

**CITY OF PINSON  
Pinson, Alabama**

**Financial Statements**

**For the Year Ended  
June 30, 2019**

**CITY OF PINSON  
Pinson, Alabama**

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For the Year Ended June 30, 2019**

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## CITY OF PINSON, ALABAMA

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2019

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The City of Pinson's (the City) Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan, and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements.

#### FINANCIAL HIGHLIGHTS

The major financial highlight and focus of the City in fiscal 2019 was the completion of the Rock School and Public Library renovation. In total, the City invested just over \$1 million in capital assets, approximately \$825,000 was financed from existing cash reserves and those earned during the year with an additional \$184,000 in furniture and fixtures financed largely through a three year term note loan. This is consistent with the City's intentions of paying for as much of its capital improvements with internally generated funds vs. debt financing where possible. As of June 30, 2019, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$6,764,099, or as defined its net position. This is an increase of \$754,105, or 13%, from the prior period.

#### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. 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 by providing information about the City's most significant funds.

#### Reporting on the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?". The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used in 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 position* and changes in them. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's *financial health* or *financial position*. Over time, *increases* or *decreases* in the City's net position is one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in the City's business base and the condition of the City's roads, to assess the overall health of the City.

#### Reporting on the City's Funds

The fund financial statements provide detailed information about the City's funds. The City's General Fund and 4-5-6 State Shared Gas Tax Fund are classified as major funds. All others are classified as non-major funds. Some funds are required to be established by State law and by covenants, however, the City Council establishes many other funds to help it control and manage money for particular purposes or

**CITY OF PINSON, ALABAMA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**For the Year Ended June 30, 2019**

to show that it is meeting legal responsibilities for using certain taxes and other money. All of the City's funds are governmental funds, which focus on how money flows into and out of those funds and 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 you 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 or Statement of Activities) and governmental funds in reconciliations after the fund financial statements.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

The following table presents a condensed Statement of Net Position, including all assets and liabilities, as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
<b>Assets</b>			
Cash and investments	\$ 835,394	\$ 1,406,258	\$ (570,864)
Capital assets, net	8,318,487	7,456,720	861,767
Receivables and prepaids	388,578	332,488	56,090
Total Assets	<u>\$ 9,542,459</u>	<u>\$ 9,195,466</u>	<u>\$ 346,993</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 147,434</u>	<u>\$ 160,024</u>	<u>(12,590)</u>
<b>Liabilities</b>			
Long-term debt	\$ 2,589,945	\$ 2,596,754	\$ (6,809)
Pension liability	134,222	153,289	(19,067)
Accounts payables and accruals	152,859	587,043	(434,184)
Total Liabilities	<u>\$ 2,877,026</u>	<u>\$ 3,337,086</u>	<u>\$ (460,060)</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 48,768</u>	<u>\$ 8,410</u>	<u>\$ 40,358</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 5,728,542	\$ 4,859,966	\$ 868,576
Restricted	307,659	274,682	32,977
Unrestricted	727,898	875,346	(147,448)
Total Net Position	<u>\$ 6,764,099</u>	<u>\$ 6,009,994</u>	<u>\$ 754,105</u>

As of June 30, 2019, the City's net position increased \$754,105, or 13%. Cash on hand of \$835,393, represented 12% of net position compared to 23% in the prior period. The City continues to be in a strong financial position, evidenced by an unrestricted net position of \$727,898. Unrestricted amounts available for operations is approximately 4 months. During 2019, the City continued to invest its unrestricted reserves into capital projects, notably the Rock School renovation.

**CITY OF PINSON, ALABAMA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the Year Ended June 30, 2019**

**Change in Net Position**

The following table presents, in summary form, total revenues by major source for the years ended June 30, 2019 and 2018:

	<b>Governmental Activities For the Year Ended June 30,</b>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Taxes			
Sales and use	\$ 2,224,043	\$ 2,043,144	\$ 180,899
Gasoline and other	393,877	378,441	15,436
Auto licenses	26,515	26,101	414
Business licenses	172,527	159,464	13,063
Utility franchise fees	406,182	389,866	16,316
Grant programs	78,844	4,675	74,169
Alabama Trust Fund proceeds	66,618	63,172	3,446
Investment earnings	897	2,849	(1,952)
Fines and forfeitures	3,343	2,663	680
Contributions and reimbursements	2,694	-	2,694
Other	152,700	182,425	(29,725)
Total Revenues	<u>\$ 3,528,240</u>	<u>\$ 3,252,800</u>	<u>\$ 275,440</u>

The following table presents, in summary form, program expenses by function for the years ended June 30, 2019 and 2018:

	<b>For the Year Ended June 30,</b>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
General government	\$ 1,514,708	\$ 1,332,494	\$ 182,214
Public safety	301,092	297,926	3,166
Public service	669,485	726,870	(57,385)
Special appropriations	183,683	179,564	4,119
Interest and finance charges	105,167	79,816	25,351
Total Governmental Activities	<u>2,774,135</u>	<u>2,616,670</u>	<u>157,465</u>
Total Primary Government	<u>\$ 2,774,135</u>	<u>\$ 2,616,670</u>	<u>\$ 157,465</u>

Overall, revenue increased \$275,440, or 8%, from the previous fiscal year. This was due, largely, to increases in sales, use taxes and other revenues. These increases along with those of business license and franchise fee revenue reflect growth in the City's economy.

Overall, expenses increased by \$157,465, or 6%, from the previous fiscal year. The largest increase was in general government expenses of \$182,214, or 14%. This was largely the result of additional salaries and wages as we add more employees to handle the demands of growth in public parks and at the public library as well as increased utilities and general administrative costs. Public service expenses decreased by \$57,385, or 8%, due to decreases in general road maintenance required in the current year.

**CITY OF PINSON, ALABAMA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the Year Ended June 30, 2019**

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Increased revenue and a strong financial base allowed the City to fund basic general government expenses, public safety, repairs, and capital purchases from both unrestricted and restricted sources on hand.

**THE CITY'S FINANCES FROM A FUND PERSPECTIVE**

	<u>General Fund</u>	<u>State Shared Gas Tax 4-5-6 Cent</u>	<u>Non-major Fund</u>	<u>Total Governmental Funds</u>
Revenue	\$ 3,382,772	\$ 69,221	\$ 76,246	\$ 3,528,239
Operating expenditures	2,277,105	787	76,415	2,354,307
Capital outlay and debt service	1,236,844	-	947,779	2,184,623
Other financing sources (uses)	<u>(10,239)</u>	<u>-</u>	<u>939,440</u>	<u>929,201</u>
Net Change in Fund Balances	<u>(141,416)</u>	<u>68,434</u>	<u>(8,508)</u>	<u>(81,490)</u>
Beginning Fund Balance	<u>850,167</u>	<u>154,851</u>	<u>172,852</u>	<u>1,177,870</u>
Ending Fund Balance	<u>\$ 708,751</u>	<u>\$ 223,285</u>	<u>\$ 164,344</u>	<u>\$ 1,096,380</u>

As of June 30, 2019, the Governmental funds reported a combined fund balance of \$1,096,380, a decrease of \$81,490, or -7%, from the prior year. The City continued their investment of unrestricted funds into the renovation of the Rock School during 2019, which contributed largely to the decrease.

**Budget Reporting**

The annual operating budget has always been used to encourage spending adherence to estimated expenditures and revenues. The City, as is typical for similarly sized municipalities, does not formally amend its budget throughout the fiscal period to match to actual expenditures or revenue. A detailed analysis of the variance between actual results and budgeted amounts is included in the Budgetary Comparison Schedule – General Fund contained in the Required Supplementary Information section of the accompanying financial statements and is herein incorporated by reference.

The General Fund budget adopted by the City Council for the fiscal year ended June 30, 2019, projected \$3,272,000 in revenues and \$3,466,000 in expenditures. Actual General Fund revenues for the period were \$3,382,772; \$110,772 more than budgeted, while expenditures totaled \$3,509,553; \$43,553 more than budgeted. Sale and use tax revenue increases from growth in the City was the primary cause for revenues over budget in the current year. The expenditure variance was driven by payroll expenditures that exceeded budgeted amounts from the growth in necessary park maintenance and in the new public library.

**CITY OF PINSON, ALABAMA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the Year Ended June 30, 2019**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2019, net capital assets of the governmental activities totaled \$8,318,487. Capital additions of \$1,142,548 included Rock School renovations of \$824,591 as well as land purchases and other routine equipment purchases and park improvements.

**Long-Term Debt**

At June 30, 2019, outstanding debt totaled \$2,589,945. Current and long-term portions of debt are \$187,614 and \$2,402,331, respectively. Principal reductions during the year totaled \$936,006. The majority of the reductions included the payoff of The City's 2013 G.O. Warrant, which was refinanced in late September 2018 at a face amount of \$752,000 by Series 2018 G.O. Warrant. The new issue has a 3-year term with monthly payments based upon a 15 year amortization. We also secured a promissory note in the current year to assist in funding the purchase of furniture and fixtures for the new public library.

**ECONOMIC FACTORS AFFECTING THE CITY OF PINSON AND NEXT YEAR'S BUDGET  
INFORMATION**

**Key Revenue Assumptions and Trends for fiscal year 2019-2020**

Overall we expect the City's budgeted revenue and operations to expand commensurate with the growth of the community. The City has annexed numerous properties over the years, and we expect select annexations to continue in 2020. These anticipated additions to the City should continue to increase certain revenues. After completion of a two-year renovation of the Rock School Center and Public Library, capital activity will noticeably decrease in fiscal year 2019-2020.

**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 information, contact the City Clerk at the City of Pinson, P.O. Box 1599, Pinson, AL 35126.

BORLAND  
BENEFIELD

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Pinson, Alabama

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Pinson, Alabama (the City), as of and for the year ended June 30, 2019, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Pinson, Alabama, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability, schedule of city contributions, and notes to the required supplementary information on pages 1–5 and 30-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pinson, Alabama's basic financial statements. The combining non-major governmental fund financial statements and financial trend information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major governmental fund financial statements and financial trend information 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. In our opinion, the combining non-major governmental fund financial statements and financial trend information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Borland Benefield, P.C.  
Birmingham, Alabama  
December 19, 2019

CITY OF PINSON, ALABAMA

Statement of Net Position  
As of June 30, 2019

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 835,394
Receivables, net	366,538
Prepaid expenses	22,040
Capital assets not being depreciated	1,868,180
Capital assets, net of accumulated depreciation	<u>6,450,307</u>
Total Assets	<u>\$ 9,542,459</u>
<b>Deferred Outflows of Resources</b>	
Pension related (See Note 8)	<u>\$ 147,434</u>
<b>Liabilities</b>	
Accounts payable	\$ 101,065
Accrued interest payable	25,267
Other current liabilities	26,527
Net pension liability	134,222
Noncurrent liabilities	
Long-term debt due within one year	187,614
Long-term debt due in more than one year	<u>2,402,331</u>
Total Liabilities	<u>\$ 2,877,026</u>
<b>Deferred Inflows of Resources</b>	
Pension related (See Note 8)	<u>\$ 48,768</u>
<b>Net Position</b>	
Net investment in capital assets	\$ 5,728,542
Restricted	307,659
Unrestricted	<u>727,898</u>
Total Net Position	<u>\$ 6,764,099</u>

See accompanying notes to financial statements.



**CITY OF PINSON, ALABAMA**

**Balance Sheet - Governmental Funds  
As of June 30, 2019**

	<b>General Fund</b>	<b>State Shared Gas Tax 4-5-6 Cent</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 421,787	\$ -	\$ 126,230	\$ 548,017
Accounts receivable - net	344,493	12,338	9,707	366,538
Restricted cash and cash equivalents	46,260	210,947	30,170	287,377
Prepaid expenses	<u>22,040</u>	<u>-</u>	<u>-</u>	<u>22,040</u>
<b>Total Assets</b>	<b><u>\$ 834,580</u></b>	<b><u>\$ 223,285</u></b>	<b><u>\$ 166,107</u></b>	<b><u>\$ 1,223,972</u></b>
<b>Liabilities and Fund Balances</b>				
Liabilities				
Accounts payable	\$ 99,302	\$ -	\$ 1,763	\$ 101,065
Due to other funds	-	-	-	-
Accrued expenses	<u>26,527</u>	<u>-</u>	<u>-</u>	<u>26,527</u>
Total Liabilities	<u>125,829</u>	<u>-</u>	<u>1,763</u>	<u>127,592</u>
Fund Balances				
Nonspendable	22,040	-	-	22,040
Restricted	46,260	223,285	38,114	307,659
Committed	-	-	126,230	126,230
Unassigned	<u>640,451</u>	<u>-</u>	<u>-</u>	<u>640,451</u>
Total Fund Balances	<u>708,751</u>	<u>223,285</u>	<u>164,344</u>	<u>1,096,380</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 834,580</u></b>	<b><u>\$ 223,285</u></b>	<b><u>\$ 166,107</u></b>	<b><u>\$ 1,223,972</u></b>

*See accompanying notes to financial statements.*

CITY OF PINSON, ALABAMA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
For the Year Ended June 30, 2019

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Total fund balance, governmental funds \$ 1,096,380

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 Position. 8,318,487

Deferred outflows of resources related to pensions are not reported in the governmental funds because the consumption of net position will occur in future periods. 147,434

Certain 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. Those liabilities consist of the following:

Accrued interest	(25,267)	
Net pension liability	(134,222)	
Long-term debt	<u>(2,589,945)</u>	(2,749,434)

Deferred inflows of resources related to pensions are not reported in the governmental funds because the acquisition of net position will occur in future periods. (48,768)

Net Position of Governmental Activities \$ 6,764,099

*See accompanying notes to financial statements.*

**CITY OF PINSON, ALABAMA**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds**

**For the Year Ended June 30, 2019**

	<u>General Fund</u>	<u>State Shared Gas Tax 4-5-6 Cent</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Revenue</b>				
Sales and use taxes	\$ 2,224,043	\$ -	\$ -	\$ 2,224,043
Utility franchise fees in lieu of business licenses	406,182	-	-	406,182
Business licenses	172,528	-	-	172,528
Gasoline and other taxes	248,806	68,908	76,161	393,875
Fines and forfeitures	3,343	-	-	3,343
Auto licenses	26,515	-	-	26,515
Investment earnings	498	313	85	896
Alabama trust fund proceeds	66,618	-	-	66,618
Grant programs	78,844	-	-	78,844
Contributions and reimbursements	2,694	-	-	2,694
Other revenues	152,701	-	-	152,701
<b>Total Revenue</b>	<u>3,382,772</u>	<u>69,221</u>	<u>76,246</u>	<u>3,528,239</u>
<b>Expenditures</b>				
Current				
General government				
General and administrative	1,016,839	-	-	1,016,839
Public library	290,673	-	-	290,673
Appropriations	183,683	-	-	183,683
Public safety	278,860	-	-	278,860
Public service	507,050	787	76,415	584,252
Debt Service				
Principal	80,072	-	855,938	936,010
Interest and other charges	23,397	-	82,668	106,065
Capital outlay	1,133,375	-	9,173	1,142,548
<b>Total Expenditures</b>	<u>3,513,949</u>	<u>787</u>	<u>1,024,194</u>	<u>4,538,930</u>
Excess (deficiency) of revenues over expenditures	<u>(131,177)</u>	<u>68,434</u>	<u>(947,948)</u>	<u>(1,010,691)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	939,440	939,440
Transfers out	(939,440)	-	-	(939,440)
Proceeds from issuance of long-term debt	929,201	-	-	929,201
<b>Total Other Financing Sources (Uses)</b>	<u>(10,239)</u>	<u>-</u>	<u>939,440</u>	<u>929,201</u>
<b>Net Change in Fund Balances</b>	(141,416)	68,434	(8,508)	(81,490)
<b>Fund Balances, Beginning</b>	<u>850,167</u>	<u>154,851</u>	<u>172,852</u>	<u>1,177,870</u>
<b>Fund Balances, Ending</b>	<u>\$ 708,751</u>	<u>\$ 223,285</u>	<u>\$ 164,344</u>	<u>\$ 1,096,380</u>

*See accompanying notes to financial statements.*

**City of Pinson, Alabama**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Fund to the Statements of Activities and Net Position  
For the Year Ended June 30, 2019**

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Net change in fund balances - total governmental funds: \$ (81,490)

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 capital outlays of \$1,142,548 exceeded depreciation of \$280,781 in the current period. 861,767

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. The City issued \$929,201 in new debt in the current year and made \$936,009 in repayments that reduced long-term debts. 6,809

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:

Net effect of accrued interest not reflected in governmental funds 900

Governmental funds report pension contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of charges in deferred outflows and inflows of resources to pensions, and investment experience. (33,881)

Change in Net Position of Governmental Activities \$ 754,105

*See accompanying notes to financial statements.*

## CITY OF PINSON, ALABAMA

### Notes to Financial Statements For the Year Ended June 30, 2019

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#### Note 1 – Summary of Significant Accounting Policies

The City of Pinson, Alabama (the City) was incorporated in 2004 and operates under a Mayor-Council form of government, providing the following services: annexation and general administrative services and public safety.

The financial statements of the City are prepared in conformity with *Generally Accepted Accounting Principles* as applied to governmental units (GAAP). The more significant of the City's accounting policies are described below:

#### The Reporting Entity

The City's basic financial statements include the accounts of all City operations. The City has no business-type activities or component units.

#### Basis of Presentation

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. The effect of inter-fund activity within the governmental activities has been removed from these statements.

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

#### Fund Financial Statements

The City segregates transactions related to certain function or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The emphasis of fund financial statements is on the major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are those through which general governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds as there are no proprietary funds. The following is a brief description of the fund types used by the City in fiscal year ended June 30, 2019:

Major governmental funds:

The **General Fund** is the City's primary operating fund and accounts for all financial resources except for those required to be accounted for in other funds.

The **State Shared Gas Tax 4-5-6 Fund** is used to account for the proceeds of gasoline taxes the State of Alabama shares with municipalities whose expenditures are legally restricted to general road construction, improvement and maintenance related activities.

*See independent auditor's report.*



## CITY OF PINSON, ALABAMA

### Notes to Financial Statements (continued) For the Year Ended June 30, 2019

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#### Note 1 – Summary of Significant Accounting Policies (continued)

Non-major funds:

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The **Debt Service Funds** are used to account for the accumulation of resources for and the payment of general long-term debt, principal, interest, and related costs.

#### Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements are reported using the *economic resources measurement focus* and the *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.

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 assessment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The 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 considers local tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other governmental fund revenues are recognized when received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

#### Reconciliation of Government-Wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation of the fund balances in the governmental funds to the net position reported in the government-wide statements. The reconciling items reflect the changes necessary to report the governmental fund balances on the economic resources measurement focus and accrual basis of accounting. In addition, capital assets and long-term debt are added to the governmental funds to compile the long-term view in the governmental activities column of the government-wide statement of net position.

A similar reconciliation is included for the statement of revenues, expenditures and changes in fund balances of the governmental funds. The reconciling items reflect the transition from the modified accrual basis of accounting used for governmental funds to the accrual basis of accounting used in the statement

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

of activities. Capital outlay is replaced with depreciation expense. The principal payments on long-term debt are eliminated from operating costs.

Budgets and Budgetary Accounting

A budget is adopted each year for General Fund only. Anticipated revenues and expenses are appropriated on a basis consistent with generally accepted accounting principles.

Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Capital Assets

Capital assets include property, buildings, infrastructure (which consist of the City's roads), furniture, vehicles and other equipment. Capital assets are reported in the governmental activities column in the government-wide financial statement. Capital outlays are recorded as expenditures of the governmental funds. Capital assets are recorded at cost where historical cost is available or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value at time of donation. The costs of normal repair and maintenance that do not add to the value of the asset or materially extend useful lives are expensed. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

<u>Assets</u>	<u>Years</u>
Furniture and equipment	5 – 10
Leasehold improvements	20
Vehicles	5
Buildings	40
Building improvements	10 – 20
Infrastructure	20

The City elects to capitalize all infrastructure assets that are acquired (purchased, constructed, or donated), subsequent to its incorporation. All infrastructure assets within the City limits, at the time of incorporation, remain the assets of Jefferson County (the County) or the State of Alabama (the State).

*See independent auditor's report.*

## CITY OF PINSON, ALABAMA

### Notes to Financial Statements (continued) For the Year Ended June 30, 2019

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#### Note 1 – Summary of Significant Accounting Policies (continued)

##### Use of Estimates

In preparing these financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Property Tax Calendar

The City's ad valorem property taxes are collected and remitted to the City by Jefferson County. Property taxes are levied by the Jefferson County Commission at its first regular meeting in February of each year based on the property on record as of the preceding October 1. The taxes are due the following October 1 and are delinquent after December 31. The enforceable legal claim for property taxes exists on October 1 preceding the February meeting of the County Commission.

##### Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

##### Net Position and Fund Balances

Net position in the government-wide financial statements is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation, construction in progress, land, and reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or law or regulations of other governments or imposed by law through state statute. Unrestricted net position is all other net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balance as follows:

**Non-spendable** – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The City considers prepaid items and its long - term receivable to be Nonspendable Fund Balance.

**Restricted** – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The City considers unspent gas tax revenues in the 7-2 and 4-6-5 Street Funds and unspent Alabama Trust Fund receipts to be Restricted Fund Balance.

**Committed** – Amounts that can only be used for specific purposes determined by a formal action by City Council ordinance or resolution. The City considers amounts held for debt service payments to be Committed Fund Balance.

*See independent auditor's report.*

## CITY OF PINSON, ALABAMA

### Notes to Financial Statements (continued) For the Year Ended June 30, 2019

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#### Note 1 – Summary of Significant Accounting Policies (continued)

**Assigned** – Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The City has no Assigned Fund Balance.

**Unassigned** – All amounts not included in other spendable classifications.

The City has not adopted a minimum fund balance policy for the General Fund. When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

#### Pension Plan

The City participates in the Employees' Retirement System of Alabama (the Plan) whose financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions 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 Report.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has pension activity that qualifies for reporting in this category (see Note 8).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has pension activity that qualifies for reporting in this category (see Note 8).

#### Note 2 – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. All of these accounts are insured by the FDIC up to \$250,000 per institution. In addition, all City monies are deposited with member banks of the Security for Alabama Funds Enhancement Program (SAFE). The SAFE program eliminates the need for individually collateralized deposits for balances in excess of the FDIC coverage. The City monitors the maturity structure of any investments on a regular basis as a means of limiting its exposure to fair value losses arising from interest rate volatility, however, does not maintain a specific policy related to interest rate risk as part of its investment policy.

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

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**Note 3 – Accounts Receivable**

Accounts receivable are presented at cost which approximates their fair market value. Due to the nature of the accounts, an allowance for doubtful accounts is not maintained. Accounts receivable consists of the following as of June 30, 2019:

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Total</b>
Sales and use taxes	\$ 219,077	\$ -	\$ 219,077
Financial institution excise tax	76,069	-	76,069
Franchise fees	15,470	-	15,470
Beer tax	9,165	-	9,165
Auto licenses	4,839	-	4,839
ABC board profits	3,259	-	3,259
Other receivables	4,388	87	4,475
Road & bridge tax	2,133	-	2,133
Gasoline tax	10,093	-	10,093
Gas tax (7%) street fund	-	9,706	9,706
Gas tax (5%) street fund	-	4,040	4,040
Gas tax (4%) street fund	-	8,212	8,212
Total	<u>\$ 344,493</u>	<u>\$ 22,045</u>	<u>\$ 366,538</u>

**Note 4 – Interfund Receivables and Payables**

At times throughout the year, interfund receivables and payables exist. During the year, transfers are made between the general fund, special revenue funds, and debt service funds. At June 30, 2019, there were no interfund payables from the special revenue or debt service funds to the general fund.

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*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<b>Balance June 30, 2018</b>	<b>Additions/ Completions</b>	<b>Retirements/ Adjustments</b>	<b>Balance June 30, 2019</b>
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 1,783,214	\$ 65,894	\$ -	\$ 1,849,108
Construction in progress	<u>1,130,404</u>	<u>835,558</u>	<u>(1,946,890)</u>	<u>19,072</u>
Total Capital Assets Not Being Depreciated	<u>2,913,618</u>	<u>901,452</u>	<u>(1,946,890)</u>	<u>1,868,180</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and improvements	1,856,677	1,946,890	-	3,803,567
Land improvements	2,066,151	35,055	-	2,101,206
Leasehold improvements	78,557	-	-	78,557
Vehicles	250,520	2,000	-	252,520
Furniture and fixtures	146,898	183,531	-	330,429
Other equipment	460,293	20,510	-	480,803
Infrastructure	<u>825,402</u>	<u>-</u>	<u>-</u>	<u>825,402</u>
Total Capital Assets Being Depreciated	<u>5,684,498</u>	<u>2,187,986</u>	<u>-</u>	<u>7,872,484</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and improvements	387,121	76,262	-	463,383
Land improvements	154,965	69,302	-	224,267
Leasehold improvements	26,820	4,011	-	30,831
Vehicles	129,421	31,408	-	160,829
Furniture and fixtures	119,032	8,424	-	127,456
Other equipment	120,836	51,881	-	172,717
Infrastructure	<u>203,201</u>	<u>39,493</u>	<u>-</u>	<u>242,694</u>
Total Accumulated Depreciation	<u>1,141,396</u>	<u>280,781</u>	<u>-</u>	<u>1,422,177</u>
Total Capital Assets Being Depreciated, Net	<u>4,543,102</u>	<u>1,907,205</u>	<u>-</u>	<u>6,450,307</u>
Total Capital Assets, Net	<u>\$ 7,456,720</u>	<u>\$ 2,808,657</u>	<u>\$ (1,946,890)</u>	<u>\$ 8,318,487</u>

Depreciation expense for the year ended June 30, 2019 is charged to functions as follows:

General and administrative	\$ 173,316
Public safety	22,232
Public service	<u>85,233</u>
	<u>\$ 280,781</u>

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

**Note 6 – Lease and Licensing Agreements**

PHCC - Pursuant to an amended lease agreement, the City leases the Palmerdale Homestead Community Center (PHCC) and Palmerdale Fire District (PFD) property from the Jefferson County Board of Education for a period of ninety-nine years beginning on January 1, 2010 and ending on December 31, 2108. The City will pay no rent, but will maintain the facility, pay for operating and maintenance expenses, and preserve the public liability insurance. The City, in turn, subleases the properties to the PHCC and the PFD for a period of ninety-nine years and receives all monies that the PHCC receives from citizens who rent the use of the building. These sublease agreements continue through December 31, 2108.

Rock School - Beginning in December 2014, the City agreed to lease a certain portion of the Rock School Center to the Center Point Church of Christ for an initial term of one year with a lease payment of \$600 per month. After conclusion of the initial term, the lease will automatically review itself for additional terms of one year apiece, upon a maximum cumulative lease of five years. Either the City or Church may elect to terminate the lease prior to the end of the initial term or any additional term by giving the other party ninety days written notice.

Bradford Park - The City entered into an agreement to license Bradford Park from Jefferson County in order to maintain and operate the park for recreational purposes. The license is effective on March 1, 2018 and shall expire February 28, 2023, and shall be automatically renewable thereafter from year to year for a period of five years unless terminated by either party. The City shall pay Jefferson County an annual cash fee of \$1.00 due on or before March 1<sup>st</sup> each year of the license term.

**Note 7 – Long-Term Debt**

Changes in long-term obligations for the year ended June 30, 2019, are as follows:

	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2019</b>	<b>One Year</b>
2013 GO Warrant	\$ 741,754	\$ -	\$ (741,754)	\$ -	\$ -
2014 GO Warrant	1,855,000	-	(90,000)	1,765,000	90,000
2018 GO Warrant	-	752,000	(24,184)	727,816	37,497
Note Payable	-	177,201	(80,072)	97,129	60,117
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 2,596,754</u>	<u>\$ 929,201</u>	<u>\$ (936,009)</u>	<u>\$ 2,589,945</u>	<u>\$ 187,614</u>

2013 GO Warrant: On October 15, 2013, the City issued a qualified tax-exempt general obligation warrant in the amount of \$900,000 to assist in financing the purchase of property known as the Rock School located in Pinson, Alabama. The warrant holds an annual rate of 3.31% and is payable in monthly installments of \$5,132 over five years with a balloon payment due October 15, 2018, of the unpaid principal and interest. The warrant has been retired effective September 20, 2018 and refinanced with a taxable general obligation warrant series 2018.

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

**Note 7 – Long-Term Debt (continued)**

2014 GO Warrants: On July 1, 2014, the City issued tax-exempt General Obligation Warrants, Series 2014, in the amount of \$2,110,000 in which a partial amount of principal proceeds were applied to the cost of refunding the City's General Obligation Warrant, Series 2007, dated November 14, 2007. The remaining proceeds, net of issuance costs, were used for the cost of acquiring and constructing the Bicentennial Park. The warrants mature and become payable on July 1 in the years 2017 through 2034 and shall bear interest from 2.00% to 3.50%.

2018 GO Warrants: On September 20, 2019, the City issued tax-exempt General Obligation Warrants, Series 2018, in the amount of \$752,000 in which the of principal proceeds were applied to the cost of refunding the City's General Obligation Warrant, Series 2013, dated October 15, 2013. The warrants mature and become payable on October 1 in the years 2018 through 2021. The warrants are payable monthly in installments of \$5,738 and shall bear an interest rate of 4.34%.

Note Payable: On September 14, 2018, the City secured a promissory note from Hometown Bank in the amount of \$177,201 in which the principal proceeds were used to purchase furniture and fixtures for the new Public Library. The note matures and became payable on October 1 in the years 2018 through 2021. The note is payable monthly in installments of \$5,246 and bears an interest rate of 4.00%.

Line of Credit – On September 30, 2018, the City issued and up to \$250,000 taxable general obligation line of credit warrant with an interest rate of LIBOR plus 3.00%. The warrant matures one year after the issue date on September 20, 2019. There was no outstanding balance on the line as of June 30, 2019.

Annual requirements to retire general long-term debt as of June 30, 2019, for the next five years and in five year increments are as follows:

	<u>Principal 2014 GO Warrant</u>	<u>Principal 2018 GO Warrants</u>	<u>Principal Note Payable</u>	<u>Interest 2014 GO Warrant</u>	<u>Interest 2018 GO Warrants</u>	<u>Interest Note Payable</u>	<u>Total</u>
Years Ended June 30,							
2020	\$ 90,000	\$ 37,497	\$ 60,117	\$ 49,358	\$ 31,362	\$ 2,838	\$ 271,172
2021	95,000	39,267	37,013	43,295	29,593	515	244,682
2022	95,000	651,052	-	42,020	9,502	-	797,574
2023	95,000	-	-	45,405	-	-	140,405
2024	100,000	-	-	43,425	-	-	143,425
2025-2029	535,000	-	-	168,393	-	-	703,393
2030-2034	620,000	-	-	77,720	-	-	697,720
2035-2036	135,000	-	-	-	-	-	135,000
Total	<u>\$ 1,765,000</u>	<u>\$ 727,816</u>	<u>\$ 97,129</u>	<u>\$ 469,615</u>	<u>\$ 70,456</u>	<u>\$ 3,353</u>	<u>\$ 3,133,370</u>

*See independent auditor's report.*



## CITY OF PINSON, ALABAMA

### Notes to Financial Statements (continued) For the Year Ended June 30, 2019

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#### Note 8 – Pension Plan

##### ***General Information about the Pension Plan***

Plan description: The Employees' Retirement System of Alabama (ERS), an agency multiple-employer public employee retirement plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing 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. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama 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 § 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 Tier 1 ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

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**Note 8 – Pension Plan (continued)**

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 are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS membership includes approximately 90,999 participants from approximately 909 local participating employers. As of September 30, 2018, membership consisted of:

	<u>ERS</u>	<u>City</u>
Retirees and beneficiaries currently receiving benefits	24,818	-
Terminated employees entitled to but not yet receiving benefits	1,426	-
Terminated employees not entitled to a benefit	7,854	1
Active members	56,760	11
Post-DROP retired members still in active service	<u>141</u>	<u>-</u>
Total	<u>90,999</u>	<u>12</u>

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

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

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**Note 8 – Pension Plan (continued)**

Tier 2 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) 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 pre-retirement death benefit and administrative expenses of the Plan. For the year ended June 30, 2019, the City's active employee contribution rate was 7.50% and 6.00% of regular covered employee payroll for Tier 1 and Tier 2, respectively. Additionally, the City's average contribution rate to fund the normal and accrued liability costs was 2.99% of covered employee payroll.

City's contractually required contribution rate for the year ended June 30, 2019 was 3.19% of pensionable pay for Tier 1 employees, and 2.69% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2016, 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 \$15,455 for the year ended June 30, 2019.

***Net Pension Liability***

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2017 rolled forward to September 30, 2018 using standard roll-forward techniques as shown in the following table:

*[This page has been intentionally left blank.]*

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

**Note 8 – Pension Plan (continued)**

	<u>Expected</u>	<u>Actual 7.75%</u>	<u>Actual 7.70%</u>
(a) TPL as of September 30, 2017	\$ 418,874	\$ 379,544	\$ 382,253
(b) Discount rate	7.75%	7.75%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2017 - September 30, 2018	56,854	56,854	57,320
(d) Transfers Among Employers:	-	-	-
(e) Actual Benefit Payments and Refunds for the period October 1, 2017 - September 30, 2018	<u>(10,975)</u>	<u>(10,975)</u>	<u>(10,975)</u>
(f) TPL as of September 30, 2018 = [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$ 496,791</u>	<u>\$ 454,412</u>	<u>\$ 457,609</u>
(g) Difference between Expected and Actual		\$ (42,349)	
(h) Less Liability Transferred for Immediate Recognition:		<u>-</u>	
(i) Experience (Gain)/Loss = (g) - (h)		\$ (42,349)	
(j) Difference between Actual at 7.70% and Actual at 7.75% [Assumption Change (Gain)/Loss] =			\$ 3,197

Actuarial assumptions: The total pension liability as of September 30, 2018 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2017. The key actuarial assumptions are summarized below:

Inflation	2.875%
Salary increases	3.375% - 5.125%
Investment rate of return*	7.875%

\* Net of pension plan investment expense

Mortality rates for ERS were based on the 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 at ages on and after 78. 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.

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

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**Note 8 – Pension Plan (continued)**

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of the fiscal year 2016.

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	<u>100.00%</u>	

\* Includes assumed rate of inflation of 2.75%

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

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

**Note 8 – Pension Plan (continued)**

***Changes in the Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2017	\$ 418,847	\$ 265,558	\$ 153,289
Changes for the year:			
Service cost	56,854	-	56,854
Interest	32,035	-	32,035
Changes of assumptions	3,197	-	3,197
Differences between expected and actual experience	(42,349)	-	(42,349)
Contributions - employer	-	11,774	(11,774)
Contributions - employee	-	30,982	(30,982)
Net investment income	-	26,048	(26,048)
Benefit payments, including refunds of employee contributions	(10,975)	(10,975)	-
Administrative expense	-	-	-
Transfers among employers	-	-	-
Net changes	<u>38,762</u>	<u>57,829</u>	<u>\$ (19,067)</u>
Balances at September 30, 2018	<u>\$ 457,609</u>	<u>\$ 323,387</u>	<u>\$ 134,222</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.70%, as well as what the City's 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:

	1% Decrease (6.70%)	Current Rate (7.70)%	1% Increase (8.70%)
Plan's net pension liability (asset)	\$ 206,985	\$ 134,222	\$ 74,055

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, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2018. The auditor's report dated August 17, 2019 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

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**Note 8 – Pension Plan (continued)**

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

For the year ended June 30, 2019, the City recognized net pension expense \$49,174. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 93,558	\$ 38,849
Changes of assumptions	42,342	-
Net difference between projected and actual earnings on pension plan investments	-	9,919
Employer contributions subsequent to the measurement date	<u>11,534</u>	<u>-</u>
Total	<u>\$ 147,434</u>	<u>\$ 48,768</u>

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date totaling \$11,534 will be recognized as a reduction of net pension liability in the year June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2020	\$ 10,818
2021	9,372
2022	10,069
2023	12,262
2024	13,110
Thereafter	31,501

**Note 9 – Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster. Risk Management is the process of managing the City's activities to minimize the adverse effects of certain types of losses and to obtain finances to provide for or restore the economic damages of these losses. The City finances its risk through the purchase of general liability insurance.

*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2019**

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**Note 10 – Subsequent Events**

The City has evaluated subsequent events through December 19, 2019, the date the financial statements were available to be issued.

Effective September 20, 2019 the City renewed the line of credit disclosed in Note 7 under similar terms however increased the maximum amount available to borrow from \$250,000 to \$500,000.

*See independent auditor's report.*



**CITY OF PINSON, ALABAMA**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<b>Revenues</b>			
Sales and use taxes	\$ 2,100,000	\$ 2,224,043	\$ 124,043
Franchise fees in lieu of business licenses	400,000	406,182	6,182
Business licenses	160,000	172,528	12,528
Miscellaneous revenues	155,000	83,455	(71,545)
Alcohol tax	65,000	73,510	8,510
Alabama trust fund proceeds	65,000	66,618	1,618
Pinson youth sports complex income	70,000	70,822	822
Gasoline tax	55,000	58,902	3,902
Road and bridge tax	55,000	55,391	391
Auto licenses	26,000	26,515	515
Financial institution excise tax	60,000	76,069	16,069
Park income	20,000	24,174	4,174
Library income	12,000	17,150	5,150
PHCC use income	4,000	2,500	(1,500)
Rock School Center income	8,000	7,635	(365)
Fines and forfeitures	4,000	3,343	(657)
Tobacco tax	6,000	4,970	(1,030)
Community center use	5,000	8,440	3,440
Zoning / subdivision fees	2,000	525	(1,475)
<b>Total Revenue</b>	<u>3,272,000</u>	<u>3,382,772</u>	<u>110,772</u>
<b>Expenditures</b>			
Capital outlay	1,185,000	1,133,375	(51,625)
Public safety	626,500	334,414	(292,086)
Payroll	530,000	602,993	72,993
Library expenses	210,000	294,344	84,344
Utilities	204,000	199,620	(4,380)
Parks and recreation	226,000	211,377	(14,623)
Schools	92,500	107,611	15,111
Legal and professional	90,000	129,533	39,533
City promotions	64,000	70,844	6,844
Road maintenance	30,000	68,378	38,378
Office expenses	22,000	51,904	29,904
Insurance	43,000	55,440	12,440
Conferences, training and dues	37,000	49,008	12,008
Building and grounds	32,000	20,835	(11,165)
Public works	20,000	41,449	21,449
Blight removal	20,000	4,850	(15,150)
Auto fleet and equipment	17,000	16,748	(252)
Animal control	12,000	8,387	(3,613)
Probate and elections	5,000	9,370	4,370
Interest and other charges	-	23,397	23,397
Principal paid on debt	-	80,072	80,072
<b>Total Expenditures</b>	<u>3,466,000</u>	<u>3,513,949</u>	<u>47,949</u>
Excess (deficiency) of revenues over expenditures	<u>(194,000)</u>	<u>(131,177)</u>	<u>62,823</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from issuance of debt	-	929,201	929,201
Transfers out	(206,000)	(939,440)	(733,440)
<b>Total Other Financing Sources (Uses)</b>	<u>(206,000)</u>	<u>(10,239)</u>	<u>195,761</u>
<b>Net Change in Fund Balance</b>	<u>\$ (400,000)</u>	<u>\$ (141,416)</u>	<u>\$ 258,584</u>

CITY OF PINSON, ALABAMA

Schedules of Required Supplementary Information  
Schedule of Changes in the Net Pension Liability  
Last 10 Fiscal Years Ending June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Pension Liability</b>										
Service cost	\$ 56,854	\$ 48,756	\$ 28,233	\$ 22,108	\$ 19,479					
Interest	32,035	22,628	11,874	8,012	5,976					
Changes of benefit terms	-	-	-	-	-					
Differences between expected and actual experience	(42,349)	56,100	50,726	18,157	-					
Changes of assumptions	3,197	-	53,320	-	-					
Benefit payments, including refunds of employee contributions	(10,975)	(1,218)	-	-	-					
Transfers among employers	-	-	-	-	-					
<b>Net change in total pension liability</b>	<b>38,762</b>	<b>126,266</b>	<b>144,153</b>	<b>48,277</b>	<b>25,455</b>					
<b>Total pension liability - beginning</b>	<b>418,847</b>	<b>292,581</b>	<b>148,428</b>	<b>100,151</b>	<b>74,696</b>					
<b>Total pension liability - ending (a)</b>	<b>\$ 457,609</b>	<b>\$ 418,847</b>	<b>\$ 292,581</b>	<b>\$ 148,428</b>	<b>\$ 100,151</b>					
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 11,774	\$ 12,267	\$ 16,066	\$ 8,331	\$ 13,255					
Contributions - member	30,982	30,028	27,513	22,126	17,889					
Net investment income	26,048	27,812	16,164	1,256	6,487					
Benefit payments, including refunds of employee contributions	(10,975)	(1,218)	-	-	-					
Transfers among employers	-	-	-	29,094	-					
<b>Net change in plan fiduciary net position</b>	<b>57,829</b>	<b>68,889</b>	<b>59,743</b>	<b>60,807</b>	<b>37,631</b>					
<b>Plan net position - beginning</b>	<b>265,558</b>	<b>196,669</b>	<b>136,926</b>	<b>76,119</b>	<b>38,488</b>					
<b>Plan net position - ending (b)</b>	<b>\$ 323,387</b>	<b>\$ 265,558</b>	<b>\$ 196,669</b>	<b>\$ 136,926</b>	<b>\$ 76,119</b>					
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 134,222</b>	<b>\$ 153,289</b>	<b>\$ 95,912</b>	<b>\$ 11,502</b>	<b>\$ 24,032</b>					
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	70.67%	63.40%	67.22%	92.25%	76.00%					
<b>Covered-employee payroll*</b>	<b>\$ 536,284</b>	<b>\$ 412,344</b>	<b>\$ 378,660</b>	<b>\$ 292,206</b>	<b>\$ 306,330</b>					
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	25.03%	37.18%	25.33%	3.94%	7.85%					

\* Employer's covered payroll during the measurement period is the total covered payroll. For FY2019 the measurement period is October 1, 2017 - September 30, 2018.

Fiscal year ended June 30, 2015 was the first year of implementation, therefore prior information is not provided.

**CITY OF PINSON, ALABAMA**

**Schedules of Required Supplementary Information  
Schedule of City Contributions  
Last 10 Fiscal Years Ending June 30**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution*	\$ 15,455	\$ 13,945	\$ 14,440	\$ 15,054	\$ 10,469					
Contributions in relation to the actuarially determined contribution	(15,455)	(13,945)	(14,440)	(15,054)	(10,469)					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
City's covered-employee payroll**	\$ 517,107	\$ 456,436	\$ 382,760	\$ 351,915	\$ 335,796					
Contributions as a percentage of covered-employee payroll	2.99%	3.06%	3.77%	4.28%	3.12%					

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

\*\* Employer's covered payroll for FY2019 is the total covered payroll for the 12 month period of the underlying financial statement.

Fiscal year ended June 30, 2015 was the first year of implementation, therefore prior information is not provided.

CITY OF PINSON, ALABAMA

Notes to Required Supplementary Information  
For the Year Ended June 30, 2019

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**Note 1 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

Since the City's financial reporting period of June 30, 2019 is other than September 30, 2019, additional assumptions are reported for the basis of determining the portion of the contribution prior to September 30, 2019 as follows:

For the Year Ended June 30, 2019

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2019 were based on the September 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2018 to September 30, 2019 are as follows:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	21.9 years
Asset valuation method	Five-year smoothed market
Inflation	2.875%
Salary increase	3.375 – 5.125%, including inflation
Investment rate of return	7.875%, net of pension plan investment expense, including inflation

For the Year Ended June 30, 2018

Actuarially determined contribution rates as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2018 were based on the September 30, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2017 to September 30, 2018 are as follows:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	18.8 years
Asset valuation method	Five-year smoothed market
Inflation	3.00%
Salary increase	3.75 – 7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

**CITY OF PINSON, ALABAMA**

**Combining Balance Sheet - Non-Major Governmental Funds  
Non-Major Governmental Funds  
As of June 30, 2019**

	<b>Special Revenue Fund Street Fund 7-2</b>	<b>Debt Service Fund 2013/2018 Warrants</b>	<b>Debt Service Fund 2014 Warrants</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 10,963	\$ 115,267	\$ 126,230
Accounts receivable - net	9,707	-	-	9,707
Restricted cash and cash equivalents	30,170	-	-	30,170
<b>Total Assets</b>	<b>\$ 39,877</b>	<b>\$ 10,963</b>	<b>\$ 115,267</b>	<b>\$ 166,107</b>
<b>Liabilities and Fund Balances</b>				
Liabilities				
Accounts payable	\$ 1,763	\$ -	\$ -	\$ 1,763
Due to other funds	-	-	-	-
Total Liabilities	1,763	-	-	1,763
Fund Balances				
Restricted	38,114	-	-	38,114
Committed	-	10,963	115,267	126,230
Total Fund Balances	38,114	10,963	115,267	164,344
<b>Total Liabilities and Fund Balances</b>	<b>\$ 39,877</b>	<b>\$ 10,963</b>	<b>\$ 115,267</b>	<b>\$ 166,107</b>

**CITY OF PINSON, ALABAMA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2019**

	<b>Special Revenue Fund Street Fund 7-2</b>	<b>Debt Service Fund 2013/2018 Warrant</b>	<b>Debt Service Fund 2014 Warrants</b>	<b>Total</b>
<b>Revenues</b>				
Gasoline and other taxes	\$ 76,161	\$ -	\$ -	\$ 76,161
Investment earnings	-	-	85	85
<b>Total Revenues</b>	<u>76,161</u>	<u>-</u>	<u>85</u>	<u>76,246</u>
<b>Expenditures</b>				
Current				
Public service	76,415	-	-	76,415
Debt service				
Principal	-	765,937	90,000	855,937
Interest and other charges	-	29,642	53,027	82,669
Capital Outlay	<u>9,173</u>	<u>-</u>	<u>-</u>	<u>9,173</u>
<b>Total Expenditures</b>	<u>85,588</u>	<u>795,579</u>	<u>143,027</u>	<u>1,024,194</u>
Excess (deficiency) of revenues over expenditures	<u>(9,427)</u>	<u>(795,579)</u>	<u>(142,942)</u>	<u>(947,948)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>-</u>	<u>797,400</u>	<u>142,040</u>	<u>939,440</u>
<b>Net Change in Fund Balances</b>	(9,427)	1,821	(902)	(8,508)
<b>Fund Balances, Beginning</b>	<u>47,541</u>	<u>9,142</u>	<u>116,169</u>	<u>172,852</u>
<b>Fund Balances, Ending</b>	<u>\$ 38,114</u>	<u>\$ 10,963</u>	<u>\$ 115,267</u>	<u>\$ 164,344</u>

**CITY OF PINSON, ALABAMA**

**Financial Trend Information -  
Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
For the Years Ended June 30, 2014 through 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenue</b>						
Sales and use taxes	\$ 2,224,043	\$ 2,043,144	\$ 1,920,196	\$ 1,446,559	\$ 1,111,189	\$ 967,761
Franchise fees	406,182	389,866	405,507	405,334	402,074	382,038
Business licenses	172,528	159,464	152,753	148,547	156,340	140,304
Gasoline and other taxes	248,806	235,979	224,426	190,383	178,286	169,708
Fines and forfeitures	3,343	2,663	3,235	3,817	3,964	10,263
Auto licenses	26,515	26,101	26,064	24,652	23,433	19,615
Investment earnings	498	2,687	3,279	1,961	223	364
Alabama trust fund proceeds	66,618	63,172	63,071	64,790	63,024	63,154
Grant programs	78,844	4,675	12,520	11,996	127,876	11,181
Contributions and reimbursements	2,694	-	1,110	150	-	77,547
Other revenues	152,701	182,425	129,856	139,981	97,096	117,768
<b>Total Revenue</b>	<u>3,382,772</u>	<u>3,110,176</u>	<u>2,942,017</u>	<u>2,438,170</u>	<u>2,163,505</u>	<u>1,959,703</u>
<b>Expenditures</b>						
Current						
General government						
General and administrative	1,016,839	923,976	770,169	713,029	556,230	613,683
Library	290,673	225,624	210,856	210,497	217,027	163,968
Appropriations	183,683	179,564	179,023	166,579	182,175	104,198
Public safety	278,860	277,912	268,510	269,020	357,398	365,944
Public service	507,050	501,401	399,634	346,173	240,013	306,448
Debt Service						
Principal	80,072	-	-	-	76,375	86,125
Interest and other charges	23,397	-	-	-	111,585	17,250
Capital outlay	1,133,375	1,847,047	313,802	505,618	148,518	1,262,924
<b>Total Expenditures</b>	<u>3,513,949</u>	<u>3,955,524</u>	<u>2,141,994</u>	<u>2,210,916</u>	<u>1,889,321</u>	<u>2,920,540</u>
Excess (deficiency) of revenues over expenditures	<u>(131,177)</u>	<u>(845,348)</u>	<u>800,023</u>	<u>227,254</u>	<u>274,184</u>	<u>(960,837)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers out	(939,440)	(206,316)	(207,977)	(257,902)	(2,292,568)	(96,700)
Proceeds from issuance of long-term debt	929,201	-	-	-	2,110,000	900,000
Proceeds from disposal of capital assets	-	-	-	-	-	10,256
<b>Total Other Financing Sources (Uses)</b>	<u>(10,239)</u>	<u>(206,316)</u>	<u>(207,977)</u>	<u>(257,902)</u>	<u>(182,568)</u>	<u>813,556</u>
<b>Net Change in Fund Balances</b>	(141,416)	(1,051,664)	592,046	(30,648)	91,616	(147,281)
<b>Fund Balances, Beginning</b>	<u>850,167</u>	<u>1,901,831</u>	<u>1,309,785</u>	<u>1,340,433</u>	<u>1,248,817</u>	<u>1,396,098</u>
<b>Fund Balances, Ending</b>	<u>\$ 708,751</u>	<u>\$ 850,167</u>	<u>\$ 1,901,831</u>	<u>\$ 1,309,785</u>	<u>\$ 1,340,433</u>	<u>\$ 1,248,817</u>