

CITY OF MUSCLE SHOALS, ALABAMA  
AUDITED FINANCIAL STATEMENTS  
For the year ended September 30, 2020



CITY OF MUSCLE SHOALS, ALABAMA  
 FINANCIAL STATEMENTS  
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 SEPTEMBER 30, 2020

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## FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Muscle Shoals, Alabama

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Muscle Shoals, Alabama, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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, each major fund, and the aggregate remaining fund information of City of Muscle Shoals, Alabama, as of September 30, 2020, 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.

**Emphasis of Matter**

As discussed in Note 1A, the financial statements referred to above include only the primary government of the City of Muscle Shoals, Alabama, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. These primary government financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, these primary government financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the City of Muscle Shoals, Alabama, as of September 30, 2020, the changes in its financial position or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the schedule of changes in net pension liability and related ratios and schedule of employer contributions of the pension plan on pages 62-67, the schedule of funding progress and schedule of employer contributions of the other postemployment benefit plan on pages 68-69, and the budgetary comparison information on pages 70-71 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 72-90 and the combining and individual fund financial statements and schedules on pages 91-92, 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Norton Underwood, PC". The signature is written in a cursive, flowing style.

NortonUnderwood, PC  
Tuscumbia, Alabama  
September 1, 2021



Our discussion and analysis of the City of Muscle Shoals, Alabama's (the City's) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the City's financial statements, which begin on page 17.

### **FINANCIAL HIGHLIGHTS**

- The City's financial position increased by \$ 2.26 million, or 5.1 percent.
- During the year, the City had taxes and other revenues for governmental programs that were \$ 2.58 million more than the \$ 23.58 million in expenses.
- General fund revenues were more than budget amounts by \$ 1,969,398 and expenditures of funds were \$ 893,830 less than budgeted expenditures.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 17-18) 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 20. 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**

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.
- **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 6. The fund financial statements begin on page 19 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 Position and the Statement of Activities) and governmental funds in reconciliation on page 22.





The City's net position increased by \$ 3.71 million, from \$ 40.19 million to \$ 43.90 million. Table 1 below summarizes net assets at September 30, 2020, and September 30, 2019, respectively.

**Table 1 - Condensed Statements of Net Position (in thousands)**

Total Primary Government Activities

	As of September 30,	
	2020	2019
Current and other assets	\$ 39,456	\$ 37,223
Capital assets	48,195	48,677
Total assets	87,651	85,900
Deferred outflows	4,601	4,005
Total assets and deferred outflows	92,252	89,905
Long-term debt outstanding	157	259
Other liabilities	44,407	43,014
Total liabilities	44,565	43,273
Deferred Inflows	1,529	2,732
Total liabilities and deferred inflows	\$ 46,093	\$ 46,005
Net Position		
Invested in capital assets (net of debt)	29,310	28,427
Restricted	866	2,149
Unrestricted	15,983	13,324
Total net position	\$ 46,159	\$ 43,900

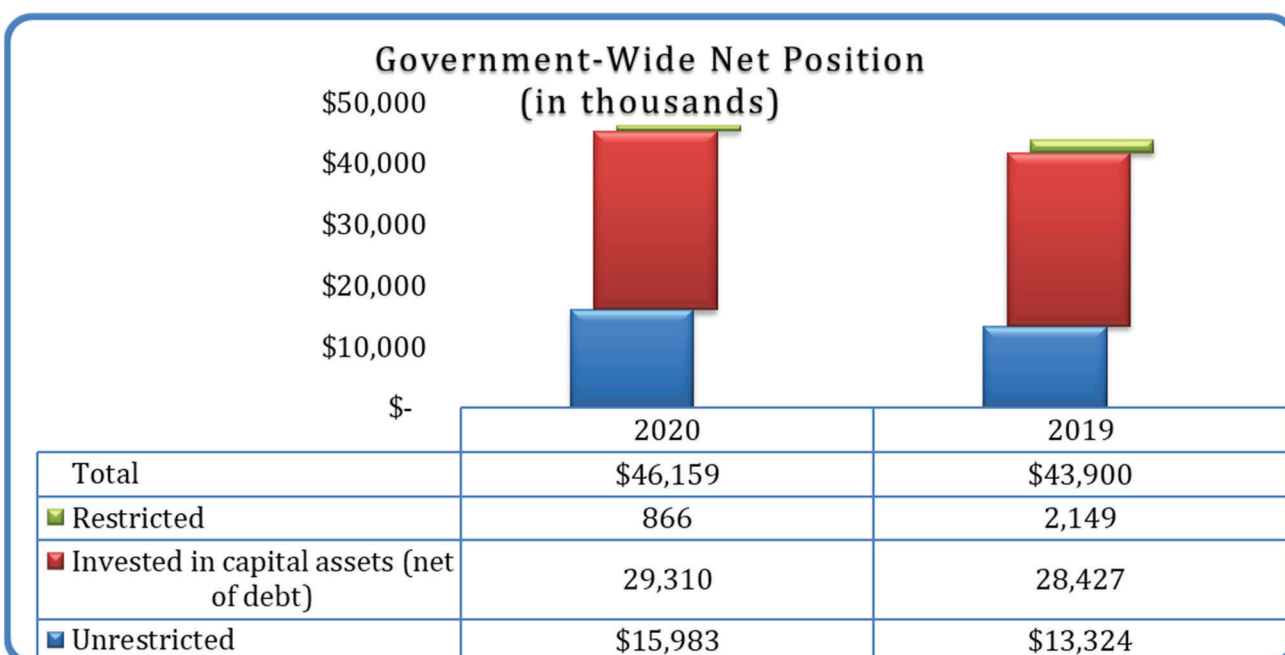




Table 2 details the change in net position for the same periods.

**Table 2 - Change in Net Position (in thousands)**

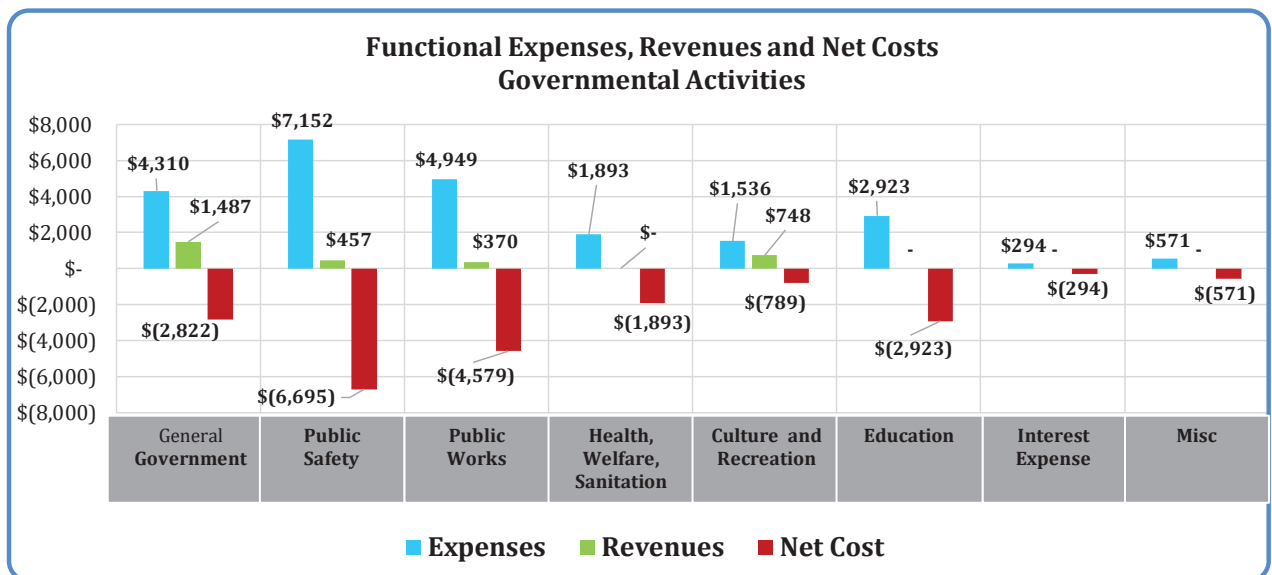
Total Primary Government Activities

	For the fiscal year ended	
	2020	2019
<b>Program revenues</b>		
Fees, fines and charges for services	\$ 3,844	\$ 4,040
Grants and contributions	370	1,095
<b>General revenues</b>		
Sales taxes	16,009	14,439
Advalorem taxes	1,269	1,171
Other taxes and payments in lieu of taxes	3,769	3,542
Miscellaneous	362	796
Joint Venture	1,449	1,462
Investment Earnings	106	105
Total revenues	27,179	26,650
<b>Program expenses</b>		
General government	4,310	4,220
Public safety	7,152	6,963
Public works	4,949	4,398
Health, welfare and sanitation	1,893	1,764
Education	2,923	3,265
Culture and recreation	1,536	1,520
Miscellaneous	571	600
Interest on long-term debt	294	211
Total expenses	23,629	22,941
Increase in net position from operations	\$ 3,551	\$ 3,709



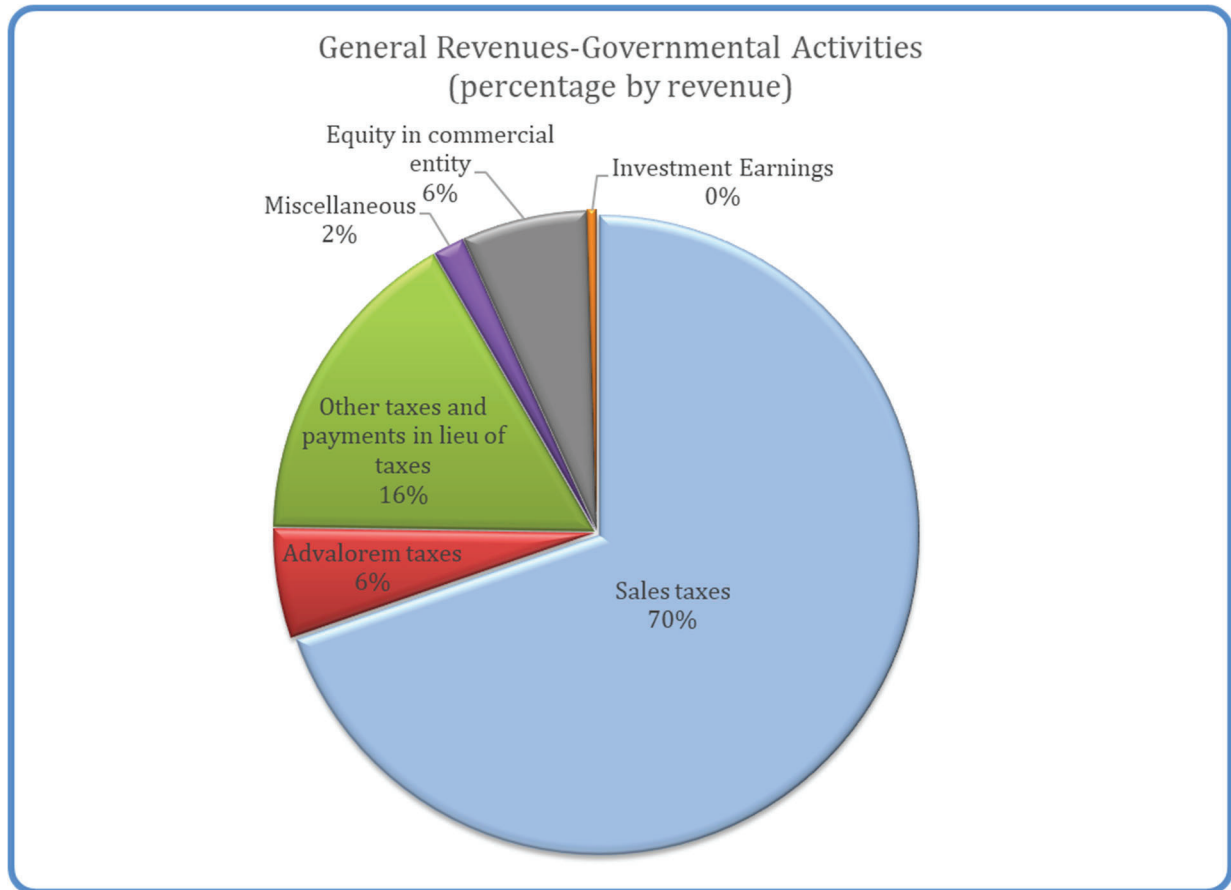
## Governmental Activities

The cost of all government activities this year was \$ 23.63 million. However, as shown on the Statement of Activities on page 18, the cost ultimately financed by our taxpayers for these activities was \$ 18.92 million. Program revenues in the form of user fees, charges for services and grants by other governments subsidized certain programs. These revenues amounted to \$ 3.84 million, thus reducing the burden to taxpayers.



### Governmental Activities (continued)

Sales tax revenue represents the majority of general revenues received as depicted in the following chart:





### Governmental Activities (continued)

Sales tax revenue has increased by \$ 5,069 thousand (46%) since fiscal year 2013, while all other tax revenue has increased by \$ 868 thousand (21%) over the same time frame. Sales tax revenue increased by \$ 1,570 thousand (11%) from fiscal 2019 to 2020.

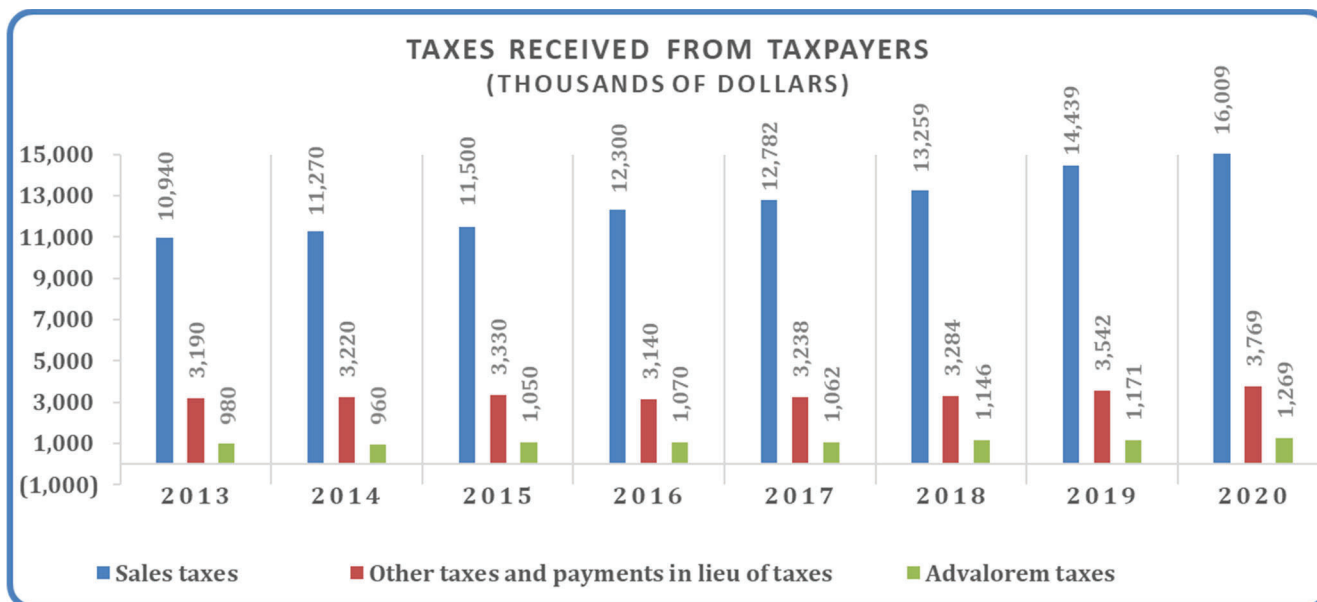
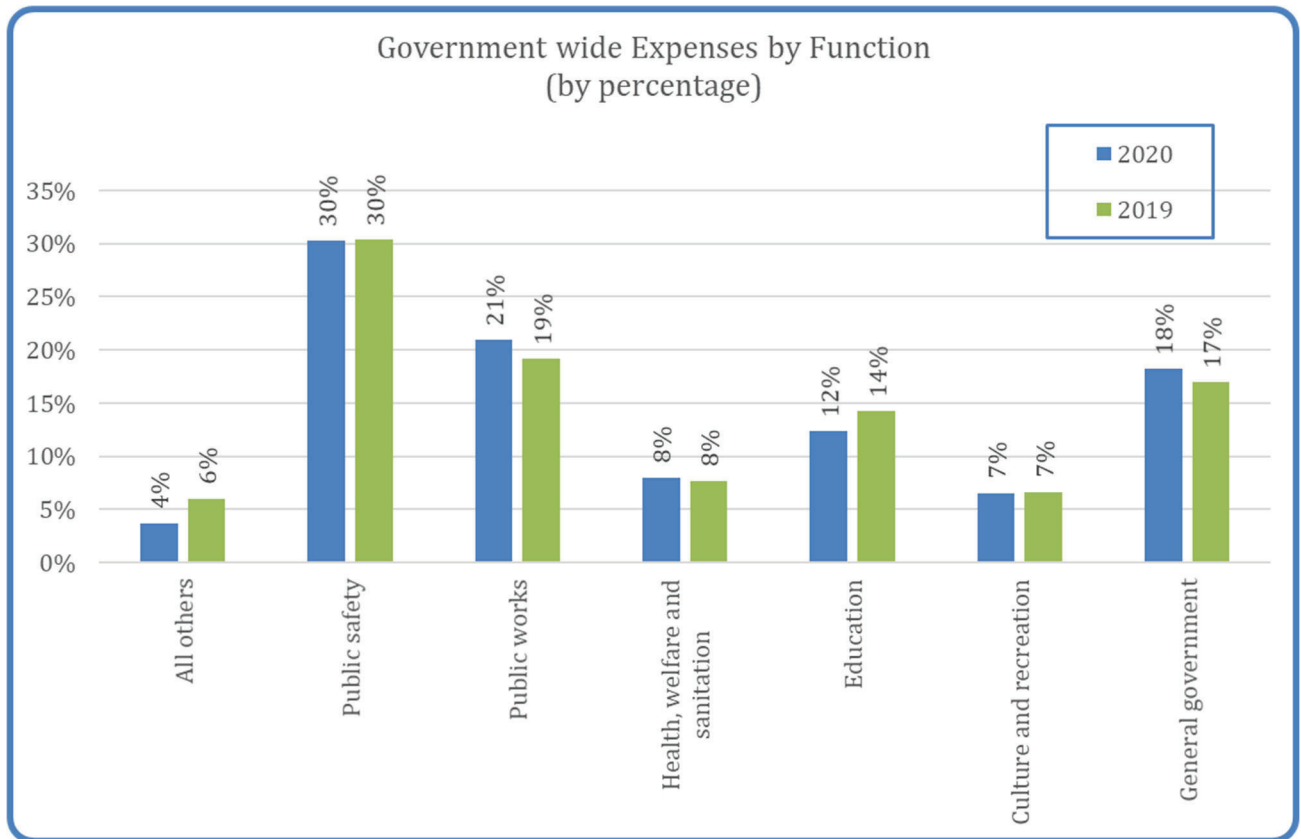


Table 3 presents the cost of each of the City's programs for the fiscal years ended September 30, 2020, and September 30, 2019, respectively.

**Table 3 - Total Cost of Services (in thousands)**

#### Total Primary Government Activities

	September 30,	
	2020	2019
General government	\$ 4,310	\$ 4,220
Public safety	7,152	6,963
Public works	4,949	4,398
Health, welfare and sanitation	1,893	1,764
Education	2,923	3,265
Culture and recreation	1,536	1,520
All others	865	810
<b>Totals</b>	<b>\$ 23,629</b>	<b>\$ 22,940</b>



## THE CITY'S FUNDS

The City's governmental funds (as presented in the balance sheet on page 19) reported a combined fund balance of \$15.94 million, which increased from last year's total of \$14.63 million. The general fund balance increased by \$ 2.78 million from \$ 11.34 million to \$ 14.12 million.

### General Fund Budgetary Highlights

The 2019-2020 budget was approved on November 18, 2019. It was amended on May 20, 2020, 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 \$2.33 million represented 12.4% of general fund expenditures and were 21.7% more than 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.

At the end of fiscal year 2020, the City had \$48.19 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 - Capital Assets at Year-End (Net of Depreciation) (in thousands)**

Total Primary Government Activities

	As of September 30,	
	2020	2019
<b>Non-depreciable</b>		
Land	\$ 7,521	\$ 7,521
Art	79	79
Construction in progress	1,232	616
<b>Depreciable</b>		
Buildings	17,615	17,615
Infrastructure	29,639	29,224
Improvements	13,669	13,620
Equipment	16,422	15,812
Totals	86,177	84,487
Less: Accumulated depreciation	(37,982)	(35,810)
Capital assets-net	\$ 48,195	\$ 48,677



## **CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

Several Infrastructure projects were undertaken during the 2019-2020 fiscal year:

### **A. Transportation projects:**

1. The widening of Webster Street from Avalon Avenue to 2<sup>nd</sup> Street was under construction during the fiscal year. The Alabama Department of Transportation (ALDOT) is providing 80% funding for this project.
2. ALDOT also funded sidewalk construction in several areas of the city. The completed project costs totaled \$ 545,532 and was funded 80% with state funds.

### **B. Other projects that have been completed or are underway include:**

1. The adaptive recreation field at Gattman Park was completed in October 2020. Project costs totaled \$563,343 and was partially funded with a \$250,000 Community Development Block Grant.
2. Construction of an amphitheater, on the grounds of city hall, was nearing completion at the close of the fiscal year. The project was funded by the proceeds of the 2018 General Obligation warrants. Costs are expected to exceed \$400,000.
3. Storm drainage improvements were made to the Nathan Estates detention pond at a cost of \$190,552. These improvements consisted of installation of a pump, purchased in the prior fiscal year at a cost of \$106,761, and force main.
4. The Wilson Dam Road retention pond was improved with the expansion of the pumping capacity and force main. Costs totaled \$234,802. The expansion of the retention pond is slated for the 2020-2021 fiscal year. ALDOT is contributing \$200,000 toward the costs of improvements.
5. Sanitary sewer expansion along South Wilson Dam was completed in two separate phases during the fiscal year. Phase One was completed in February 2020 at a cost of \$1,418,057 with the City's share being \$817,433.95. Phase Two was completed in July of 2020 at a cost of \$945,732 with the City's share being \$472,866. \$1,000,000 was provided from the proceeds of the 2018 General Obligation warrants with the remaining funds provided from the Half Cent Fund. Discussions are ongoing for a final phase of work to extend sewer to the southside of Highway 157/72.





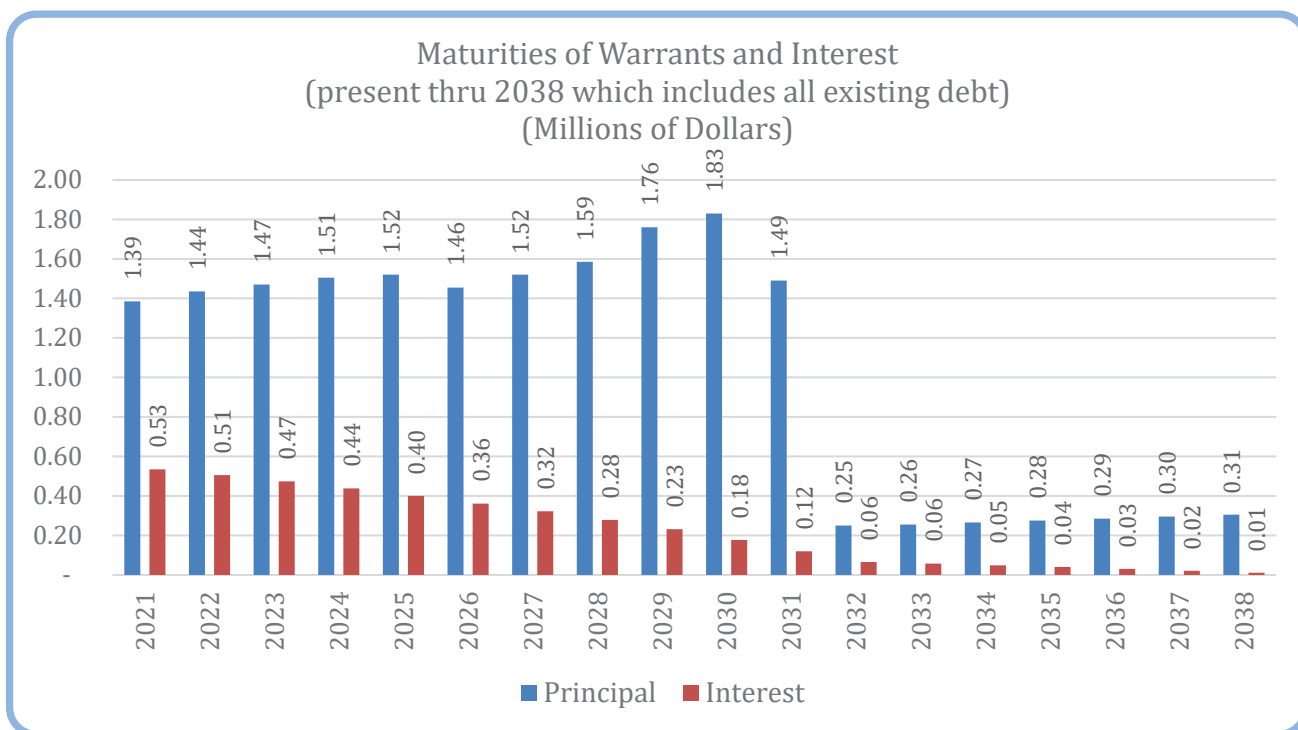
## Debt

At year-end, the City had \$ 18.89 million in general obligation warrants outstanding versus \$20.25 million last year, a decrease of \$ 1.365 million. Detail is provided in the notes to financial statements.

The City of Muscle Shoals has a “AA3” rating from Moody’s for general obligation debt. The Constitution of Alabama provides that cities having a population of six thousand or more may not become indebted in an amount in excess of twenty percent (20%) of the assessed value of the property situated therein. The total net assessed value of the property in the City as assessed for City taxation for the tax year which ended September 30, 2020 (including motor vehicles), is \$240.2 million. Therefore, the City’s general obligation debt of \$ 18.89 million, is well below of its current debt limit of \$ 48.0 million (20% of \$240.2 million).

<u>Tax Year</u>	<u>Assessed Value</u>
2013	\$ 179,407,660
2014	\$ 193,265,420
2015	\$ 188,432,920
2016	\$ 203,902,180
2017	\$ 212,104,880
2018	\$ 218,110,220
2019	\$ 228,768,040
2020	\$ 240,243,995

All debt currently outstanding at September 30, 2020, will mature by fiscal 2038.





## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- **DURA Automotive Systems selected the Shoals** for their state-of-the-art manufacturing facility in May of 2020. The tier 1 automotive supplier chose to occupy the 100,000 square foot speculative facility in the Shoals Research Airpark and immediately double the size to 200,000 square feet. The \$59 million dollar highly automated facility will manufacture battery trays for electric vehicles. DURA Automotive expects to hire 279 full-time positions, making it one of the top 10 largest manufacturing employers in the Shoals.
- **Kith Kitchens**, a manufacturer of high-end cabinets, has chosen to locate their new \$11 million dollar manufacturing facility on the 100,000 square foot speculative pad in the Florence-Lauderdale Industrial Park. The company chose The Shoals in September of 2020 and anticipates employing 131 full-time positions. The erection of the facility will coincide with the construction of the extension of Gerrard Drive and Rushton Street, opening additional acreage for future industrial development. The company has begun hiring already and anticipates beginning production by the end of the year.
- **Project XYZ** purchased the former CBC INGS America facility in the Shoals Research Airpark in March of 2020. The purchase of the CBC facility resulted in the retention of 137 Shoals area jobs as the facility was on the brink of closure. Project XYZ continues to be a valued supplier of North American Lighting and anticipates continued success under the new management.
- **Blockchain Tek LLC** completed the purchase of 2-acres within the Florence-Lauderdale Industrial Park in May of 2020 for the construction of a state-of-the-art blockchain crypto mining facility. The project chose to locate directly adjacent to a brand-new substation on a small parcel of land. It is anticipated that the project will have a capital investment of \$1.4 million dollars as the company invests in equipment.
- **The Employment Growth Program (EGP)** started in 2013, during a year when the Shoals unemployment rate was as high as 8.6 percent. Up to \$75,000 from the Shoals Economic Development Fund was set aside for the program, which offers a streamlined way to provide industries with incentives from the fund. The incentive offers \$2,500 for companies that pay \$12-\$14.99 per hour, but in 2017 the committee voted to enhance it to \$4,000 for companies that pay \$15 an hour or more, \$5,000 for \$20-\$24.99 an hour, and \$6,000 for \$25-\$29.99 an hour. Looking back at the 2021 fiscal year that concluded on Sept. 30, **the funds were dedicated to 11 local companies toward hirings that amounted to 59 jobs, at an average pay of \$16.03 per hour. A total of \$192,500 from the fund is dedicated toward those employment incentives.** The incentives are provided after a company has employed someone for at least six months. Accompanying capital investment for these new jobs amounted to over \$3.5 million.



### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)**

- Numerous other manufacturers, such as Net Direct Merchants, Gemini Group Interior Trim, FilterPro USA, One Stop Manufacturing, Farris Wholesale Outlet, Elite-Medical LLC, and Ally Communications have added new employment opportunities to their operations.
- **The Remote Shoals Program**, a program designed to attract and retain remote workers to the Shoals, had its inaugural year in fiscal year 2020. The program's goal is to encourage professionals to relocate and work remotely from the Shoals and take advantage of our low cost of living and great quality of life. Selection criteria are based in part on income. The minimum qualifying income starts at \$52,000 per year. Reimbursement is based on income and starts at \$6,000. The maximum is \$10,000. Launched on June 4<sup>th</sup> of 2019, the program began with the goal of attracting 10 individuals to the Shoals. The program's first year was a great success as 10 remote workers moved to the Shoals for an estimated impact of \$1.4 million dollars. In response to growing interest in the program, the Shoals EDA has increased funding to \$500,000 for fiscal year 2021.

Unemployment in the Florence-Muscle Shoals Metropolitan statistical area saw a significant increase as the effects of the COVID-19 pandemic manifested itself in mid-2020. The pre-pandemic unemployment rate in January 2020 was 3.6%. This rate peaked in April of 2020 at 14.6% and began a steady decline during the remainder of the summer months reaching 6.1% in September 2020.

The Mayor and City Council approved a conservative 2020-2021 General Fund budget. Total anticipated revenues and other financing resources are projected at \$24.14 million, an increase from the 2019-2020 budgeted revenues and other financing resources of \$23.31 million. Budgeted expenditures and other uses of funds are expected to increase to \$24.14 million from \$23.31 million in the prior year. No new programs have been added to the 2020-2021 budget. Four new personnel positions were included in the 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).

City of Muscle Shoals, Alabama  
Statement of Net Position  
September 30, 2020

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	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 13,703,012
Account receivables, net	64,662
Receivable-component units	2,029
Due from other governments	2,180,137
Inventories	40,962
Reserved and restricted assets	
Capital Assets:	
Non-depreciable	8,830,937
Other capital assets, net of depreciation	39,363,606
Equity interest in joint venture	22,862,528
Other receivables	104,234
Receivable-commercial entity	498,683
Total assets	<u>87,650,790</u>
 Deferred outflows of resources	
Collective Deferred Outflows	
Related to:	
Net Pension Liability	2,081,167
OPEB Liability	<u>2,520,221</u>
	<u>4,601,388</u>

(continued)



	Governmental Activities
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued expenses	157,417
Bonds payable	1,385,000
Accrued interest	89,903
Compensated absences	
Due in more than one year:	
Net OPEB liability	12,744,893
Bonds payable	17,500,000
Compensated absences	1,223,768
Net pension liability	10,964,927
Bonds payable-commercial	498,683
Total liabilities	44,564,591
Deferred Inflows of resources	
Proportionate share of Collective Deferred Inflows Related to:	
Net Pension Liability	652,958
Net OPEB Liability	875,923
	1,528,881
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	29,309,543
Restricted or Committed for:	
Capital projects	825,342
Other purposes	40,962
Unrestricted	15,982,858
<i>Total net position</i>	\$ 46,158,705

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

City of Muscle Shoals, Alabama  
Statement of Activities  
September 30, 2020



18

Functions/Programs	Expenses	Charges for Services	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
			Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
<b>Primary government:</b>					
Governmental Activities					
General government	\$ 4,309,612	\$ 1,487,408	\$ -	\$ -	\$ (2,822,204)
Public safety	7,152,152	456,758	-	-	(6,695,394)
Public works	4,949,494	-	-	370,395	(4,579,099)
Health, welfare and sanitation	1,893,018	1,151,905	-	-	(741,113)
Culture and recreation	2,923,144	747,869	-	-	(2,175,275)
Education	1,536,490	-	-	-	(1,536,490)
Interest on long-term debt	571,112	-	-	-	(571,112)
Miscellaneous	293,539	-	-	-	(293,539)
Total governmental activities	23,628,562	3,843,940	-	370,395	\$ (19,414,227)

(continued)

	Net (Expense) Revenue and Changes in Net Assets Primary Governmental Activities
<b>General revenues:</b>	
Taxes:	
Sales taxes	16,009,298
Advalorem	1,268,634
Gasoline	651,892
Alcohol	406,253
Tobacco	124,426
Lodging	91,799
Financial institution	784,710
Other taxes	192,361
Total taxes	19,529,373
Payments in lieu of taxes	1,517,962
Grants and contributions not restricted to specific purposes	-
Unrestricted investment earnings	106,385
Joint Venture (commercial entity)	
Distributions	384,248
Increase in equity	1,065,084
Transfers Out - Utilities	(1,291,832)
Miscellaneous	361,842
Total general revenues, special items, and transfers	21,673,062
Change in net position	2,258,835
Net position - beginning (as corrected)	43,899,870
<i>Net position - ending</i>	<i>\$ 46,158,705</i>

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

City of Muscle Shoals, Alabama  
Balance Sheet  
Governmental Funds  
September 30, 2020

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	General Fund	Half-Cent Sales Tax
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,895,496	\$ 642,004
Accounts receivable,net	21,338	34,244
Due from other funds	17,232	-
Receivable from component units	2,029	-
Receivable from other governments	2,173,499	-
Other receivables	104,234	-
Inventories	40,962	-
<i>Total assets</i>	<u>14,254,790</u>	<u>676,248</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	53,440	-
Due to other funds	-	-
Other accrued liabilities	84,541	-
Total liabilities	<u>137,981</u>	<u>-</u>
Fund balances:		
Nonspendable:		
Inventories	40,962	-
Restricted for:		
Capital Projects	-	-
Unassigned:	14,075,847	676,248
Total fund balance	<u>14,116,809</u>	<u>676,248</u>
<i>Total liabilities and fund balance</i>	<u>\$ 14,254,790</u>	<u>\$ 676,248</u>





2018 Warrant Sinking	Debt Service	Special Trust	Other Governmental Funds	Total Governmental Funds
\$ 685,680	\$ -	\$ 59,201	\$ 420,631	\$ 13,703,012
-	-	-	9,080	64,662
-	-	-	-	17,232
-	-	-	-	2,029
-	-	-	6,638	2,180,137
-	-	-	-	104,234
-	-	-	-	40,962
<u>685,680</u>	<u>-</u>	<u>59,201</u>	<u>436,349</u>	<u>16,112,268</u>
-	-	16,583	-	70,023
-	-	-	17,232	17,232
-	-	-	2,853	87,394
<u>-</u>	<u>-</u>	<u>16,583</u>	<u>20,085</u>	<u>174,649</u>
-	-	-	-	40,962
685,680	-	42,618	97,044	825,342
<u>-</u>	<u>-</u>	<u>-</u>	<u>319,220</u>	<u>15,071,315</u>
<u>685,680</u>	<u>-</u>	<u>42,618</u>	<u>416,264</u>	<u>15,937,618</u>
<u>\$ 685,680</u>	<u>\$ -</u>	<u>\$ 59,201</u>	<u>\$ 436,349</u>	<u>\$ 16,112,268</u>

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

City of Muscle Shoals, Alabama  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 September 30, 2020



Total fund balance, governmental funds	\$	15,937,618
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.

48,194,542

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position:

Net OPEB Liability	(12,744,893)	
Equity interest in joint venture	22,862,528	
Deferred Outflows		
Pension Plan	2,081,167	
Other Post Employment Benefits	2,520,220	

Some liabilities, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position

Bonds payable	(18,885,000)	
Accrued interest	(89,903)	
Deferred inflows		
Pension Plan	(652,958)	
Other Post Employment Benefits	(875,921)	
Compensated absences	(1,223,768)	
Defined benefit obligation	(10,964,927)	

<i>Net Position of Governmental Activities in the Statement of Net Position</i>	\$	<i>46,158,705</i>
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*The accompanying notes are an integral part of these financial statements*

City of Muscle Shoals, Alabama  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance  
September 30, 2020



21

	General Fund	Half-Cent Sales Tax	2018 Warrant Sinking	Debt Service	Special Trust	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Local taxes	\$ 20,946,573	\$ -	\$ -	\$ -	\$ -	\$ 100,762	\$ 21,047,335
License, permits and fees	1,487,408	-	-	-	-	456,758	1,944,166
Charges for service	1,151,910	-	-	-	-	-	1,151,910
Joint Ventures	384,248	-	-	-	-	-	384,248
Intergovernmental revenue	176,871	168,524	-	-	-	89,786	435,181
Park and recreation	747,869	-	-	-	-	-	747,869
Investment earnings	103,346	367	2,117	1	74	483	106,389
Miscellaneous	151,438	80,035	-	-	128,895	1,466	361,834
Total revenues	25,149,664	248,926	2,117	1	128,969	649,255	26,178,932
<b>EXPENDITURES</b>							
Current:							
General government	3,675,127	5,360	-	-	-	176,993	3,857,480
Police	3,755,960	42,166	-	-	-	5,309	3,803,435
Fire	2,546,861	7,429	-	-	-	-	2,554,290
Street	1,952,041	377,464	-	-	6,105	140,543	2,476,153
Storm and Sewer	630,498	295,588	-	-	-	-	926,086
Health and sanitation	1,798,943	-	-	-	-	-	1,798,943
Culture and recreation	2,460,976	6,485	-	-	8,082	-	2,475,543
Appropriations	88,084	-	-	-	-	-	88,084
Education	1,336,490	200,000	-	-	-	-	1,536,490
Miscellaneous	285,857	-	-	-	-	-	285,857

(continued)

	General Fund	Half-Cent Sales Tax	2018 Warrant Sinking	Debt Service	Special Trust	Other Governmental Funds	Total Governmental Funds
<b>EXPENDITURES (continued)</b>							
Debt Service:							
Principal	41,391	-	-	1,365,000	-	-	1,406,391
Interest and other charges	16,445	-	-	557,501	-	-	573,946
Capital Outlay	160,743	1,199,770	291,202	-	125,547	20,529	1,797,791
Total expenditures	18,749,418	2,134,261	291,202	1,922,501	139,734	343,374	23,580,490
Excess (deficiency) of revenues over expenditures	6,400,246	(1,885,335)	(289,085)	(1,922,500)	(10,765)	305,882	2,598,443
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer to Utilities Board	-	(291,832)	(1,000,000)	-	-	-	(1,291,832)
Transfers in	270,827	1,969,538	-	1,922,498	-	10,000	4,172,863
Transfers out	(3,892,036)	(10,000)	-	-	-	(270,827)	(4,172,863)
Total other financing sources and uses	(3,621,209)	1,667,706	(1,000,000)	1,922,498	-	(260,827)	(1,291,832)
Net change in fund balances	2,779,037	(217,628)	(1,289,085)	(2)	(10,765)	45,055	1,306,611
Fund balances - beginning	11,337,773	893,876	1,974,765	2	53,383	371,209	14,631,007
Fund balances - ending	\$ 14,116,810	\$ 676,248	\$ 685,680	\$ 0	\$ 42,618	\$ 416,264	\$ 15,937,618

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

City of Muscle Shoals, Alabama  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
 Fund Balances of the Governmental Funds to the Statement of Activities  
 September 30, 2020



Net change in fund balances - total governmental funds:	\$ 1,306,611
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
This is the amount by which net capital outlays (net of retirements) \$1,838,196 were exceeded by depreciation \$2,320,673 in the current period.	(482,477)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds were exceeded by repayments.	1,365,000
Pension and other postemployment benefit obligation amounts not reported in the funds:	
Increase in Net pension obligation	(1,578,151)
Increase in OPEB Liability	(1,120,078)
Decrease in Deferred inflows related to pensions	1,040,665
Increase in Deferred outflows related to pensions	330,805
Decrease in Deferred inflows related to OPEB	162,822
Increase in Deferred outflows related to OPEB	265,866
Accrued interest payable is not due and payable in the current period and therefore is not reported as a liability in the balance sheets of the governmental funds.	2,834
Changes in the equity value of an investment are not receivable or payable in the current period and therefore is not reported as an asset or liability in the balance sheets of the governmental funds	1,065,084
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Increase in compensated absences	(100,146)
<i>Change in net position of governmental activities</i>	<u>\$ 2,258,835</u>

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



## 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, AL 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, 2020.

### 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. These primary government financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government.

The City's component units consist of the following:

<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. The City Council appoints all members of the Electric Board.
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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Separate financial statements are provided for governmental funds, propriety funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Government-wide Statement of Net Position reports all financial and capital resources of the City, excluding those reported in the fiduciary funds. It is displayed in the format of assets and deferred outflows less liabilities and deferred inflows, equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components (each of which is defined below):

- *Net investment in capital assets* – (The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and adjusted for the balance of any deferred outflows of resources or deferred inflows of resources related to capital assets or debt).
- *Restricted* - (The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Restricted assets are those with constraints placed on their use that are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation).
- *Unrestricted* – (The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position).



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The measurement focus of the governmental funds (in the Fund Financial Statements) is upon determination of financial position and changes in financial position rather than upon net income.

These 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. For this purpose, the government considered property taxes as available if they are collected within 60 days after year-end. A six-month availability period is used for revenue recognition for all other governmental fund revenues. 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.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows. For example, property tax revenue is recognized in the year of levy, and all other revenue is recognized when services have been rendered.





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

### C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Major funds are those whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all governmental and enterprise funds. The identification and separate reporting of major funds serves to highlight financial activities which may be particularly important to financial statement users. Nonmajor funds are reported in aggregate in a separate column in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

The City reports the following major 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.
- *2018 Warrant Sinking Fund* – This fund pays the debt of the city.
- *Debt Service* – This fund currently funds capital projects.
- *Special Trust* – This fund is used primarily for capital projects.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenses. It is the City’s policy to first apply restricted resources to such programs, followed by unrestricted resources if necessary.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources, as they are needed.

### D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

#### 1) *Deposits and investments*

The City has defined cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes and local ordinances authorize the government and the component units to invest in various types of investments as discussed in a subsequent note.

The City does not have a significant amount of investments valued at other than quoted market prices, except in the pension trust funds, amortization of premium and accretion of



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

### D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (continued)

#### 1) *Deposits and investments (continued)*

discount on investments purchased are not recorded over the term of the investment. The effect of this policy on the financial statements of the various funds is not significant.

#### 2) *Receivables and payables*

All trade receivables are shown net of an allowance for uncollectible accounts. Unbilled service receivables represent the estimated amount of accounts receivable for services that have not yet been billed. The amount represents a timing difference between the end of the financial statement cycle (month end) and the billing cycle (varying dates each billing period).

#### 3) *Due to/Due from*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans.) All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

#### 4) *Inventories and prepaid items*

Inventories are valued at cost (using average cost) in governmental type funds and the lower of cost (weighted average) or market in business-type funds. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures when consumed rather than when purchased.

#### 5) *Deferred outflows and inflows of resources*

In addition to assets, the statement of net position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (continued)

6) *Capital assets*

Capital assets, which include land, roads and parking lots, buildings and structures, improvements other than buildings, machinery and equipment, infrastructure assets, and construction in progress, are reported in the applicable governmental or business-type activities columns in the governmentwide financial statements. The City capitalizes equipment and improvements having an estimated useful life in excess of one year and acquisition cost of at least \$ 5,000.

All capital 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.

Donated capital assets are recorded at estimated fair market value at the date of donation.

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

	<u>Years</u>
Buildings, structures and improvements	20-50
Furniture, fixtures and equipment	3-20
Roads and streets	50
Storm sewers and drainage ditches	30

7) *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. Compensated absences cannot be segregate between current and long-term. Therefore, the entire amount is shown as long-term.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (continued)

8) *Long-term debt and deferred debt expense*

In the government-wide financial statements, outstanding long-term debt is reported as a liability. Bond discounts or premiums 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.

9) *Equity classifications*

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

- a. *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.
  - b. *Restricted net position* - 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.
  - c. *Unrestricted net position* - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
- 10) *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.
- a. *Non-spendable Fund Balance* - Fund balances reported as non-spendable in the accompanying financial statements represent amounts for permanent fund principal restrictions, inventory, prepaid expenditures, advances to other funds and noncurrent notes receivables.
  - b. *Restricted Fund Balance* - Fund balances reported as restricted are the result of externally imposed restrictions placed upon current resources by state statutes, creditors, bond covenants, donors or grantors.

*When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.*



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (continued)

- c. Committed Fund Balance - Fund balances reported as committed are self-imposed restrictions placed upon certain resources by the City Council through the adoption of an ordinance and cannot be used for any other purpose unless formal action is approved by the City Council.
- d. Assigned Fund Balance - Fund balances reported as assigned are intended for certain purposes as approved by City Council, or management. City Council has a fund balance policy that allows assigned amounts to be re-assigned by City Council, or management.
- e. Unassigned Fund Balance - In accordance with GAAP, the general fund is the only governmental fund that reports an unassigned fund balance. The unassigned fund balance has not been restricted, committed, or assigned to a specific purpose within the general fund.

*When committed, assigned or unassigned fund balance amounts are available for use, it is the City's policy to use the committed fund balance first; the assigned fund balance second; and then the unassigned fund balance, as they are needed.*

- f. Stabilization Arrangement - The City has a fund balance policy established by the City Council that requires the general fund to maintain a minimum unrestricted fund balance of 25% of ensuing year's appropriated general fund expenditures. The fund has been established for the purposes of setting aside amounts for use in specific and non-routine situations, which include certain emergency and urgent situations, giving the Mayor power to resolve any issues at hand. Utilization of these funds must be reported to the City Council at the next Council meeting. In the event that the balance drops below the established minimum level, the City Council will develop a plan to replenish the Financial Stabilization Account balance to the established minimum. For the current fiscal year ending September 30, 2020, the City met the minimum general fund balance policy.

11) 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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (continued)

*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.

12) *Use of estimates and reclassifications*

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.

13) *Postemployment benefits*

Postemployment healthcare benefits other than pension benefits are reported and accounted for under "GASB STATEMENT NO. 74, Financial Reporting for Postemployment Benefit Plans other than pension plans" and GASB STATEMENT NO. 75, Accounting and Financial Reporting for postemployment benefits other than pensions.

Benefits Other than Pensions, which establishes standards for the measurement, recognition, and display of postemployment healthcare benefits expense and related liabilities, assets, and note disclosures, as further described in Note 13 and, if applicable, required supplementary information.

14) *Pensions*

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





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

### E. ACCOUNTING PRONOUNCEMENTS

The City's financial statements are prepared in accordance with standards promulgated by the GASB. The status of the City's adoption of recently-issued GASB standards is as follows:

#### **Pronouncements issued, but not yet effective, which will be adopted by the City in future years:**

GASB Statement No 84, Fiduciary Activities. The statement establishes criteria for identifying fiduciary activities of all state and local governments and will enhance comparability of financial statements through this added criteria and clarity of whether and how business-type activities should report fiduciary activities. The requirements for this statement are effective in the period beginning after December 15, 2019.

GASB Statement No. 87, Leases, was issued to improve accounting and financial reporting for leases by governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No 90, Majority Equity Interests – an amendment of GASB Statements No.14 and No. 61. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No 91, Conduit Debt Obligations. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No 93, Replacement of Interbank Offered Rates. The objectives of this statement are to address accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for reporting periods beginning after December 31, 2021.

Management is in the process of determining the effects that the adoption of these statements will have on the City's basic financial statements.



## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### E. ACCOUNTING PRONOUNCEMENTS (continued)

Certain differences exist between the governmental fund financial statements and the government-wide financial statements. These differences relate to differences between the modified accrual basis of accounting used in the fund financial statements and the accrual basis of accounting used in the government-wide financial statements and to the consolidation of the internal service funds into the governmental activities in the government-wide financial statements.

Reconciliations between the governmental fund balance sheet and the government-wide statement of net position and between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities are shown on pages 21 and 24, respectively.

## 3. BUDGETS AND BUDGETARY ACCOUNTING

### Budget Development and Adoption

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

- a. 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.
- b. 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.
- c. 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.

## 4. 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.





4. CASH AND INVESTMENTS (continued)

*Custodial and Concentration of Credit Risk*

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.

At September 30, 2020, the City's cash was protected as follows:

Amount Covered by FDIC Insurance	\$ 1,251,621
Amount Collateralized (through the SAFE Act)	<u>13,205,378</u>
Total cash balances	<u>\$ 14,456,999</u>

5. RECEIVABLES

The City's general fund receivables from other governments consisted of the following at September 30, 2020:

Due from State of Alabama (Sales Tax)	\$ 1,263,643
Other	<u>527,072</u>
Total	<u>\$ 1,790,715</u>

6. CAPITAL ASSETS

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

Function	Depreciation	Assets
General Government	\$ 212,927	\$ 10,585,982
Police	214,715	3,769,804
Fire	225,577	5,034,160
Public Works	592,073	21,292,601
Storm Drainage	765,673	27,920,693
Recreation	309,709	16,341,288
<i>Total</i>	<u>\$ 2,320,673</u>	<u>\$ 84,944,528</u>



## 6. CAPITAL ASSETS (continued)

A summary of capital assets follows:

### Governmental Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Capital assets not being depreciated</i>				
Land	\$ 7,520,574	\$ -	\$ -	\$ 7,520,574
Art	78,810	-	-	78,810
Construction in progress	618,386	613,167	-	1,231,553
Total assets not being depreciated	8,217,770	613,167	-	8,830,937
<i>Capital assets being depreciated</i>				
Buildings	17,614,816	-	-	17,614,816
Infrastructures	29,224,202	414,743	-	29,638,945
Land Improvements	13,620,117	48,930	-	13,669,047
Equipment	15,812,009	770,169	159,842	16,422,336
Total Capital assets being depreciated	76,271,144	1,233,842	159,842	77,345,144
Accumulated Depreciation	(35,812,355)	(2,320,673)	(151,490)	(37,981,538)
Total capital assets being depreciated, net	40,458,789	(1,086,831)	8,352	39,363,606
<i>Governmental activities capital assets, net</i>	\$ 48,676,559	\$ (473,664)	\$ 8,352	\$ 48,194,543

## 7. LONG-TERM DEBT

The City's Debt consists of the following:

### *General Obligation Refunding Warrants, Series 2014-A (January 1)*

On January 1, 2014 the City issued \$1,960,000 of General Obligation Refunding Warrants, Series 2014-A. These tax-exempt warrants mature from 2014 to 2025 and bear interest at rates from 2.00 to 3.25% and were issued to refund \$1,627,565 of the General Obligation Warrants, Series 2005 and to provide \$ 278,000 in Capital Improvements.

### *General Obligation Refunding Warrants, Series 2014-C (May 1)*

On May 1, 2014 the City issued \$9,660,000 of General Obligation Refunding Warrants, Series 2014-C. These tax-exempt warrants mature from 2015 to 2025 and bear interest at rates from 1.50 to 2.50% and were issued to refund \$9,585,433 of the General Obligation Warrants, Series 2004 and to provide \$ 673,074 in Capital Improvements.



## 7. LONG-TERM DEBT (continued)

### *General Obligation Refunding Warrants, Series 2015-A (June 1)*

On June 1, 2015 the City issued \$8,515,000 of General Obligation Refunding Warrants, Series 2015-A. These tax-exempt warrants mature from 2015 to 2030 and bear interest at rates from 1.40 to 2.08% and were issued to refund \$8,273,489 of the General Obligation Warrants, Series 2006-A Warrants dated March 1, 2006 and November 1, 2006, and pay issuance expenses of \$241,511.

### *General Obligation Refunding Warrants, Series 2015-B (June 1)*

On June 1, 2015 the City issued \$500,000 of General Obligation Refunding Warrants, Series 2015-B. These tax-exempt warrants mature from 2015 to 2025 and bear interest at rates from 2.75 to 3.25% and were issued to refund \$421,689 of the General Obligation Warrants, Series 2006-A Warrants dated March 1, 2006 and November 1, 2006, and pay issuance expenses of \$78,311.

### *General Obligation Refunding Warrants, Series 2015-C (June 1)*

On June 1, 2015 the City issued \$1,250,000 of General Obligation Refunding Warrants, Series 2015-C. These tax-exempt warrants mature from 2015 to 2031 and bear interest at rates of 3.75% and were issued to provide \$1,200,000 in Capital Improvements and pay issuance expenses of \$50,000.

### *General Obligation Refunding Warrants, Series 2018 (February 28)*

On February 28, 2018 the City issued \$3,655,000 of General Obligation Refunding Warrants, Series 2018. These tax-exempt warrants mature from 2015 to 2031 and bear interest at rates of 1.50-3.50% and were issued to provide \$3,500,000 in Capital Improvements and pay issuance expenses of \$108,000.

The following summarizes the changes in the City's debt for the year ended September 30, 2020:

General Obligation Warrants	Beginning Balance	Increases	Reductions	Ending Balance	Current Maturities
Series 2014-A	\$ 1,130,000	\$ -	\$ 195,000	\$ 935,000	\$ 200,000
Series 2014-C	5,630,000	-	920,000	4,710,000	935,000
Series 2015-A	8,180,000	-	75,000	8,105,000	75,000
Series 2015-B	500,000	-	80,000	420,000	80,000
Series 2015-C	1,250,000	-	-	1,250,000	-
Series 2018	3,560,000	-	95,000	3,465,000	95,000
<i>Total Warrants</i>	<i>\$ 20,250,000</i>	<i>\$ -</i>	<i>\$ 1,365,000</i>	<i>\$ 18,885,000</i>	<i>\$ 1,385,000</i>

*Total interest expense paid during the fiscal year was \$ 573,946.*

City of Muscle Shoals, Alabama  
Notes to Financial Statements  
September 30, 2020



7. LONG-TERM DEBT (continued)

The total debt service (individually and combined) for all long-term debt follows :

Fiscal Year	Series 2014-A		Series 2014-C		Series 2015-A	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	200,000	27,063	935,000	105,088	75,000	237,580
2022	205,000	22,063	1,050,000	86,388	-	236,080
2023	210,000	16,425	1,075,000	64,338	-	236,080
2024	220,000	10,125	1,100,000	40,150	-	236,080
2025	100,000	3,250	550,000	13,750	675,000	236,080
2026-2030	-	-	-	-	7,355,000	694,040
2031-2035	-	-	-	-	-	-
2036-2040	-	-	-	-	-	-
<i>Totals</i>	<i>\$ 935,000</i>	<i>\$ 78,925</i>	<i>\$ 4,710,000</i>	<i>\$ 309,713</i>	<i>\$ 8,105,000</i>	<i>\$ 1,875,940</i>

Year	Series 2015-B		Series 2015-C		Series 2018	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	80,000	12,220	-	46,875	95,000	105,728
2022	80,000	10,140	-	46,875	100,000	103,828
2023	85,000	8,060	-	46,875	100,000	101,828
2024	85,000	5,425	-	46,875	100,000	99,578
2025	90,000	2,790	-	46,875	105,000	97,328
2026-2030	-	-	-	234,375	795,000	441,000
2031-2035	-	-	1,250,000	46,875	1,285,000	282,058
2036-2040	-	-	-	-	885,000	62,070
<i>Totals</i>	<i>\$ 420,000</i>	<i>\$ 38,635</i>	<i>\$ 1,250,000</i>	<i>\$ 515,625</i>	<i>\$ 3,465,000</i>	<i>\$ 1,293,415</i>

Fiscal Year	Total Combined	
	Principal	Interest
2021	1,385,000	534,553
2022	1,435,000	505,373
2023	1,470,000	473,605
2024	1,505,000	438,233
2025	1,520,000	400,073
2026-2030	8,150,000	1,369,415
2031-2035	2,535,000	328,933
2036-2040	885,000	62,070
<i>Totals</i>	<i>\$ 18,885,000</i>	<i>\$ 4,112,253</i>



#### 8. 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.

The transfers were primarily used for the payment of debt service and capital outlay.

Interfund transfers consisted of the following:

<u>Fund</u>	<u>To</u>	<u>From</u>
General Fund	\$ 270,827	\$ 3,892,036
Municipal Court Fund	-	270,827
Half Cent Sales Tax	1,969,538	10,000
CDBG	10,000	-
Debt Service	1,922,498	-
	<u>\$ 4,172,863</u>	<u>\$ 4,172,863</u>
Due from Municipal Court Fund to General Fund		<u>\$17,232</u>

#### 9. COMMITMENTS AND CONTINGENCIES

The City, from time to time is a party of litigation. At the date of this report, there were no significant threatening lawsuits which were deemed necessary to disclose or record as a liability in these financial statements.



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

The City of Muscle Shoals owns approximately 50 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 \$22,862,528. The fund-level financial statements only report the earnings distributions received from the Gas District during the year (\$384,248). 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 government-wide financial statements reflect an increase in the investment in the Gas District of \$ 1,065,084.

The financial statements of North Alabama Gas District may be obtained at their office located at:  
602 Dearborn St  
Muscle Shoals, AL

#### 11. RELATED PARTY TRANSACTIONS

The City had the following material transactions with related parties during the year ended September 30, 2020:

*Muscle Shoals Utility Board* – This component unit provides water and sewer service to the City at market rates. At September 30, 2020, the Board owed the city \$ 0.

*Muscle Shoals Electric Board* – The Board, a component unit of the city, (a) provides electricity to the city at normal market rates, (b) collected on behalf of and remitted to the city \$ 1,090,127 of garbage revenues collected and (c) paid the city \$ 864,988 of tax equivalents. At September 30, 2020, the Electric Board owed the city a total of \$2,028. The City owed the Electric Board nothing at year-end.

*Muscle Shoals Board of Education* - The City appropriated \$1,334,490 to the Board of Education (a component unit) during the year. At September 30, 2020, the Board owed the city \$14,111 for miscellaneous items.

*Shoals Solid Waste Disposal Authority* – The Authority, jointly governed by Muscle Shoals and three other governments, was paid \$215,696 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.

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.



## 12. DEFINED BENEFIT PLAN

### *Plan description*

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

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

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
  - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
  - b. Two vested active state employees.
  - c. Two vested active employees of an employer participating in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

### *Benefits provided*

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age),





## 12. DEFINED BENEFIT PLAN (continued)

### *Benefits provided (continued)*

depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

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

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

The ERS serves approximately 907 local participating employers. The ERS membership includes approximately 93,986 participants. As of September 30, 2019, membership consisted of:

Retirees and beneficiaries receiving benefits	25,871
Terminated employees entitled to, but not receiving benefits	1,794
Terminated employees not entitled to a benefit	11,001
Post-DROP participants who are still in active service	98
Active members	<u>55,222</u>
Total	<u>93,986</u>





## 12. DEFINED BENEFIT PLAN (continued)

### *Contributions*

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2020 (or other year-end if not September), the City's active employee contribution rate was 11.68 percent of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 13.3%.

City's contractually required contribution rate for the year ended September 30, 2020, was 13.67% of pensionable pay for Tier 1 employees, and 10.42% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were for the year ended September 30, 2020.



## 12. DEFINED BENEFIT PLAN (continued)

### *Net Pension Liability*

The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2018, rolled forward to September 30, 2019, using standard roll-forward techniques as shown in the following table:

	TPL Roll-Forward	
	Expected	Actual
(a) Total Pension Liability as of September 30, 2018	\$ 34,173,256	\$ 34,472,046
(b) Discount rate	7.70%	7.70%
(c) Entry age normal cost for the period October 1, 2018 through September 30, 2019	613,005	613,005
(d) Transfers Among Employers:	-	(46,851)
(e) Actual benefit payments and refunds for the period October 1, 2018 through September 30, 2019	(1,996,493)	(1,996,493)
(f) Total Pension Liability as of September 30, 2017 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5 * (b))]	\$ 35,344,244	\$ 35,619,190
(g) Difference between Expected and Actual:		\$ 274,946
(h) Less Liability Transferred for Immediate Recognition		(46,851)
(i) Experience (Gain)/Loss = (g) - (h)		\$ 321,797

### *Actuarial assumptions*

The total pension liability as of September 30, 2019 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2018. The key actuarial assumptions are summarized below:

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

\* Net of pension plan investment expense



## 12. DEFINED BENEFIT PLAN (continued)

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

The actuarial assumptions used in the actuarial valuation as of September 30, 2018, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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

The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00 %	4.4 %
US Large Stocks	32.00 %	8.0 %
US Mid Stocks	9.00 %	10.0 %
US Small Stocks	4.00 %	11.0 %
Int'l Developed Mkt Stocks	12.00 %	9.5 %
Int'l Emerging Mkt Stocks	3.00 %	11.0 %
Alternatives	10.00 %	10.1 %
Real Estate	10.00 %	7.5 %
Cash Equivalents	3.00 %	1.5 %
Total	100.00 %	

\* Includes assumed inflation of 2.50%



## 12. DEFINED BENEFIT PLAN (continued)

### *Discount rate*

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

### *Changes in Net Pension Liability*

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at September 30, 2018	\$ 34,173,256	\$ 24,786,480	\$ 9,386,776
Changes for the year:			
Service cost	613,005	-	613,005
Interest	2,554,476	-	2,554,476
Changes of assumptions	-	-	-
Difference between expected and actual difference	321,797		321,797
Contributions - employer	-	831,330	(831,330)
Contributions - employee	-	453,072	(453,072)
Net investment income	-	626,725	(626,725)
Benefit payments, including refunds of employee contributions	(1,996,493)	(1,996,493)	-
Administrative expense		-	-
Transfers among employers	(46,851)	(46,851)	-
Net changes	1,445,934	(132,217)	1,578,151
Balances at September 30, 2019	\$ 35,619,190	\$ 24,654,263	\$ 10,964,927



## 12. DEFINED BENEFIT PLAN (continued)

The following table presents the City's net pension liability calculated using the discount rate of 7.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage-point higher (8.70%) than the current rate (dollar amounts in thousands):

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
City of Muscle Shoals' net pension liability	\$ 14,993,487	\$ 10,964,927	\$ 7,554,056

### *Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2019. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

The City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 270,718	\$ 652,958
Changes of assumptions	645,504	-
Net difference between projected and actual earnings on plan investments	285,960	-
Employer contributions subsequent to the measurement date	878,985	-
<i>Total</i>	<i>\$ 2,081,167</i>	<i>\$ 652,958</i>



## 12. DEFINED BENEFIT PLAN (continued)

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

<u>Year Ended</u> <u>September 30</u>	
2021	(40,934)
2022	77,414
2023	221,419
2024	242,085
2025	33,917
Thereafter	15,323

For the year ended September 30, 2020, the City recognized pension expense of \$ 1,058,884 as follows:

<u>PENSION EXPENSE</u>	
Service Cost	\$ 613,005
Interest on the total pension liability	2,554,476
Current-period benefit changes	-
Expensed portion of current-period difference between expected and actual experience in the total pension liability	51,079
Expensed portion of current-period changes of assumptions	-
Member contributions	(453,072)
Projected earnings on plan investments	(1,879,340)
Expensed portion of current-period differences between actual and projected earnings on plan investments	250,523
Transfers among employers	-
Recognition of beginning deferred outflows of resources as pension expense	246,746
Recognition of beginning deferred inflows of resources as pension expense	(324,533)
<i>Pension Expense (Income)</i>	<u>\$ 1,058,884</u>



## 12. DEFINED BENEFIT PLAN (continued)

Membership	
Retired Members or their beneficiaries currently receiving benefits	95
Vested inactive members	3
Non-vested inactive members	16
Active members	184
Post-DROP retired members still in active service	-
<b>Total</b>	<b>298</b>

## 13. POST-EMPLOYMENT BENEFITS

### Plan Description

The City provides (defined-benefit plan) medical benefits to its retirees. Medical benefits are provided under the following two options until the retiree or dependent is eligible for Medicare coverage with SU bearing full cost.

### Summary of Main Plan Provisions

#### *Eligibility for Allowance*

An employee is considered to be a retired employee of the Retirement Systems of Alabama under the following Tiers:

Tier I (for those hired before 1/1/2013):

- Retiree has 25 years of credible service, regardless of age, or
- Retiree has 10 years of service and is 60 years old or is determined disabled by the Social Security Administration or the Retirement Systems of Alabama's Medical Board.

Tier II (for those hired on or after 1/1/2013):

- Retiree has 10 years of service and is 62 years old (56 years old for a full-time certified firefighter, police officer, or correction officer) or is determined disabled by the Social Security Administration or the Retirement Systems of Alabama's Medical Board.



### 13. POST-EMPLOYMENT BENEFITS (continued)

#### **Plan Description (continued)**

##### *Amount of Allowance*

Employees who retire from the City with a minimum of twenty-five (25) years of creditable service with the City of Muscle Shoals can continue single medical/vision coverage under the same conditions as active employees. Currently the premium for medical, vision, and prescription coverage is \$0 for single coverage and \$334 for family coverage. Dental coverage is \$5 for single coverage and \$14 per month for family coverage.

Employees who retire with at least 15 years of service to the City and are at least 60 years of age upon retirement will be eligible for medical, vision, prescription, and dental coverage provided the retiree pays the entire premium. The premium for medical, vision, and prescription coverage is \$224 per month for single coverage and \$558 per month for family coverage. Dental coverage is \$20 per month for single coverage and family coverage is \$61 per month.

Medical, vision, prescription, and dental coverage terminates when the retiree or covered dependent turns 65, or otherwise becomes eligible for Medicare.

The City provides whole life insurance coverage for all full-time employees and retirees. Employees with a date of hire after 10/1/1975 receive \$10,000 in coverage. For employees hired prior to 10/1/1975, the coverage amounts were based upon pay, age, years of service, etc. Department heads receive \$30,000 in coverage. The coverage continues in force after retirement if the retiree has at least 10 years of service with the City and vested for at least 10 years with the RSA. The City pays the monthly premium for all employees and retirees. Upon retirement, the employee can "cash out" the policy and receive the accumulated cash value or retain the policy with the City paying the premium until death.

##### *Dependent Coverage*

Dependents of eligible retirees can participate in the plan, but the premium must be paid by the retiree. Dependent coverage ends once the retiree becomes eligible for Medicare, once the dependent becomes eligible for Medicare, or upon the death of the retiree, whichever occurs first.

##### *Representative Monthly Retiree Premium Amounts*

The following is the monthly cost of dental coverage by tier. The effective date of coverage is October 1, 2020:

Retiree Only	\$ 22.35
Retiree & Spouse	\$ 68.36





### 13. POST-EMPLOYMENT BENEFITS (continued)

#### *Summary of Key Actuarial Assumptions, Methods*

The following information has been provided for the purpose of satisfying the disclosure requirements related to the actuarial assumptions and other inputs used in the measurement of the TOL. The complete set of actuarial assumptions and other inputs utilized in developing the TOL are outlined in Schedule C. The TOL was determined based on an actuarial valuation as of September 30, 2018, using the following key actuarial assumptions and other inputs:

Inflation	2.75%
Real wage growth	0.25%
Wage inflation	3.000%
Salary increases, including wage inflation	3.25% - 5.00%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	3.00%
Municipal Bond Index Rate	
Prior Measurement Date	2.66%
Measurement Date	2.21%
Year FNP is projected to be depleted	
Prior Measurement Date	2022
Measurement Date	2023
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	2.66%
Measurement Date	2.22%
Health Care Cost Trends Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Dental	4.00%
Vision	2.50%



### 13. POST-EMPLOYMENT BENEFITS (continued)

#### *Actuarial Assumptions used to measure TOL (continued)*

The discount rate used to measure the TOL was based upon the Single Equivalent Interest Rate.

Mortality rates for active employees were based on the sex distinct RP-2000 Employee Mortality Table projected with Scale BB to 2020 with an adjustment factor of 70% for males and 50% for females. Post-retirement mortality rates on the sex distinct RP-2000 Blue Collar Mortality Table projected with Scale BB to 2020. An adjustment of 125% at all ages for males and 120% for females beginning at age 78 was made for service retirements and beneficiaries. An adjustment of 130% for females at all ages was made for disability retirements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2018 valuation were based on the actuarial experience study for the period October 1, 2010 – September 30, 2015, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 29, 2016.

The remaining actuarial assumptions (e.g., health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2018 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2018 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash and Cash Equivalents	<u>100%</u>



### 13. POST-EMPLOYMENT BENEFITS (continued)

#### *Discount Rate (SEIR)*

The discount rate used to measure the TOL as of the Measurement Date was 2.22%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of September 30, 2018. In addition to the actuarial methods and assumptions of the September 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Benefit payments are assumed to be paid out of the Trust until the Trust is depleted.
- Active employees do not explicitly contribute to the Plan.
- Additional contributions to the Trust were not assumed to be made.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 3.00% on Plan investments was applied to periods through 2023 and the Municipal Bond Index Rate at the Measurement Date (2.21%) was applied to periods on and after 2023, resulting in an SEIR at the Measurement Date (2.22%). There was a change in the discount rate from 2.66% at the Prior Measurement Date to 2.22% at the Measurement Date.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

#### *Sensitivity of the Net OPEB Liability to Health Care Cost Trend Rates*

The following exhibit presents the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Health Care Cost Trend Rate Sensitivity		
	1%		1%
	Decrease	Current	Increase
Net OPEB Liability	\$ 10,929,170	\$ 12,744,893	\$ 14,926,193



### 13. POST-EMPLOYMENT BENEFITS (continued)

#### *Sensitivity of the Net OPEB Liability to Discount Rates*

The following exhibit presents the NOL of the Plan, calculated using the discount rate of 2.22%, as well as what the Plan's NOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount Rate Sensitivity		
	1% Decrease (1.22%)	Current Discount Rate (2.22%)	1% Increase (3.22%)
Net OPEB Liability	\$ 14,227,441	\$ 12,744,893	\$ 11,411,591

#### *Change in Net OPEB Liability (NOL)*

The following table shows the development of the TOL, FNP and NOL from the prior measurement date to the current measurement date.

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a)-(b)
Balance as of September 30, 2019	\$ 12,924,054	\$ 1,299,239	\$ 11,624,815
Changes for the year:			
Service Cost at the end of the year *	542,664	-	542,664
Interest on TOL and Cash Flows	338,490	-	338,490
Change in benefit terms	-	-	-
Difference between expected and actual experience	57,499	-	57,499
Changes of assumptions or other inputs	604,283	-	604,283
Contributions - employer	-	400,354	(400,354)
Contributions - non-employer	-	-	-
Net investment income	-	22,504	(22,504)
Benefit payments	(400,354)	(400,354)	-
Plan administrative expenses	-	-	-
Other	-	-	-
Net changes	1,142,582	22,504	1,120,078
Balance as of September 30, 2020	\$ 14,066,636	\$ 1,321,743	\$ 12,744,893

\* The service cost includes interest for the year.

There are no changes in benefit terms since the Prior Measurement Date.

There was a change in assumptions (discount rate) since the Prior Measurement Date.



13. POST-EMPLOYMENT BENEFITS (continued)

*Deferred Inflows of Resources and Deferred Outflows of Resources*

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of September 30, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,303	\$ 468,195
Changes of assumptions or other inputs	2,439,259	407,728
Net difference between projected and actual earnings on plan investments	30,659	-
Total Deferrals	\$ 2,520,221	\$ 875,923

*Schedule of the Recognition of Deferred Outflows / (Inflows) of Resources in OPEB Expense*

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Measurement Period Ended September 30,	
2021	\$ 249,567
2022	\$ 249,569
2023	\$ 245,140
2024	\$ 242,263
2025	\$ 253,534
Thereafter	\$ 404,225



### 13. POST-EMPLOYMENT BENEFITS (continued)

#### *OPEB Expense*

The calculation of the investment gain or loss is shown in the following table:

#### Investment Earnings (Gain) Loss

a) Expected asset return rate for prior year	3.00%
b) Beginning of year market value of assets	1,299,239
c) End of year market value of assets	1,321,743
d) Expected return on beginning assets for plan year	38,977
e) External cash flow (mid-year payments assumed):	
Contributions - employer*	400,354
Contributions - active member	-
Refunds of contributions	-
Benefit payments*	(400,354)
Administrative expenses	-
Other	-
Total external cash flow	-
f) Expected return on external cash flow	-
g) Projected earnings for plan year (d+f)	38,977
h) Net investment income (c-b-e)	22,504
i) Investment earnings (gain) loss (g-h)	<u>\$ 16,473</u>

\*Employer contributions and benefit payments include benefit payment amounts paid outside the Trust.



### 13. POST-EMPLOYMENT BENEFITS (continued)

#### *OPEB Expense (continued)*

The calculation of the OPEB Expense (OE) for the year ended September 30, 2020 is shown in the following table:

Service Cost at end of year*	\$	542,664
Interest on the Total OPEB Liability and Cash Flow		338,490
Current-period benefit changes		-
Expensed portion of current-period difference between expected an actual experience in the Total OPEB Liability		7,196
Expensed portion of current-period changes of assumptions or other inputs		75,630
Active member contributions		-
Projected earnings on plan investments		(38,977)
Expensed portion of current-period differences between actual and projected earnings on plan investments		3,295
Administrative Costs**		-
Other		-
Recognition of beginning Deferred Outflows of Resources as OPEB Expense		326,268
Recognition of beginning Deferred Inflows of Resources as OPEB Expense***		(162,822)
OPEB Expense	\$	<u>1,091,744</u>

\* The service cost includes interest for the year.

\*\* Administrative costs are based on the fees paid from the Trust and any additional to cost paid as reported outside the Trust. Any costs paid outside of Trust may need be included as an employer contribution.

\*\*\* Deferred Inflows are negative because they lower the OPEB expense.



### 13. POST-EMPLOYMENT BENEFITS (continued)

#### *Plan Membership Information*

The Plan's membership data was furnished by the City of Muscle Shoals for valuation purposes as of September 30, 2018. The following table summarizes the membership of the Plan as of the September 30, 2018 Valuation Date.

Membership as of September 30, 2018	
Inactive Employees or Beneficiaries Currently Receiving Benefits	67
Inactive Members Entitled To But Not Yet Receiving Benefits	-
Active Employees	145
<b>Total Membership</b>	<b>212</b>

#### *Methods and assumptions used in calculations of Actuarially Determined Contributions*

The Actuarially Determined Contribution (ADC) amount in the Schedule of Employer Contributions (Schedule A) is calculated with each biennial actuarial valuation. The actuarial methods and assumptions from the actuarial reports as of September 30, 2018 and prior years were used to determine the contribution amount reported in the schedule. Please refer the actuarial report as of September 30, 2018 for details related to the assumptions and methods used in the most recent ADC determination.

#### *Actuarially Determined Contribution (ADC)*

The following is the ADC based upon an actuarial valuation dated September 30, 2018. Based on the 3.00% assumed Long-term Investment Rate of Return, the valuation shows an Accrued Liability of \$11,920,874. Against this, the plan had \$1,271,653 in assets. When this amount is deducted from the Accrued Liability, there remains \$10,649,221 as the Unfunded Accrued Liability for the Plan. The Unfunded Accrued Liability Amortization Payment in the following ADC was calculated using a 28-year amortization period with level dollar payments. The amortization period will decrease each year. Please see Schedule C, Schedule D, and Schedule F for the complete set of assumptions, methods and plan provisions utilized in developing the ADC applicable for the fiscal years ending September 30, 2020 and September 30, 2021.





### 13. POST-EMPLOYMENT BENEFITS (continued)

Actuarially Determined Contribution For Fiscal Years Ending September 30, 2020 and September 30, 2021	
Contribution Component	Dollar Amount
Normal Cost	\$ 476,820
Administrative Fees	-
Unfunded Accrued Liability Amortization Payment	551,001
Total Contribution	\$ 1,027,821

### 14. 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.

### 15. 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.

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, 2020, was \$572,314.



#### 15. COMMERCIAL ENTITY TRANSACTIONS (continued)

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 <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	39,893	16,528	57,835
2022	41,437	16,399	57,835
2023	43,037	14,798	57,835
2024	44,665	13,170	57,835
2025	46,430	11,405	57,835
Thereafter	<u>283,221</u>	<u>27,045</u>	<u>310,266</u>
Total	<u>\$ 498,683</u>	<u>\$ 99,345</u>	<u>\$ 599,442</u>

#### 16. HEALTH CARE PROGRAM

The City provides healthcare for its employees and their dependents. The policy of the City is to self-insure the Health Care Program. At September 30, 2020 the City was self-insured with a third-party reinsurer providing coverage for claims per individual exceeding \$115,000 annually. The City does not have reinsurance coverage for group aggregate claims.

The actual expense for the healthcare coverage was as follows:

Fiscal year Ended <u>September</u>	
2014	\$1,915,400
2015	\$1,911,444
2016	\$2,048,223
2017	\$2,104,480
2018	\$1,916,899
2020	\$2,332,868



## 17. TAX ABATEMENTS

The City of Muscle Shoals negotiates Amendment 772 sales tax abatements on an individual basis. The City had two abatement agreements with two entities during fiscal year 2020:

Project Description	% of Taxes Abated	Amount of Taxes Abated
Restaurant chain constructed a new facility	50%	\$ 46,263
Restaurant chain located in an existing building	50%	44,805
<i>Total</i>		<i>\$ 91,068</i>

Amendment 772 allows the governing body of any city to use public funds to purchase, lease or otherwise acquire real property, buildings and equipment for industry of any kind. It also allows the city to sell, lease, grant or convey real property, buildings and equipment to any individual, firm, or corporation, public or private, for commercial, industrial, research or service operations.

Amendment 772 allows the City to lend its credit or grant public funds or anything of value to any individual, firm, or corporation, public or private, to promote economic and industrial development within the city. The City may also become indebted for any of purposes as noted in this amendment. In carrying out the purposes of this amendment, the City must conduct a public hearing and adopt a resolution citing the public purposes to be served by the project along with specific details of the project.

The Tax Incentive Reform Act of 1992 (Title 40, Chapter 9B of the Code of Alabama, 1975) provides municipal governments with the ability to provide certain tax incentives to new and existing industry. The incentives provide exemption from Ad Valorem taxes (noneducational) and construction related transaction taxes, except those levied for educational purposes. The exemption for Ad Valorem taxes is authorized for a 10-year period. The Act sets forth the eligibility requirements and the process for granting of the abatements. Following are the abatement agreements applicable to Title 40:

Project Description	Millage Abated	Amount of Taxes Abated
Automotive accessories manufacturing expansion	5.5	\$ 70,069
Incoming Call Center	5.5	465
Manufacturing - Shoals Research Airpark	5.5	1,084
Manufacturing - Shoals Research Airpark	5.5	11,336
<i>Total</i>		<i>\$ 82,954</i>



## 18. EVALUATION OF SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position 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 Position date require disclosure in the accompanying notes. Management of the City evaluated its activity through September 1, 2021. The City issued Series 2021-A and B General Obligation Warrants dated May 5, 2021.

The purpose of the 2021-A issue is summarized as follows:

Current Refunding of Refunded Series 2015-A Warrants	\$ 8,148,040
Issuance Expenses	<u>133,242</u>
Total	<u>\$ 8,281,282</u>

The purpose of the 2021-B issue is summarized as follows:

Current Refunding of Refunded Series 2015-A Warrants	\$ 742,358
Current Refunding of Refunded Series 2015-A Warrants	2,746,982
Current Refunding of Series 2015-C Warrants	1,273,437
Issuance Expenses	<u>85,276</u>
Total	<u>\$ 4,848,233</u>

## REQUIRED SUPPLEMENTARY INFORMATION

City of Muscle Shoals, Alabama  
Required Supplementary Information  
September 30, 2020

	2019
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 613,005
Interest	2,554,476
Changes of benefit terms	-
Differences between expected and actual experience	321,797
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(1,996,493)
Transfers among employers	(46,851)
<b><i>Net Change in total pension liability</i></b>	<b><i>1,445,934</i></b>
<b><i>Total pension liability - beginning</i></b>	<b><i>34,173,256</i></b>
<b><i>Total pension liability - ending (a)</i></b>	<b><i>\$ 35,619,190</i></b>
 <b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	\$ 831,330
Contributions - member	453,072
Net investment income	626,725
Benefit payments, including refunds of employee contributions	(1,996,493)
Transfer among employees	(46,851)
<b><i>Net Change in plan fiduciary net position</i></b>	<b><i>(132,217)</i></b>
<b><i>Plan net position - beginning</i></b>	<b><i>24,786,480</i></b>
<b><i>Plan net position - ending (b)</i></b>	<b><i>\$ 24,654,263</i></b>
 Net pension liability (asset) - ending (a) - (b)	\$ 10,964,927
Plan fiduciary net position as a percentage of the total pension liability	69.22%
Covered employee payroll *	\$ 7,238,107
Net pension liability (asset) as a percentage of covered employee payroll	151.49%

\* Employer's covered payroll during the measurement period is the total covered payroll. For FY 2020 the measurement period is October 1, 2017 - September 30, 2018. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for FY 2017.

Note to schedule: Although 10 years are required to be shown, there are only five years compiled. Therefore, only five are shown here.



2018	2017	2016	2015	2014
\$ 569,288	\$ 605,208	\$ 570,188	\$ 552,760	\$ 545,427
2,506,109	2,422,801	2,319,060	2,236,690	2,141,482
-	-	-	-	-
(537,113)	(30,197)	(585,123)	(261,810)	-
176,775	-	1,399,593	-	-
(1,905,567)	(1,591,452)	(1,511,146)	(1,484,876)	(1,508,755)
74,096	(174,365)	121,278	-	-
<b>883,588</b>	<b>1,231,995</b>	<b>2,313,850</b>	<b>1,042,764</b>	<b>1,178,154</b>
<b>33,289,668</b>	<b>32,057,673</b>	<b>29,743,823</b>	<b>28,701,059</b>	<b>27,522,905</b>
<b>\$ 34,173,256</b>	<b>\$ 33,289,668</b>	<b>\$ 32,057,673</b>	<b>\$ 29,743,823</b>	<b>\$ 28,701,059</b>
\$ 741,572	\$ 814,786	\$ 848,920	\$ 753,105	\$ 742,144
384,931	377,436	379,502	361,847	353,105
2,129,465	2,684,304	1,971,680	230,487	2,131,301
(1,905,567)	(1,591,452)	(1,511,146)	(1,484,876)	(1,508,755)
74,096	(174,365)	121,278	(64,560)	(84,906)
<b>1,424,497</b>	<b>2,110,709</b>	<b>1,810,234</b>	<b>(203,997)</b>	<b>1,632,889</b>
<b>23,361,983</b>	<b>21,251,274</b>	<b>19,441,040</b>	<b>19,645,037</b>	<b>18,012,148</b>
<b>\$ 24,786,480</b>	<b>\$ 23,361,983</b>	<b>\$ 21,251,274</b>	<b>\$ 19,441,040</b>	<b>\$ 19,645,037</b>
\$ 9,386,776	\$ 9,927,685	\$ 10,806,399	\$ 10,302,783	\$ 9,056,022
72.53%	70.18%	66.29%	65.36%	68.45%
\$ 6,770,429	\$ 6,707,019	\$ 6,790,034	\$ 6,439,111	\$ 6,391,870
138.64%	148.02%	159.15%	160.00%	141.68%

City of Muscle Shoals, Alabama  
 Required Supplementary Information  
 September 30, 2020



SCHEDULE OF EMPLOYER CONTRIBUTIONS						
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 858,112	\$ 858,112	\$ 765,503	\$ 794,653	\$ 873,998	\$ 742,144
Contributions in relation to the actuarially determined contribution *	858,112	858,112	765,503	794,653	873,998	742,144
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll **	\$ 7,523,223	\$ 7,238,107	\$ 6,770,429	\$ 6,707,019	\$ 6,790,034	\$ 6,439,111
Contributions as a percentage of covered employee payroll	11.41%	11.86%	11.31%	11.85%	12.87%	11.53%

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

\*\* Employer's covered payroll during fiscal year is the total covered payroll for the 12-month period of the underlying financial statement.

#### Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported.

Contributions for fiscal year 2019 were based on the September 30, 2016 actuarial valuation.

#### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	28.3 years
Asset valuation method	Five year smoothed market
Inflation	2.875%
Salary increases	3.375 - 5.125%, including inflation
Investment rate of return	7.875%, net of pension plan investment expense, including inflation



City of Muscle Shoals, Alabama  
 Required Supplementary Information  
 September 30, 2020



Membership

Retired Members or their beneficiaries currently receiving benefits	95
Vested inactive members	3
Non-vested inactive members	16
Active members	184
Post-DROP retired members still in active service	-
<b>Total</b>	<b>298</b>

FUNDING PROGRESS (in thousands of dollars)

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 )
2014	18,460	27,737	9,277	66.6%	6,439	144.1%
2015	19,663	28,801	9,138	68.3%	6,551	139.5%
2016 3	21,217	31,698	10,481	66.9%	6,948	150.8%
2017 3	22,669	32,792	10,123	69.1%	6,558	154.4%
2018 3	23,985	34,472	10,487	69.6%	7,199	145.7%
2019	24,951	36,438	11,487	68.5%	7,116	161.4%
2019 2	24,951	36,464	11,513	68.4%	7,116	161.8%

1-Reflects liability for cost of living benefit increases granted on or after October 1, 1978.

2-Reflects the impact of Act 2011-676, which increases the member contribution rates by 2.25% beginning October 1, 2011 and by an additional 0.25% beginning October 1, 2012.

3-Reflects changes in actuarial assumptions.

The actuarial value of assets was set to equal to the market value of assets as of September 30, 2012.

Market Value of Assets as of September 30, 2019 was \$ 24,654,260.



NOTE TO SCHEDULE OF FUNDING PROGRESS

Required Employer Contribution Rates (Effective October 1, 2020)

	Retain Current Member Contribution Rates	Elect to Increase Member Contribution Rate Under Act 2011-676
Tier 1 Employees (applies to all members hired before January 1, 2013)		
Normal cost	3.20%	0.73%
Accrued liability	10.10%	10.12%
Pre-retirement death benefit	0.02%	0.02%
Administrative expense	0.35%	0.35%
Total	13.67%	11.22%
5% employer contribution factor (13.67% / 5%)	2.734000	
6% employer contribution factor (13.67% / 6%)	2.278333	
7.5% employer contribution factor (11.22% / 7.5%)		1.496000
8.5% employer contribution factor (11.22% / 8.5%)		1.320000
Tier 2 Employees (applies to all members hired on or after January 1, 2013)		
Normal cost	-0.05%	
Accrued liability	10.10%	
Pre-retirement death benefit	0.02%	
Administrative expense	0.35%	
Total	10.42%	
6% employer contribution factor (10.42% / 6%)	1.736666	
7% employer contribution factor (10.42% / 7%)	1.488571	
Valuation date	9/30/2018	
Actuarial cost method	Entry Age	
Amortization method	Level percent closed	
Remaining amortization method	26.8	
Asset valuation method	5-year smoothed market	
Actuarial assumptions:		
Investment rate of return**	7.70%	
Projected salary increases**	3.25-5.00%	
** (includes inflation at)	3.0000%	
Cost-of-living adjustments	None	

City of Muscle Shoals, Alabama  
 Required Supplementary Information  
 September 30, 2020



# DEFINED BENEFIT PLAN (NOTES TO REQUIRED SUPPLEMENTARY INFORMATION)

## Collective Deferred Outflows and Inflows

### Collective Deferred Outflows and Inflows between Expected and Actual Experience

Year	Initial Balance of Losses/ Deferred Outflow	Initial Balance of Gains/ Deferred Inflow	Amor- tization Period	Beginning Balance		Losses/ Deferred Outflows (c)	Gains/ Deferred Inflows (d)	Amounts Recog in Pension Expense / Deferred Outflow (e)	Amounts Recog in Pension Expense / Deferred Inflow (f)	Ending Balance	
				Deferred Outflows (a)	Deferred Inflows (b)					Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
2019	\$ 321,797	\$ -	6.3	\$ -	\$ -	\$ 321,797	\$ -	\$ 51,079	\$ -	\$ 270,718	\$ -
2018	-	537,113	6.3	-	451,857	-	-	-	85,256	-	366,601
2017	-	30,197	6.5	-	20,905	-	-	-	4,646	-	16,259
2016	-	585,123	6.4	-	310,848	-	-	-	91,425	-	219,423
2015	-	261,810	6.2	-	92,902	-	-	-	42,227	-	50,675
Total				\$ -	\$ 876,512	\$ 321,797	\$ -			\$ 270,718	\$ 652,958

### Collective Deferred Outflows and Inflows for Differences from Assumption Changes

Year	Initial Balance of Losses/ Deferred Outflow	Initial Balance of Gains/ Deferred Inflow	Amor- tization Period	Beginning Balance		Losses/ Deferred Outflows (c)	Gains/ Deferred Inflows (d)	Amounts Recog in Pension Expense / Deferred Outflow (e)	Amounts Recog in Pension Expense / Deferred Inflow (f)	Ending Balance	
				Deferred Outflows (a)	Deferred Inflows (b)					Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
2018	\$ 176,775	\$ -	6.3	\$ 148,715	\$ -	\$ -	\$ -	\$ 28,060	\$ -	\$ 120,655	\$ -
2017	-	-	6.5	-	-	-	-	-	-	-	-
2016	1,399,593	-	6.4	743,535	-	-	-	218,686	-	524,849	-
Total				\$ 892,250	\$ -	\$ -	\$ -			\$ 645,504	\$ -

City of Muscle Shoals, Alabama  
 Required Supplementary Information  
 September 30, 2020



# DEFINED BENEFIT PLAN (NOTES TO REQUIRED SUPPLEMENTARY INFORMATION)

## Collective Deferred Outflows and Inflows (continued)

### Collective Deferred Outflows and Inflows for Differences in Investment Experience

Year	Initial Balance of Losses/ Deferred Outflow	Initial Balance of Gains/ Deferred Inflow	Amor- tization Period	Beginning Balance				Amounts Recog in Pension Expense / Deferred Outflow (e)	Amounts Recog in Pension Expense / Deferred Inflow (f)	Ending Balance	
				Deferred Outflows (a)	Deferred Inflows (b)	Losses/ Deferred Outflows (c)	Gains/ Deferred Inflows (d)			Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
2019	\$ 1,252,615	\$ -		\$ -	\$ -	\$ 1,252,615	\$ -	\$ 250,523	\$ -	\$ 1,002,092	\$ -
2018	-	346,229	5.0	-	276,983	-	-	-	69,246	-	207,737
2017	-	1,059,557	5.0	-	635,735	-	-	-	211,911	-	423,824
2016	-	422,855	5.0	-	169,142	-	-	-	84,571	-	84,571
2015	1,323,737	-	5.0	264,749	-	-	-	264,747	-	-	-
Total				\$ 264,749	\$ 1,081,860	\$ 1,252,615	\$ -		0	\$ 1,002,092	\$ 716,132
Net difference between projected and actual earnings on investments										\$ 285,960	\$ -

### Summary of Deferred Outflows and Inflows of Resources

Amorti- zation Year	Actual and Expected Difference					Assumption Changes		Investment Gains/Losses				Total
	2015	2016	2017	2018	2019	2016	2018	2016	2017	2018	2019	
2021	\$ (42,227)	\$ (91,425)	\$ (4,646)	\$ (85,256)	\$ 51,079	\$ 218,686	\$ 28,060	\$ (84,571)	\$ (211,911)	\$ (69,246)	\$ 250,523	\$ (40,934)
2022	(8,448)	(91,425)	(4,646)	(85,256)	51,079	218,686	28,060	-	(211,913)	(69,246)	250,523	77,414
2023	-	(36,573)	(4,646)	(85,256)	51,079	87,477	28,060	-	-	(69,245)	250,523	221,419
2024	-	-	(2,321)	(85,256)	51,079	-	28,060	-	-	-	250,523	242,085
2025	-	-	-	(25,577)	51,079	-	8,415	-	-	-	-	33,917
Thereafter	-	-	-	-	15,323	-	-	-	-	-	-	15,323
Total	\$ (50,675)	\$ (219,423)	\$ (16,259)	\$ (366,601)	\$ 270,718	\$ 524,849	\$ 120,655	\$ (84,571)	\$ (423,824)	\$ (207,737)	\$ 1,002,092	\$ 549,224



**The following information is regarding the Other Pensions and Benefits Obligations (OPEB) of the City and was determined as part of the actuarial valuation at September 30, 2020.**

*Schedule of Changes in Net OPEB Liability*

A 3-year schedule of changes in Net OPEB Liability and related ratios are shown in the following table. The Schedule of changes for the prior years may be obtained from the City's annual financial statements.

	Fiscal Years Ending September 30		
	2020	2019	2018
<b>Total OPEB Liability</b>			
Service Cost at end of year	\$ 542,664	\$ 406,689	\$ 449,805
Interest on the Total OPEB Liability	338,490	432,188	376,698
Changes of benefit terms	-	-	-
Difference between expected and actual experience	57,499	(616,399)	(9,871)
Changes of assumptions or other inputs	604,283	2,548,538	(660,973)
Benefit payments*	(400,354)	(418,091)	(270,205)
Net change in Total OPEB Liability	1,142,582	2,352,925	(114,546)
Total OPEB Liability – beginning	12,924,054	10,571,129	10,685,675
Total OPEB Liability – ending (a)	14,066,636	12,924,054	10,571,129
 Plan Fiduciary Net Position			
Contributions – employer**	\$ 400,354	\$ 418,091	\$ 270,205
Contributions – non-employer	-	-	-
Contributions – active member	-	-	-
Net investment income	22,504	27,586	19,199
Benefit payments*	(400,354)	(418,091)	(270,205)
Administrative expense	-	-	-
Other	-	-	-
Net change in Plan Fiduciary Net Postion	22,504	27,586	19,199
Plan Fiduciary Net Position – beginning	1,299,239	1,271,653	1,271,653
Plan Fiduciary Net Position – ending (b)	1,321,743	1,299,239	1,290,852
Net OPEB Liability –ending (a) – (b)	\$ 12,744,893	\$ 11,624,815	\$ 9,280,277

\* The benefit payments shown above include the implicit subsidy, if any, for the year. Net benefit payments paid outside the trust are also included.

\*\* Employer contributions include benefit payments and administrative expenses paid outside the Trust.



## Other Pensions and Benefits Obligations (OPEB) (continued)

### *Schedule of the Net OPEB Liability*

A 3-year schedule of the Net OPEB Liability and related ratios are shown in the following table. The Schedule of changes for the prior years may be obtained from the City's annual financial statements.

	Fiscal Years Ending September 30		
	2020	2019	2018
Total OPEB Liability (TOL)	\$ 14,066,636	\$ 12,924,054	\$ 10,571,129
Fiduciary Net Position (FNP)	1,321,743	1,299,239	1,271,653
Net OPEB Liability	<u>\$ 12,744,893</u>	<u>\$ 11,624,815</u>	<u>\$ 9,299,476</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	9.40%	10.05%	12.03%
Covered Payroll	\$ 6,408,913	\$ 6,408,913	\$ 6,569,295
Net OPEB Liability as a percentage of covered payroll	198.86%	181.39%	141.56%

### *Schedule of Employer Contributions*

	Fiscal Year Ending September 30		
	2020	2019	2018
Actuarially Determined Contribution	\$ 1,027,821	\$ 926,455	\$ 926,455
Contributions in relation to the Actuarially Determined Contribution	400,354	418,091	270,205
Annual contribution deficiency (excess)	627,467	508,364	656,250
Covered payroll*	\$ 6,408,913	\$ 6,408,913	\$ 6,569,295
Actual contributions as a percentage of covered payroll	6.25%	6.52%	4.11%

\*For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 For the Year Ended September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>BUDGETARY FUND BALANCE-BEGINNING</b>	\$ 11,337,773	\$ 11,337,773	\$ 11,337,773	\$ -
<b>RESOURCES (INFLOWS):</b>				
Local taxes	18,701,500	18,701,500	20,946,577	2,245,077
License, permits and fees	1,432,000	1,432,000	1,487,409	55,409
Charges for service	1,094,400	1,094,400	1,151,905	57,505
Joint Ventures	340,000	340,000	384,248	44,248
Intergovernmental revenue	178,036	251,995	176,872	(75,123)
Park and recreation	1,076,656	1,076,656	747,867	(328,789)
Investment earnings	75,000	75,000	103,346	28,346
Miscellaneous	150,540	208,716	151,442	(57,274)
<i>Total resources (inflows)</i>	<u>23,048,132</u>	<u>23,180,267</u>	<u>25,149,666</u>	<u>1,969,399</u>
<b>AMOUNTS AVAILABLE FOR APPROPRIATIONS</b>	<u>34,385,905</u>	<u>34,518,040</u>	<u>36,487,439</u>	<u>1,969,399</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,160,383	4,162,078	3,675,127	486,951
Public Safety	6,524,224	6,534,574	6,302,821	231,753
Public Works	2,642,734	2,647,487	2,582,539	64,948
Health and sanitation	1,692,933	1,735,713	1,798,943	(63,230)
Culture and recreation	2,693,653	2,693,654	2,460,976	232,678
Education	1,321,000	1,321,000	1,336,490	(15,490)
Miscellaneous	417,555	418,152	373,944	44,208
Debt Service:				
Principal	38,615	38,615	41,391	(2,776)
Interest and other charges	19,220	19,220	16,446	2,774
Capital Outlay	-	72,756	160,743	(87,987)
<i>Total Expenditures</i>	<u>19,510,317</u>	<u>19,643,249</u>	<u>18,749,420</u>	<u>893,829</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	260,000	260,000	270,827	10,827
Transfers out	(3,671,073)	(3,792,837)	(3,892,036)	(99,996)
Total other financing sources and uses	<u>(3,411,073)</u>	<u>(3,532,837)</u>	<u>(3,621,209)</u>	<u>(89,169)</u>
<b>TOTAL CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>	<u>22,921,390</u>	<u>23,176,086</u>	<u>22,370,629</u>	<u>804,660</u>
<b>BUDGETARY FUND BALANCE-ENDING</b>	<u>\$ 11,464,515</u>	<u>\$ 11,341,954</u>	<u>\$ 14,116,810</u>	<u>\$ 2,774,059</u>



#### 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 that 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 affect.

#### NOTE 2 - RECONCILIATION OF BUDGETED AND ACTUAL RESULTS

##### **Sources/inflows of resources**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 36,487,437
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	<u>(11,337,773)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ 25,149,664</u>

##### **Uses/outflows of resources**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	<u>\$ 22,370,627</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ 22,370,627</u>



## SUPPLEMENTARY INFORMATION

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>Local Taxes</b>				
Ad Valorem - Real Property	\$ 971,000	\$ 971,000	\$ 1,076,269	\$ 105,269
Ad Valorem - Personal Property	199,000	199,000	192,365	(6,635)
Sales Tax	14,400,000	14,400,000	16,009,298	1,609,298
Alcohol Beverage Tax	295,000	295,000	367,583	72,583
Tangible Personal Property Rentals	210,000	210,000	185,647	(24,353)
Lodging Tax	89,000	89,000	91,799	2,799
Tax Equivalent (Electric Board)	862,000	862,000	864,988	2,988
Gasoline (Local)	610,000	610,000	551,113	(58,887)
Tobacco Tax	138,000	138,000	124,426	(13,574)
TVA In Lieu Of Taxes	640,000	640,000	652,975	12,975
State Auto License	7,500	7,500	6,733	(767)
ABC Board	30,000	30,000	38,671	8,671
Financial Inst. Tax	250,000	250,000	784,710	534,710
	<u>18,701,500</u>	<u>18,701,500</u>	<u>20,946,577</u>	<u>2,245,077</u>
<b>License, Permits and Fees</b>				
Business License (City)	1,320,000	1,320,000	1,345,783	25,783
Building Permits	100,000	100,000	136,327	36,327
Mechanical Permits	12,000	12,000	5,298	(6,702)
	<u>1,432,000</u>	<u>1,432,000</u>	<u>1,487,408</u>	<u>55,408</u>
<b>Intergovernmental Revenues</b>				
Homeland Security Grant	-	46,870	46,666	(204)
NACOLG Traffic Grant	3,000	3,000	784	(2,216)
EMA Disaster Funds	175,036	202,125	129,422	(72,703)
	<u>178,036</u>	<u>251,995</u>	<u>176,872</u>	<u>(75,123)</u>

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES (continued)</b>				
<b>Charges for Services</b>				
Street Cutting	5,000	5,000	10,650	5,650
Gas Inspection Fees	3,000	3,000	2,684	(316)
Electric Inspection Fees	12,000	12,000	9,154	(2,846)
Plumbing Inspection Fees	7,000	7,000	5,240	(1,760)
Flood Hazard Improvement Fees	500	500	-	(500)
Stormwater Permits	300	300	-	(300)
Photo Copy Service	8,000	8,000	6,316	(1,684)
Fire Protection	-	-	1,000	1,000
Garbage Fees	1,033,000	1,033,000	1,090,127	57,127
Fire Training Center	22,000	22,000	23,134	1,134
Radio Operator Service	3,600	3,600	3,600	-
	<u>1,094,400</u>	<u>1,094,400</u>	<u>1,151,905</u>	<u>57,505</u>
<b>Joint Ventures</b>				
North Ala. Gas District	340,000	340,000	384,248	44,248
	<u>340,000</u>	<u>340,000</u>	<u>384,248</u>	<u>44,248</u>
<b>Park and Recreation</b>				
Cypress Lakes Facility Revenues				
Dues	268,210	268,210	212,446	(55,764)
Golf Concessions	75,000	75,000	52,788	(22,212)
Tennis Lessons	-	-	480	480
Room Rentals	30,000	30,000	1,761	(28,239)
Miscellaneous	-	-	105	105
Cart Rentals	15,000	15,000	15,252	252
Greens Fees	117,855	117,855	106,624	(11,231)
Merchandise	182,491	182,491	189,669	7,178
Golf Club Rental	60,000	60,000	61,603	1,603
Credit Card Receipts	500	500	140	(360)
Pool Receipts	5,000	5,000	5,110	110
Pool Concessions	10,000	10,000	7,665	(2,335)
Cash Over/Short (Cypress Lakes)	100	100	320	220
Tip Revenue	2,000	2,000	1,377	(623)

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES (continued)</b>				
<b><i>Park and Recreation</i></b>				
Other Recreation Revenues				
Gattman Splashpad				
Concessions	10,000	10,000	150	(9,850)
Batting Cage Revenue	3,000	3,000	145	(2,855)
Football	7,500	7,500	3,950	(3,550)
Flag Football Revenue	7,000	7,000	4,195	(2,805)
Airport Concessions	30,000	30,000	10,881	(19,119)
Webster Concessions	7,500	7,500	2,545	(4,955)
Karate	8,000	8,000	3,475	(4,525)
Pool Receipts	20,000	20,000	-	(20,000)
Pool Concessions	2,000	2,000	-	(2,000)
Youth Basketball Registration	50,000	50,000	14,451	(35,549)
Youth Soccer Registration	17,500	17,500	18,020	520
Youth Baseball Registration	7,500	7,500	3,825	(3,675)
Girls Softball Registration	17,000	17,000	2,574	(14,426)
Special Events Revenue	8,500	8,500	1,255	(7,245)
Adult Softball	20,000	20,000	8,020	(11,980)
Volleyball	1,000	1,000	-	(1,000)
Facilities Rental	35,000	35,000	10,507	(24,493)
Vending And Game Machines	1,500	1,500	482	(1,018)
Miscellaneous Revenues	2,500	2,500	428	(2,072)
Sportsplex Concessions	35,000	35,000	6,238	(28,762)
Tournament Revenues	20,000	20,000	900	(19,100)
<b><i>Total Park and Recreation Revenues</i></b>	<b><i>1,076,656</i></b>	<b><i>1,076,656</i></b>	<b><i>747,867</i></b>	<b><i>(328,789)</i></b>
<b>Investment Earnings</b>	<b>75,000</b>	<b>75,000</b>	<b>103,346</b>	<b>28,346</b>
<b>Library Revenues</b>				
State Aid	20,613	20,614	20,613	(1)
Fines	14,000	14,000	5,070	(8,930)
Miscellaneous Library Revenues	11,300	11,300	5,879	(5,421)
	<b>48,413</b>	<b>48,414</b>	<b>31,562</b>	<b>(16,852)</b>

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES (continued)</b>				
<b>Other Revenues</b>				
Lease Payments	13,258	13,258	13,030	(228)
Insurance Refund	13,650	13,650	13,652	2
Sale Of Street Material	15,000	15,000	1,989	(13,011)
Donations	500	900	3,290	2,390
Sale Of City Eqpt	3,919	54,949	59,119	4,170
Wal-Mart Foundation Grant	1,500	1,500	1,500	-
Occidental Chemical Grant	-	-	-	-
Muscle Shoals Utilities Board	36,500	36,500	-	(36,500)
Misc. Revenue	5,000	5,000	4,435	(565)
Transf From Area Agency On Aging	7,800	7,800	7,800	-
Colbert County Commission	-	6,745	10,065	3,320
	<u>102,127</u>	<u>160,302</u>	<u>119,880</u>	<u>(40,422)</u>
<i>Total Revenues</i>	<u>\$ 23,048,132</u>	<u>\$ 23,180,267</u>	<u>\$ 25,149,665</u>	<u>\$ 1,969,398</u>

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund (continued)  
 At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Mayor And City Council</b>				
Salaries - Regular	\$ 115,359	\$ 115,359	\$ 114,567	\$ 792
Retirement	9,625	9,625	9,586	39
Employee's Insurance	13,780	13,780	12,078	1,702
Workmen's Compensation	180	180	219	(39)
Consultant Services	-	-	-	-
Gas, Oil	3,000	3,000	1,044	1,956
Miscellaneous	2,800	2,800	963	1,837
Vehicle Repair	1,300	1,300	382	918
Advertising	27,000	27,000	22,646	4,354
Travel	35,000	35,000	29,780	5,220
Meals	500	500	158	342
Insurance - General	22,804	22,804	22,804	-
Dues	18,400	18,400	15,876	2,524
Special Events	-	-	-	-
Road Building	250,000	250,000	111,278	138,722
Total	499,748	499,748	341,381	158,367
<b>City Clerk</b>				
Salaries - Regular	532,544	532,544	512,543	20,001
Retirement	66,085	66,085	61,696	4,389
Employee's Insurance	165,182	165,182	149,130	16,052
Workmen's Compensation	4,311	4,311	2,447	1,864
Vacation Sold	13,000	17,200	17,137	63
Auditing Services	41,500	41,500	44,750	(3,250)
Consultant Services	42,000	42,000	34,523	7,477
Janitorial	7,000	7,000	4,217	2,783
Data Processing	76,000	76,000	55,139	20,861
Office Supplies	5,900	5,900	4,786	1,114
Gas, Oil	3,000	3,000	1,764	1,236
Tobacco Stamps	12,000	12,000	8,118	3,882
Miscellaneous	4,000	5,495	5,710	(215)
Buildings And Grounds	48,350	48,350	67,077	(18,727)
Vehicle Repair	2,000	2,000	2,303	(303)

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund (continued)  
 At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>City Clerk</b>				
Postage	12,000	12,000	11,906	94
Advertising	600	600	2,250	(1,650)
Recording Fees	100	100	(80)	180
Travel	12,000	7,800	2,877	4,923
Drug/Alcohol Testing	7,150	7,150	5,769	1,381
Meals	300	300	52	248
Employee Education And Training	5,000	5,000	767	4,233
Insurance - General	9,306	9,306	9,406	(100)
Photo Copy Exp	3,600	3,600	5,515	(1,915)
Printing, Books, Subscriptions	6,500	6,500	4,973	1,527
Dues	2,600	2,600	2,323	277
Trustee Fees	7,400	7,400	7,235	165
Total	1,109,428	1,110,923	1,042,857	68,066
<b>Civil Service Board</b>				
Salaries - Regular	18,000	18,000	17,700	300
Legal Services	1,000	1,000	-	1,000
Meals	500	500	195	305
Total	19,500	19,500	17,895	1,605
<b>Legal Services</b>				
Salaries - City Attorney	6,000	6,000	6,000	-
Legal Services	35,000	35,000	26,893	8,107
Total	41,000	41,000	32,893	8,107
<b>City Buildings</b>				
Workmen's Compensation	5,000	5,000	3,732	1,268
Lawn Maintenance	22,500	22,500	20,604	1,896
Buildings And Grounds	18,500	18,500	10,344	8,156
Utilities	180,000	180,000	128,646	51,354
Early Warning System	4,900	4,900	3,505	1,395
Paging Services	-	-	-	-
Insurance - General	46,182	46,182	46,182	-
Capital Outlay	-	-	-	-
Total	277,082	277,082	213,013	64,069

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund (continued)  
 At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Communications</b>				
Telephone	75,000	75,000	86,868	(11,868)
Radio	25,000	25,000	13,474	11,526
Total	100,000	100,000	100,342	(342)
<b>Payroll Tax Expense</b>				
FICA	623,690	623,690	592,920	30,770
Unemployment Insurance	4,000	4,000	5,827	(1,827)
Penalties	-	-	4,186	(4,186)
Total	627,690	627,690	602,933	24,757
<b>Police Dept.</b>				
Holiday Pay	79,531	79,531	74,168	5,363
Salaries - Regular	2,002,242	2,002,242	1,905,528	96,714
Salaries - Overtime	126,155	126,155	161,051	(34,896)
Retirement	248,454	248,454	255,093	(6,639)
Employee's Insurance	672,422	672,422	691,042	(18,620)
Workmen's Compensation	65,509	65,509	66,915	(1,406)
Vacation Sold	79,000	79,000	65,856	13,144
Janitorial	20,000	19,000	16,660	2,340
Data Processing	119,252	126,252	138,514	(12,262)
Office Supplies	13,000	13,000	12,230	770
Gas, Oil	78,200	76,200	56,062	20,138
Miscellaneous	6,500	10,500	16,779	(6,279)
Canine Expense	6,000	6,000	5,837	163
D.A.R.E. Program	4,000	4,101	4,054	47
Jail Expense	13,500	21,500	21,379	121
Buildings And Grounds	31,100	36,100	36,731	(631)
Vehicle Repair	40,600	35,600	24,786	10,814
Public Safety Equipment	53,919	40,919	37,260	3,659
Travel	18,000	10,000	8,663	1,337
Employee Education And Training	35,500	27,500	31,280	(3,780)
Insurance - General	57,199	76,199	76,141	58
Uniforms	53,500	53,500	53,757	(257)
Photo Copy Exp	5,500	5,500	4,770	730
Printing, Books, Subscriptions	4,373	4,373	4,246	127
Dues	2,200	2,099	1,689	410

(continued)



City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Police Dept.</b>				
Care of Prisoners	22,500	17,500	20,663	(3,163)
Police Tactical Team	17,000	21,000	19,725	1,275
Training Facility	2,800	2,800	208	2,592
Colbert Drug Task Force	10,000	10,000	10,000	-
Special Events	4,000	1,000	941	59
Salary & Benefit				
Reimbursement-Board Of Ed.	(101,858)	(101,858)	(66,066)	(35,792)
Total	3,790,098	3,792,098	3,755,962	36,136
<b>Municipal Court</b>				
Salaries - Regular	87,707	87,707	87,496	211
Retirement	11,507	11,507	11,479	28
Employee's Insurance	36,969	36,969	41,639	(4,670)
Workmen's Compensation	140	140	68	72
Vacation Sold	2,600	2,395	-	2,395
Municipal Judge	13,525	13,525	13,519	6
Data Processing	6,000	6,000	2,136	3,864
Office Supplies	7,500	7,500	1,107	6,393
Miscellaneous	500	500	202	298
Employee Education And Training				
Municipal Prosecutor	6,600	6,600	6,600	-
Employee Education And Training	-	205	203	2
Travel	-	-	-	-
Printing, Books, Subscriptions	2,500	2,500	1,387	1,113
Dues	200	200	-	200
Total	175,748	175,748	165,836	9,912
<b>Fire Dept.</b>				
Holiday Pay	63,496	63,496	58,932	4,564
Salaries - Regular	1,512,438	1,512,438	1,479,167	33,271
Salaries - Overtime	75,000	75,000	29,562	45,438
Retirement	191,266	191,266	188,300	2,966
Employee's Insurance	501,918	501,918	451,170	50,748
Workmen's Compensation	45,214	45,214	45,931	(717)
Vacation Sold	47,627	47,627	28,273	19,354
Janitorial	3,000	3,000	2,631	369
Data Processing	20,372	20,372	19,717	655

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Fire Dept.</b>				
Chemicals	3,000	3,000	2,055	945
Office Supplies	1,000	1,000	627	373
Gas, Oil	22,800	22,800	13,954	8,846
Medical Supplies	4,000	4,000	3,881	119
Small Tools	2,500	2,500	520	1,980
Miscellaneous	11,000	11,000	9,092	1,908
Fire Prevention Program	5,500	5,900	5,703	197
Buildings And Grounds	42,736	44,736	40,544	4,192
Vehicle Repair	32,000	32,000	26,415	5,585
Tire Repair	5,000	6,500	5,606	894
Machine & Equipment Repair	9,000	11,000	9,656	1,344
Public Safety Equipment	19,300	27,250	26,532	718
Travel	6,500	6,500	4,037	2,463
Employee Education And Training	12,000	12,000	9,605	2,395
Insurance - General	27,659	27,659	27,659	-
Uniforms	40,000	40,000	39,481	519
Printing, Books, Subscriptions	3,000	3,000	2,120	880
Dues	1,800	1,800	625	1,175
Training Facility	25,000	19,500	15,067	4,433
Capital Outlay	-	40,170	40,171	(1)
Total	2,734,126	2,782,646	2,587,033	195,613
<b>Street Dept.</b>				
Salaries - Regular	730,229	730,229	682,809	47,420
Salaries - Overtime	10,000	10,000	5,529	4,471
Retirement	91,072	91,072	84,530	6,542
Employee's Insurance	281,075	281,075	259,969	21,106
Workmen's Compensation	42,909	42,909	39,530	3,379
Vacation Sold	37,138	30,638	29,725	913
Data Processing	27,587	12,587	11,088	1,499
Chemicals	8,000	8,000	7,886	114
Office Supplies	1,000	1,750	1,609	141
Gas, Oil	45,000	45,000	30,541	14,459

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Street Dept.</b>				
Road Building	30,000	30,000	9,669	20,331
Street Materials Sold	15,000	15,000	3,773	11,227
Medical Supplies	200	200	14	186
Small Tools	10,000	12,000	12,334	(334)
Street Markers	15,000	17,414	20,119	(2,705)
Miscellaneous	2,000	2,750	4,972	(2,222)
Safety Supplies	7,500	7,500	4,217	3,283
Buildings And Grounds	27,000	17,000	14,992	2,008
Vehicle Repair	14,000	19,000	20,954	(1,954)
Tire Repair	14,000	14,000	6,559	7,441
Machine & Equipment Repair	10,000	15,000	15,255	(255)
Storm Drainage	56,000	50,500	72,728	(22,228)
Travel	1,000	2,250	1,888	362
Meals	750	750	-	750
Employee Education And Training	1,500	1,500	600	900
Insurance - General	44,759	44,759	44,956	(197)
Uniforms	6,150	6,150	3,583	2,567
Photo Copy Exp	300	300	129	171
Tree Services	20,000	20,000	18,015	1,985
Pedestrian Overpass	6,900	6,900	2,461	4,439
Sidewalk Repair	2,500	-	-	-
Capital Outlay	-	32,586	31,803	783
Total	1,558,569	1,568,819	1,442,237	126,582
<b>City Engineer</b>				
Engineering Services	350,000	350,000	327,837	22,163
Construction in Progress	-	-	43,111	(43,111)
Total	350,000	350,000	370,948	(20,948)

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund (continued)  
 At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Storm Drainage</b>				
Salaries - Regular	259,985	271,985	242,688	29,297
Salaries - Overtime	8,000	10,668	17,119	(6,451)
Retirement	27,387	27,387	28,154	(767)
Employee's Insurance	56,311	56,311	38,846	17,465
Workmen's Compensation	6,364	6,364	5,190	1,174
Vacation Sold	22,841	10,841	8,520	2,321
Janitorial	2,400	2,400	1,890	510
Data Processing	3,100	3,100	2,398	702
Chemicals	43,000	43,000	32,802	10,198
Gas, Oil	16,000	23,398	39,059	(15,661)
Small Tools	5,000	5,000	3,219	1,781
Miscellaneous	2,500	2,500	3,939	(1,439)
Vehicle Repair	5,750	5,750	4,655	1,095
Tire Repair	4,200	4,200	3,504	696
Machine & Equipment Repair	17,000	17,000	35,733	(18,733)
Retention Ponds	45,000	62,023	93,486	(31,463)
Utilities	40,000	40,000	52,296	(12,296)
Program/Review Fees	1,400	1,400	415	985
Travel	2,000	2,000	1,623	377
Meals	200	200	-	200
Employee Education And Training	850	850	500	350
Insurance - General	6,127	6,127	6,192	(65)
Levee Maintenance	7,000	7,000	6,000	1,000
Uniforms	1,750	1,750	2,270	(520)
Total	584,165	611,254	630,498	(19,244)
<b>Street Lighting</b>				
Utilities	500,000	500,000	541,606	(41,606)
Total	500,000	500,000	541,606	(41,606)
<b>Sanitation</b>				
Salaries - Regular	833,321	833,321	850,731	(17,410)
Salaries - Overtime	10,000	10,000	6,775	3,225
Retirement	100,528	100,528	102,726	(2,198)
Employee's Insurance	297,377	297,377	284,176	13,201

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Sanitation</b>				
Workmen's Compensation	53,723	53,723	61,693	(7,970)
Vacation Sold	12,000	13,500	13,913	(413)
Landfill Services	176,300	176,300	215,696	(39,396)
Chemicals	8,000	8,000	9,158	(1,158)
Office Supplies	1,000	1,000	899	101
Gas, Oil	45,000	51,000	57,126	(6,126)
Medical Supplies	200	200	14	186
Small Tools	1,500	1,500	569	931
Miscellaneous	2,000	2,000	2,667	(667)
Safety Supplies	5,000	5,000	5,329	(329)
Vehicle Repair	14,000	49,500	49,438	62
Tire Repair	12,000	16,500	20,076	(3,576)
Machine & Equipment Repair	14,000	9,000	10,603	(1,603)
Travel	750	-	-	-
Employee Education And Training	250	-	-	-
Garbage Containers	60,000	61,000	62,616	(1,616)
Insurance - General	35,667	35,667	35,667	-
Uniforms	7,392	7,392	6,104	1,288
Photo Copy Exp	300	300	69	231
Printing, Books, Subscriptions	2,400	2,680	2,677	3
Dues	225	225	223	2
Total	1,692,933	1,735,713	1,798,945	(63,232)
<b>Contractual Obligations</b>				
Colbert Animal Shelter	95,099	95,099	95,099	-
Colbert County Emergency Mgmt	11,832	11,832	11,832	-
M.S Airport Authority	9,375	9,375	9,375	-
Incentive Rebate	46,760	46,760	46,263	497
Hazard Mat. Team	2,500	2,500	2,500	-
Total	165,566	165,566	165,069	497

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Appropriations</b>				
Riverbend Mental Health	10,000	10,000	10,000	-
Colbert Health Dept	7,000	7,000	7,000	-
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	3,000	3,000	3,000	-
Hope Haven School	2,500	2,500	2,500	-
Colbert County Tourism Board	34,667	34,667	35,584	(917)
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	3,050	3,050	-	3,050
Cerebral Palsy Center	1,500	1,500	1,500	-
NACOLG Transit Program	1,500	1,500	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	-
Cramer Children's Center	1,000	1,000	1,000	-
Alabama Silver-Haired Legislatur	500	500	500	-
Colbert County DHR	1,000	1,000	-	1,000
Appropriations - Children's Hospi	-	-	-	-
Salvation Army	-	-	-	-
CASA	1,000	1,000	1,000	-
Shoals Scholar Dollars	1,000	1,000	1,000	-
Total	92,717	92,717	88,084	4,633
<b>Recreation - Administration Division</b>				
Salaries Part Time	177,450	177,450	124,126	53,324
Salaries - Regular	490,553	490,553	489,456	1,097
Salaries - Overtime	2,000	2,000	-	2,000

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Recreation - Administration Division</b>				
Retirement	70,811	70,811	68,527	2,284
Employee's Insurance	153,808	153,808	144,592	9,216
Workmen's Compensation	15,619	15,619	17,848	(2,229)
Vacation Sold	12,500	12,500	15,722	(3,222)
Consultant Services	10,000	10,000	-	10,000
Janitorial	4,000	4,000	3,892	108
Data Processing	3,000	3,000	2,080	920
Office Supplies	3,000	3,000	1,526	1,474
Medical Supplies	250	250	-	250
Miscellaneous	1,000	1,000	2,349	(1,349)
Buildings And Grounds	20,000	20,000	33,692	(13,692)
Machine & Equipment Repair	1,500	1,500	-	1,500
Utilities	150,000	150,000	134,775	15,225
Advertising	1,000	1,000	400	600
Travel	2,500	2,500	7	2,493
Meals	750	750	97	653
Employee Education And Training	1,000	1,000	200	800
Insurance - General	16,410	16,410	16,410	-
Photo Copy Exp	2,000	2,000	1,776	224
Printing, Books, Subscriptions	1,500	1,500	974	526
Dues	1,500	1,500	1,140	360
Transaction Fees	2,500	2,500	1,415	1,085
Special Events	5,000	5,000	947	4,053
Adaptive Program	5,000	5,000	2,465	2,535
Total	1,154,651	1,154,651	1,064,416	90,235
<b>Recreation - Maint. &amp; Grounds Division</b>				
Chemicals	6,000	6,000	4,256	1,744
Gas, Oil	20,000	20,000	10,779	9,221
Medical Supplies	250	250	-	250
Small Tools	2,000	2,000	2,229	(229)

(continued)



City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Recreation - Maint. &amp; Grounds Division</b>				
Buildings And Grounds	35,000	35,000	13,911	21,089
Vehicle Repair	10,000	10,000	8,084	1,916
Machine & Equipment Repair	9,000	9,000	12,273	(3,273)
Uniforms	4,000	4,000	3,544	456
Total	86,250	86,250	55,076	31,174
<b>Recreation - Swimming / Tennis Facilities</b>				
Salaries Part Time	14,000	14,000	-	14,000
Chemicals	3,000	3,000	930	2,070
Buildings And	15,000	15,000	14,770	230
Pool Concession	500	500	-	500
Tournament Expenses	500	500	-	500
	33,000	33,000	15,700	17,300
<b>Recreation - Athletic Division</b>				
Buildings And Grounds	75,000	75,000	52,441	22,559
Batting Cages	1,000	1,000	966	34
Splashpad Concessions	2,000	2,000	-	2,000
Football	10,000	10,000	2,565	7,435
Football Referees	2,500	2,500	-	2,500
Splashpad Expenses	5,000	5,000	7,148	(2,148)
Special Events	7,500	7,500	(200)	7,700
Youth Baseball Supplies	20,000	20,000	10,381	9,619
Baseball Umpires	20,000	20,000	120	19,880
Youth Basketball Supplies	7,500	7,500	9,427	(1,927)
Basketball Officials	15,000	15,000	14,610	390
Youth Soccer Supplies	3,500	3,500	2,109	1,391
Soccer Officials	2,000	2,000	2,310	(310)
Girls Softball Supplies	7,500	7,500	560	6,940
Softball Umpires	3,500	3,500	-	3,500
Volleyball	1,000	1,000	-	1,000
Gattman Concessions	30,000	30,000	12,896	17,104
Sportsplex Concessions	20,000	20,000	6,244	13,756
Tournament Expenses	5,000	5,000	-	5,000
Karate	7,000	7,000	2,659	4,341
(continued)				



City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Recreation - Athletic Division</b>				
Webster Concessions	5,000	5,000	1,323	3,677
Airport Concessions	20,000	20,000	4,072	15,928
Flag Football Supplies	5,000	5,000	2,850	2,150
Flag Football Officials	5,000	5,000	3,255	1,745
Total	280,000	280,000	135,736	144,264
<b>Golf Course Operations</b>				
Salaries Part Time	204,055	222,352	265,229	(42,877)
Salaries - Regular	253,781	253,781	254,148	(367)
Retirement	38,521	38,521	41,344	(2,823)
Employee's Insurance	64,328	64,328	68,884	(4,556)
Workmen's Compensation	6,589	6,589	8,247	(1,658)
Vacation Sold	5,850	5,850	4,590	1,260
Consultant Services	2,500	-	-	-
Janitorial	6,600	6,600	5,744	856
Data Processing	9,000	9,000	11,429	(2,429)
Chemicals	85,000	82,000	93,367	(11,367)
Office Supplies	1,800	1,800	662	1,138
Gas & Oil	22,000	20,000	15,804	4,196
Small Tools	5,500	5,500	2,202	3,298
Miscellaneous	6,000	6,000	5,879	121
Buildings And Grounds	90,000	85,000	75,382	9,618
Driving Range Equipment	7,000	7,000	6,970	30
Vehicle Repair	5,000	5,000	4,364	636
Machine & Equipment Repair	70,000	70,000	67,263	2,737
Utilities	80,000	80,000	82,336	(2,336)
Telephone	6,000	6,000	5,982	18
Advertising	4,000	4,000	2,499	1,501
Travel	1,200	1,200	716	484
Employee Education	500	500	55	445

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Golf Course Operations</b>				
Insurance - General	13,325	13,325	13,282	43
19th Hole Concessions Supplies	35,000	30,000	26,399	3,601
Uniforms	4,500	4,500	3,803	697
Photo Copy Exp	400	400	200	200
Printing, Books,	1,800	1,800	1,592	208
Dues	3,000	3,000	3,485	(485)
Contractual Services	55,004	55,004	55,039	(35)
Transaction Fees	9,500	9,500	9,385	115
Pro Shop	42,000	42,000	53,767	(11,767)
Total	1,139,753	1,140,550	1,190,048	(49,498)
<b>Senior Citizens</b>				
Salaries - Regular	66,925	55,925	55,453	472
Retirement	6,732	6,732	5,209	1,523
Employee's Insurance	14,032	14,032	655	13,377
Workmen's Compensation	1,755	1,755	1,534	221
Janitorial	2,100	2,100	1,307	793
Data Processing	2,600	2,600	2,399	201
Office Supplies	1,100	1,100	494	606
Gas, Oil	3,200	3,200	1,602	1,598
Miscellaneous	4,700	4,700	4,994	(294)
Buildings And Grounds	18,000	18,000	10,035	7,965
Vehicle Repair	1,000	1,000	256	744
Utilities	13,000	24,000	24,539	(539)
Travel	2,106	2,106	408	1,698
Insurance - General	1,472	1,472	1,872	(400)
Photo Copy Exp	1,000	1,000	655	345
Printing, Books, Subscriptions	700	700	273	427
Area On Aging	4,850	4,850	4,850	-
Art Instruction	1,200	1,200	100	1,100
Wellness Activities	7,500	7,500	2,725	4,775
Arts and Crafts	2,500	2,500	249	2,251
Ceramics	2,800	2,800	1,179	1,621
Total	159,272	159,272	120,788	38,484

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Libraries</b>				
Salaries Part Time	164,660	144,660	85,451	59,209
Salaries - Regular	192,305	192,305	192,205	100
Retirement	39,062	39,062	31,926	7,136
Employee's Insurance	66,141	66,141	65,437	704
Workmen's Compensation	9,219	9,219	8,451	768
Vacation Sold	5,000	5,000	703	4,297
Janitorial	7,000	7,000	3,386	3,614
Data Processing	34,000	34,000	23,668	10,332
Office Supplies	8,000	8,000	8,461	(461)
Gas, Oil	700	700	278	422
Miscellaneous	10,000	10,000	10,084	(84)
Buildings And Grounds	192,597	192,597	185,893	6,704
Vehicle Repair	2,000	2,000	44	1,956
Utilities	32,000	32,000	15,947	16,053
Postage	800	800	396	404
Travel	6,000	4,000	3,983	17
Employee Education And Training	3,000	3,000	575	2,425
Insurance - General	3,703	3,703	3,703	-
Children/Youth Programs	25,000	25,000	14,962	10,038
Videos	30,000	25,000	22,344	2,656
Photo Copy Exp	4,000	4,000	4,698	(698)
Printing, Books, Subscriptions	120,000	147,000	142,818	4,182
Capital Outlay	-	-	45,659	(45,659)
Total	955,187	955,187	871,072	84,115
<b>Special Events</b>				
Christmas Parade	5,000	5,000	4,725	275
Total	5,000	5,000	4,725	275
<b>Board Of Education</b>				
Educational Foundation	2,000	2,000	2,000	-
Education	1,319,000	1,319,000	1,334,490	(15,490)
Total	1,321,000	1,321,000	1,336,490	(15,490)

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund (continued)

At September 30, 2020



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal	38,615	38,615	41,391	(2,776)
Interest Expense	19,220	19,220	16,445	2,775
Total	57,835	57,835	57,836	(1)
<b>Total Expenditures</b>	<b>19,510,318</b>	<b>19,643,249</b>	<b>18,749,419</b>	<b>893,830</b>
Excess (deficiency of revenues over expenditures)	3,537,814	3,537,018	6,400,246	2,863,228
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Debt Service	-	-	-	-
Municipal Court Fund	220,000	220,000	235,827	15,827
Transfer from Defensive Driving	40,000	40,000	35,000	(5,000)
Total	260,000	260,000	270,827	10,827
Transfers out				
Debt Service	1,922,502	1,922,502	1,922,498	4
Half Cent Sales Tax	1,748,571	1,869,538	1,969,538	(100,000)
Total	3,671,073	3,792,040	3,892,036	(99,996)
Net Transfers (out)	(3,411,073)	(3,532,040)	(3,621,209)	(89,169)
<b>Excess Revenue (Expenditures) and other Funding Sources</b>	<b>\$ 126,741</b>	<b>\$ 4,978</b>	<b>\$ 2,779,037</b>	<b>\$ 2,774,059</b>

City of Muscle Shoals, Alabama  
Balance Sheet – Other Governmental Funds  
September 30, 2020

	Seven-cent Gasoline Excise tax	Four-cent Gasoline Excise Tax	Rebuild Alabama Fuel Tax
<b>ASSETS</b>			
Cash and cash equivalents	\$ 49,521	\$ 45,134	\$ 2,389
Accounts receivable, net	5,067	4,013	-
Receivable from other governments	-	-	5,755
Total assets	<u>54,588</u>	<u>49,147</u>	<u>8,144</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	-	-
Due to other funds	-	-	-
Other accrued liabilities	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted for:			
Debt service	-	-	-
Capital Projects	49,521	45,134	2,389
Unassigned:			
Unassigned	<u>5,067</u>	<u>4,013</u>	<u>5,755</u>
Total fund balances	<u>54,588</u>	<u>49,147</u>	<u>8,144</u>
Total liabilities and fund balances	<u>\$ 54,588</u>	<u>\$ 49,147</u>	<u>\$ 8,144</u>



M.S. Police Dept.	City Court Correction	CDBG	Municipal Court	Total Nonmajor Governmental Funds
\$ 2,106	\$ 146,120	\$ 21,212	\$ 154,149	\$ 420,631
-	-	-	-	9,080
-	-	-	883	6,638
<u>2,106</u>	<u>146,120</u>	<u>21,212</u>	<u>155,032</u>	<u>436,349</u>
-	-	-	-	-
-	-	-	17,232	17,232
-	-	-	2,853	2,853
<u>-</u>	<u>-</u>	<u>-</u>	<u>20,085</u>	<u>20,085</u>
-	-	-	-	-
-	-	-	-	97,044
<u>2,106</u>	<u>146,120</u>	<u>21,212</u>	<u>134,947</u>	<u>319,220</u>
<u>2,106</u>	<u>146,120</u>	<u>21,212</u>	<u>134,947</u>	<u>416,264</u>
<u>\$ 2,106</u>	<u>\$ 146,120</u>	<u>\$ 21,212</u>	<u>\$ 155,032</u>	<u>\$ 436,349</u>

City of Muscle Shoals, Alabama  
Statement of Revenues, Expenditures and Fund Balance  
Other Governmental Funds  
September 30, 2020

	Seven-cent Gasoline Excise tax	Four-cent Gasoline Excise Tax	Rebuild Alabama Fuel Tax
<b>REVENUES</b>			
Local taxes	\$ 56,382	\$ 44,380	\$ -
License, permits and fees	-	-	-
Joint Ventures	-	-	-
Intergovernmental revenue	-	-	64,786
Investment earnings	30	24	11
Miscellaneous	-	-	-
Total revenues	56,412	44,404	64,797
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Police	-	-	-
Street	83,889	-	56,654
Capital Outlay	-	-	-
Total expenditures	83,889	-	56,654
Excess (deficiency) of revenues over expenditures	(27,477)	44,404	8,144
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	(27,477)	44,404	8,144
Fund balances - beginning	82,065	4,743	-
Fund balances - ending	\$ 54,588	\$ 49,147	\$ 8,144



M.S. Police Dept.	City Court Correction	CDBG	Municipal Court	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 100,762
-	62,009	-	394,749	456,758
-	-	-	-	-
-	-	25,000	-	89,786
4	188	-	226	483
1,449	-	17	-	1,466
<u>1,453</u>	<u>62,197</u>	<u>25,017</u>	<u>394,975</u>	<u>649,255</u>
-	35,811	-	141,182	176,993
2,715	2,594	-	-	5,309
-	-	-	-	140,543
-	-	20,529	-	20,529
<u>2,715</u>	<u>38,405</u>	<u>20,529</u>	<u>141,182</u>	<u>343,374</u>
<u>(1,262)</u>	<u>23,792</u>	<u>4,488</u>	<u>253,793</u>	<u>305,881</u>
-	-	10,000	-	10,000
-	-	-	(270,827)	(270,827)
-	-	10,000	(270,827)	(260,827)
(1,262)	23,792	14,488	(17,034)	45,056
3,368	122,328	6,724	151,981	371,209
<u>\$ 2,106</u>	<u>\$ 146,120</u>	<u>\$ 21,212</u>	<u>134,947</u>	<u>\$ 416,265</u>