

CITY OF MUSCLE SHOALS, ALABAMA  
AUDITED FINANCIAL STATEMENTS  
For the year ended September 30, 2021



CITY OF MUSCLE SHOALS, ALABAMA  
FINANCIAL STATEMENTS  
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SEPTEMBER 30, 2021

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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2021, 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, 2021, 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  
July 28, 2022



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, 2021. 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.



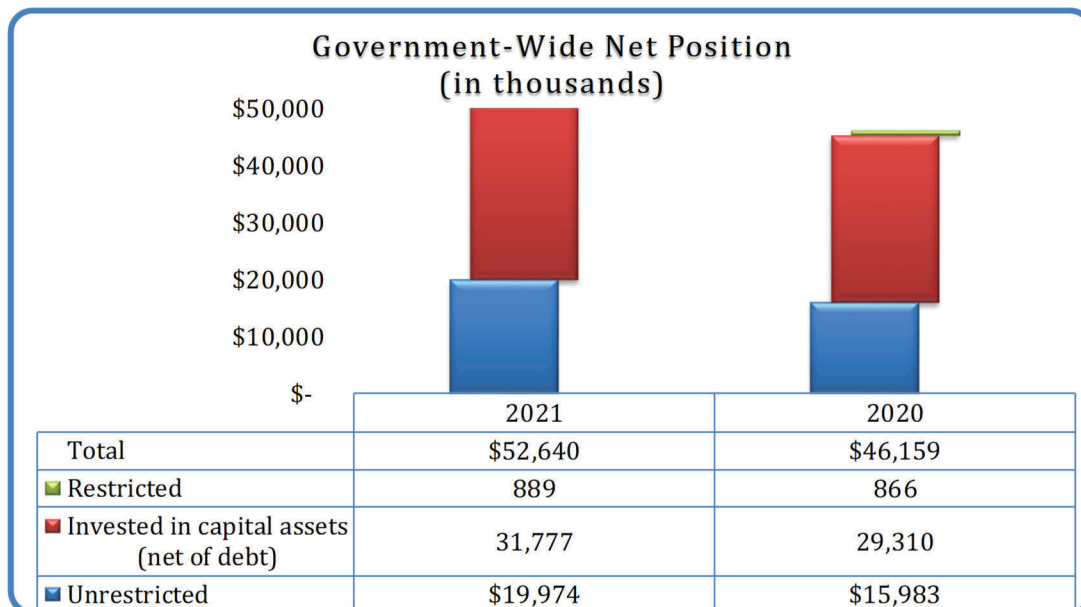


The City's net position increased by \$ 4.79 million, from \$ 46.16 million to \$ 50.95 million. Table 1 below summarizes net assets at September 30, 2021, and September 30, 2020, respectively.

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

Total Primary Government Activities

	As of September 30,	
	2021	2020
Current and other assets	\$ 46,797	\$ 39,456
Capital assets	48,527	48,195
Total assets	95,325	87,651
Deferred outflows	5,224	4,601
Total assets and deferred outflows	100,549	92,252
Long-term debt outstanding	377	157
Other liabilities	44,658	44,407
Total liabilities	45,035	44,564
Deferred Inflows	2,873	1,529
Total liabilities and deferred inflows	\$ 47,908	\$ 46,093
Net Position		
Invested in capital assets (net of debt)	31,777	29,310
Restricted	889	866
Unrestricted	19,974	15,983
Total net position	\$ 52,640	\$ 46,159





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

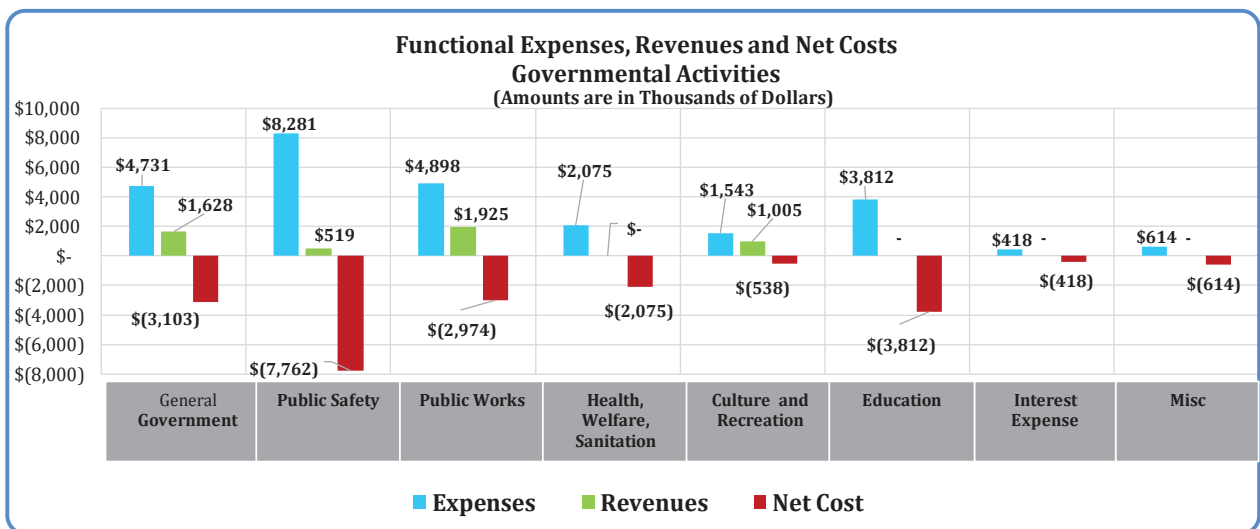
Total Primary Government Activities

	For the fiscal year ended	
	2021	2020
<b>Program revenues</b>		
Fees, fines and charges for services	\$ 4,507	\$ 3,844
Grants and contributions	1,925	370
<b>General revenues</b>		
Sales taxes	17,133	16,009
Advalorem taxes	1,308	1,269
Other taxes and payments in lieu of taxes	4,040	3,769
Miscellaneous	1,831	362
Joint Venture	2,080	1,449
Investment Earnings	31	106
Total revenues	32,855	27,178
<b>Program expenses</b>		
General government	4,731	4,310
Public safety	8,281	7,152
Public works	4,898	4,949
Health, welfare and sanitation	2,075	1,893
Education	3,812	2,923
Culture and recreation	1,543	1,536
Miscellaneous	614	571
Interest on long-term debt	418	294
Total expenses	26,372	23,628
Increase in net position from operations	\$ 6,482	\$ 3,550



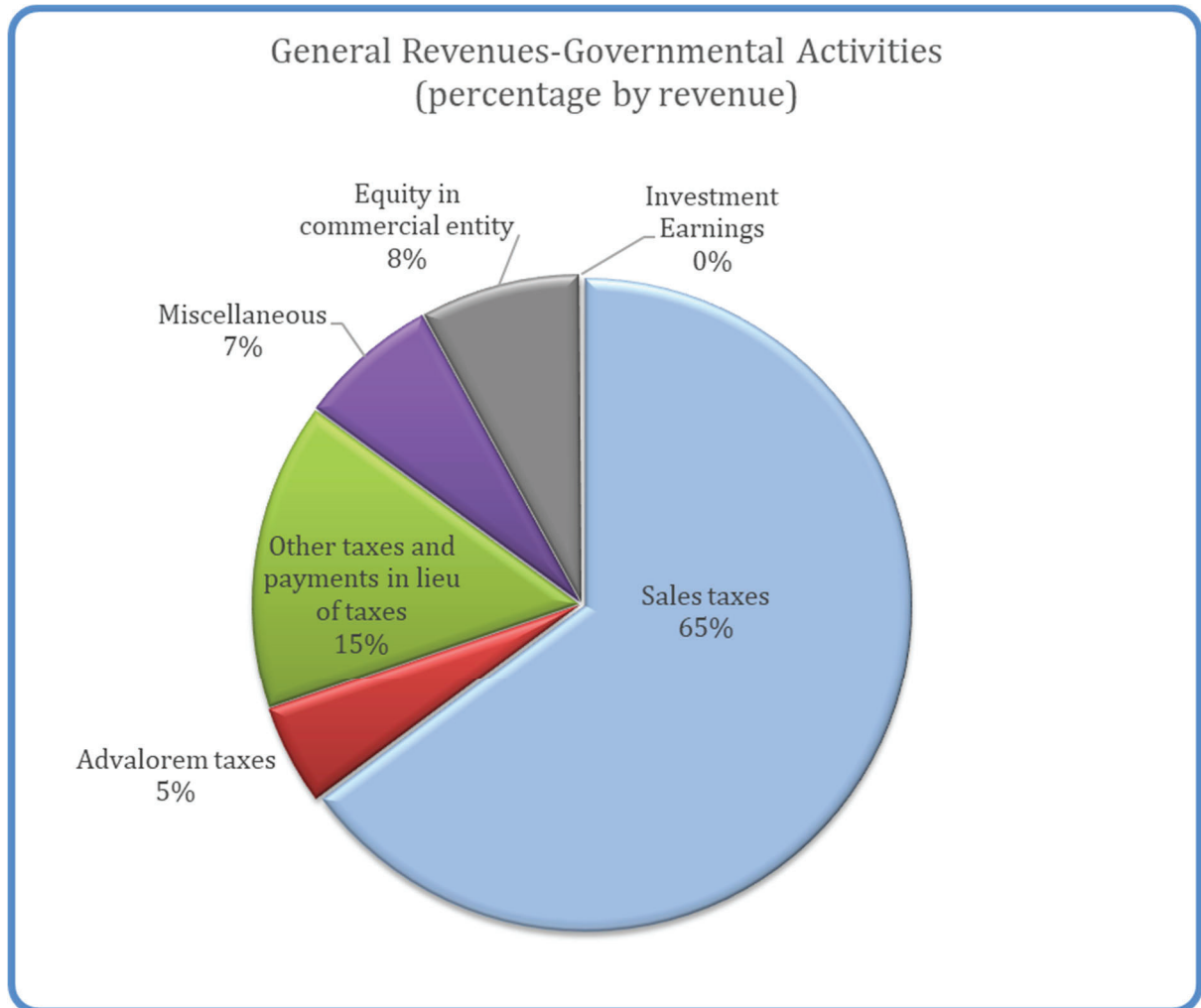
## Governmental Activities

The cost of all government activities this year was \$ 26.37 million. However, as shown on the Statement of Activities on page 18, the cost ultimately financed by our taxpayers for these activities was \$ 21.30 million. Program revenues in the form of user fees, charges for services and grants by other governments subsidized certain programs. These revenues amounted to \$ 5.077 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 \$ 4,833 thousand (39%) since fiscal year 2016 (5 years), while all other tax revenue has increased by \$ 900 thousand (29%) over the same time frame. Sales tax revenue increased by \$ 1,124 thousand (7.02%) from fiscal 2020 to 2021.

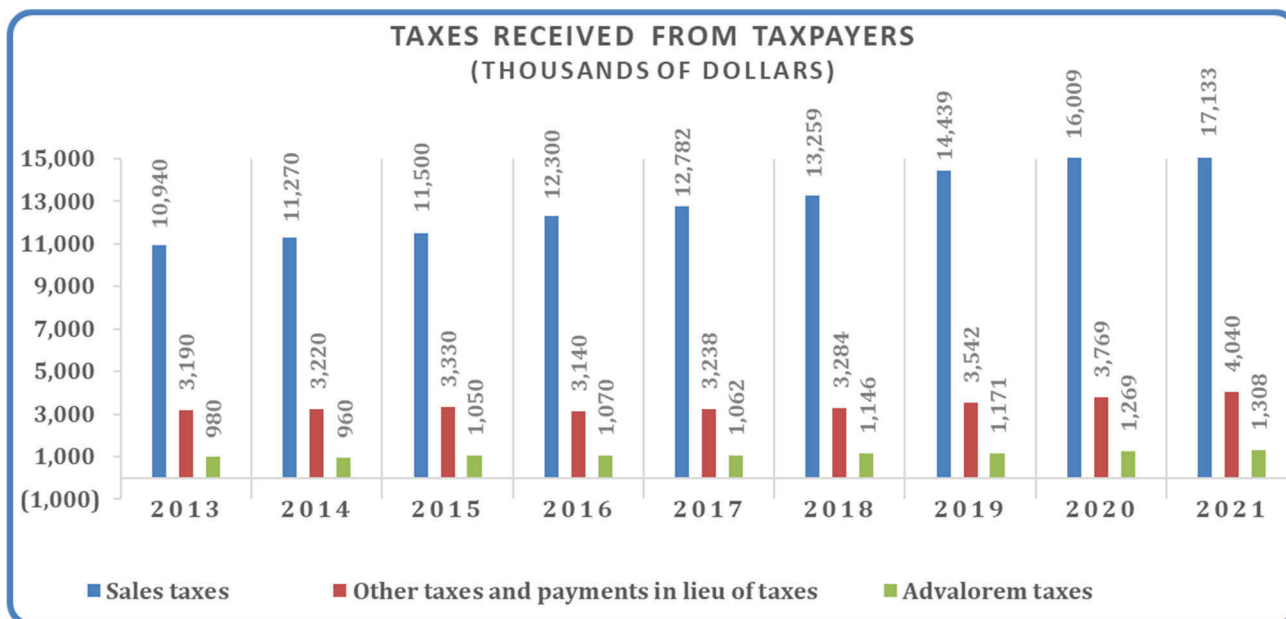
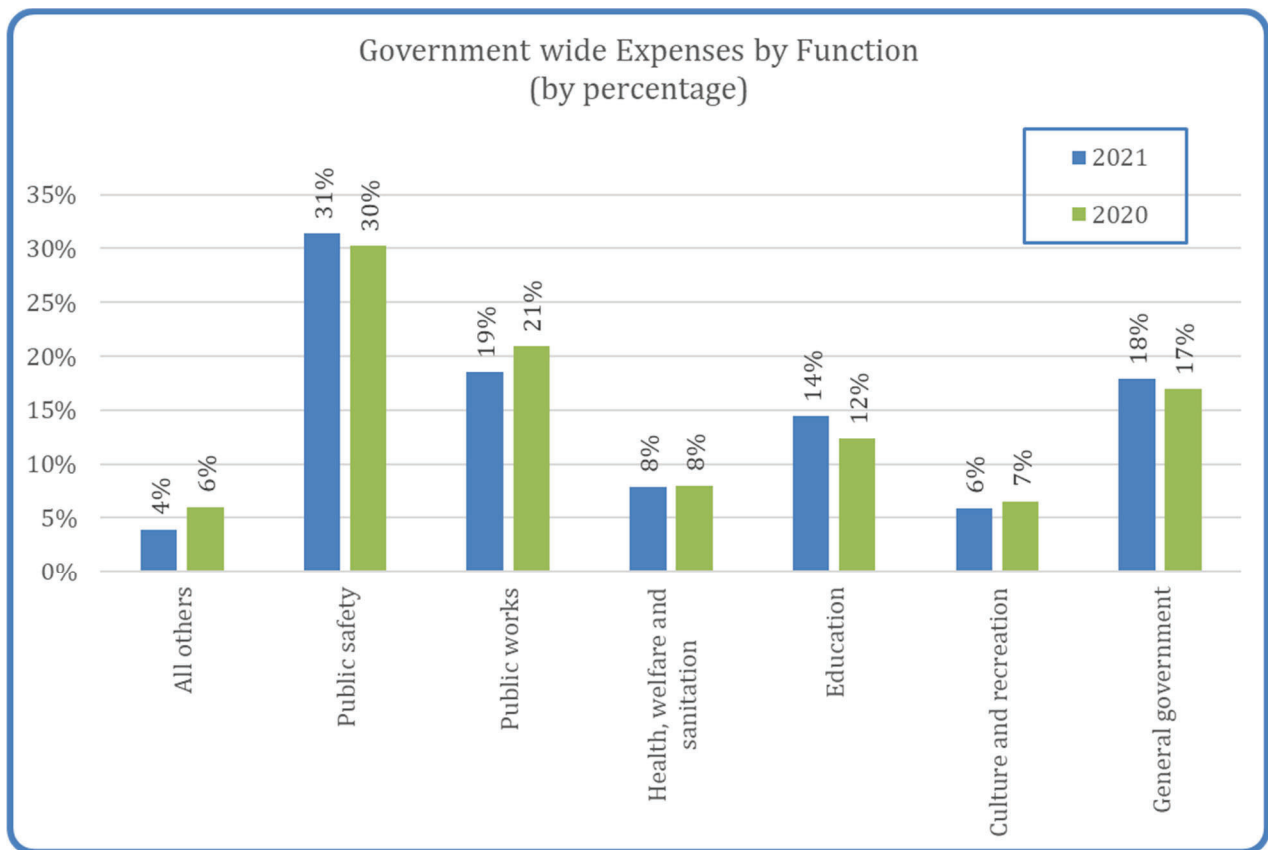


Table 3 presents the cost of each of the City's programs for the fiscal years ended September 30, 2021, and September 30, 2020, respectively.

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

Total Primary Government Activities

	September 30,	
	2021	2020
General government	\$ 4,731	\$ 4,310
Public safety	8,281	7,152
Public works	4,898	4,949
Health, welfare and sanitation	2,075	1,893
Education	3,812	2,923
Culture and recreation	1,543	1,536
All others	1,032	865
<b>Totals</b>	<b>\$ 26,372</b>	<b>\$ 23,628</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 \$21.40 million, which increased from last year's total of \$15.94 million. The general fund balance increased by \$ 3.86 million from \$ 14.12 million to \$ 17.98 million.

### General Fund Budgetary Highlights

The 2020-2021 budget was approved, and was later amended on September 2, 2021, 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 \$2.06 million represented 9.88% of general fund expenditures and were 11.67% less 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 2021, the City had \$48.53 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,	
	2021	2020
<b>Non-depreciable</b>		
Land	\$ 7,521	\$ 7,521
Art	79	79
Construction in progress	99	1,268
<b>Depreciable</b>		
Buildings	17,615	17,615
Infrastructure	33,023	29,639
Improvements	13,669	13,669
Equipment	16,786	16,422
Totals	88,791	86,213
Less: Accumulated depreciation	(40,263)	(37,983)
Capital assets-net	\$48,528	\$ 48,230

Several Infrastructure projects were undertaken during the 2020-2021 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.



## CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

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

1. 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 \$435,594.
2. Preliminary work started on the storm water infrastructure project at Southgate Mall. The total cost of this project will be an estimated \$2,034,012 with a financial assistance award from the state in the amount of \$1,627,210.
3. 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 \$ 16.75 million in general obligation warrants outstanding versus \$18.88 million last year, a decrease of \$ 2.135 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, 2021 (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 \$ 54.43.0 million (20% of \$272.2 million).

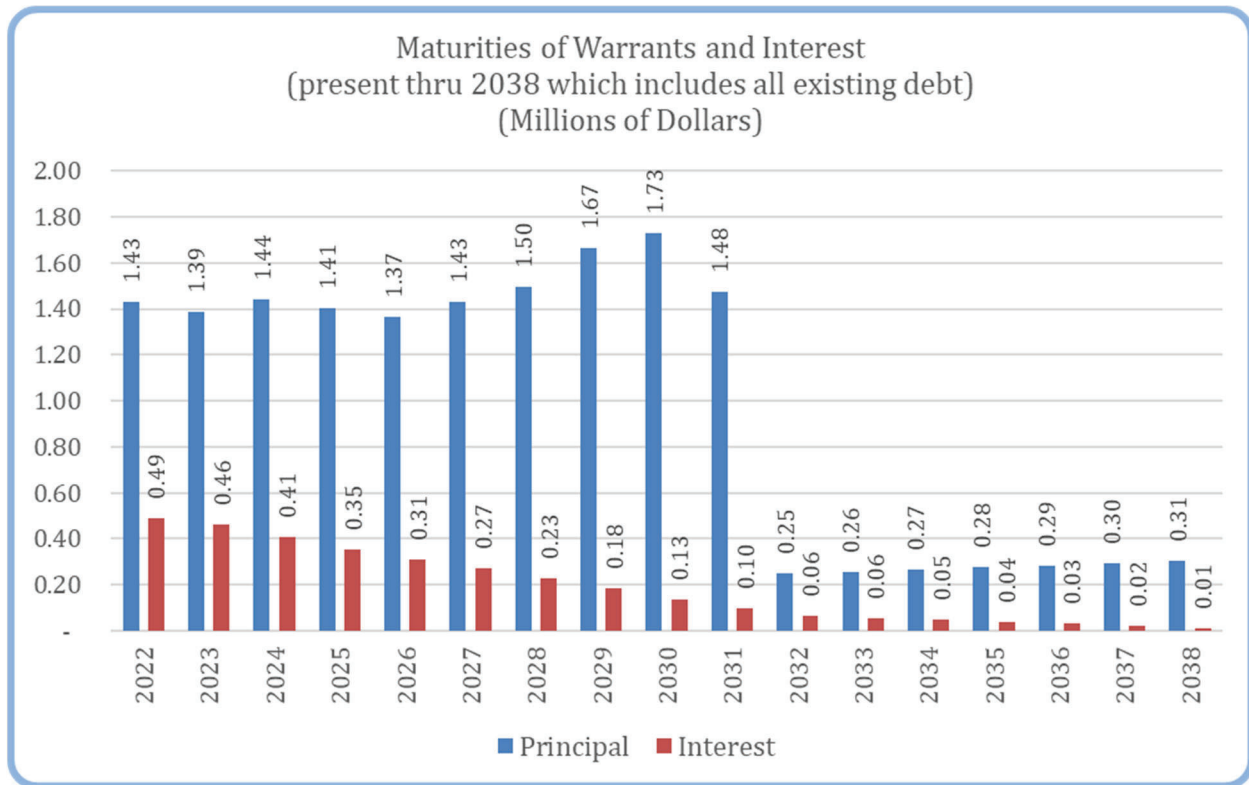
<u>Tax Year</u>	<u>Assessed Value</u>
2013	\$ 179,407,660
2014	\$ 193,265,420
2015	\$ 188,432,920
2016	\$ 203,902,180
2017	\$ 212,104,880
2018	\$ 218,110,220
2019	\$ 228,768,040
2020	\$ 240,243,995
2021	\$ 272,166,440





## Debt (continued)

All debt currently outstanding at September 30, 2021, will mature by fiscal 2038.



## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- **North American Lighting** celebrated their newest expansion on April 29, 2022., in Muscle Shoals, Ala. The Shoals Economic Development Authority and the Shoals Chamber of Commerce were present, along with the Mayor of Muscle Shoals and several executives from NAL's corporate headquarters.

North American Lighting Inc. (NAL), a division of Koito Manufacturing Co., is the largest manufacturing employer in The Shoals. In 2005, NAL announced a new 200,000 sq. ft. manufacturing facility in Muscle Shoals, Alabama, committing an investment of \$22 million and creating 320 jobs. In 2010, the company announced an investment of an additional \$10.2 million in the Alabama facility adding 96 new jobs.



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

NAL's success in Alabama continued as the company announced multiple expansions at their Shoals facility investing \$35 million and creating 250 new jobs in 2011 and \$36 million and 275 jobs in 2013. Just a decade after NAL's original announcement in Muscle Shoals, they had tripled their footprint to 600,000 sq. ft. becoming the largest manufacturing employer in The Shoals.

In 2019, The Shoals EDA began discussions with NAL about additional expansions to support NAL's growing business. Quickly, NAL chose The Shoals as the location of their new 150,000 sq. ft. warehouse investing another \$8 million in the area. NAL quickly filled the new warehouse and just a year later committed to doubling the size of the warehouse investing another \$30 million and adding 100 jobs.

To date, NAL has invested over \$265 million and created more than 1,400 jobs in The Shoals. They are currently hiring and information can be found here: NAL Careers: <https://jobs.nal.com/search/>

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 4th of 2019, the program began with the goal of attracting 10 individuals to the Shoals.

This calendar year has been quite busy with interviews, offers, and visits. In fact, about 215+ virtual interviews and offer calls have been completed just since the beginning of the year and numerous community tours have been conducted for remote workers considering making the move. This year has been a tremendous success as 29 new remote workers have relocated to The Shoals bringing with them almost \$3 million in new payroll to the area and adding a total of 59 new residents. Remote Shoals continues its success, bringing program totals to \$630,000 of incentives committed for the recruitment of 77 remote workers. These 77 remote workers bring with them over \$7.5 million in annual payroll. That's an average wage of almost \$100,000. The Shoals has gained 159 new residents that have purchased 44 new homes investing almost \$11.5 million dollars in the community and are spending over \$325,000 annually in rent.

- **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.



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

- 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 partial 2022 fiscal year that will concluded on Sept. 30, the funds were dedicated to 11 local companies toward hirings that amounted to 64 jobs, at an average pay of \$16.01 per hour. 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 \$2.86 million.
- Danmark Communications approached the Shoals Economic Development Authority with a request to purchase property within the Rogersville Business Park. Danmark is quickly outgrowing their current location and is seeking a site to consolidate their office and warehouse locations. A 2.37-acre tract within the Rogersville Business Park was proposed as a suitable site for Danmark's new facility. The completed building will house Danmark's office as well warehouse, which is currently located elsewhere. The investment for this construction is estimated at \$400,000. In addition to the capital investment, Danmark anticipates the hiring of 3 to 4 additional staff members to their currently employment of 27. In 2021 Danmark had an annual payroll of \$1.2 million.

Unemployment in the Florence-Muscle Shoals Metropolitan statistical area saw a significant decrease in unemployment as the effects of the Covid 19 pandemic started to lessen. The pre-pandemic unemployment rate in January 2020 was 3.6% and peaked in April of 2020 at 14.6%. Unemployment rates began a steady decline, and by January 2021 unemployment was near pre-pandemic rate of 4%. In September 2021 unemployment fell to a rate of 3.0%.

The Mayor and City Council approved a conservative 2021-2022 General Fund budget. Total anticipated revenues and other financing resources are projected at \$26.31 million, an increase from the 2019-2020 budgeted revenues and other financing resources of \$24.14 million. Budgeted expenditures and other uses of funds are expected to increase to \$24.14 million from \$24.13 million in the prior year. No new programs have been added to the 2020-2021 budget. This budget included a onetime raise for full-time personnel. The budget also included two new full-time positions and two new part-time positions.

### **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 Finance office at the City of Muscle Shoals, P.O. Box 2624, Muscle Shoals, AL 35662. Telephone (256) 383-5675 or e-mail at [bwalker@cityofmuscleshoals.com](mailto:bwalker@cityofmuscleshoals.com).

City of Muscle Shoals, Alabama  
Statement of Net Position  
September 30, 2021

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	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 19,584,413
Account receivables, net	65,164
Receivable-component units	-
Due from other governments	1,991,440
Inventories	42,173
Reserved and restricted assets	
Capital Assets:	
Non-depreciable	7,698,499
Other capital assets, net of depreciation	40,828,946
Equity interest in joint venture	24,553,427
Other receivables	102,111
Receivable-commercial entity	458,562
Total assets	<u>95,324,735</u>
Deferred outflows of resources	
Proportionate share of Collective Deferred Outflows	
Net Pension Liability	3,084,521
OPEB Liability	<u>2,139,303</u>
	<u>5,223,824</u>

(continued)



	Governmental Activities
<hr/>	
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued expenses	387,019
Bonds payable	1,430,000
Accrued interest	89,903
Compensated absences	
Due in more than one year:	
Net OPEB liability	13,344,776
Bonds payable	15,320,000
Compensated absences	1,115,749
Net pension liability	12,889,044
Bonds payable-commercial	458,562
	<hr/>
Total liabilities	45,035,053
	<hr/>
Deferred Inflows of resources	
Proportionate share of Collective Deferred Inflows Related to:	
Net Pension Liability	429,404
Net OPEB Liability	2,443,834
	<hr/>
	2,873,238
	<hr/>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	31,777,445
Restricted or Committed for:	
Capital projects	847,635
Other purposes	40,962
Unrestricted	19,974,226
	<hr/>
<i>Total net position</i>	\$ 52,640,268
	<hr/>

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

City of Muscle Shoals, Alabama  
Statement of Activities  
September 30, 2021



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	\$ 4,731,168	\$ 1,628,025	\$ -	\$ -	\$ (3,103,143)
Public safety	8,280,548	518,629	-	-	(7,761,919)
Public works	4,898,189	-	-	1,924,542	(2,973,647)
Health, welfare and sanitation	2,075,265	1,354,796	-	-	(720,469)
Culture and recreation	3,811,914	1,005,318	-	-	(2,806,596)
Education	1,543,444	-	-	-	(1,543,444)
Interest on long-term debt	614,165	-	-	-	(614,165)
Miscellaneous	417,754	-	-	-	(417,754)
Total governmental activities	26,372,448	4,506,768	-	1,924,542	\$ (19,941,138)

(continued)

	Net (Expense) Revenue and Changes in Net Assets
	Primary Governmental Activities
<b>General revenues:</b>	
Taxes:	
Sales taxes	17,133,047
Advalorem	1,307,995
Gasoline	692,512
Alcohol	466,672
Tobacco	142,663
Lodging	125,533
Financial institution	851,806
Other taxes	222,594
Total taxes	20,942,822
Payments in lieu of taxes	1,538,450
Net Premium (discount) on bond issuance	931,983
Unrestricted investment earnings	30,501
Joint Venture (commercial entity)	
Distributions	389,509
Increase in equity	1,690,899
Transfers Out - Utilities	(33,504)
Miscellaneous	932,041
Total general revenues, special items, and transfers	26,422,701
Change in net position	6,481,563
Net position - beginning (as corrected)	46,158,705
<i>Net position - ending</i>	<i>\$ 52,640,268</i>

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

City of Muscle Shoals, Alabama  
Balance Sheet  
Governmental Funds  
September 30, 2021

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	General Fund	Half-Cent Sales Tax
<b>ASSETS</b>		
Cash and cash equivalents	16,169,472	1,533,056
Accounts receivable,net	21,340	34,244
Due from other funds	62,713	-
Receivable from other governments	1,941,120	-
Other receivables	102,111	-
Inventories	42,173	-
<i>Total assets</i>	<u>18,338,929</u>	<u>1,567,300</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	28,516	-
Due to other funds	-	-
Due to component units	-	-
Other accrued liabilities	331,848	-
Total liabilities	<u>360,364</u>	<u>-</u>
Fund balances:		
Nonspendable:		
Inventories	42,173	-
Restricted for:		
Capital Projects	-	-
Unassigned:	17,936,392	1,567,300
Total fund balance	<u>17,978,565</u>	<u>1,567,300</u>
<i>Total liabilities and fund balance</i>	<u>\$ 18,338,929</u>	<u>\$ 1,567,300</u>





2018 Warrant Sinking	Debt Service	Special Trust	Other Governmental Funds	Total Governmental Funds
\$ 572,574	\$ -	\$ 158,594	\$ 1,150,717	\$ 19,584,413
-	-	-	9,580	65,164
-	-	-	-	62,713
-	-	-	9,193	1,950,313
-	-	-	-	102,111
-	-	-	-	42,173
<u>572,574</u>	<u>-</u>	<u>158,594</u>	<u>1,169,490</u>	<u>21,806,887</u>
-	-	16,583	-	45,099
-	-	-	21,586	21,586
-	-	-	9,735	9,735
-	-	-	337	332,185
<u>-</u>	<u>-</u>	<u>16,583</u>	<u>31,658</u>	<u>408,605</u>
-	-	-	-	42,173
572,574	-	142,011	133,050	847,635
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,004,782</u>	<u>20,508,474</u>
<u>572,574</u>	<u>-</u>	<u>142,011</u>	<u>1,137,832</u>	<u>21,398,282</u>
<u>\$ 572,574</u>	<u>\$ -</u>	<u>\$ 158,594</u>	<u>\$ 1,169,490</u>	<u>\$ 21,806,887</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, 2021



Total fund balance, governmental funds	\$ 21,398,282
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.	48,527,445
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:	
Equity interest in joint venture	24,553,427
Deferred Outflows	
Pension Plan	3,084,521
Other Post Employment Benefits	2,139,303
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	(16,750,000)
Accrued interest	(89,903)
Deferred inflows	
Pension Plan	(429,404)
Other Post Employment Benefits	(2,443,833)
Compensated absences	(1,115,749)
Net OPEB Liability	(13,344,776)
Defined benefit obligation	(12,889,044)
<i>Net Position of Governmental Activities in the Statement of Net Position</i>	<i>\$ 52,640,268</i>

*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, 2021



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	\$ 22,369,857	\$ -	\$ -	\$ -	\$ -	\$ 104,737	\$ 22,474,594
License, permits and fees	1,628,025	-	-	-	-	518,628	2,146,653
Charges for service	1,354,796	-	-	-	-	-	1,354,796
Joint Ventures	389,248	-	-	-	-	261	389,509
Intergovernmental revenue	1,346,581	488,016	-	-	-	89,946	1,924,543
Park and recreation	1,005,318	-	-	-	-	-	1,005,318
Investment earnings	28,319	386	746	156	95	799	30,501
Miscellaneous	113,121	0	-	-	135,591	683,329	932,041
Total revenues	28,235,265	488,402	746	156	135,686	1,397,700	30,257,955
<b>EXPENDITURES</b>							
Current:							
General government	3,642,957	-	-	-	-	199,764	3,842,721
Police	4,049,670	-	-	-	-	30,462	4,080,132
Fire	2,648,462	-	-	-	-	-	2,648,462
Street	2,004,809	10,709	-	-	12,960	155,794	2,184,272
Storm and Sewer	567,026	271,090	-	-	-	-	838,116
Health and sanitation	1,758,633	-	-	-	9,432	-	1,768,065
Culture and recreation	2,768,077	154,726	-	-	8,000	-	2,930,803
Appropriations	108,999	-	-	-	-	-	108,999
Education	1,343,444	200,000	-	-	-	-	1,543,444
Miscellaneous	308,755	-	-	-	-	-	308,755

(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	41,661	-	-	-	-	-	41,661
Interest and other charges	16,574	-	-	605,666	-	-	622,240
Capital Outlay	1,574,434	948,911	113,853	-	5,900	-	2,643,098
Total expenditures	20,833,502	1,585,436	113,853	605,666	36,292	386,020	23,560,769
Excess (deficiency) of revenues over expenditures	7,401,763	(1,097,034)	(113,107)	(605,510)	99,394	1,011,680	6,697,186
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer to Utilities Board	(33,504)	-	-	-	-	-	(33,504)
Proceeds from Bond Issuance				11,990,000			11,990,000
Premium on Issuance of Bonds				1,139,514			1,139,514
Transfers in	268,997	1,988,086	-	1,808,629	-	-	4,065,712
Retirement of Bonds				(14,125,000)			(14,125,000)
Debt Issuance Costs				(207,531)			(207,531)
Transfers out	(3,775,500)	-	-	(102)	-	(290,110)	(4,065,712)
Total other financing sources and uses	(3,540,007)	1,988,086	-	605,510	-	(290,110)	(1,236,521)
Net change in fund balances	3,861,756	891,052	(113,107)	-	99,394	721,570	5,460,665
Fund balances - beginning	14,116,809	676,248	685,681	-	42,617	416,263	15,937,617
Fund balances - ending	\$ 17,978,565	\$ 1,567,300	\$ 572,574	\$ -	\$ 142,011	\$ 1,137,833	\$ 21,398,282

*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, 2021



Net change in fund balances - total governmental funds:	\$ 5,460,665
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) \$2,478,717 were exceeded by depreciation \$2,053,745 in the current period.	424,972
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.	2,135,000
Pension and other postemployment benefit obligation amounts not reported in the funds:	
Increase in Net pension obligation	(1,924,117)
Increase in OPEB Liability	(599,883)
Decrease in Deferred inflows related to pensions	223,554
Increase in Deferred outflows related to pensions	1,003,354
Decrease in Deferred inflows related to OPEB	(1,567,911)
Increase in Deferred outflows related to OPEB	(380,918)
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.	8,075
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	1,690,899
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:	
Decrease in compensated absences	7,873
<i>Change in net position of governmental activities</i>	<u>\$ 6,481,563</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, 2021.

### 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)

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, proprietary 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, 2021, 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, 2021, the City's cash was protected as follows:

Amount Covered by FDIC Insurance	\$ 250,000
Amount Collateralized (through the SAFE Act)	<u>18,967,624</u>
Total cash balances	<u>\$ 19,217,624</u>

5. RECEIVABLES

The City's general fund receivables from other governments consisted of the following at September 30, 2021:

Due from State of Alabama (Sales Tax)	\$ 1,441,180
Other	<u>550,260</u>
Total	<u>\$ 1,991,440</u>

6. CAPITAL ASSETS

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

Function	Depreciation
General Government	\$ 220,776
Police	200,337
Fire	182,527
Public Works	577,551
Storm Drainage	773,112
Recreation	<u>371,885</u>
Total depreciation expense	<u>\$ 2,326,188</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	1,268,577	99,115	1,268,577	99,115
Total assets not being depreciated	8,867,961	99,115	1,268,577	7,698,499
<i>Capital assets being depreciated</i>				
Buildings	17,614,816	-	-	17,614,816
Infrastructures	29,638,945	3,383,920	-	33,022,865
Land Improvements	13,669,047	-	-	13,669,047
Equipment	16,422,335	428,640	65,266	16,785,709
Total Capital assets being depreciated	77,345,143	3,812,560	65,266	81,092,437
Accumulated Depreciation	(37,982,916)	(2,326,188)	(45,613)	(40,263,491)
Total capital assets being depreciated, net	39,362,227	1,486,372	19,653	40,828,946
<i>Governmental activities capital assets, net</i>	<i>\$ 48,230,188</i>	<i>\$ 1,585,487</i>	<i>\$ 1,288,230</i>	<i>\$ 48,527,445</i>

## 7. LONG-TERM DEBT

The City's Debt consists of the following:

### *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-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 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.

*General Obligation Refunding Warrants, Series 2021-A (May 5)*

On May 5, 2021 the City issued \$7,495,000 of General Obligation Refunding Warrants, Series 2021-B. These tax-exempt warrants mature from 2025 to 2030 and bear interest at rates of 1.37-3.0% and were issued refund the City's 2015-A Warrants.

*General Obligation Refunding Warrants, Series 2021-B (May 5)*

On May 5, 2021 the City issued \$4,495,000 of General Obligation Refunding Warrants, Series 2018. These tax-exempt warrants mature from 2022 to 2031 and bear interest at rates of 1.45-4.0% and were issued to provide refund the City's 2014-A, 2015-C and a portion of the 2014-C Warrants.

The following summarizes the changes in the City's debt for the year ended September 30, 2021:

General Obligation Warrants	Beginning Balance	Increases	Reductions	Ending Balance	Current Maturities
Series 2014-A	\$ 935,000	\$ -	\$ 935,000	\$ -	\$ -
Series 2014-C	4,710,000	-	3,660,000	1,050,000	1,050,000
Series 2015-A	8,105,000	-	8,105,000	-	-
Series 2015-B	420,000	-	80,000	340,000	80,000
Series 2015-C	1,250,000	-	1,250,000	-	-
Series 2018	3,465,000	-	95,000	3,370,000	100,000
Series 2021-A	-	7,495,000	-	7,495,000	-
Series 2021-B	-	4,495,000	-	4,495,000	200,000
<i>Total Warrants</i>	<i>\$ 18,885,000</i>	<i>\$ 11,990,000</i>	<i>\$ 14,125,000</i>	<i>\$ 16,750,000</i>	<i>\$ 1,430,000</i>

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

City of Muscle Shoals, Alabama  
Notes to Financial Statements  
September 30, 2021



7. LONG-TERM DEBT (continued)

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

Fiscal Year	Series 2014-C		Series 2015-B		Series 2018	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,050,000	\$ 22,050	\$ 80,000	\$ 10,140	\$ 100,000	\$ 103,828
2023	-	-	85,000	8,060	100,000	101,828
2024	-	-	85,000	5,425	100,000	99,578
2025	-	-	90,000	2,790	105,000	97,328
2026	-	-	-	-	105,000	94,703
2027-2031	-	-	-	-	930,000	418,525
2032-2036	-	-	-	-	1,330,000	240,373
2037-2040	-	-	-	-	600,000	31,528
<i>Totals</i>	<i>\$ 1,050,000</i>	<i>\$ 22,050</i>	<i>\$ 340,000</i>	<i>\$ 26,415</i>	<i>\$ 3,370,000</i>	<i>\$ 1,187,688</i>

Year	Series 2021-A		Series 2021-B		Total Combined	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	-	209,900	200,000	145,050	1,430,000	490,968
2023	-	209,900	1,200,000	141,050	1,385,000	460,838
2024	-	209,900	1,255,000	93,050	1,440,000	407,953
2025	605,000	209,900	605,000	42,850	1,405,000	352,868
2026	1,260,000	191,750	-	24,700	1,365,000	311,153
2027-2031	5,630,000	371,150	1,235,000	123,500	7,795,000	913,175
2032-2036	-	-	-	-	1,330,000	240,373
2037-2040	-	-	-	-	600,000	31,528
<i>Totals</i>	<i>\$ 7,495,000</i>	<i>\$ 1,402,500</i>	<i>\$ 4,495,000</i>	<i>\$ 570,200</i>	<i>\$ 16,750,000</i>	<i>\$ 3,208,853</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	\$ 268,997	\$ 3,775,500
Municipal Court Fund	-	268,895
Half Cent Sales Tax	1,966,871	21,215
CDBG	21,215	-
Debt Service	1,808,629	102
	<u>\$ 4,065,712</u>	<u>\$ 4,065,712</u>

Due from Municipal Court Fund to General Fund	<u>\$21,586</u>
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## 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 \$24,553,427. The fund-level financial statements only report the earnings distributions received from the Gas District during the year (\$389,248). 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 \$ 1,690,899.

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, 2021:

*Muscle Shoals Utility Board* – This component unit provides water and sewer service to the City at market rates. At September 30, 2021, 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 \$ 1,279,758 of garbage revenues collected and (c) paid the city \$ 902,244 of tax equivalents. At September 30, 2021, the Electric Board owed the city a total of \$41,127. The City owed the Electric Board nothing at year-end.

*Muscle Shoals Board of Education* - The City appropriated \$1,341,444 to the Board of Education (a component unit) during the year. At September 30, 2021, the Board owed the city \$10,968 for miscellaneous items.

*Shoals Solid Waste Disposal Authority* – The Authority, jointly governed by Muscle Shoals and three other governments, was paid \$243,144 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 membership includes approximately 78,256 participants. As of September 30, 2020, membership consisted of:

Retirees and beneficiaries receiving benefits	24,418
Terminated employees entitled to, but not receiving benefits	1,192
Terminated employees not entitled to a benefit	24,453
Post-DROP participants who are still in active service	237
Active members	<u>27,956</u>
Total	<u>78,256</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, 2021 (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, 2021, 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, 2021.



## 12. DEFINED BENEFIT PLAN (continued)

### *Net Pension Liability*

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

	Expected	TPL Roll-Forward	
		Actual Before Act 2019-132	Actual After Act 2019-132
(a) Total Pension Liability as of September 30, 2019	\$ 35,619,190	\$ 36,438,374	\$ 36,789,702
(b) Discount rate	7.70%	7.70%	7.70%
(c) Entry age normal cost for the period October 1, 2019 through September 30, 2020	592,584	592,584	655,307
(d) Transfers Among Employers:	-	(276,618)	(276,618)
(e) Actual benefit payments and refunds for the period October 1, 2019 through September 30, 2020	(2,232,283)	(2,232,283)	(2,232,283)
(f) Total Pension Liability as of September 30, 2020 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5 * (b))]	\$ 36,636,226	\$ 37,241,868	\$ 37,682,972
(g) Difference between Expected and Actual:		\$ 605,642	
(h) Less Liability Transferred for Immediate Recognition		(276,618)	
(i) Experience (Gain)/Loss = (g) - (h)		\$ 882,260	
(j) Before and After Act 2019-132 0 Benefit Change (Gain)/Loss			\$ 441,104

### *Actuarial assumptions*

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

Inflation	2.75%
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 September 30, 2019 valuation were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015.

Based on those assumptions, each employer's FNP was projected to be available to make all projected future benefit payments of current plan 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 TPL and a municipal bond rate was not used in determining the discount rate.

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, as provided by the System, are summarized in the following table:

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 TPL at September 30, 2020 was the long-term rate of return, 7.70 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the rates currently in effect and that employer contributions will be made in accordance with the funding policy adopted by the Board of Control. Projected future benefit payments for all current plan members were projected for all years.

*Changes in Net Pension Liability*

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at September 30, 2019	\$ 35,619,190	\$ 24,654,263	\$ 10,964,927
Changes for the year:			
Service cost	592,584		592,584
Interest	2,656,735		2,656,735
Change of benefit terms	441,104		441,104
Changes of assumptions	-		-
Difference between expected and actual difference	882,260		882,260
Contributions - employer		852,157	(852,157)
Contributions - employee		422,853	(422,853)
Net investment income		1,373,556	(1,373,556)
Benefit payments, including refunds of employee contributions	(2,232,283)	(2,232,283)	-
Administrative expense		-	-
Transfers among employers	(276,618)	(276,618)	-
Net changes	2,063,782	139,665	1,924,117
Balances at September 30, 2020	\$ 37,682,972	\$ 24,793,928	\$ 12,889,044



## 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	\$ 17,212,668	\$ 12,889,044	\$ 9,248,640

### *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, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes 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	\$ 952,363	\$ 429,404
Changes of assumptions	398,758	-
Net difference between projected and actual earnings on plan investments	783,019	-
Employer contributions subsequent to the measurement date	950,381	-
<i>Total</i>	<i>\$ 3,084,521</i>	<i>\$ 429,404</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:

Year Ended September 30	
2022	322,413
2023	466,418
2024	487,084
2025	278,918
2026	149,903
Thereafter	-

For the year ended September 30, 2021, the City recognized pension expense of \$ 1,620,762 as follows:

PENSION EXPENSE	
Service Cost	\$ 592,584
Interest on the total pension liability	2,656,735
Current-period benefit changes	441,104
Expensed portion of current-period difference between expected and actual experience in the total pension liability	149,536
Expensed portion of current-period changes of assumptions	-
Member contributions	(422,853)
Projected earnings on plan investments	(1,850,873)
Expensed portion of current-period differences between actual and projected earnings on plan investments	95,463
Transfers among employers	-
Recognition of beginning deferred outflows of resources as pension expense	182,620
Recognition of beginning deferred inflows of resources as pension expense	(223,554)
<i>Pension Expense (Income)</i>	<u>\$ 1,620,762</u>



## 12. DEFINED BENEFIT PLAN (continued)

Membership	
Retired Members or their beneficiaries currently receiving benefits	99
Vested inactive members	4
Non-vested inactive members	19
Active members	195
Post-DROP retired members still in active service	-
<b>Total</b>	<b>317</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, 2020, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	3.00%
Municipal Bond Index Rate	
Prior Measurement Date	2.21%
Measurement Date	2.26%
Year FNP is projected to be depleted	
Prior Measurement Date	2023
Measurement Date	2027
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	2.22%
Measurement Date	2.27%
Health Care Cost Trends Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.00% by 2030
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 were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2020 valuation were based on the actuarial experience study for the period October 1, 2015 – September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 14, 2021.

The remaining actuarial assumptions (e.g., health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2020 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2020 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 2.27%. 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, 2020. In addition to the actuarial methods and assumptions of the September 30, 2020 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 using the payroll growth assumptions.
- Active employees do not explicitly contribute to the Plan.
- Benefit payments are assumed to be paid out of the Trust until the Trust is depleted.
- 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 2027 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 2027 and the Municipal Bond Index Rate at the Measurement Date (2.26%) was applied to periods on and after 2027, resulting in an SEIR at the Measurement Date (2.27%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 2.22% at the Prior Measurement Date to 2.27% 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 are 1-percentage-point lower or 1-percentage-point higher than the current rate.



13. POST-EMPLOYMENT BENEFITS (continued)

Heath Care Cost Trent Rate Sensitivity			
	1%		1%
	Decrease	Current	Increase
Net OPEB Liability	\$ 11,423,794	\$ 13,344,776	\$ 15,690,443

*Sensitivity of the Net OPEB Liability to Discount Rates*

The following exhibit presents the NOL of the Plan, calculated using the discount rate of 2.27%, 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%		1%
	Decrease	Current	Increase
	1.27%	2.27%	3.27%
Net OPEB Liability	\$ 14,985,723	\$ 13,344,776	\$ 11,885,732

*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, 2020	\$ 14,066,636	\$ 1,321,743	\$ 12,744,893
Changes for the year:			
Service Cost at the end of the year *	611,711	-	611,711
Interest on TOL and Cash Flows	309,411	-	309,411
Change in benefit terms	1,913,783	-	1,913,783
Difference between expected and actual	(676,280)	-	(676,280)
Changes of assumptions or other inputs	(1,298,562)	-	(1,298,562)
Contributions - employer	-	259,867	(259,867)
Contributions - non-employer	-	-	-
Net investment income	-	313	(313)
Benefit payments	(259,867)	(259,867)	-
Plan administrative expenses	-	-	-
Other	-	-	-
Net changes	600,196	313	599,883
Balance as of September 30, 2021	\$ 14,666,832	\$ 1,322,056	\$ 13,344,776



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

\* The service cost includes interest for the year.

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

Changes in benefit terms since prior measurement date:

- The City has elected Act 2019-132. Tier 2 employees must retire under the same eligibility requirements as Tier 1 employees to receive OPEB benefits.

Changes to assumptions or other inputs:

- The decremental and salary increase assumptions have been updated based on the most Recent AL ERS experience analysis.
- Change in medical trend
- Change in discount rate

#### *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, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,107	\$ 982,473
Changes of assumptions or other inputs	2,044,663	1,461,361
Net difference between projected and actual earnings on plan investments	51,533	-
Total Deferrals	\$ 2,139,303	\$ 2,443,834

#### *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:

City of Muscle Shoals, Alabama  
Notes to Financial Statements  
September 30, 2021



13. POST-EMPLOYMENT BENEFITS (continued)

Measurement Period Ended September 30,	
2022	\$ 13,328
2023	\$ 8,899
2024	\$ 6,022
2025	\$ 17,292
2026	\$ 78,116
Thereafter	\$ (428,188)

*OPEB Expense*

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

<u>Investment Earnings (Gain) Loss</u>	
a) Expected asset return rate for prior year	3.00%
b) Beginning of year market value of assets	1,321,743
c) End of year market value of assets	1,322,056
d) Expected return on beginning assets for plan year	39,652
e) External cash flow (mid-year payments assumed):	
Contributions - employer*	259,867
Contributions - active member	-
Refunds of contributions	-
Benefit payments*	(259,867)
Administrative expenses	-
Other	-
Total external cash flow	-
f) Expected return on external cash flow	-
g) Projected earnings for plan year (d+f)	39,652
h) Net investment income (c-b-e)	313
i) Investment earnings (gain) loss (g-h)	<u>\$ 39,339</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, 2021 is shown in the following table:

Service Cost at end of year*	\$ 611,711
Interest on the Total OPEB Liability and Cash Flow	309,411
Current-period benefit changes	1,913,783
Expensed portion of current-period difference between expected an actual experience in the Total OPEB Liability	(83,595)
Expensed portion of current-period changes of assumptions or other inputs	(160,514)
Active member contributions	-
Projected earnings on plan investments	(39,652)
Expensed portion of current-period differences between actual and projected earnings on plan investments	7,868
Administrative Costs**	-
Other	-
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	412,389
Recognition of beginning Deferred Inflows of Resources as OPEB Expense***	(162,822)
OPEB Expense	<u>\$ 2,808,579</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.



### 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, 2020. The following table summarizes the membership of the Plan as of the September 30, 2020 Valuation Date.

Membership as of September 30, 2020	
Inactive Employees or Beneficiaries Currently Receiving Benefits	84
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Employees	193
<u>Total Membership</u>	<u>277</u>

#### *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, 2020 and prior years were used to determine the contribution amount reported in the schedule. Please refer the actuarial report as of September 30, 2020 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, 2020. Based on the assumed Long-term Investment Rate of Return as of the valuation date of 3.00%, the valuation shows an Accrued Liability of \$12,798,037. Against this, the plan had \$1,321,743 in assets. When this amount is deducted from the Accrued Liability, there remains \$11,476,294 as the Unfunded Accrued Liability for the Plan. The Unfunded Accrued Liability Amortization Payment in the following ADC was calculated using a 26 - 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, 2022 and September 30, 2023.





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

Actuarially Determined Contribution  
For Fiscal Years Ending September 30, 2022 and 2023

Contribution Component

Normal Cost	\$ 758,300
Estimated Administrative Fees	-
Unfunded Accrued Liability Amortization Payment	623,266
Total Contribution	<u>\$ 1,381,566</u>

### 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, 2021, was \$458,562.



#### 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 September 30	Principal	Interest	Total
2022	\$ 41,437	\$ 16,398	\$ 57,835
2023	43,037	14,798	57,835
2024	44,665	13,170	57,835
2025	46,430	11,405	57,835
2026	48,288	9,547	57,835
Thereafter	234,705	17,499	252,204
Total	<u>\$ 458,562</u>	<u>\$ 82,817</u>	<u>\$ 541,379</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, 2021 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 September	
2014	\$1,915,400
2015	\$1,911,444
2016	\$2,048,223
2017	\$2,104,480
2018	\$1,916,899
2020	\$2,332,868
2021	\$2,058,621



## 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 2021:

Project Description, Abated	Pctg of Taxes Abated	Amount Abated
Restaurant chain constructed a new facility	50%	\$ 50,273
Restaurant chain located in an existing building	50%	45,424
Total		<u>\$ 95,697</u>

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, Abated	Millage Abated	Amount Abated
Tier 1 manufacturer of automotive lighting	5.5	\$ 80,721
Inbound Call Center	5.5	382
Tooling and die manufacturing	5.5	3,692
Automotive injection molding components manufacturer	5.5	10,959
		<u>\$ 95,754</u>



#### 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 July 28, 2022, there were not such events.

## REQUIRED SUPPLEMENTARY INFORMATION

City of Muscle Shoals, Alabama  
Required Supplementary Information  
September 30, 2021

	2020	2019
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 592,584	\$ 613,005
Interest	2,656,735	2,554,476
Changes of benefit terms	441,104	-
Differences between expected and actual experience	882,260	321,797
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(2,232,283)	(1,996,493)
Transfers among employers	(276,618)	(46,851)
<b>Net Change in total pension liability</b>	<b>2,063,782</b>	<b>1,445,934</b>
<b>Total pension liability - beginning</b>	<b>35,619,190</b>	<b>34,173,256</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 37,682,972</b>	<b>\$ 35,619,190</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 852,157	\$ 831,330
Contributions - member	422,853	453,072
Net investment income	1,373,556	626,725
Benefit payments, including refunds of employee contributions	(2,232,283)	(1,996,493)
Transfer among employees	(276,618)	(46,851)
<b>Net Change in plan fiduciary net position</b>	<b>139,665</b>	<b>(132,217)</b>
<b>Plan net position - beginning</b>	<b>24,654,263</b>	<b>24,786,480</b>
<b>Plan net position - ending (b)</b>	<b>\$ 24,793,928</b>	<b>\$ 24,654,263</b>
Net pension liability (asset) - ending (a) - (b)	\$ 12,889,044	\$ 10,964,927
Plan fiduciary net position as a percentage of the total pension liability	65.80%	69.22%
Covered employee payroll *	\$ 7,702,074	\$ 7,238,107
Net pension liability (asset) as a percentage of covered employee payroll	167.35%	151.49%

\* Employer's covered payroll during the measurement period is the total covered payroll. For FY 2021 the measurement period is October 1, 2019 - September 30, 2020. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for FY 2017.

Note to schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years available is presented.



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, 2021



SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 950,381	\$ 878,985	\$ 858,112	\$ 765,503	\$ 794,653	\$ 873,998	\$ 742,144
Contributions in relation to the actuarially determined contribution *	950,381	878,985	858,112	765,503	794,653	873,998	742,144
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 7,702,074	\$ 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	12.34%	11.68%	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 2021 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	27.2 years
Asset valuation method	Five year smoothed market
Inflation	2.750%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation





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.

City of Muscle Shoals, Alabama  
 Required Supplementary Information  
 September 30, 2021



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, 2021



# DEFINED BENEFIT PLAN (NOTES TO REQUIRED SUPPLEMENTARY INFORMATION)

## Collective Deferred Outflows and Inflows

### Collective Deferred Outflows and Inflows between 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)
2020	\$ 882,260	\$ -	5.9	\$ -	\$ -	\$ 882,260	\$ -	\$ 149,536	\$ -	\$ 732,724	\$ -
2019	321,797	-	6.3	270,718	-	-	-	51,079	-	219,639	-
2018	-	537,113	6.3	-	366,601	-	-	-	85,256	-	281,345
2017	-	30,197	6.5	-	16,259	-	-	-	4,646	-	11,613
2016	-	585,123	6.4	-	219,423	-	-	-	91,425	-	127,998
2015	-	261,810	6.2	-	50,675	-	-	-	42,227	-	8,448
Total				\$ 270,718	\$ 652,958	\$ 882,260	\$ -			\$ 952,363	\$ 429,404

### 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)
2020	\$ -	\$ -	5.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	-	6.5	-	-	-	-	-	-	-	-
2018	176,775	-	6.3	120,655	-	-	-	28,060	-	92,595	-
2017	-	-	6.5	-	-	-	-	-	-	-	-
2016	1,399,593	-	6.4	524,849	-	-	-	218,686	-	306,163	-
Total				\$ 645,504	\$ -	\$ -	\$ -			\$ 398,758	\$ -

City of Muscle Shoals, Alabama  
 Required Supplementary Information  
 September 30, 2021



# 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		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)
2020	\$ 477,317	\$ -	5.0	\$ -	\$ -	\$ 477,317	\$ -	\$ 95,463	\$ -	\$ 381,854	\$ -
2019	1,252,615	-	5.0	1,002,092	-	-	-	250,523	-	751,569	-
2018	-	346,229	5.0	-	207,737	-	-	-	69,246	-	138,491
2017	-	1,059,557	5.0	-	423,824	-	-	-	211,911	-	211,913
2016	-	422,855	5.0	-	84,571	-	-	-	84,571	-	-
Total				\$ 1,002,092	\$ 716,132	\$ 477,317	\$ -		0	\$ 1,133,423	\$ 350,404
Net difference between projected and actual earnings on investments										\$ 783,019	\$ -

### 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	2020	2016	2018	2017	2018	2019	2020	
2022	(8,448)	(91,425)	(4,646)	(85,256)	51,079	149,536	218,686	28,060	(211,913)	(69,246)	250,523	95,463	322,413
2023	-	(36,573)	(4,646)	(85,256)	51,079	149,536	87,477	28,060	-	(69,245)	250,523	95,463	466,418
2024	-	-	(2,321)	(85,256)	51,079	149,536	-	28,060	-	-	250,523	95,463	487,084
2025	-	-	-	(25,577)	51,079	149,536	-	8,415	-	-	-	95,465	278,918
2026	-	-	-	-	15,323	134,580	-	-	-	-	-	-	149,903
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ (8,448)	\$ (127,998)	\$ (11,613)	\$ (281,345)	\$ 219,639	\$ 732,724	\$ 306,163	\$ 92,595	\$ (211,913)	\$ (138,491)	\$ 751,569	\$ 381,854	\$ 1,704,736



**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, 2021.**

*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		
	2021	2020	2019
<b>Total OPEB Liability</b>			
Service Cost at end of year	\$ 611,711	\$ 542,664	\$ 406,689
Interest on the Total OPEB Liability	309,411	338,490	432,188
Changes of benefit terms	1,913,783	-	-
Difference between expected and actual experience	(676,280)	57,499	(616,399)
Changes of assumptions or other inputs	(1,298,562)	604,283	2,548,538
Benefit payments*	(259,867)	(400,354)	(418,091)
Net change in Total OPEB Liability	600,196	1,142,582	2,352,925
Total OPEB Liability – beginning	14,066,636	12,924,054	10,571,129
Total OPEB Liability – ending (a)	14,666,832	14,066,636	12,924,054
 Plan Fiduciary Net Position			
Contributions – employer**	\$ 259,867	\$ 400,354	\$ 418,091
Contributions – non-employer	-	-	-
Contributions – active member	-	-	-
Net investment income	313	22,504	27,586
Benefit payments*	(259,867)	(400,354)	(418,091)
Administrative expense	-	-	-
Other	-	-	-
Net change in Plan Fiduciary Net Postion	313	22,504	27,586
Plan Fiduciary Net Position – beginning	1,321,743	1,299,239	1,271,653
Plan Fiduciary Net Position – ending (b)	1,322,056	1,321,743	1,299,239
Net OPEB Liability –ending (a) – (b)	\$ 13,344,776	\$ 12,744,893	\$ 11,624,815

\* 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		
	2021	2020	2019
Total OPEB Liability (TOL)	\$ 14,666,832	\$ 14,066,636	\$ 12,924,054
Fiduciary Net Position (FNP)	1,322,056	1,321,743	1,299,239
Net OPEB Liability	<u>\$ 13,344,776</u>	<u>\$ 12,744,893</u>	<u>\$ 11,624,815</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	9.01%	9.40%	10.05%
Covered Payroll	\$ 7,150,807	\$ 6,408,913	\$ 6,408,913
Net OPEB Liability as a percentage of covered payroll	186.62%	198.86%	181.39%

### *Schedule of Employer Contributions*

	Fiscal Year Ending September 30		
	2021	2020	2019
Actuarially Determined Contribution	\$ 1,027,821	\$ 1,027,821	\$ 926,455
Contributions in relation to the Actuarially Determined Contribution	<u>259,867</u>	<u>400,354</u>	<u>418,091</u>
Annual contribution deficiency (excess)	767,954	627,467	508,364
Covered payroll*	\$ 7,150,807	\$ 6,408,913	\$ 6,408,913
Actual contributions as a percentage of covered payroll	3.63%	6.25%	6.52%

\*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		
BUDGETARY FUND BALANCE-BEGINNING	\$ 11,337,773	\$ 11,337,773	\$ 11,337,773	\$ -
RESOURCES (INFLOWS):				
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>
AMOUNTS AVAILABLE FOR APPROPRIATIONS	<u>34,385,905</u>	<u>34,518,040</u>	<u>36,487,439</u>	<u>1,969,399</u>
EXPENDITURES				
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>
OTHER FINANCING SOURCES (USES)				
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>
TOTAL CHARGES TO APPROPRIATIONS (OUTFLOWS)	<u>22,921,390</u>	<u>23,176,086</u>	<u>22,370,629</u>	<u>804,660</u>
BUDGETARY FUND BALANCE-ENDING	<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	\$ 42,352,074
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>(14,116,809)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ 28,235,265</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	<u>\$ 24,373,509</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ 24,373,509</u>



## SUPPLEMENTARY INFORMATION

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	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	\$ 1,080,884	\$ 1,080,884	\$ 1,082,515	\$ 1,631
Ad Valorem - Personal Property	192,364	192,364	225,481	33,117
Sales Tax	15,205,000	15,205,000	17,133,047	1,928,047
Alcohol Beverage Tax	367,293	367,293	407,284	39,991
Tangible Personal Property Rentals	185,000	185,000	208,204	23,204
Lodging Tax	91,800	91,800	125,533	33,733
Tax Equivalent (Electric Board)	902,244	902,244	902,250	6
Gasoline (Local)	551,000	551,000	587,774	36,774
Tobacco Tax	124,425	124,425	142,663	18,238
TVA In Lieu Of Taxes	652,000	637,000	636,200	(800)
State Auto License	7,000	7,000	7,713	713
ABC Board	30,000	30,000	59,388	29,388
Financial Inst. Tax	332,000	418,772	851,806	433,034
	<u>19,721,010</u>	<u>19,792,782</u>	<u>22,369,858</u>	<u>2,577,076</u>
<b>License, Permits and Fees</b>				
Business License (City)	1,345,780	1,345,780	1,445,048	99,268
Building Permits	136,300	136,300	178,037	41,737
Mechanical Permits	5,200	5,200	4,940	(260)
	<u>1,487,280</u>	<u>1,487,280</u>	<u>1,628,025</u>	<u>140,745</u>
<b>Intergovernmental Revenues</b>				
State Library Grant	-	1,000	1,000	-
FEMA Grant	7,300	7,300	7,299	(1)
NACOLG Traffic Grant	780	780	271	(509)
State EMA Grant	77,500	77,500	77,501	1
EMA Disaster Funds	-	-	6,987	6,987
CARES Disaster Funds	90,338	90,338	92,338	2,000
ALDOT Grant E. Avalon Avenue	-	-	1,161,185	1,161,185
	<u>175,918</u>	<u>176,918</u>	<u>1,346,581</u>	<u>1,169,663</u>

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	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	8,000	8,000	6,350	(1,650)
Gas Inspection Fees	9,800	9,800	1,342	(8,458)
Electric Inspection Fees	8,800	8,800	18,256	9,456
Plumbing Inspection Fees	5,000	5,000	8,898	3,898
Flood Hazard Improvement Fees	-	-	-	-
Stormwater Permits	-	-	-	-
Photo Copy Service	5,000	5,000	6,649	1,649
Fire Protection	-	-	-	-
Garbage Fees	1,090,000	1,281,000	1,279,758	(1,242)
Fire Training Center	23,000	23,000	29,943	6,943
Radio Operator Service	3,600	3,600	3,600	-
	<u>1,153,200</u>	<u>1,344,200</u>	<u>1,354,796</u>	<u>10,596</u>
<b>Joint Ventures</b>				
North Ala. Gas District	340,000	389,200	389,248	48
	<u>340,000</u>	<u>389,200</u>	<u>389,248</u>	<u>48</u>
<b>Park and Recreation</b>				
Cypress Lakes Facility Revenues				
Dues	235,000	235,000	213,886	(21,114)
Golf Concessions	60,000	60,000	68,995	8,995
Room Rentals	-	-	1,375	1,375
Miscellaneous	-	-	1,212	1,212
Cart Rentals	15,000	15,000	25,934	10,934
Greens Fees	117,665	117,665	138,821	21,156
Merchandise	210,000	210,000	235,825	25,825
Golf Club Rental	60,000	60,000	84,804	24,804
Cash Over/Short (Cypress Lakes)	100	100	481	381
Tip Revenue	2,000	2,000	3,618	1,618

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	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	8,361	(1,639)
Batting Cage Revenue	3,000	3,000	1,291	(1,709)
Football	7,500	7,500	14,175	6,675
Flag Football Revenue	7,000	7,000	5,535	(1,465)
Airport Concessions	30,000	30,000	28,393	(1,607)
Webster Concessions	7,500	7,500	-	(7,500)
Karate	8,000	8,000	735	(7,265)
Pool Receipts	20,000	20,000	19,896	(104)
Pool Concessions	2,000	2,000	2,750	750
Gattman Concessions	50,000	50,000	33,143	(16,857)
Youth Basketball Registration	17,500	17,500	13,919	(3,581)
Youth Soccer Registration	7,500	7,500	7,605	105
Youth Baseball Registration	17,000	17,000	11,610	(5,390)
Girls Softball Registration	8,500	8,500	5,065	(3,435)
Special Events Revenue	20,000	20,000	29,577	9,577
Adult Softball	1,000	1,000	-	(1,000)
Facilities Rental	35,000	35,000	14,029	(20,971)
Vending And Game Machines	1,500	1,500	257	(1,243)
Miscellaneous Revenues	2,500	2,500	496	(2,004)
Sportsplex Concessions	35,000	35,000	15,734	(19,266)
Tournament Revenues	20,000	20,000	3,225	(16,775)
Tennis Guest Fees	5,000	5,000	4,416	(584)
Tennis Passes	10,000	10,000	10,129	129
<b><i>Total Park and Recreation Revenues</i></b>	<b><i>1,025,265</i></b>	<b><i>1,025,265</i></b>	<b><i>1,005,319</i></b>	<b><i>(19,946)</i></b>
<b>Investment Earnings</b>	<b>75,000</b>	<b>20,000</b>	<b>28,319</b>	<b>8,319</b>
<b>Library Revenues</b>				
State Aid	21,286	21,286	21,286	-
Alabama Public Library Grant	-	-	-	-
County Appropriation	2,500	2,500	3,000	500
Fines	14,000	4,000	2,636	(1,364)
Miscellaneous Library Revenues	11,300	11,300	6,643	(4,657)
	<b>49,086</b>	<b>39,086</b>	<b>33,565</b>	<b>(5,521)</b>

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES (continued)</b>				
<b>Other Revenues</b>				
Lease Payments	14,150	14,150	12,411	(1,739)
Insurance Refund	14,030	14,030	14,030	-
Sale Of Street Material	2,000	2,000	2,538	538
Donations	700	700	700	-
Sale Of City Eqpt	1,000	6,000	28,345	22,345
Wal-Mart Foundation Grant	1,500	1,500	-	(1,500)
Misc. Revenue	5,000	5,000	4,526	(474)
Transf From Area Agency On Aging	7,800	7,800	7,800	-
Colbert County Commission	-	5,700	5,704	4
	<u>51,180</u>	<u>61,880</u>	<u>79,554</u>	<u>17,674</u>
<i>Total Revenues</i>	<u>\$ 24,077,939</u>	<u>\$ 24,336,611</u>	<u>\$ 28,235,265</u>	<u>\$ 3,898,654</u>

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	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	\$ 116,288	\$ 116,288	\$ 118,667	\$ (2,379)
Retirement	9,635	9,635	9,461	174
Employee's Insurance	13,501	13,501	12,563	938
Workmen's Compensation	180	180	192	(12)
Consultant Services	-	2,550	4,250	(1,700)
Mayor And City Council - Data Proc	9,000	9,000	7,671	1,329
Gas, Oil	3,000	3,000	1,330	1,670
Miscellaneous	2,800	2,800	1,524	1,276
Vehicle Repair	1,300	1,300	748	552
Advertising	27,000	27,000	20,086	6,914
Travel	35,000	35,000	19,682	15,318
Meals	500	500	395	105
Insurance - General	26,555	26,555	26,555	-
Dues	18,400	18,400	16,160	2,240
Road Building	260,000	260,000	259,999	1
Total	523,159	525,709	499,283	26,426
<b>City Clerk</b>				
Salaries - Regular	537,111	545,911	557,740	(11,829)
Retirement	67,595	67,595	68,001	(406)
Employee's Insurance	158,953	158,953	139,738	19,215
Workmen's Compensation	5,212	5,212	4,512	700
Vacation Sold	11,000	11,000	9,434	1,566
Auditing Services	41,500	41,500	43,356	(1,856)
Consultant Services	141,000	81,000	71,544	9,456
Janitorial	6,500	6,500	3,841	2,659
Data Processing	97,600	112,600	108,075	4,525
Office Supplies	5,400	5,400	3,686	1,714
Gas, Oil	3,000	3,000	2,399	601
Tobacco Stamps	12,000	12,000	11,106	894
Miscellaneous	5,000	5,000	3,780	1,220
Buildings And Grounds	48,000	48,000	30,978	17,022

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>City Clerk</b>				
Vehicle Repair	2,000	2,000	791	1,209
Postage	12,500	12,500	11,686	814
Advertising	200	4,700	3,808	892
Recording Fees	100	100	(107)	207
Travel	6,000	6,000	3,829	2,171
City Clerk - Demolition Cost	-	100	100	-
Drug/Alcohol Testing	7,150	7,150	6,930	220
Meals	200	200	47	153
Employee Education And Training	2,000	2,000	667	1,333
Insurance - General	10,009	10,009	9,935	74
Photo Copy Exp	4,500	6,000	6,312	(312)
Printing, Books, Subscriptions	6,000	6,000	4,102	1,898
Dues	2,600	2,600	2,455	145
Elections	14,425	14,425	14,424	1
Trustee Fees	7,400	7,400	5,115	2,285
Total	1,214,955	1,184,855	1,128,284	56,571
<b>Civil Service Board</b>				
Salaries - Regular	18,000	18,000	18,000	-
Legal Services	500	500	-	500
Meals	500	500	189	311
Total	19,000	19,000	18,189	811
<b>Legal Services</b>				
Salaries - City Attorney	6,000	6,000	6,000	-
Legal Services	35,000	35,000	21,736	13,264
Total	41,000	41,000	27,736	13,264
<b>City Buildings</b>				
Workmen's Compensation	5,000	5,000	1,002	3,998
Lawn Maintenance	24,200	24,200	22,221	1,979
Buildings And Grounds	18,500	18,500	12,285	6,215
Utilities	180,000	180,000	124,668	55,332
Early Warning System	4,900	5,500	5,292	208
Insurance - General	48,582	48,582	48,663	(81)
Total	281,182	281,782	214,131	67,651

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Communications</b>				
Paging Services	-	-	-	-
Telephone	87,000	92,000	111,360	(19,360)
Radio	15,000	15,000	11,589	3,411
Total	102,000	107,000	122,949	(15,949)
<b>Payroll Tax Expense</b>				
FICA	637,131	646,372	620,039	26,333
Unemployment Insurance	6,000	6,000	30,733	(24,733)
Total	643,131	652,372	650,772	1,600
<b>Police Dept.</b>				
Holiday Pay	81,202	81,202	79,677	1,525
Salaries - Regular	2,066,895	2,042,878	2,137,228	(94,350)
Salaries - Overtime	127,081	147,081	158,941	(11,860)
Retirement	261,048	261,048	281,664	(20,616)
Employee's Insurance	700,984	700,984	621,851	79,133
Workmen's Compensation	71,799	71,799	50,108	21,691
Vacation Sold	87,926	55,926	53,082	2,844
Janitorial	20,000	20,000	18,583	1,417
Data Processing	143,076	158,076	161,778	(3,702)
Office Supplies	13,000	15,000	14,463	537
Gas, Oil	78,200	88,200	92,162	(3,962)
Miscellaneous	24,500	24,500	29,324	(4,824)
Canine Expense	24,000	24,000	20,107	3,893
D.A.R.E. Program	4,000	-	-	-
Jail Expense	13,500	14,500	14,895	(395)
Buildings And Grounds	31,100	31,100	30,853	247
Vehicle Repair	40,600	64,600	75,029	(10,429)
Public Safety Equipment	54,326	63,243	66,763	(3,520)
Travel	14,000	14,000	14,106	(106)
Employee Education And Training	35,500	35,500	36,272	(772)
Insurance - General	68,000	68,000	65,094	2,906
Uniforms	53,500	59,500	62,948	(3,448)
Photo Copy Exp	5,500	5,500	5,067	433
Printing, Books, Subscriptions	4,373	4,873	4,381	492
Dues	2,200	2,200	2,130	70

(continued)



City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	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	22,500	19,659	2,841
Police Tactical Team	17,000	17,000	14,921	2,079
Training Facility	2,800	2,800	2,743	57
Colbert Drug Task Force	10,000	10,000	10,000	-
Special Events	4,000	2,500	1,486	1,014
Salary & Benefit				
-Reimbursement -Board Of Ed.	(102,964)	(102,964)	(95,644)	(7,320)
Total	3,979,646	4,005,546	4,049,671	(44,125)
<b>Municipal Court</b>				
Salaries - Regular	87,404	89,004	85,109	3,895
Retirement	11,558	11,558	10,198	1,360
Employee's Insurance	36,390	36,390	37,040	(650)
Workmen's Compensation	140	140	71	69
Vacation Sold	3,710	3,710	3,710	-
Municipal Judge	13,783	13,783	13,766	17
Data Processing	6,000	6,000	3,609	2,391
Office Supplies	6,000	6,000	615	5,385
Miscellaneous	500	500	1,737	(1,237)
Municipal Prosecutor	6,600	6,600	6,600	-
Photo Copy Expense	500	500	-	500
Printing, Books, Subscriptions	2,500	2,500	1,069	1,431
Dues	200	200	-	200
Total	175,285	176,885	163,524	13,361
<b>Fire Dept.</b>				
Holiday Pay	62,864	62,864	61,553	1,311
Salaries - Regular	1,576,366	1,602,766	1,598,038	4,728
Salaries - Overtime	75,000	75,000	54,862	20,138
Retirement	202,862	202,862	204,999	(2,137)
Employee's Insurance	494,846	494,846	417,385	77,461
Workmen's Compensation	48,780	48,780	36,754	12,026
Vacation Sold	35,000	35,000	8,233	26,767
Janitorial	3,000	3,000	2,959	41
Data Processing	18,970	21,970	20,334	1,636

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	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	2,162	838
Office Supplies	1,000	1,000	845	155
Gas, Oil	22,800	22,800	17,431	5,369
Medical Supplies	3,750	3,750	3,700	50
Small Tools	2,500	2,500	2,037	463
Miscellaneous	9,500	6,500	5,537	963
Fire Prevention Program	3,500	3,500	3,355	145
Buildings And Grounds	30,000	30,000	26,298	3,702
Vehicle Repair	46,200	58,200	52,630	5,570
Tire Repair	5,000	5,000	4,318	682
Machine & Equipment Repair	10,800	10,800	10,426	374
Public Safety Equipment	25,832	25,832	24,729	1,103
Travel	6,500	6,500	4,345	2,155
Employee Education And Training	11,000	7,000	5,375	1,625
Insurance - General	29,221	29,221	29,219	2
Uniforms	33,800	33,800	32,090	1,710
Printing, Books, Subscriptions	3,000	3,000	975	2,025
Dues	1,800	1,800	1,010	790
Training Facility	25,000	22,000	16,861	5,139
Total	2,791,891	2,823,291	2,648,460	174,831
<b>Street Dept.</b>				
Salaries - Regular	712,418	723,618	726,038	(2,420)
Salaries - Overtime	10,000	10,000	1,110	8,890
Retirement	88,007	88,007	87,532	475
Employee's Insurance	268,514	268,514	238,880	29,634
Workmen's Compensation	43,241	43,241	68,083	(24,842)
Vacation Sold	16,019	16,019	20,818	(4,799)
Data Processing	4,790	4,790	4,762	28
Chemicals	8,000	8,000	7,207	793
Office Supplies	500	2,000	1,136	864
Gas, Oil	45,000	45,000	43,788	1,212

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	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	18,311	11,689
Street Materials Sold	15,000	15,000	3,823	11,177
Medical Supplies	200	200	26	174
Small Tools	11,568	11,568	10,695	873
Street Markers	15,000	15,000	11,026	3,974
Miscellaneous	2,000	4,000	4,145	(145)
Safety Supplies	6,000	6,000	5,261	739
Buildings And Grounds	20,500	30,500	27,866	2,634
Vehicle Repair	18,000	20,000	18,862	1,138
Tire Repair	16,100	16,100	12,537	3,563
Machine & Equipment Repair	12,000	19,000	15,384	3,616
Storm Drainage	56,000	114,181	118,122	(3,941)
Travel	1,000	1,000	170	830
Meals	750	750	-	750
Employee Education And Training	1,500	1,500	800	700
Insurance - General	45,271	45,271	45,271	-
Debris Removal Fund	1,553	1,553	-	1,553
Uniforms	6,150	6,150	5,782	368
Photo Copy Exp	300	300	91	209
Tree Services	20,000	20,000	19,200	800
Pedestrian Overpass	6,900	6,900	4,526	2,374
Sidewalk Repair	2,500	2,500	239	2,261
Total	1,484,781	1,576,662	1,521,491	55,171
<b>City Engineer</b>				
Engineering Services	370,000	370,000	164,389	205,611
Construction in Progress	-	-	-	-
Total	370,000	370,000	164,389	205,611

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Storm Drainage</b>				
Salaries - Regular	237,617	240,817	253,351	(12,534)
Salaries - Overtime	8,000	12,000	11,570	430
Retirement	29,546	29,546	31,964	(2,418)
Employee's Insurance	65,075	65,075	52,532	12,543
Workmen's Compensation	6,794	6,794	1,595	5,199
Vacation Sold	12,000	6,000	2,210	3,790
Janitorial	1,200	1,200	1,160	40
Data Processing	3,390	3,390	4,641	(1,251)
Chemicals	43,000	35,000	33,329	1,671
Gas, Oil	18,000	26,000	24,913	1,087
Small Tools	5,000	5,000	5,059	(59)
Miscellaneous	3,700	3,700	4,140	(440)
Vehicle Repair	7,650	7,650	3,438	4,212
Tire Repair	4,200	4,200	2,728	1,472
Machine & Equipment Repair	17,000	19,000	23,909	(4,909)
Retention Ponds	48,000	48,000	48,241	(241)
Utilities	40,000	40,000	40,781	(781)
Program/Review Fees	1,400	1,400	1,385	15
Travel	2,000	2,000	485	1,515
Meals	200	200	-	200
Employee Education And Training	850	850	-	850
Insurance - General	12,540	12,540	12,828	(288)
Levee Maintenance	7,000	7,000	4,590	2,410
Uniforms	2,250	2,250	2,176	74
Total	576,412	579,612	567,025	12,587
<b>Street Lighting</b>				
Utilities	500,000	500,000	483,317	16,683
Total	500,000	500,000	483,317	16,683
<b>Sanitation</b>				
Salaries - Regular	854,230	870,230	888,314	(18,084)
Salaries - Overtime	10,000	10,000	2,779	7,221
Retirement	105,535	105,535	106,511	(976)
Employee's Insurance	294,484	294,484	270,784	23,700

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund

At September 30, 2021



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Sanitation</b>				
Workmen's Compensation	60,974	60,974	31,603	29,371
Vacation Sold	18,478	18,478	19,579	(1,101)
Landfill Services	236,550	268,550	243,144	25,406
Chemicals	8,000	9,200	9,147	53
Office Supplies	750	1,250	1,543	(293)
Gas, Oil	51,750	66,750	59,665	7,085
Medical Supplies	200	200	26	174
Small Tools	1,500	1,500	1,524	(24)
Miscellaneous	4,000	4,000	3,301	699
Safety Supplies	4,000	4,000	3,263	737
Vehicle Repair	30,000	50,000	41,095	8,905
Tire Repair	15,000	20,000	17,427	2,573
Machine & Equipment Repair	24,515	24,515	19,559	4,956
Travel	750	750	-	750
Employee Education And Training	250	250	-	250
Garbage Containers	35,000	35,000	1,793	33,207
Insurance - General	27,741	27,741	27,741	-
Uniforms	7,392	7,392	7,460	(68)
Photo Copy Exp	350	350	-	350
Printing, Books, Subscriptions	2,600	2,600	2,153	447
Dues	225	225	223	2
Total	1,794,274	1,883,974	1,758,634	125,340
<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	50,273	(3,513)
Hazard Mat. Team	2,500	2,500	2,500	-
Total	165,566	165,566	169,079	(3,513)

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	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	35,600	35,600	45,499	(9,899)
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	5,000	(1,950)
Cerebral Palsy Center	1,500	1,500	1,500	-
NACOLG Transit Program	1,500	1,500	3,000	(1,500)
SenioRX Program (Nacolg)	1,500	1,500	3,000	(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	-
Keep the Shoals Beautiful	2,500	2,500	2,500	-
Crimestoppers	500	500	500	-
Cramer Children's Center	1,000	1,000	1,000	-
Colbert County DHR	1,000	1,000	1,000	-
CASA	1,000	1,000	1,000	-
Shoals Scholar Dollars	1,000	1,000	1,000	-
Total	94,150	94,150	108,999	(14,849)
<b>Recreation - Administration Division</b>				
Salaries Part Time	172,450	135,450	135,538	(88)
Salaries - Regular	525,610	533,610	528,992	4,618
Salaries - Overtime	2,000	2,000	-	2,000

(continued)

City of Muscle Shoals, Alabama

Revenues and Expenditures-Budgetary Comparison-General Fund

At September 30, 2021



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Recreation - Administration Division</b>				
Retirement	72,628	72,628	69,176	3,452
Employee's Insurance	147,984	147,984	133,057	14,927
Workmen's Compensation	18,589	18,589	5,118	13,471
Vacation Sold	27,622	27,622	13,214	14,408
Consultant Services	2,500	2,500	-	2,500
Janitorial	6,000	7,000	7,694	(694)
Data Processing	3,000	3,000	2,781	219
Office Supplies	3,000	3,000	876	2,124
Medical Supplies	250	250	-	250
Miscellaneous	1,000	4,200	4,495	(295)
Buildings And Grounds	20,000	20,000	75,022	(55,022)
Machine & Equipment Repair	1,500	1,500	1,251	249
Utilities	150,000	150,000	120,099	29,901
Advertising	1,000	1,000	910	90
Travel	2,500	2,500	1,493	1,007
Meals	750	750	181	569
Employee Education And Training	1,000	1,000	160	840
Insurance - General	15,977	15,977	16,485	(508)
Photo Copy Exp	2,000	2,000	2,472	(472)
Printing, Books, Subscriptions	1,500	1,500	519	981
Dues	1,500	1,500	150	1,350
Transaction Fees	2,500	2,500	-	2,500
Special Events	5,000	1,800	1,998	(198)
Adaptive Program	5,000	5,000	5,196	(196)
Adaptive Program	5,000	5,000	3,525	1,475
Total	1,197,860	1,169,860	1,130,402	39,458
<b>Recreation - Maint. &amp; Grounds Division</b>				
Chemicals	6,000	6,000	4,579	1,421
Gas, Oil	20,000	20,000	17,339	2,661
Medical Supplies	250	250	-	250
Small Tools	2,000	2,000	1,151	849

(continued)



City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	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	50,000	53,770	(3,770)
Vehicle Repair	10,000	16,000	13,352	2,648
Machine & Equipment Repair	9,000	9,000	8,014	986
Uniforms	4,000	4,000	4,750	(750)
Total	86,250	107,250	102,955	4,295
<b>Recreation - Swimming / Tennis Facilities</b>				
Salaries Part Time	14,000	29,000	29,130	(130)
Chemicals	3,000	3,000	3,443	(443)
Buildings And	15,000	15,000	12,170	2,830
Pool Concession	500	500	1,164	(664)
	32,500	47,500	45,907	1,593
<b>Recreation - Athletic Division</b>				
Buildings And Grounds	75,000	66,500	56,565	9,935
Retirement	500	500	-	500
Batting Cages	1,000	2,500	2,526	(26)
Splashpad Concessions	2,000	2,000	1,952	48
Football	10,000	10,000	21,900	(11,900)
Football Referees	2,500	2,500	-	2,500
Splashpad Expenses	5,000	12,000	11,957	43
Special Events	7,500	7,500	14,030	(6,530)
Youth Baseball Supplies	20,000	20,000	10,487	9,513
Baseball Umpires	20,000	20,000	18,185	1,815
Youth Basketball Supplies	7,500	7,500	7,776	(276)
Basketball Officials	15,000	15,000	8,890	6,110
Youth Soccer Supplies	3,500	3,500	3,618	(118)
Soccer Officials	2,000	2,000	1,524	476
Girls Softball Supplies	7,500	7,500	6,609	891
Softball Umpires	3,500	3,500	3,185	315
Volleyball	1,000	1,000	-	1,000
Gattman Concessions	30,000	30,000	28,289	1,711
Sportsplex Concessions	20,000	20,000	11,314	8,686
Tournament Expenses	5,000	5,000	-	5,000
Karate	7,000	7,000	-	7,000

(continued)



City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	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	621	4,379
Airport Concessions	20,000	20,000	15,125	4,875
Flag Football Supplies	5,000	5,000	3,913	1,087
Flag Football Officials	5,000	5,000	2,255	2,745
Total	280,500	280,500	230,721	49,779
<b>Golf Course Operations</b>				
Salaries Part Time	236,376	236,376	210,647	25,729
Salaries - Regular	283,925	288,725	297,941	(9,216)
Retirement	43,686	43,686	44,211	(525)
Employee's Insurance	76,682	76,682	61,936	14,746
Workmen's Compensation	8,271	8,271	7,263	1,008
Vacation Sold	5,850	5,850	2,416	3,434
Consultant Services	2,500	2,500	2,500	-
Janitorial	6,600	6,600	5,005	1,595
Data Processing	11,500	11,500	10,558	942
Chemicals	85,000	85,000	90,306	(5,306)
Office Supplies	1,200	1,200	625	575
Gas & Oil	20,000	20,000	16,476	3,524
Small Tools	4,000	4,000	3,755	245
Miscellaneous	6,000	6,000	6,420	(420)
Buildings And Grounds	130,336	155,036	170,477	(15,441)
Driving Range Equipment	7,000	7,000	4,992	2,008
Vehicle Repair	7,000	7,000	7,194	(194)
Machine & Equipment Repair	70,000	48,000	36,964	11,036
Utilities	80,000	80,000	79,479	521
Telephone	6,000	6,000	5,888	112
Advertising	4,000	2,000	1,960	40
Travel	250	250	-	250
Employee Education	500	500	-	500
Insurance - General	13,892	13,892	14,321	(429)

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Golf Course Operations</b>				
19th Hole Concessions Supplies	35,000	35,000	33,709	1,291
Uniforms	5,075	5,575	5,638	(63)
Photo Copy Exp	400	400	240	160
Printing, Books,	1,800	1,800	500	1,300
Dues	3,500	2,300	1,490	810
Contractural Services	55,379	55,379	55,501	(122)
Transaction Fees	9,500	9,500	12,135	(2,635)
Pro Shop	42,000	42,000	67,543	(25,543)
Total	1,263,222	1,268,022	1,258,090	9,932
<b>Senior Citizens</b>				
Salaries - Regular	67,443	68,243	69,016	(773)
Retirement	7,601	7,601	6,779	822
Employee's Insurance	13,798	13,798	13,390	408
Workmen's Compensation	1,917	1,917	1,007	910
Janitorial	2,100	2,100	2,045	55
Data Processing	2,020	2,720	2,490	230
Office Supplies	1,100	5,300	551	4,749
Gas, Oil	3,200	3,200	2,641	559
Miscellaneous	4,200	4,950	3,980	970
Buildings And Grounds	10,000	10,000	7,219	2,781
Vehicle Repair	1,400	3,200	3,112	88
Utilities	25,000	20,800	16,782	4,018
Travel	2,106	2,106	146	1,960
Insurance - General	1,472	1,472	1,472	-
Photo Copy Exp	1,000	1,000	772	228
Printing, Books, Subscriptions	650	650	335	315
Area On Aging	4,850	4,850	4,850	-
Art Instruction	1,200	1,200	-	1,200
Wellness Activities	7,500	4,250	1,325	2,925
Arts and Crafts	2,500	2,500	170	2,330
Ceramics	2,800	2,800	1,594	1,206
Total	163,857	164,657	139,676	24,981

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Libraries</b>				
Salaries Part Time	128,000	108,000	83,644	24,356
Salaries - Regular	199,360	203,360	189,813	13,547
Retirement	35,353	35,353	29,885	5,468
Employee's Insurance	64,548	64,548	59,471	5,077
Workmen's Compensation	8,851	8,851	3,292	5,559
Vacation Sold	5,000	5,000	2,124	2,876
Janitorial	7,000	7,000	5,449	1,551
Data Processing	39,000	39,000	33,111	5,889
Office Supplies	8,000	8,000	7,561	439
Gas, Oil	700	700	328	372
Miscellaneous	10,000	20,000	12,150	7,850
Buildings And Grounds	26,000	46,000	19,685	26,315
Vehicle Repair	2,000	2,000	134	1,866
Utilities	32,000	32,000	15,337	16,663
Postage	800	800	809	(9)
Employee Education And Training	3,000	3,000	504	2,496
Insurance - General	4,709	4,709	4,709	-
Children/Youth Programs	25,000	25,000	15,561	9,439
Videos	30,000	20,000	19,258	742
Photo Copy Exp	4,000	4,000	3,855	145
Printing, Books, Subscriptions	142,000	142,000	142,495	(495)
Total	775,321	779,321	649,175	130,146
<b>Special Events</b>				
Christmas Parade	5,000	5,000	4,530	470
Total	5,000	5,000	4,530	470
<b>Board Of Education</b>				
Educational Foundation	2,000	2,000	2,000	-
Education	1,333,459	1,333,459	1,341,444	(7,985)
Total	1,335,459	1,335,459	1,343,444	(7,985)

(continued)

City of Muscle Shoals, Alabama  
 Revenues and Expenditures-Budgetary Comparison-General Fund  
 At September 30, 2021



	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Capital Outlay</b>	539,272	549,372	1,574,434	(1,025,062)
<b>Debt Service</b>				
Principal	40,855	40,855	41,661	(806)
Interest Expense	17,380	17,380	16,574	806
Total	58,235	58,235	58,235	-
<b>Total Expenditures</b>	20,493,908	20,752,580	20,833,502	(80,922)
Excess (deficiency of revenues over expenditures)	3,584,031	3,584,031	7,401,763	3,817,732
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Municipal Court Fund	220,000	220,000	268,895	48,895
Total	220,000	220,000	268,997	48,997
Transfers out				
Utility Board	33,504	33,504	33,504	-
Debt Service	1,919,554	1,919,554	1,808,629	110,925
Half Cent Sales Tax	1,846,321	1,846,321	1,966,871	(120,550)
Total	3,799,379	3,799,379	3,809,004	(9,625)
Net Transfers (out)	(3,579,379)	(3,579,379)	(3,540,007)	39,372
<b>Excess Revenue (Expenditures) and other Funding Sources</b>	<b>\$ 4,652</b>	<b>\$ 4,652</b>	<b>\$ 3,861,756</b>	<b>\$ 3,857,104</b>

City of Muscle Shoals, Alabama  
Balance Sheet – Other Governmental Funds  
September 30, 2021

	Seven-cent Gasoline Excise tax	Four-cent Gasoline Excise Tax	Rebuild Alabama Fuel Tax
<b>ASSETS</b>			
Cash and cash equivalents	\$ 33,947	\$ 91,187	7,916
Accounts receivable, net	5,338	4,242	-
Receivable from other governments	-	-	8,310
Total assets	39,285	95,429	16,226
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	-	-
Due to other funds	-	-	-
Cash bonds outstanding	-	-	-
Other accrued liabilities	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted for:			
Debt service	-	-	-
Capital Projects	33,947	91,187	7,916
Unassigned:			
Unassigned	5,338	4,242	8,310
Total fund balances	39,285	95,429	16,226
Total liabilities and fund balances	\$ 39,285	\$ 95,429	\$ 16,226



M.S. Police Dept.	City Court Correction	CDBG	Coronavirus Relif Fund	Municipal Court	Total Nonmajor Governmental Funds
\$ 3,765	\$ 144,347	\$ 2	675,301	\$ 194,252	\$ 1,150,717
-	-	-	-	-	9,580
-	-	-	-	883	9,193
3,765	144,347	2	675,301	195,135	1,169,490
-	-	-	-	-	-
-	-	-	-	21,586	21,586
-	-	-	-	9,735	9,735
-	-	-	-	337	337
-	-	-	-	31,658	31,658
-	-	-	-	-	-
-	-	-	-	-	133,050
3,765	144,347	2	675,301	163,477	1,004,782
3,765	144,347	2	675,301	163,477	1,137,832
\$ 3,765	\$ 144,347	\$ 2	\$ 675,301	\$ 195,135	\$ 1,169,490

City of Muscle Shoals, Alabama  
Statement of Revenues, Expenditures and Fund Balance  
Other Governmental Funds  
September 30, 2021

	Seven-cent Gasoline Excise tax	Four-cent Gasoline Excise Tax	Rebuild Alabama Fuel Tax
<b>REVENUES</b>			
Local taxes	\$ 58,520	\$ 46,212	\$ -
License, permits and fees	-	-	-
Joint Ventures	-	-	-
Intergovernmental revenue	-	-	89,946
Investment earnings	72	69	37
Miscellaneous	-	-	-
Total revenues	<u>58,592</u>	<u>46,281</u>	<u>89,983</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Police	-	-	-
Street	73,894	-	81,900
Health and sanitation	-	-	-
Total expenditures	<u>73,894</u>	<u>-</u>	<u>81,900</u>
Excess (deficiency) of revenues over expenditures	<u>(15,302)</u>	<u>46,281</u>	<u>8,083</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(15,302)	46,281	8,083
Fund balances - beginning	<u>54,587</u>	<u>49,148</u>	<u>8,144</u>
Fund balances - ending	<u>\$ 39,285</u>	<u>\$ 95,429</u>	<u>\$ 16,227</u>



M.S. Police Dept.	City Court Correction	CDBG	Coronavirus Relif Fund	Municipal Court	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 5	\$ -	\$ -	\$ 104,737
-	65,899	-	-	452,729	518,628
-	-	-	-	261	261
-	-	-	-	-	89,946
4	151	0	275	191	799
8,303	-	0	675,026	-	683,329
8,307	66,050	5	675,301	453,181	1,397,700
-	44,009	-	-	155,755	199,764
6,648	23,814	-	-	-	30,462
-	-	-	-	-	155,794
-	-	-	-	-	-
6,648	67,823	-	-	155,755	386,020
1,659	(1,773)	5	675,301	297,426	1,011,680
-	-	-	-	-	-
-	-	(21,215)	-	(268,895)	(290,110)
-	-	(21,215)	-	(268,895)	(290,110)
1,659	(1,773)	(21,210)	675,301	28,531	721,570
2,106	146,120	21,212	-	134,946	416,263
\$ 3,765	\$ 144,347	\$ 2	\$ 675,301	163,477	\$ 1,137,833