered a current year expenditure in the fund financial statements, but those costs are deferred and amortized in the government-wide statements. The current year amortization reflected in the government-wide statements is \$109,368.	(109,368)
Other changes in various expense and accruals	-
Total change in net assets of governmental activities	\$ (649,557)

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

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the more significant accounting principles and practices of the City of Muscle Shoals (City) are discussed in subsequent sections of this note. The remaining notes are organized to provide explanations and include required disclosures of the City's financial activities for the fiscal year ended September 30, 2013.

### A. Reporting Entity

The City of Muscle Shoals, Alabama, (the "City"), was incorporated in 1923, under the Constitution and laws of the State of Alabama. The City operates under the mayor-city council form of government. As required by generally accepted financial principles, these financial statements present financial position and results of operations of the City and its component units (see below).

The City's financial reporting entity consists of the following:

*Primary government:* The City of Muscle Shoals, Alabama

*Discretely presented component units* are as follows:

<u>Component unit</u>	<u>Activities and Relationship to City</u>
Utilities Board of the City of Muscle Shoals	Owns, operates and maintains a water and sewer system serving residents of the City. The City Council appoints all members of the Utility Board.
Electric Board of the City of Muscle Shoals	Provides electricity to the residents of Muscle Shoals and acts as collection agent for the City's garbage pick-up operation.
Muscle Shoals City Board of Education	Operates the City's Public school system. The City Council appoints the five members of the Board. The City issued bonds for the construction of school facilities and is obligated for the debt. The City makes annual appropriations to the Board of Education.

In determining the reporting entity, the City complies with the provisions of GASB Statement No. 14 "The Financial Reporting Entity," (as amended by GASB Statement No. 39 and includes all component units of which the City appointed a voting majority of the units' board: the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Component units of the City issue separately audited financial statements. Copies of these reports are available from the respective organizations; therefore the component unit financial statement notes are not repeated here.

### B. BASIS OF PRESENTATION

#### *Government-wide Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities demonstrates the degree to which the expenses of a given function are offset by program revenues directly connected with the functional program. *Program revenues* include (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as *general revenues*.

#### *Fund Financial Statements*

Fund financial statements are provided for the City's governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

The City reports the following major (as defined by GASB #34) governmental funds:

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

Half-cent Sales Tax – A fund established by City ordinance to account for funds received and expended for capital projects as approved by the council.

### C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

*Government-wide Financial Statements* – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental Fund Financial Statements* – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Sales taxes and fuel taxes are significant revenue sources considered to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. While governments have the option of following subsequent private-sector guidance for their business-type activities, the City has not elected to follow subsequent private sector guidance.

*New Accounting Pronouncements* - For fiscal year ended June 30, 2013, SU implemented Governmental Accounting Standards Board (GASB) Statements No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," and No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." Statement No. 62 incorporates accounting and financial reporting guidance from FASB and AICPA pronouncements into the GASB literature. This statement also supersedes Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." Statement No. 63 amends Statement No. 34 to incorporate deferred outflows of resources and deferred inflows of resources into financial reporting by establishing a framework detailing how these elements should be reported. This will result in standardizing the presentation of deferred balances and their effects on a government's net position. The adoption of these statements did not have a significant impact on COMS's financial condition or results of operations.

**D. CASH AND CASH EQUIVALENTS**

The City considers cash and cash equivalents to be cash on hand, demand deposits, and certificate of deposits.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## E. RECEIVABLES AND PAYABLES

The activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

## F. INVENTORIES

The primary government values inventories at cost and records expenditures when the inventories are consumed.

## G. FIXED ASSETS

The accounting treatment over fixed assets depends on whether they are reported in the *fund* or *government-wide* financial statements.

*Fund statements.* Fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

*Government-wide statements.* Fixed assets costing more than \$500 are accounted for as capital assets. All fixed assets are recorded at historical cost, or estimated historical cost, if actual cost is unavailable, except for donated assets which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years are as follows:

Buildings, structures and improvements	20-50
Furniture, fixtures, and equipment	3-20
Roads and streets	50
Storm sewers and drainage ditches	30

## H. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave and related fringe benefits. The cost of earned but unused vacation pay is accrued when earned in the government-wide statements. A liability for earned but unused sick leave is accrued only to the extent that the leave will result in cash payments at termination. A liability for these amounts is reported in governmental funds only if they have matured, due to employee retirement.

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### I. LONG-TERM DEBT AND DEFERRED DEBT EXPENSE

In the government-wide financial statements, outstanding long-term debt is reported as a liability. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using the straight-line method.

The governmental fund financial statements recognize debt proceeds and premiums as other financing sources of the current period. Issuance costs are reported as debt service expenditures.

### F. EQUITY CLASSIFICATIONS

*Government-wide statements*- Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt—Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets—Consists of net assets 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) law through constitutional provisions or enabling legislation.

Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund statements*-Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved or unreserved, with unreserved further split between designated and undesignated.

### G. REVENUES

#### *Sales Tax*

The City levies tax on taxable sales within the City. Sales tax applicable to the month of September, but not received until after year-end are recorded as a receivable on both the government-wide and the fund financial statements.

#### *Property taxes*

Property taxes are levied and are due and payable on October 1 of each year, and may be paid without penalty through December 31. All unpaid taxes on real and personal property become delinquent on January 2 of the year following the year in which the taxes were levied. Penalties, interest and late fees are assessed on all payments made after December 31. On the first Monday in April of each year a tax auction for real property is held at which a certificate is sold at auction for properties on which the taxes are delinquent.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### H. BUDGETING

The City follows these procedures in establishing the general fund fund-level budgetary data reflected in the financial statements:

- The Mayor submits to the City Council for approval, a proposed operating budget for the fiscal year beginning October 1. The operating budget is only for the General Fund and includes proposed expenditures and the means of financing them.
- Any revisions to the budget must be approved by the City Council. The budget is normally modified one or more times during the course of the fiscal year.
- All unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations remain in effect and are incorporated into the next fiscal year budget.

### I. USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

## 2. CASH AND INVESTMENTS

Deposits are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. Deposits exceeding \$250,000 are made to banks participating in the Security for Alabama Funds Enhancement Program (SAFE Program). In the State of Alabama, all public funds are protected through a collateral pool administered by the Alabama State Treasurer. Banks holding deposits belonging to the state, counties, cities or agencies of any of these entities must pledge securities as collateral against those deposits. In the event of the failure of a bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the securities pledged failed to produce adequate funds for that purpose, then every bank participating in the pool would share the liability for the remaining balance.

Each of the banks containing more than \$250,000 of the City of Muscle Shoals' deposits has been designated by the State Treasurer as a qualified public depository.

## 3. RECEIVABLES

The City's general fund receivables are composed of the following:

State of Alabama	\$ 984,234
Other	<u>288,390</u>
Accounts receivable-net of uncollectible allowance	\$ <u>1,272,624</u>

## 4. FIXED ASSETS

Capital assets activity for the year ended September 30, 2013 is as follows:

## Governmental Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,088,177	\$ -	\$ 2,373,350	\$ 7,714,827
Art	31,850	-	-	31,850
Construction in progress	295,708	52,229	53,103	294,834
Total assets not being depreciated:	<u>10,415,735</u>	<u>52,229</u>	<u>2,426,453</u>	<u>8,041,511</u>
<i>Capital assets being depreciated:</i>				
Buildings	15,878,422	49,289	-	15,927,711
Infrastructures	23,860,073	-	-	23,860,073
Land Improvements	9,764,658	10,250	-	9,774,908
Equipment	10,715,243	1,016,366	196,062	11,535,547
Total capital assets being depreciated	60,218,396	1,075,905	196,062	61,098,239
Accumulated depreciation	<u>(22,835,927)</u>	<u>(2,043,982)</u>	<u>(174,527)</u>	<u>(24,705,382)</u>
Total capitals assets being depreciated, net	<u>37,382,469</u>	<u>(968,077)</u>	<u>21,535</u>	<u>36,392,857</u>
Governmental activities capital assets, net	<u>\$ 47,798,204</u>	<u>\$ (915,848)</u>	<u>\$ 2,447,988</u>	<u>\$ 44,434,368</u>

Depreciation expense was included in the functional expenses in the Statement of Activities as follows:

<u>Function</u>	<u>Depreciation</u>
General government	\$ 238,139
Police	242,673
Fire	386,715
Public works	246,094
Storm drainage	685,742
Recreation	<u>244,619</u>
Total depreciation expense	<u>\$ 2,043,982</u>

## 5. Long-Term Debt

The City's Debt consists of the following:

*General Obligation Refunding Warrants, Series 2004*

On September 22, 2004, the City issued \$12,560,000 of General Obligation Refunding Warrants, Series 2004, dated September 1, 2004. These tax-exempt warrants mature from 2005 to 2030 at interest rates from 1.5% to 4.75%. Payment to bond refunding escrow agent of \$12,095,885 was made to advance refund \$11,230,000 of the General Obligation Warrants, Series 1996.

*General Obligation Refunding Warrants, Series 2005*

These warrants, issued November 1, 2005, in the amount of \$2,750,000 were used to fully refund the Series 1996 Warrants and to buy a new fire truck. These tax-exempt bonds, maturing from 2006 to 2025, bear interest at rates ranging from 3.10% to 4.40%, which is payable semiannually on February 1 and August 1.

*General Obligation Refunding Warrants, Series 2006 (March 1)*

These tax-exempt warrants dated March 1, 2006, in the amount of \$6,945,000 were used to retire \$6,475,000 of the Series 2001 Warrants. The Warrants mature over the period 2006 to 2030, and bear interest at rates ranging from 3.25% to 4.375%. Interest is payable semiannually on February 1 and August 1.

*General Obligation Refunding Warrants, Series 2006 (November 1)*

These warrants dated November 1, 2006, in the amount of \$3,055,000 were used to retire the remaining \$2,235,000 of the Series 2001 Warrants and to provide \$626,118 for the construction of the new library addition. These warrants bear interest at rates ranging from 3.65 to 4.20% and mature over the period from 2011 to 2030. Interest is paid on February 1 and August 1.

The following summarizes the changes in the City's debt for the year ended September 30, 2013:

	Beginning			Ending	Current
	Balance	Increases	Reductions	Balance	Portion
General Obligation Warrants					
- Series 2004	\$ 10,015,000		\$ 605,000	\$ 9,410,000	\$ 625,000
- Series 2005	2,040,000		140,000	1,900,000	145,000
- Series 2006 (11/06)	2,940,000		5,000	2,935,000	10,000
- Series 2006 (03/06)	5,690,000	-	50,000	5,640,000	50,000
Total Warrants	<u>\$ 20,685,000</u>	<u>\$ -</u>	<u>\$ 800,000</u>	<u>\$19,885,000</u>	<u>\$ 830,000</u>

## 6. Long-Term Debt (continued)

The following sets forth the service requirements on the Warrants:

Fiscal	Series 2004		Series 2005		Series 2006 (11/06)	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	625,000	397,366	145,000	75,798	10,000	121,292
2015	645,000	374,710	155,000	70,288	60,000	120,913
2016	670,000	350,522	160,000	64,475	65,000	118,588
2017	710,000	324,560	150,000	58,395	65,000	116,069
2018	740,000	296,160	150,000	52,620	75,000	113,436
2019-2023	4,410,000	985,738	865,000	166,830	220,000	525,794
2024-2028	1,610,000	98,900	275,000	34,618	1,445,000	441,549
2029-2030	-	-	-	-	995,000	63,210
Totals	<u>\$9,410,000</u>	<u>\$2,827,956</u>	<u>\$1,900,000</u>	<u>\$523,024</u>	<u>\$2,935,000</u>	<u>\$1,620,851</u>

Fiscal	Series 2006 (3/06)		Total	
	Principal	Interest	Principal	Interest
2014	50,000	241,244	830,000	835,700
2015		239,444	860,000	805,355
2016		239,444	895,000	773,029
2017		239,444	925,000	738,468
2018		239,444	965,000	701,660
2019-2023		1,197,219	5,495,000	2,875,581
2024-2028	3,460,000	1,007,541	6,790,000	1,582,608
2029-2030	2,130,000	140,395	3,125,000	203,605
Totals	<u>\$5,640,000</u>	<u>\$3,544,175</u>	<u>\$19,885,000</u>	<u>\$8,516,006</u>

## 7. INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

During the year the City transferred money between funds, mostly from the general to other funds. These transfers were for several purposes such as providing funds for debt service and to provide match money to comply with the terms of grant agreements. Inter-fund receivable and payable balances at September 30, 2013 and the amounts of inter-fund transfers for the fiscal year ended September 30, 2013 are as follows:

Fund	Transfers		Interfund Payable/Receivable	
	Transfers To	Transfers From	Receivable	Payable
General Fund	\$ 353,223	\$ 1,314,987	25,288	4,644
Municipal Court Fund	-	273,223	4,644	25,288
One-half cent sales	1,489,627	80,000	-	-
Sidewalk Const. Phase II	-	174,640	-	-
	<u>\$ 1,842,849</u>	<u>\$ 1,842,849</u>	<u>\$ 29,932</u>	<u>\$ 29,932</u>

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#### 8. EQUITY INTEREST IN JOINT VENTURE (NORTH ALABAMA GAS DISTRICT)

The City of Muscle Shoals owns approximately 49.5 percent of the North Alabama Gas District (the Gas District) and the City of Madison, Alabama owns the remainder. The government-wide financial statements reflect the City of Muscle Shoals' equity in the Gas District, in the amount of \$18,880,336. The fund-level financial statements only report the earnings distributions received from the District during the year (\$313,338).

#### 9. RELATED PARTY TRANSACTIONS

The City had the following material transactions with related parties during the year ended September 30, 2013.

*Muscle Shoals Utility Board* – This component unit provided water and sewer service to the City at market rates. At September 30, 2013, the Board owed the City \$ 76,790.

*Muscle Shoals Electric Board* – The Board, a component unit of the City, (a) provided electricity to the City at normal market rates, (b) collected on behalf of and remitted to the City \$ 1,011,579 of garbage revenues collected and (c) paid the City \$ 716,342 of tax equivalents. At September 30, 2013, the Electric Board owed the City a total of \$145,370. The City owed the Electric Board nothing at year-end.

*Muscle Shoals Board of Education* - The City appropriated \$1,303,244 to the Board of Education (a component unit) during the year. At September 30, 2013, the Board owed the City \$ 20,246 for miscellaneous items.

*Shoals Solid Waste Disposal Authority* – The Authority, jointly governed by Muscle Shoals and three other governments, was paid \$196,514 for landfill services provided to the City. The City and the other three joint governors are charged special rates for landfill services, which are lower than that charged the public.

*North Alabama Gas District (the Gas District)*– The City, having approximately a 49.5 percent equity interest in the Gas District, received \$313,338 of earnings distributions from the Gas District during 2013. The distribution ratio is based on the percentage of gas sales in the respective areas of the two owners of the Gas District that is, the City of Muscle Shoals and the City of Madison, Alabama.

The City jointly governs, with several other governmental organizations, the Colbert County Animal Control and Northwest Alabama Airport Authority. There have been no material transactions with these organizations, other than the City's annual appropriations to them.

## 10. PENSION COSTS

The City of Muscle Shoals contributes to the Employees' Retirement System of Alabama, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the various state agencies and departments. Substantially all employees are members of the Employees' Retirement System of Alabama. Membership is mandatory for covered or eligible employees of the City of Muscle Shoals. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method, retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

The Employees' Retirement System was established as of October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits of State employees, State police, and on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Commission authority to accept or reject various Cost-of-Living-Adjustments granted to retirees.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

Following is the most recent information available for the plan as of and for the year ending September 30, 2012 (except where indicated otherwise):

## General Information

Valuation date	9/30/2012
Actuarial cost method	Entry Age
Amortization method	Level percent open
Remaining amortization method	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Ultimate investment rate of return	8.00%
Projected salary increases	3.75-7.25%
(includes inflation at)	3.00%
Cost-of-living adjustments	None



## 10. PENSION COSTS (CONTINUED)

Required Employer Contribution Rates (Effective January 1, 2013)

Tier 1 Employees (applies to all members hired before January 1, 2013)	Retain Current Member	Elect to Increase Member Contribution
	Contribution Rates	Rate Under Act 2011-676
Normal cost	2.73%	0.47%
Accrued liability	9.00%	9.06%
Pre-retirement death benefit	0.14%	0.14%
Administrative expense	<u>0.21%</u>	<u>0.21%</u>
Total	<u>12.08%</u>	<u>9.88%</u>
5% employer contribution factor (12.08% / 5%)	2.416000	
6% employer contribution factor (12.08% / 6%)	2.013333	
7.5% employer contribution factor (9.88% / 7.5%)		1.317333
8.5% employer contribution factor (9.88% / 8.5%)		1.162353
Tier 2 Employees (applies to all members hired after December 31, 2012)		
Total Employer Contribution Rate	9.78%	
6% employer contribution factor (9.78% / 6%)	1.630000	
7% employer contribution factor (9.78% / 7%)	1.397143	

## 10. PENSION COSTS (CONTINUED)

Funding Progress (in thousands)						
Actuarial Valuation Date (9/30)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Pctg of Covered Payroll ((b-a) / c)
2007	\$ 16,707	\$ 21,178	\$ 4,471	78.9%	\$ 5,445	82.1%
2008	17,019	22,362	5,343	76.1%	5,806	92.0%
2009	16,944	23,718	6,774	71.4%	5,934	114.2%
2010	16,535	24,267	7,732	68.1%	5,808	133.1%
2011	16,158	24,447	8,289	66.1%	5,781	143.4%
2012 B	15,920	23,908	7,988	66.6%	5,737	139.3%
2012 A,B	15,920	23,961	8,041	66.4%	5,737	140.2%

A-Reflects the impact of Act 2011-676, which increases member contribution rates by 2.25% beginning 10-1-11

B-Reflects changes in actuarial assumptions

\*Market value of assets as of September 30, 2012: \$ 15,919,659

Trend Information			
Fiscal Year Ending (9/30)	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2010	570,510	100	\$0
2011	618,007	100	\$0
2012	621,276	100	\$0

## 11. POST-EMPLOYMENT BENEFITS

**Trust and Plan Description**

On September 30, 2009, the City of Muscle Shoals established an irrevocable trust with the Bank of New York Mellon to fund its post-employment benefits. The Trust is managed by a committee composed of Muscle Shoals' mayor, a council member and City Clerk. The Trust issues separately audited financial statements. A copy of the report may be obtained from the City Clerk of the City of Muscle Shoals.

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**11. POST-EMPLOYMENT BENEFITS (continued)**

The City of Muscle Shoals provides (defined-benefit plan) medical, dental, vision, and life insurance benefits to its retirees. Medical, dental and vision benefits are provided under the following two options until the retiree or dependent is eligible for Medicare coverage. Additionally, the life insurance the retiree had as an active employee may be carried into retirement with the City bearing the full costs.

Option 1 - Employees retiring with 25 years of actual exclusive service with the City of Muscle Shoals (excludes military, stress bill time, and service with other agencies) may continue medical, dental and vision coverage under the same conditions as active employees. Under this retirement option, the retiree pays monthly rates based on single or family coverage as follows: (a) single coverage - nothing for medical/vision and \$5 for dental and (b) family coverage - \$334 for medical/vision and \$14 for dental.

Option 2 - Employees retiring who are at least age 60 with 15 years of actual exclusive service with the City of Muscle Shoals may continue coverage with the retiree paying the following monthly premiums: single coverage - \$224 for medical/vision and \$20 for dental; family coverage - \$558 for medical/ vision and \$61 for dental.

***Actuarial Study***

GASB 45 requires that the City obtain an actuarial valuation every three years. In accordance with that requirement Muscle Shoals had actuarial valuations made as of September 30, 2006, 2009 and 2012.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Projections of benefits are based on the types of benefits provided under the plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

## 11. POST-EMPLOYMENT BENEFITS (continued)

Following are details regarding the most recent Actuarial Valuation:

Valuation date	9/30/12
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return (includes inflation at 3.25%)	6.00%
Medical cost trend rate	8.50% - 5.00%
Year of ultimate trend rate	2018
Active members	140
Annual compensation	\$5,459,733
Retired members	57

## Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
9/30/06	\$ 0	\$ 5,741,164	\$ 5,741,164	0.0%	\$ 5,372,717	106.90
9/30/09	\$ 1,200,000	\$ 6,314,594	\$ 5,114,594	19.0%	\$ 5,530,123	92.50
9/30/12	\$ 1,223,696	\$ 5,322,891	\$ 4,009,195	22.99%	\$ 5,459,733	75.08

Annual Required Contribution

	Rate as % of Compensation	Annual Amount
Normal Cost	3.60%	\$ 196,752
Accrued Liability	3.57%	194,950
Total	7.17%	\$ 391,702

## 11. POST-EMPLOYMENT BENEFITS (continued)

**Net OPEB Asset**

*The Net OPEB Asset is calculated as shown below:*

a) Employer Annual Required Contribution (ARC)	\$ 391,702
b) Valuation Discount Rate	0.00%
c) Interest on Net OPEB Asset: ( b ) * ( i )	\$ 28,150
d) Amortization Factor	21.0269
e) Adjustment of Annual Required Contribution ( i ) / ( d )	\$ 22,312
f) Annual OPEB Cost: ( a ) - ( c ) + ( e )	\$ 385,864
g) Employer Contributions made for Fiscal Year Ending 9/30/2013	318,493
h) Increase (decrease) in Net OPEB Asset: ( g ) - ( f )	(67,371)
i) Net OPEB asset - Beginning of Fiscal Year	469,162
j) Net OPEB asset - End of Fiscal Year ( i ) + ( h )	\$ 401,791

## 12. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has chosen to purchase commercial insurance to handle all of these risks.

## 13. COMMITMENTS AND CONTINGENCIES

The Public Park Authority of the Shoals, an Alabama Public Corporation formed by four local municipal governments (including the City of Muscle Shoals) and the counties of Colbert and Lauderdale, issued \$17,925,000 in Special Obligation Bonds, Series 2003, dated June 1, 2003. The bonds are secured by a pledge of (i) the two cents per gallon gasoline taxes levied in Colbert and Lauderdale counties, and (ii) certain payments from specified municipalities and counties pursuant to six funding agreements among the municipalities and counties.

## 14. COMMERCIAL ENTITY TRANSACTIONS

In January 2011, the City took several steps to bring a restaurant entity to a site within the City. The City issued taxable warrants, using the proceeds to purchase and renovate a building formerly occupied by another business.

The building has been leased to the entity with the rental rate set at an amount equivalent to that needed to pay the principal and interest on the warrants over a 20-year term. To further incentivize the entity to locate in Muscle Shoals, the lease payments will be reduced by an amount equal to 50% of the sales tax generated by the business.

## 14. COMMERCIAL ENTITY TRANSACTIONS (continued)

In substance the City of Muscle Shoals has merely facilitated the installment purchase of the property by the entity. The lease agreement has all of the characteristics of an installment sale. The lease is non-cancellable and contains a bargain purchase option. After the required lease payments have been made, the entity can purchase the property for \$500.

Accordingly, on the government-wide statements, the City of Muscle Shoals showed a liability for the unpaid balance of the warrants and a corresponding receivable from the entity. The fund level statements show the loan principal and interest payments as current expenditures and the lease payments received from the entity as current income. The balance owed on the Warrants at September 30, 2013 was \$733,371.

The Warrants dated January 19, 2011 in the amount of \$800,000 issued to a local bank bears interest at the rate of 3.8% per annum and matures on January 19, 2031. The service requirements on the Warrant are as follows:

FYE	Principal	Interest
2014	\$ 30,497	\$ 27,338
2015	31,677	26,158
2016	32,832	25,003
2017	33,009	24,826
2018	34,293	23,542
2019-2023	192,536	96,639
2024-2028	233,002	56,173
2029-2031	145,525	10,812
	<u>\$ 733,371</u>	<u>\$ 290,491</u>

## 15. EVALUATION OF SUBSEQUENT EVENTS

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of the City evaluated its activity through April 15, 2014. The following is considered a subsequent event. However, no other events were considered necessary for disclosure.

## 15. EVALUATION OF SUBSEQUENT EVENTS (continued)

The City issued General Obligation Warrants 2014-A and 2014-B (2014 Warrants) in January of 2014. The estimated sources and uses of funds (combined) are as follows:

Estimated Sources of Funds

Par Amount	\$ 2,145,000
Accrued Interest	823
Net Original Issue Premium	<u>10,796</u>
Total Sources	<u>2,156,619</u>

Estimated Uses of Funds

Current Refunding of a Portion of Series 2005 Warrants	\$ 1,808,865
Series 2014-A Improvements	278,000
Underwriter's Discount	42,900
Issuance Expenses	26,031
Deposit of Accrued Interest to Warrant Fund	<u>823</u>
Total Uses	<u>2,156,619</u>

The combined debt service of the Warrants is as follows:

<u>Fiscal Year End</u>	<u>Total Debt Service</u>
2014	\$ 93,804
2015	233,079
2016	246,506
2017	227,506
2018	218,806
2019-2023	1,141,963
2024-2028	<u>333,375</u>
Total	<u>\$ 2,495,039</u>

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## REQUIRED SUPPLEMENTARY INFORMATION



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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES – BUDGETARY COMPARISON – GENERAL FUND

	Budgeted Amounts		Total	Final Budget
	Original	Final	Actual	Fav (Unfav)
BUDGETARY FUND BALANCE-BEGINNING	\$ 5,885,726	\$ 5,885,726	\$ 5,885,726	\$ -
RESOURCES (INFLOWS):				
Local taxes	\$ 14,667,000	\$ 14,667,000	\$ 14,897,266	\$ 230,266
Licenses, permits and fees	1,203,995	1,276,047	1,454,993	178,946
Charges for service	1,006,000	1,006,000	1,011,579	5,579
Joint Ventures	322,375	322,375	332,213	9,838
Intergovernmental revenue:	9,864	9,864	9,864	-
Park and Recreation	1,374,240	1,414,240	1,009,879	(404,361)
Investment Revenue	40,000	40,000	20,481	(19,519)
Transfers in	-	-	-	-
Other revenue:	82,250	146,203	140,248	(5,955)
<i>Total resources (inflows)</i>	<u>\$ 18,705,724</u>	<u>\$ 18,881,729</u>	<u>\$ 18,876,523</u>	<u>\$ (5,206)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>\$ 24,591,450</u>	<u>\$ 24,767,455</u>	<u>\$ 24,762,249</u>	<u>\$ (5,206)</u>
CHARGES TO APPROPRIATION (OUTFLOWS):				
General government:				
Mayor and City Council	\$ 235,531	\$ 244,831	\$ 252,632	\$ (7,801)
City clerk	840,498	840,598	808,599	31,999
Civil Service Board	12,000	12,000	12,200	(200)
Legal services	56,000	56,000	63,844	(7,844)
City buildings	247,559	247,559	236,463	11,096
Communications	80,000	79,500	75,697	3,803
Payroll taxes - all departments	523,346	523,346	558,047	(34,701)
Municipal court	150,308	150,308	166,871	(16,563)
City engineer	150,000	187,531	237,091	(49,560)
Street lighting	360,000	360,000	397,337	(37,337)
Senior citizens	158,063	159,513	161,108	(1,595)
Library	592,594	600,610	621,711	(21,101)
Police Department	3,205,211	3,217,075	3,218,526	(1,451)
Fire Department	2,178,644	2,215,209	2,283,139	(67,930)
Street Department	1,317,965	1,355,965	1,377,299	(21,334)
Storm drainage	414,301	414,301	422,627	(8,326)
Sanitation Department	1,496,500	1,472,589	1,512,474	(39,885)
Recreation Department	2,587,471	2,644,160	2,632,434	11,726
Contractual obligations	105,167	105,167	105,167	-
Appropriations	75,550	75,550	72,558	2,992
Special events	5,000	5,000	5,950	(950)
Education	1,302,200	1,302,200	1,303,244	(1,044)
Debt Service	57,835	57,835	57,835	-
	<u>\$ 16,151,743</u>	<u>\$ 16,326,847</u>	<u>\$ 16,582,853</u>	<u>\$ (256,006)</u>

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES – BUDGETARY COMPARISON – GENERAL FUND (Continued)

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OTHER FINANCING SOURCES:				
Transfers in	\$ 417,000	\$ 417,000	\$ 353,223	\$ (63,777)
Transfers (out)	<u>(2,970,542)</u>	<u>(2,970,542)</u>	<u>(2,978,836)</u>	<u>(8,294)</u>
Net Transfers (Out)	<u>\$ (2,553,542)</u>	<u>\$ (2,553,542)</u>	<u>\$ (2,625,613)</u>	<u>\$ (72,071)</u>
 <i>Total charges to appropriations (outflows)</i>	 <u>\$ 18,705,285</u>	 <u>\$ 18,880,389</u>	 <u>\$ 19,208,466</u>	 <u>\$ (183,935)</u>
 REVENUES OVER (UNDER) CHARGES TO				
APPROPRIATIONS	<u>\$ 439</u>	<u>\$ 1,340</u>	<u>\$ (331,943)</u>	<u>\$ (333,283)</u>
 BUDGETARY FUND BALANCE-ENDING	 <u>\$ 5,886,165</u>	 <u>\$ 5,887,066</u>	 <u>\$ 5,553,783</u>	 <u>\$ (189,141)</u>

See Notes to Budgetary Comparison Schedule

CITY OF MUSCLE SHOALS, ALABAMA  
NOTES TO BUDGETARY COMPARISON SCHEDULE

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NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING:

An annual appropriated budget is adopted for the general fund on a basis consistent with accounting principles generally accepted in the United States except for encumbrances.

The budgetary data reflected in the required supplementary information was established by the City using the following procedures:

- a) The Mayor submits to the City Council a proposed budget for the forthcoming fiscal year
- b) The City Council in regular session votes to approve the budget and it is legally enacted through the passage of a budget ordinance to that effect.

NOTE 2 - RECONCILIATION OF BUDGETED AND ACTUAL RESULTS

Following is a reconciliation of Budgetary and actual results:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 24,762,249
--	---------------

Differences – budget to GAAP:

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial report purposes	(5,885,726)
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	\$ 18,876,523
--	---------------

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	<u>16,582,853</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ 16,582,853</u>
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## SUPPLEMENTARY INFORMATION

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
<b>Local Taxes</b>				
Ad Valorem - Thompson	\$ 761,000	\$ 761,000	781,687	\$ 20,687
Ad Valorem - Crosslin	187,000	187,000	194,722	7,722
Sales Tax	10,761,000	10,761,000	10,947,012	186,012
Alcohol Beverage Tax	201,000	201,000	206,827	5,827
Tangible Personal Property Rentals	139,000	139,000	149,715	10,715
Lodging Tax	54,000	54,000	56,498	2,498
Tax Equivalent (Electric Board)	697,000	697,000	716,342	19,342
Gasoline (Local)	527,000	527,000	554,228	27,228
Tobacco Tax	137,000	137,000	149,969	12,969
TVA In Lieu Of Taxes	851,000	851,000	843,290	(7,710)
ABC Board	47,000	47,000	47,735	735
Financial Inst Tax	222,000	222,000	163,794	(58,206)
Bulletproof Vest Grant	2,000	2,000	4,225	2,225
NACOLG Traffic Grant	1,000	1,000	1,222	222
Tax Equivalent (Muscle Shoals Utilities Board)	80,000	80,000	80,000	-
	<u>\$ 14,667,000</u>	<u>\$ 14,667,000</u>	<u>\$ 14,897,266</u>	<u>\$ 230,266</u>
<b>License, Permits and Fees</b>				
Business License (City)	\$ 1,038,000	\$ 1,038,000	1,121,931	\$ 83,931
Building Permits	75,000	75,000	128,045	53,045
Street Cutting	3,000	3,000	5,600	2,600
Gas Inspection Fees	4,000	4,000	3,066	(934)
Electric Inspection Fees	8,000	8,000	18,494	10,494
Plumbing Inspection Fees	3,300	3,300	8,635	5,335
Fire Protection	10,000	10,000	17,809	7,809
Fines-Library	17,500	17,500	15,861	(1,639)
Alabama Public Library Grant	17,000	17,000	17,000	-
State Aid (Library)	13,835	17,451	17,452	1
County Appropriation	3,060	3,060	3,060	-
Miscellaneous	10,500	10,500	11,062	562
TVA Grant	-	4,256	4,256	-
DMA Disaster Funds	-	6,000	6,009	9
Colbert County Development Comm	-	19,649	19,649	-

(continued)

## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES – BY BUDGETARY LINE ITEM – GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note)	Positive (Negative)
<b>REVENUES</b>				
<b>License, Permits and Fees</b>				
AL Department of Aging	-	1,000	1,000	-
ALDOT Grants (ATRP and STRS)	-	37,531	55,914	18,383
Flood Hazard Improvement Fees	500	500	-	(500)
Stormwater Permits	300	300	150	(150)
	<u>\$ 1,203,995</u>	<u>\$ 1,276,047</u>	<u>\$ 1,454,993</u>	<u>\$ 178,946</u>
<b>Charges for Services</b>				
Garbage Fees	<u>\$ 1,006,000</u>	<u>\$ 1,006,000</u>	<u>\$ 1,011,579</u>	<u>\$ 5,579</u>
<b>Joint Ventures</b>				
North Ala. Gas District	\$ 313,000	\$ 313,000	\$ 313,338	\$ 338
Shoals Solid Waste Authority	9,375	9,375	18,875	9,500
	<u>\$ 322,375</u>	<u>\$ 322,375</u>	<u>\$ 332,213</u>	<u>\$ 9,838</u>
<b>Intergovernmental Revenues</b>				
	<u>\$ 9,864</u>	<u>\$ 9,864</u>	<u>\$ 9,864</u>	<u>\$ -</u>
<b>Park and Recreation</b>				
<b>Cypress Lakes Facility Revenues</b>				
Dues	\$ 344,220	\$ 344,220	\$ 287,561	\$ (56,659)
Golf Concessions	85,000	85,000	57,515	(27,485)
Tennis Lessons	1,600	1,600	467	(1,133)
Golf Lessons	4,000	4,000	4,123	123
Room Rentals	18,000	18,000	27,838	9,838
Miscellaneous	2,500	2,500	2,550	50
Range Tokens	16,000	16,000	15,260	(740)
Cart Rentals	240,500	240,500	93,055	(147,445)
Greens Fees	265,000	265,000	112,294	(152,706)
Merchandise	120,000	120,000	56,146	(63,854)
Golf Club Rental	700	700	1,534	834
Rent Payments	14,400	14,400	12,000	(2,400)
Tennis Guest Fees	720	720	816	96
Pool Receipts	22,500	22,500	17,967	(4,533)

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note	Positive (Negative)
<b>REVENUES</b>				
<b>Park and Recreation</b>				
Tennis Passes	14,400	14,400	11,663	(2,737)
Pool Concessions	3,000	3,000	2,438	(562)
Tip Revenue	1,200	1,200	1,039	(161)
Golf Tournament Revenues	2,000	2,000	629	(1,371)
	<u>\$ 1,155,740</u>	<u>\$ 1,155,740</u>	<u>\$ 704,895</u>	<u>\$ (450,845)</u>
Other Recreation Revenues				
Gatman Splashpad Concessions	\$ 7,000	\$ 7,000	9,255	\$ 2,255
Batting Cage Revenue	5,000	5,000	6,090	1,090
Football	8,000	8,000	11,308	3,308
Flag Football Revenue	6,000	6,000	5,100	(900)
Airport Concessions	5,000	5,000	11,592	
Webster Concessions	20,000	20,000	33,446	13,446
Karate	7,000	7,000	9,210	2,210
Gatman Concessions	35,000	35,000	45,577	10,577
Youth Basketball Registration	15,000	15,000	16,746	1,746
Youth Soccer Registration	4,000	4,000	4,364	364
Youth Baseball Registration	15,000	15,000	14,965	(35)
Girls Softball Registration	7,500	7,500	5,654	(1,846)
Special Events Revenue	15,000	15,000	12,744	(2,256)
Adult Softball	1,500	1,500	-	(1,500)
Volleyball	1,000	1,000	940	(60)
Facilities Rental	15,000	15,000	19,760	
Vending And Game Machines	1,500	1,500	1,667	167
Miscellaneous Revenues	5,000	5,000	3,211	(1,789)
Sportsplex Concessions	30,000	30,000	37,035	7,035
Tournament Revenues	15,000	55,000	56,320	1,320
	<u>\$ 218,500</u>	<u>\$ 258,500</u>	<u>\$ 304,984</u>	<u>\$ 46,484</u>
Total Park and Recreation Revenues	<u>\$ 1,374,240</u>	<u>\$ 1,414,240</u>	<u>\$ 1,009,879</u>	<u>\$ (404,361)</u>
Investment Earnings	\$ 40,000	\$ 40,000	\$ 20,481	\$ (19,519)

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CITY OF MUSCLE SHOALS, ALABAMA

REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note)	Final Budget
				Positive (Negative)
<b>REVENUES</b>				
<b>Other Revenues</b>				
Facilities Rental	\$ -	\$ -	-	\$ -
Installment - SAS	15,000	15,000	15,000	
Sale Of Dirt	-	500	1,410	910
Sale Of Street Material	4,000	14,000	15,664	1,664
Sale of City Equipment	-	15,600	15,600	
Wal-Mart Foundation Grant	-	1,000	1,000	-
Misc. Revenue	3,500	3,500	1,192	(2,308)
Christmas Parade	5,000	5,000	5,000	-
Photo Copy Service	5,000	5,000	3,038	(1,962)
Fire Training Center	12,000	42,065	35,830	(6,235)
Radio Operator Service	3,600	3,600	3,600	-
State Auto License	7,000	7,000	7,678	678
County Appropriation	-	-	3,060	3,060
Miscellaneous Library Revenues	-	-	-	-
Colbert County Commission	5,200	5,200	5,200	-
Lease Payments	21,950	21,950	19,718	(2,232)
Insurance Refund	-	6,288	6,288	-
Donations	-	500	970	470
	<u>\$ 82,250</u>	<u>\$ 146,203</u>	<u>\$ 140,248</u>	<u>\$ (5,955)</u>
 Total Revenues	 <u>\$ 18,705,724</u>	 <u>\$ 18,881,729</u>	 <u>\$ 18,876,523</u>	 <u>\$ (5,206)</u>



## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note)	Positive (Negative)
EXPENDITURES				
Mayor And City Council				
Salaries - Regular	\$ 107,133	\$ 107,133	\$ 108,224	\$ (1,091)
Retirement	7,041	7,041	7,160	(119)
Employee's Insurance	9,671	9,671	12,042	(2,371)
Workmen's Compensation	234	234	233	1
Consultant Services	22,110	22,110	23,942	(1,832)
Gas, Oil	3,200	3,200	3,315	(115)
Miscellaneous	1,200	1,200	1,065	135
Vehicle Repair	500	700	838	(138)
Advertising	18,000	24,000	22,712	1,288
Travel	30,000	30,000	36,403	(6,403)
Meals	500	500	199	301
Insurance - General	20,442	20,442	20,442	-
Dues	15,500	15,600	16,057	(457)
Spical Events	-	3,000	-	-
Total	\$ 235,531	\$ 244,831	\$ 252,632	\$ (7,801)
City Clerk				
Salaries - Parttime	\$ 7,410	\$ -	\$ -	
Salaries - Regular	474,358	481,068	463,937	17,131
Retirement	47,544	47,544	47,269	275
Employee's Insurance	101,319	101,319	104,212	(2,893)
Workmen's Compensation	4,692	3,092	3,006	86
Vacation Sold	20,372	21,972	21,986	(14)
Auditing Services	32,000	32,200	32,243	(43)
Janitorial	5,000	5,000	3,979	1,021
Data Processing	30,000	30,000	29,568	432
Office Supplies	2,900	2,900	2,656	244
Gas, Oil	4,500	4,300	3,849	451
Tobacco Stamps	12,800	12,800	12,747	53

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
<b>City Clerk</b>				
Miscellaneous	2,500	3,700	3,875	(175)
Buildings And Grounds	31,000	28,950	24,634	4,316
Vehicle Repair	2,100	2,100	1,870	230
Postage	10,000	10,000	9,485	515
Advertising	300	1,050	1,297	(247)
Recording Fees	200	200	-	200
Travel	7,500	8,200	8,388	(188)
Drug/Alcohol Testing	6,100	6,100	1,545	4,555
Meals	250	250	152	98
Employee Education And Training	4,000	4,000	3,466	534
Insurance - General	7,628	7,628	6,802	826
Photo Copy Exp	4,000	4,000	3,232	768
Printing, Books, Subscriptions	7,400	7,400	5,127	2,273
Dues	2,100	2,300	2,236	64
Municipal Code	3,525	3,525	3,523	2
Trustee Fees	9,000	9,000	7,515	1,485
Total	\$ 840,498	\$ 840,598	\$ 808,599	\$ 31,999
<b>Civil Service Board</b>				
Salaries - Regular	\$ 12,000	\$ 12,000	\$ 12,200	\$ (200)
Total	\$ 12,000	\$ 12,000	\$ 12,200	\$ (200)
<b>Legal Services</b>				
Salaries - City Attorney	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Legal Services	50,000	50,000	57,844	(7,844)
Total	\$ 56,000	\$ 56,000	\$ 63,844	\$ (7,844)
<b>City Buildings</b>				
Workmen's Compensation	\$ 3,300	\$ 4,800	4,763	\$ 37
Lawn Maintenance	15,600	15,600	15,600	-
Buildings And Grounds	13,000	13,000	13,190	(190)
Utilities	175,000	173,500	162,216	11,284
Early Warning System	5,000	5,000	4,991	9
Insurance - General	35,659	35,659	35,703	(44)
Total	\$ 247,559	\$ 247,559	\$ 236,463	\$ 11,096

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note)	Positive (Negative)
<b>EXPENDITURES</b>				
<b>Communications</b>				
Paging Services	\$ 8,000	\$ 8,000	7,807	\$ 193
Telephone	52,000	52,000	53,150	(1,150)
Radio	20,000	19,500	14,740	4,760
Total	<u>\$ 80,000</u>	<u>\$ 79,500</u>	<u>\$ 75,697</u>	<u>\$ 3,803</u>
<b>Payroll Tax Expense</b>				
Fica	\$ 518,346	\$ 518,346	558,047	\$ (39,701)
Unemployment Insurance	5,000	5,000	-	5,000
Total	<u>\$ 523,346</u>	<u>\$ 523,346</u>	<u>\$ 558,047</u>	<u>\$ (34,701)</u>
<b>Police Dept.</b>				
Holiday Pay	\$ 65,773	\$ 65,773	61,830	\$ 3,943
Salaries - Regular	1,749,116	1,715,918	1,704,298	11,620
Salaries - Overtime	104,000	137,198	103,261	33,937
Retirement	194,499	194,499	193,842	657
Employee's Insurance	479,383	479,383	578,265	(98,882)
Workmen's Compensation	61,774	60,274	56,094	4,180
Vacation Sold	55,000	55,000	55,876	(876)
Consultant Services	4,000	4,000	3,850	150
Janitorial	20,000	20,000	20,004	(4)
Data Processing	62,250	62,250	64,445	(2,195)
Office Supplies	8,000	9,500	8,934	566
Gas, Oil	120,000	120,365	110,140	10,225
Miscellaneous	13,000	13,000	9,805	3,195
Canine Expense	5,500	5,500	4,653	847
Dare Program	4,500	4,500	4,331	169
Jail Expense	8,500	8,500	6,072	2,428
Buildings And Grounds	23,000	26,600	23,838	2,762
Vehicle Repair	55,000	54,000	50,058	3,942
Public Safety Equipment	40,662	39,187	37,328	1,859
Travel	22,000	22,000	17,427	4,573
Meals	300	300	-	300
Employee Education And Training	23,000	23,000	15,435	7,565

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note)	Positive (Negative)
<b>EXPENDITURES</b>				
<b>Police Dept.</b>				
Insurance - General	48,388	48,388	48,538	(150)
Uniforms	48,000	48,000	38,559	9,441
Photo Copy Exp	3,000	4,000	3,943	57
Printing, Books, Subscriptions	4,500	4,500	2,568	1,932
Film & Developing	1,000	1,000	-	1,000
Dues	1,000	1,000	712	288
Informer Information	500	500	-	500
Care of Prisoners		-	1,000	(1,000)
Police Tactical Team	25,000	26,475	24,993	1,482
Training Facility	3,500	3,500	2,016	1,484
Colbert Drug Task Force	10,000	10,000	10,000	-
Salary & Benefit Reimbursement-				
Board Of Ed.	(58,934)	(58,934)	(50,778)	(8,156)
Capital Outlay	-	7,899	7,189	710
Total	<u>\$ 3,205,211</u>	<u>\$ 3,217,075</u>	<u>\$ 3,218,526</u>	<u>\$ (1,451)</u>
<b>Municipal Court</b>				
Salaries - Regular	\$ 77,084	\$ 77,084	79,124	\$ (2,040)
Retirement	8,333	8,333	8,558	(225)
Employee's Insurance	29,427	29,427	48,354	(18,927)
Workmen's Compensation	174	124	63	61
Vacation Sold	2,600	2,600	1,100	1,500
Municipal Judge	11,940	11,940	12,160	(220)
Data Processing	5,800	5,800	5,476	324
Office Supplies	4,000	4,000	3,110	890
Miscellaneous	500	500	88	412
Municipal Prosecutor	7,600	7,600	6,600	1,000
Printing, Books, Subscriptions	2,600	2,600	1,938	662
Dues	250	300	300	-
Total	<u>\$ 150,308</u>	<u>\$ 150,308</u>	<u>\$ 166,871</u>	<u>\$ (16,563)</u>

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
<b>Fire Dept.</b>				
Holiday Pay	\$ 54,698	\$ 54,698	51,619	\$ 3,079
Salaries - Regular	1,321,310	1,321,310	1,311,947	9,363
Salaries - Overtime	51,500	70,500	72,416	(1,916)
Retirement	148,435	148,435	151,092	(2,657)
Employee's Insurance	299,084	299,084	395,582	(96,498)
Workmen's Compensation	54,806	54,806	52,498	2,308
Vacation Sold	43,000	43,000	36,969	6,031
Janitorial	3,500	3,500	2,270	1,230
Data Processing	18,950	12,950	14,025	(1,075)
Chemicals	2,500	2,500	2,126	374
Office Supplies	900	1,700	1,493	207
Gas, Oil	32,000	32,000	31,892	108
Medical Supplies	2,000	300	231	69
Small Tools	2,000	3,000	1,349	1,651
Miscellaneous	6,000	9,200	8,581	619
Fire Prevention Program	2,500	1,800	1,025	775
Buildings And Grounds	10,000	12,500	12,761	(261)
Vehicle Repair	20,000	32,250	31,891	359
Machine & Equipment Repair	6,000	6,500	6,512	(12)
Public Safety Equipment	10,000	14,500	9,371	5,129
Travel	6,500	6,500	4,286	2,214
Meals	350	-	-	-
Employee Education And Training	8,000	3,000	2,441	559
Insurance - General	24,711	24,711	24,711	-
Uniforms	20,000	26,000	20,691	5,309
Printing, Books, Subscriptions	3,000	3,000	3,601	(601)
Film & Developing	100	-	-	-
Dues	1,800	400	310	90
Training Facility	25,000	18,500	19,443	(943)
Construction In Progress	-	8,565	12,006	(3,441)
Total	\$ 2,178,644	\$ 2,215,209	\$ 2,283,139	\$ (67,930)

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note)	Positive (Negative)
EXPENDITURES				
Street Dept.				
Salaries - Regular	\$ 693,489	\$ 694,182	689,281	\$ 4,901
Salaries - Overtime	7,500	7,500	389	7,111
Retirement	74,971	74,971	77,548	(2,577)
Employee's Insurance	214,069	214,069	249,557	(35,488)
Workmen's Compensation	48,488	52,863	44,768	8,095
Vacation Sold	24,000	24,000	18,748	5,252
Chemicals	7,000	7,000	5,770	1,230
Office Supplies	400	2,025	1,974	51
Gas, Oil	68,000	68,000	73,166	(5,166)
Road Building	20,000	20,000	18,315	1,685
Street Materials Sold	4,000	14,000	17,827	(3,827)
Medical Supplies	200	200	173	27
Small Tools	9,300	11,800	9,353	2,447
Street Signs	10,000	19,000	20,016	(1,016)
Miscellaneous	3,500	1,707	1,668	39
Safety Supplies	3,500	3,500	3,927	(427)
Buildings And Grounds	7,200	8,993	8,343	650
Vehicle Repair	20,000	20,000	21,947	(1,947)
Tire Repair	9,000	17,907	23,484	(5,577)
Machine & Equipment Repair	20,000	20,000	13,739	6,261
Storm Drainage	22,000	22,000	27,873	(5,873)
Travel	1,000	1,000	812	188
Meals	500	500	51	449
Employee Education And Training	1,250	1,250	793	457
Insurance - General	36,498	36,498	36,498	-
Uniforms	4,650	4,650	4,610	40
Photo Copy Exp	250	250	210	40
Tree Services	2,000	2,000	2,000	-
Pedestrian Overpass	5,200	6,100	4,459	1,641
Total	\$ 1,317,965	\$ 1,355,965	\$ 1,377,299	\$ (21,334)

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
<b>City Engineer</b>				
Engineering Services	\$ 150,000	\$ 187,531	\$ 237,091	\$ (49,560)
Total	\$ 150,000	\$ 187,531	\$ 237,091	\$ (49,560)
<b>Storm Drainage</b>				
Salaries - Regular	\$ 183,186	\$ 183,186	191,046	\$ (7,860)
Salaries - Overtime	4,500	4,500	2,515	1,985
Retirement	15,276	15,276	15,624	(348)
Employee's Insurance	30,132	30,132	37,190	(7,058)
Workmen's Compensation	5,620	5,620	3,632	1,988
Vacation Sold	5,400	3,693	4,580	(887)
Janitorial	1,500	1,500	1,503	(3)
Data Processing	600	1,100	1,275	(175)
Chemicals	33,732	24,251	30,249	(5,998)
Gas, Oil	20,000	20,000	21,118	(1,118)
Small Tools	7,000	7,000	6,236	764
Miscellaneous	1,700	1,700	1,763	(63)
Vehicle Repair	3,000	4,207	6,045	(1,838)
Tire Repair	3,500	3,500	3,408	92
Machine & Equipment Repair	11,000	13,000	12,186	814
Retention Ponds	39,770	49,251	43,404	5,847
Utilities	37,850	35,850	31,806	4,044
Program/Review Fees	860	860	-	860
Travel	1,500	1,500	1,800	(300)
Meals	200	200	-	200
Employee Education And Training	850	850	420	430
Insurance - General	5,475	5,475	5,503	(28)
Uniforms	1,650	1,650	1,324	326
Total	\$ 414,301	\$ 414,301	\$ 422,627	\$ (8,326)
<b>Street Lighting</b>				
Utilities	\$ 360,000	\$ 360,000	397,337	\$ (37,337)
Total	\$ 360,000	\$ 360,000	\$ 397,337	\$ (37,337)

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note)	Positive (Negative)
EXPENDITURES				
Sanitation				
Salaries - Regular	\$ 752,433	\$ 727,740	731,037	\$ (3,297)
Salaries - Overtime	7,000	7,000	5,128	1,872
Retirement	68,332	68,332	74,425	(6,093)
Employee's Insurance	186,604	186,604	258,844	(72,240)
Workmen's Compensation	58,301	58,301	43,090	15,211
Vacation Sold	30,000	27,900	24,325	3,575
Landfill Services	203,000	203,000	196,515	6,485
Chemicals	7,000	7,000	5,719	1,281
Office Supplies	400	1,950	1,856	94
Gas, Oil	69,000	69,000	57,965	11,035
Medical Supplies	200	200	167	33
Small Tools	1,000	1,000	607	393
Miscellaneous	1,250	2,200	3,062	(862)
Safety Supplies	4,500	4,500	3,438	1,062
Buildings And Grounds	-	23,500	-	23,500
Vehicle Repair	15,000	10,000	29,354	(19,354)
Tire Repair	10,000	12,000	5,880	6,120
Machine & Equipment Repair	12,000	1,000	13,889	(12,889)
Travel	1,000	1,250	-	1,250
Employee Education And Training	1,250	25,000	-	25,000
Garbage Containers	25,000	21,105	24,925	(3,820)
Insurance - General	21,105	5,150	21,105	(15,955)
Uniforms	5,150	250	4,345	(4,095)
Photo Copy Exp	250	2,500	210	2,290
Printing, Books, Subscriptions	16,500	225	511	(286)
Dues	225	5,882	195	5,687
Capital Outlay	-	-	5,882	(5,882)
Total	\$ 1,496,500	\$ 1,472,589	\$ 1,512,474	\$ (39,885)

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note)	Positive (Negative)
<b>EXPENDITURES</b>				
<b>Contractual Obligations</b>				
Colbert Animal Shelter	\$ 81,460	\$ 81,460	81,460	\$ -
Colbert County Emergency Mgmt	11,832	11,832	11,832	-
M.S Airport Authority	9,375	9,375	9,375	-
Hazard Mat Team	2,500	2,500	2,500	-
Total	<u>\$ 105,167</u>	<u>\$ 105,167</u>	<u>\$ 105,167</u>	<u>\$ -</u>
<b>Appropriations</b>				
Riverbend Mental Health	\$ 7,000	\$ 7,000	7,000	\$ -
Colbert Health Dept	5,000	5,000	5,000	-
Easter Seals Rehabilitation Center	7,000	7,000	7,000	-
Safeplace, Inc.	2,000	2,000	2,000	-
Colbert County Attention Home	1,000	1,000	1,000	-
Meals On Wheels	2,000	2,000	2,000	-
Hope Haven School	2,500	2,500	2,500	-
Colbert County Tourism Board	23,000	23,000	23,593	(593)
Tennessee Valley Art Center	-	-	-	-
Rape Response	1,500	1,500	1,500	-
I.M. Alliance	2,000	2,000	2,000	-
Shoals Area COARMM	1,500	1,500	1,500	-
Shoals Area Chamber Of Comm	550	550	465	85
Cerebral Palsy Center	1,500	1,500	1,500	-
NACOLG Transit Program	1,500	1,500	3,000	(1,500)
SenioRX Program (Nacolg)	1,500	1,500	1,500	-
Mainstream Development Corp	1,000	1,000	1,000	-
Scope 310 Authority	1,000	1,000	1,000	-
Community Action	1,000	1,000	1,000	-
Shoals Entrepreneurial Center	5,000	5,000	5,000	-
Crimestoppers	500	500	500	-
Shoals Family Success Center	-	-	-	-
Cramer Children's Center	1,000	1,000	1,000	-

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES -- BY BUDGETARY LINE ITEM -- GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note)	Positive (Negative)
<b>EXPENDITURES</b>				
<b>Appropriations</b>				
Alabama Silver-Haired Legislature	500	500	500	-
Colbert County DHR	1,000	1,000	1,000	-
University of North Alabama	5,000	5,000	-	5,000
Hemsi Search Dog Unit	-	-	-	-
Total	\$ 75,550	\$ 75,550	\$ 72,558	\$ 2,992
<b>Recreation - Administration Division</b>				
Salaries Part Time	\$ 179,544	\$ 179,544	160,365	\$ 19,179
Salaries - Regular	437,293	437,293	450,310	(13,017)
Salaries - Overtime	3,000	3,000	380	2,620
Retirement	52,126	52,126	52,004	122
Employee's Insurance	101,184	101,184	123,760	(22,576)
Workmen's Compensation	17,183	17,183	14,559	2,624
Vacation Sold	15,000	15,000	17,256	(2,256)
Janitorial	4,000	4,000	3,431	569
Data Processing	5,000	3,000	3,335	(335)
Office Supplies	3,000	3,000	1,428	1,572
Medical Supplies	250	250	-	250
Miscellaneous	1,000	1,000	1,567	(567)
Buildings And Grounds	10,000	14,256	16,687	(2,431)
Machine & Equipment Repair	1,500	1,500	-	1,500
Utilities	120,000	120,000	104,328	15,672
Advertising	1,000	1,000	500	500
Travel	2,500	2,500	538	1,962
Meals	750	750	427	323
Employee Education And Training	1,000	1,000	187	813
Insurance - General	17,471	17,471	17,871	(400)
Photo Copy Exp	500	500	1,342	(842)
Printing, Books, Subscriptions	250	250	541	(291)
Dues	1,250	1,250	502	748
Transaction Fees	-	2,000	2,155	(155)
Special Events	10,000	6,000	13,700	(7,700)
Vending Machines	1,500	1,500	1,458	42
Total	\$ 986,301	\$ 986,557	\$ 988,631	\$ (2,074)

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note)	Positive (Negative)
<b>EXPENDITURES</b>				
<b>Recreation - Maint. &amp; Grounds Division</b>				
Chemicals	\$ 6,000	\$ 6,000	\$ 4,141	\$ 1,859
Gas, Oil	25,000	25,000	28,476	(3,476)
Medical Supplies	250	250	-	250
Small Tools	1,500	1,500	1,317	183
Buildings And Grounds	20,000	15,000	19,035	(4,035)
Vehicle Repair	6,000	10,000	10,831	(831)
Machine & Equipment Repair	9,000	9,000	9,193	(193)
Uniforms	3,000	3,000	3,163	(163)
Total	<u>\$ 70,750</u>	<u>\$ 69,750</u>	<u>\$ 76,156</u>	<u>\$ (6,406)</u>
<b>Recreation - Athletic Division</b>				
Buildings And Grounds	50,000	82,500	89,957	(7,457)
Batting Cages	2,000	2,000	53	1,947
Splashpad Concessions	4,000	4,000	4,596	(596)
Football	8,000	8,000	17,148	(9,148)
Football Referees	2,500	2,500	-	2,500
Splashpad Expenses	5,000	5,000	4,348	652
Special Events	10,000	15,000	17,795	(2,795)
Youth Baseball Supplies	18,500	15,800	19,508	(3,708)
Baseball Umpires	15,000	25,000	25,545	(545)
Youth Basketball Supplies	7,000	7,000	6,352	648
Basketball Officials	12,000	12,000	12,955	(955)
Youth Soccer Supplies	3,500	3,500	2,927	573
Soccer Officials	2,000	2,000	1,446	554
Girls Softball Supplies	5,000	7,700	8,178	(478)
Adult Softball Supplies	2,500	-	-	-
Softball Umpires	5,000	5,000	3,848	1,152
Volleyball	1,000	1,000	474	526
Gatman Concessions	25,000	25,000	29,557	(4,557)
Sportsplex Concessions	20,000	20,000	25,810	(5,810)
Tournament Expenses	5,000	5,000	7,050	(2,050)
Karate	5,500	5,500	7,279	(1,779)

(continued)

## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis) (See Note)	Positive (Negative)
EXPENDITURES				
Recreation - Athletic Division				
Webster Concessions	15,000	15,000	20,672	(5,672)
Airport Concessions	5,000	5,000	7,599	(2,599)
Flag Football Supplies	5,000	5,000	8,927	(3,927)
Flag Football Officials	5,000	5,000	3,890	1,110
Capital Outlay	-	-	-	-
Total	\$ 238,500	\$ 283,500	\$ 325,914	\$ (42,414)
Senior Citizens				
Salaries - Regular	\$ 78,631	\$ 78,631	80,786	\$ (2,155)
Retirement	7,178	7,178	8,136	(958)
Employee's Insurance	19,789	19,789	24,531	(4,742)
Workmen's Compensation	2,228	2,228	1,794	434
Vacation Sold	1,253	1,253	1,284	(31)
Janitorial	2,000	2,000	2,105	(105)
Data Processing	2,000	2,000	2,950	(950)
Office Supplies	2,000	2,000	741	1,259
Gas, Oil	1,000	1,000	1,214	(214)
Miscellaneous	3,850	4,850	3,699	1,151
Buildings And Grounds	3,000	3,000	3,557	(557)
Vehicle Repair	1,000	1,000	530	470
Utilities	8,500	8,500	10,086	(1,586)
Travel	4,087	4,087	4,097	(10)
Meals	50	50	22	28
Insurance - General	572	1,022	1,022	-
Photo Copy Expense	800	800	804	(4)
Printing, Books, Subscriptions	1,000	1,000	-	1,000
Area On Aging	4,350	4,350	4,350	-
Aerobics	6,750	6,750	5,975	775
Art Instruction	-	-	-	-
Wellness Activities	8,025	8,025	3,425	4,600
Total	\$ 158,063	\$ 159,513	\$ 161,108	\$ (1,595)

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>EXPENDITURES</b>				
<b>Golf Course Operations</b>				
Salaries Part Time	\$ 110,855	\$ 118,555	\$ 128,898	\$ (10,343)
Salaries - Regular	116,897	127,497	129,496	(1,999)
Retirement	36,148	28,114	13,712	14,402
Employee's Insurance	54,162	54,162	65,775	(11,613)
Worker's Compensation	17,105	17,105	12,250	4,855
Legal Services	2,863	2,863	3,727	(864)
Janitorial	12,000	8,000	7,572	428
Data Processing	19,000	19,000	6,787	12,213
Office Supplies	6,000	4,200	1,146	3,054
Miscellaneous	15,000	12,200	7,258	4,942
Buildings And Grounds	42,000	34,500	59,087	(24,587)
Driving Range Equipment & Supplies	8,500	8,500	7,361	1,139
Vehicle Repair	1,000	1,000	789	211
Machinery & Equipment		1,800	1,800	-
Utilities	140,000	140,000	152,529	(12,529)
Telephone	7,500	7,500	5,742	1,758
Advertising	5,000	5,000	3,586	1,414
Travel	-	-	-	-
Employee Education And Training	300	300	345	(45)
Insurance - General	5,461	5,461	5,542	(81)
19th Hole Concession Supplies	34,000	34,000	34,854	(854)
Uniforms	1,200	1,200	867	333
Photocopy Expense	1,200	1,200	468	732
Printing, Books, Subscriptions	500	3,300	3,479	(179)
Dues	3,250	3,250	1,315	1,935
Transaction Fees	9,000	9,000	5,777	3,223
Capital Outlay	-	-	629	(629)
Tournament Fees	2,000	2,000	43,594	(41,594)
Pro Shop Merchandise	70,000	70,000	-	70,000
Total	\$ 720,941	\$ 719,707	\$ 704,385	\$ 15,322

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
EXPENDITURES				
Golf Course Maintenance				
Salaries Part Time	\$ 106,080	\$ 98,380	73,068	\$ 25,312
Salaries - Regular	201,718	201,718	182,136	19,582
Retirement	-	7,754	12,358	
Consultant Services	3,850	3,850	2,900	950
Janitorial	1,200	1,200	-	
Data Processing	200	200	-	200
Chemicals	1,000	1,500	125	1,375
Office Supplies	-	-	-	-
Gas, Oil	23,700	19,200	22,113	(2,913)
Small Tools	3,100	3,100	2,584	516
Miscellaneous	3,000	3,000	3,038	(38)
Buildings And Grounds	57,860	46,510	49,410	(2,900)
Machine & Equipment Repair	33,000	37,000	43,613	(6,613)
Travel	2,150	2,150	1,303	847
Employee Education & Training	2,400	2,400	975	1,425
Telephone	-	-	-	3,440
Uniforms	3,440	3,440	2,941	(1,611)
Dues	1,330	1,330	615	57,641
Contractual Serv.	58,256	58,256	67,233	(66,883)
Tree Services	-	350	350	(350)
Football	-	-	-	-
Capital Outlay	-	12,433	12,434	(1)
Total	\$ 502,284	\$ 503,771	\$ 477,196	\$ 26,575

(continued)

## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>EXPENDITURES</b>				
<b>Pool/Tennis/Fitness Operations</b>				
Salaries Part Time	\$ 52,095	\$ 41,495	24,678	\$ 16,817
Salaries - Regular	-	-	-	-
Retirement		280	442	
Chemicals	4,500	4,500	2,393	2,107
Buildings And Grounds	7,500	30,000	30,716	(716)
Machine & Equipment Repair	600	600	103	497
Pool Concession Supplies	3,000	3,000	1,820	1,180
Tournament Expenses	1,000	1,000	-	1,000
Total	<u>\$ 68,695</u>	<u>\$ 80,875</u>	<u>\$ 60,152</u>	<u>\$ 20,723</u>
<b>Libraries</b>				
Salaries Part Time	\$ 132,554	\$ 132,554	140,305	\$ (7,751)
Salaries - Regular	148,379	148,379	150,944	(2,565)
Retirement	28,378	28,378	29,200	(822)
Employee's Insurance	49,430	49,430	62,525	(13,095)
Workmen's Compensation	6,599	6,599	5,816	783
Vacation Sold	1,000	1,000	-	1,000
Consultant Services	-	-	-	-
Janitorial	5,000	6,500	7,963	(1,463)
Data Processing	29,001	32,617	28,236	4,381
Office Supplies	6,900	4,900	4,261	639
Gas, Oil	700	700	204	496
Miscellaneous	4,500	6,500	6,575	(75)
Buildings And Grounds	18,600	20,600	23,076	(2,476)
Vehicle Repair	1,000	1,000	438	562
Utilities	37,000	34,000	31,459	2,541
Postage	800	800	745	55
Travel	3,000	1,375	891	484
Employee Education And Training	3,500	5,125	3,475	1,650
Insurance - General	3,827	3,827	3,827	-

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## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>EXPENDITURES</b>				
<b>Libraries</b>				
Children/Youth Programs	8,926	8,926	8,994	(68)
Videos	18,000	21,400	24,642	(3,242)
Photo Copy Exp	1,000	1,000	1,636	(636)
Printing, Books, Subscriptions	81,000	81,000	82,559	(1,559)
Computer Training	3,500	-	-	-
Capital Outlay	-	4,000	3,940	60
Total	<u>\$ 592,594</u>	<u>\$ 600,610</u>	<u>\$ 621,711</u>	<u>\$ (21,101)</u>
<b>Special Events</b>				
Christmas Parade	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>5,950</u>	<u>\$ (950)</u>
Total	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,950</u>	<u>\$ (950)</u>
<b>Board Of Education</b>				
Educational Foundation	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>2,000</u>	<u>\$ -</u>
Education	<u>1,300,200</u>	<u>1,300,200</u>	<u>1,301,244</u>	<u>(1,044)</u>
Total	<u>\$ 1,302,200</u>	<u>\$ 1,302,200</u>	<u>\$ 1,303,244</u>	<u>\$ (1,044)</u>
<b>Debt Service</b>				
Principal	<u>\$ 29,729</u>	<u>\$ 29,729</u>	<u>33,122</u>	<u>\$ (3,393)</u>
Interest Expense	<u>28,106</u>	<u>28,106</u>	<u>24,713</u>	<u>3,393</u>
Total	<u>\$ 57,835</u>	<u>\$ 57,835</u>	<u>\$ 57,835</u>	<u>\$ -</u>
<b>Total Expenditures</b>	<u>\$ 16,151,743</u>	<u>\$ 16,326,847</u>	<u>\$ 16,582,853</u>	<u>\$ (256,006)</u>
Excess (deficiency of revenues over expenditures)	<u>\$ 2,553,981</u>	<u>\$ 2,554,882</u>	<u>\$ 2,293,670</u>	<u>\$ (261,212)</u>



## CITY OF MUSCLE SHOALS, ALABAMA

## REVENUES AND EXPENDITURES - BY BUDGETARY LINE ITEM - GENERAL FUND (continued)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Municipal Court Fund	\$ 337,000	\$ 337,000	273,223	\$ (63,777)
Half-Cent Sales Tax	80,000	80,000	80,000	-
Total	<u>\$ 417,000</u>	<u>\$ 417,000</u>	<u>\$ 353,223</u>	<u>\$ (63,777)</u>
Transfers out				
Debt Service	\$ (1,663,849)	\$ (1,663,849)	\$ (1,663,849)	\$ -
Half Cent Sales Tax	<u>(1,306,693)</u>	<u>(1,306,693)</u>	<u>(1,314,987)</u>	<u>(8,294)</u>
Total	<u>\$ (2,970,542)</u>	<u>\$ (2,970,542)</u>	<u>\$ (2,978,836)</u>	<u>\$ (8,294)</u>
Net Transfers (out)	<u>\$ (2,553,542)</u>	<u>\$ (2,553,542)</u>	<u>\$ (2,625,613)</u>	<u>\$ (72,071)</u>
Excess Revenues (Expenditures and other)	<u>\$ 439</u>	<u>\$ 1,340</u>	<u>\$ (331,943)</u>	<u>\$ (333,283)</u>

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CITY OF MUSCLE SHOALS, ALABAMA  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

	<i>Special Revenue Funds</i>								Debt Service Fund	Total Nonmajor Governmental Funds
	Seven-cent Gasoline Excise tax	Four-cent Gasoline Excise Tax	M.S. Police Dept.	City Court Correction	Municipal Court	Sidewalk Construction	Special Trust	Total		
<b>ASSETS</b>										
Cash	\$ 4,925	\$ 52,619	\$ 5,703	\$ 79	\$ 41,404	\$ -	\$ 341,763	\$ 446,493	\$ 229,481	\$ 675,974
Due from other funds					4,644			\$ 4,644	-	\$ 4,644
Receivables	4,998	3,928	-	-	883	-	-	9,809	-	9,809
<b>TOTAL ASSETS</b>	<b>\$ 9,923</b>	<b>\$ 56,547</b>	<b>\$ 5,703</b>	<b>\$ 79</b>	<b>\$ 46,931</b>	<b>\$ -</b>	<b>\$ 341,763</b>	<b>\$ 460,946</b>	<b>\$ 229,481</b>	<b>\$ 690,427</b>
<b>LIABILITIES AND FUND EQUITY</b>										
<b>LIABILITIES:</b>										
Due to general fund	\$ -	\$ -	\$ -	\$ -	\$ 25,288	\$ -	\$ -	\$ 25,288	\$ -	\$ 25,288
Accrued liabilities	-	-	-	-	6,573	-	-	6,573	-	6,573
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,861</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,861</b>	<b>\$ -</b>	<b>\$ 31,861</b>
<b>FUND BALANCES:</b>										
Unreserved	\$ 9,923	\$ 56,547	\$ 5,703	\$ 79	\$ 15,070	\$ -	\$ 341,763	\$ 429,085	\$ 229,481	\$ 658,566
<b>Total fund balances</b>	<b>\$ 9,923</b>	<b>\$ 56,547</b>	<b>\$ 5,703</b>	<b>\$ 79</b>	<b>\$ 15,070</b>	<b>\$ -</b>	<b>\$ 341,763</b>	<b>\$ 429,085</b>	<b>\$ 229,481</b>	<b>\$ 658,566</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,923</b>	<b>\$ 56,547</b>	<b>\$ 5,703</b>	<b>\$ 79</b>	<b>\$ 46,931</b>	<b>\$ -</b>	<b>\$ 341,763</b>	<b>\$ 460,946</b>	<b>\$ 229,481</b>	<b>\$ 690,427</b>

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CITY OF MUSCLE SHOALS, ALABAMA  
COMBINING REVENUES AND EXPENDITURES – NONMAJOR FUNDS

	Special Revenue Funds							Debt Service Fund	Total Nonmajor Governmental Funds
	Seven-cent Gasoline Excise Tax	Four-cent Gasoline Excise Tax	M.S. Police Dept.	City Court Correction	Municipal Court	Sidewalk Construction	Special Trust		
<b>REVENUES</b>									
Taxes	\$ 54,832	\$ 42,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,767	\$ 97,767
Fines, forfeitures and penalties	-	-	-	41,649	448,225	-	-	489,874	489,874
Intergovernmental	-	-	-	-	-	-	297,860	297,860	297,860
Investment earnings	25	34	6	12	64	-	488	629	634
Other revenue	-	-	13	-	-	-	-	13	13
<b>Total revenue</b>	<b>\$ 54,857</b>	<b>\$ 42,969</b>	<b>\$ 19</b>	<b>\$ 41,661</b>	<b>\$ 448,289</b>	<b>\$ -</b>	<b>\$ 298,348</b>	<b>\$ 886,143</b>	<b>\$ 886,148</b>
<b>EXPENDITURES (Current):</b>									
General government	\$ -	\$ -	\$ -	\$ 22,698	\$ -	\$ -	\$ -	\$ 22,698	\$ 22,698
Police	-	-	-	28,129	168,960	-	-	197,089	197,089
Street	50,566	-	-	-	-	-	49,282	99,848	99,848
Capital outlay	-	-	-	-	-	-	26,549	26,549	26,549
Debt Service	-	-	-	-	-	-	-	-	-
- Principal	-	-	-	-	-	-	-	800,000	800,000
- Interest and other charges	-	-	-	-	-	-	-	864,045	864,045
	<b>\$ 50,566</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,827</b>	<b>\$ 168,960</b>	<b>\$ -</b>	<b>\$ 75,831</b>	<b>\$ 346,184</b>	<b>\$ 2,010,229</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ 4,291</b>	<b>\$ 42,969</b>	<b>\$ 19</b>	<b>\$ (9,166)</b>	<b>\$ 279,329</b>	<b>\$ -</b>	<b>\$ 222,517</b>	<b>\$ 539,959</b>	<b>\$ (1,124,081)</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,663,849	\$ 1,663,849
Transfers out	-	-	-	-	(273,223)	(174,640)	-	(447,863)	(447,863)
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (273,223)</b>	<b>\$ (174,640)</b>	<b>\$ -</b>	<b>\$ (447,863)</b>	<b>\$ 1,215,986</b>
Net change in fund balances	\$ 4,291	\$ 42,969	\$ 19	\$ (9,166)	\$ 6,106	\$ (174,640)	\$ 222,517	\$ 92,096	\$ 91,905
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>5,632</b>	<b>13,578</b>	<b>5,684</b>	<b>9,245</b>	<b>8,964</b>	<b>174,640</b>	<b>119,246</b>	<b>336,989</b>	<b>566,661</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 9,923</b>	<b>\$ 56,547</b>	<b>\$ 5,703</b>	<b>\$ 79</b>	<b>\$ 15,070</b>	<b>\$ -</b>	<b>\$ 341,763</b>	<b>\$ 429,085</b>	<b>\$ 658,566</b>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council  
City of Muscle Shoals, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Muscle Shoals, Alabama, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Muscle Shoals, Alabama's basic financial statements, and have issued our report thereon dated April 10, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Muscle Shoals, 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 City of Muscle Shoals, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Muscle Shoals, 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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Muscle Shoals, 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.

*Leigh, King & Associates, P.C.*

Leigh, King & Associates, PC  
Sheffield, Alabama  
April 10, 2014

President Holland announced that the next item of business was consideration of a resolution to amend the agreement with the Northwest Alabama Council of Local Governments for administration of CDBG grant project LR-ED-PF-13-002.

Council Member Willis introduced the following resolution and moved for its adoption:  
STATE OF ALABAMA  
COLBERT COUNTY

**RESOLUTION NUMBER 2686 -14**  
**AMENDING THE NORTHWEST ALABAMA COUNCIL OF LOCAL**  
**GOVERNMENT'S CONTRACT FOR ADMINISTRATIVE SERVICES**  
**PROJECT LR-ED-PF-13-002**

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**WHEREAS**, the City of Muscle Shoals awarded a contract to provide administrative services to the Northwest Alabama Council of Local Governments on August 19, 2013 for CDBG Project LR-ED-PF-13-002, and

**WHEREAS**, the Alabama Department of Economic and Community Affairs has changed their policy on the length of time records must be maintained for Community Development Block Grant projects;

**NOW THEREFORE BE IT RESOLVED**, that the City of Muscle Shoals does hereby authorize the amending of the Northwest Alabama Council of Local Governments Contract for project LR-ED-PF-13-002 as follows:

Delete Part 1-General Conditions paragraph 6 which reads as follows: "NACOLG, as well as the Local Government, agrees to retain and make accessible to the public all files and project information for a period not less than three (3) years from project close-out or longer if an audit finding is not resolved. 'See Part II – Article 10.'"

Add Part 1-General Conditions paragraph 6 to read as follows: "NACOLG, as well as the Local Government, agrees to retain and make accessible to the public all files and project information for a period not less than five (5) years from project close-out or longer if an audit finding is not resolved. 'See Part II – Article 10.'"

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Council Member Pampinto seconded the motion and upon said motion being put to a vote all voted "AYE" and "NAYS" were none.

President Holland announced that the resolution had been approved.

President Holland announced that the next item of business was consideration of a resolution to amend the agreement with the Northwest Alabama Council of Local Governments for administration of CDBG grant project LR-ED-PF-13-008.

Council Member Pampinto introduced the following resolution and moved for its adoption:

STATE OF ALABAMA  
COLBERT COUNTY

**RESOLUTION NUMBER 2687 -14**  
**AMENDING THE NORTHWEST ALABAMA COUNCIL OF LOCAL**  
**GOVERNMENT'S CONTRACT FOR ADMINISTRATIVE SERVICES**  
**PROJECT LR-ED-PF-13-008**

**WHEREAS**, the City of Muscle Shoals awarded a contract to provide administrative services to the Northwest Alabama Council of Local Governments on August 19, 2013 for CDBG Project LR-ED-PF-13-008, and

**WHEREAS**, the Alabama Department of Economic and Community Affairs has changed their policy on the length of time records must be maintained for Community Development Block Grant projects;

**NOW THEREFORE BE IT RESOLVED**, that the City of Muscle Shoals does hereby authorize the amending of the Northwest Alabama Council of Local Governments Contract for project LR-ED-PF-13-008 as follows:

Delete Part 1-General Conditions paragraph 6 which reads as follows: "NACOLG, as well as the Local Government, agrees to retain and make accessible to the public all files and project information for a period not less than three (3) years from project close-out or longer if an audit finding is not resolved. 'See Part II – Article 10.'"

Add Part 1-General Conditions paragraph 6 to read as follows: "NACOLG, as well as the Local Government, agrees to retain and make accessible to the public all files and project information for a period not less than five (5) years from project close-out or longer if an audit finding is not resolved. 'See Part II – Article 10.'"

Council Member Lockhart seconded the motion and upon said motion being put to a vote all voted "AYE" and "NAYS" were none.

President Holland announced that the resolution had been approved.

President Holland announced that the next item of business was consideration of a resolution to make an appointment to the North Alabama Gas District Board.

Council Member Pampinto introduced the following resolution and moved for its adoption:

STATE OF ALABAMA  
COLBERT COUNTY

**RESOLUTION NUMBER 2688 - 14**

**WHEREAS**, the term of a member of the North Alabama Gas District Board has expired and the City Council being desirous of making the necessary appointment to said board within the City;

**WHEREAS**, notice was given to the public of said pending vacancy and applications solicited for members to said board;

**WHEREAS**, the following individual made proper application and met the requirements for appointment, and is eligible for appointment to fill the pending vacancy:

John Conn

**WHEREAS**, John Conn was determined to have received the best overall ranking on the City Council evaluations, and

**WHEREAS**, a roll call vote was had by City Council as follows:

Council Member Pampinto: John Conn  
Council Member Willis: John Conn  
Council Member Lockhart: John Conn  
Council Member Holland: John Conn

**WHEREAS**, President Holland announced that John Conn had received a majority of the votes cast, now

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Muscle Shoals, Alabama does hereby appoint the following named person to serve as set forth herein:

<u>APPOINTEE</u>	<u>BOARD</u>	<u>EXPIRATION OF TERM</u>
John Conn	North Alabama Gas District	May 2020

The Clerk is hereby directed to notify the above named person of their appointment and to further notify the respective board of said appointment.

Council Member Lockhart seconded the motion and upon said motion being put to a vote all voted "AYE" and "NAYS" were none.

President Holland announced that the resolution had been approved.

President Holland announced that the next item of business was consideration of a resolution to authorize the purchase of an aerifier for Cypress Lakes Golf and Tennis from the North Alabama Cooperative Purchasing contract.

Council Member Lockhart introduced the following resolution and moved for its adoption:



STATE OF ALABAMA  
COLBERT COUNTY

**RESOLUTION NUMBER 2689-14**

**WHEREAS**, the City Council of the City of Muscle Shoals, Alabama approved and adopted the budget for the fiscal year 2013-2014 wherein the approved budget provided for the purchase and expenditure of a deep tine aerifier to be utilized in the Cypress Lakes Golf and Tennis Facility; and

**WHEREAS**, the Procurement Agent advised that the purchase must comply with the Alabama Competitive Bid Law requirements, and that an approved cooperative contract is valid for such purchase; and

**WHEREAS**, the Procurement Agent further advised that the purchase price for the aerifier is \$28,500.00 to be purchased from Greenville Turf and Tractor and further that Greenville Turf and Tractor is the awarded contractual vendor with the North Alabama Cooperative Purchasing Association;

**THEREFORE, BE IT RESOLVED** by the City Council of the City of Muscle Shoals that the Greenville Turf and Tractor, the contractual vendor of the North Alabama Cooperative Purchasing Association is awarded the purchase of a deep tine aerifier for the total purchase price of \$28,500.00.

Council Member Willis seconded the motion and upon said motion being put to a vote all voted "AYE" and "NAYS" were none.

President Holland announced that the resolution had been approved.

President Holland announced that the next item of business was the rescheduling of the June 2, 2014 meeting of the City Council. Council Member Willis moved that the June 2, 2014 meeting be rescheduled for June 9, 2014 at the regular time and place. Council Member Pampinto seconded the meeting and upon said motion being put to a vote all voted "AYE" and "NAYS" were none.

President Holland announced that the motion was approved.

Council Member Lockhart announced that the Police Committee of the Council will meet on May 19, 2014 at 4:30 pm in the City Hall conference room.

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There being no further business to come before the meeting, upon the motion duly made, seconded and unanimously carried, the meeting was adjourned.

CITY OF MUSCLE SHOALS, ALABAMA  
a Municipal Corporation

  
COUNCIL MEMBER - PLACE ONE

  
COUNCIL MEMBER - PLACE TWO

  
COUNCIL MEMBER - PLACE THREE

  
COUNCIL MEMBER - PLACE FOUR

  
COUNCIL MEMBER - PLACE FIVE

ATTEST:

  
CITY CLERK