

**CITY OF PINSON**  
**Pinson, Alabama**

**Financial Statements**

**For the Year Ended**  
**June 30, 2022**

**CITY OF PINSON**  
**Pinson, Alabama**

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**For the Year Ended June 30, 2022**

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**CITY OF PINSON, ALABAMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2022**

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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 highlights for the City in fiscal year 2022 included continued growth in sales and use tax collections and the usage of the American Rescue Plan (ARP) federal funding for investment in the City. The City made numerous necessary improvements to City facilities, parks, and general infrastructure with the federal funding in the current year. As of June 30, 2022, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$10,050,006, or as defined its net position. This is an increase of \$1,151,264, 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 4-6-5 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 to show that it is meeting legal responsibilities for using certain taxes and other money.

## CITY OF PINSON, ALABAMA

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For the Year Ended June 30, 2022

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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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Assets</b>			
Cash and investments	\$ 2,811,847	\$ 2,480,778	\$ 331,069
Capital assets, net	9,481,072	8,513,683	967,389
Receivables and prepaids	339,110	455,420	(116,310)
Total Assets	<u>\$ 12,632,029</u>	<u>\$ 11,449,881</u>	<u>\$ 1,182,148</u>
 <b>Deferred Outflows of Resources</b>	 <u>165,361</u>	 <u>133,936</u>	 <u>31,425</u>
 <b>Liabilities</b>			
Long-term debt	\$ 2,300,357	\$ 2,357,308	\$ (56,951)
Pension liability	130,761	109,480	21,281
Accounts payables and accruals	187,223	127,088	60,135
Total Liabilities	<u>\$ 2,618,341</u>	<u>\$ 2,593,876</u>	<u>\$ 24,465</u>
 <b>Deferred Inflows of Resources</b>	 <u>129,043</u>	 <u>91,199</u>	 <u>37,844</u>
 <b>Net Position</b>			
Net investment in capital assets	\$ 7,180,715	\$ 6,156,375	\$ 1,024,340
Restricted	958,651	605,964	352,687
Unrestricted	1,910,640	2,136,403	(225,763)
Total Net Position	<u>\$ 10,050,006</u>	<u>\$ 8,898,742</u>	<u>\$ 1,151,264</u>

As of June 30, 2022, the City's net position increased \$1,151,264, or 13%. Cash on hand of \$2,811,847, represented 28% of net position compared to 27% in the prior period. Capital Assets increased by \$967,389 from the various improvement projects around the City and vehicle and equipment purchases funded from the ARP federal grants. The City continues to be in a strong financial position, evidenced by an unrestricted net position of \$1,910,640. Unrestricted amounts available for operations is approximately 5 months.

**CITY OF PINSON, ALABAMA****MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended June 30, 2022**

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**Change in Net Position**

The following table presents, in summary form, total revenues by major source for the years ended June 30, 2022 and 2021:

	<b>Governmental Activities</b>		
	<b>For the Year Ended June 30,</b>		
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>Change</u></b>
Taxes			
Sales and use	\$ 3,048,461	\$ 2,944,147	\$ 104,314
Gasoline and other	482,133	549,246	(67,113)
Licenses	265,342	211,285	54,057
Utility franchise fees	393,655	396,233	(2,578)
Grant programs	904,103	370,979	533,124
Alabama Trust Fund proceeds	68,176	75,018	(6,842)
Contributions and reimbursements	5,427	7,535	(2,108)
Other	225,804	116,605	109,199
Total Revenues	<u>\$ 5,488,163</u>	<u>\$ 4,671,048</u>	<u>\$ 817,115</u>

The following table presents, in summary form, program expenses by function for the years ended June 30, 2022 and 2021:

	<b>For the Year Ended June 30,</b>		
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>Change</u></b>
General government	\$ 2,471,825	\$ 1,824,292	\$ 647,533
Public safety	474,796	447,958	26,838
Public service	888,517	800,284	88,233
Special appropriations	465,932	302,114	163,818
Interest and finance charges	35,829	167,518	(131,689)
Total Governmental Activities	<u>\$ 4,336,899</u>	<u>\$ 3,542,166</u>	<u>\$ 794,733</u>

Overall, revenue increased \$817,115, or 17%, from the previous fiscal year. This was due, largely, to increases in sales and use taxes and an increase in federal grant funding from the ARP. These increases along with those of business license and franchise fee revenue reflect growth in the City's economy.

Overall, expenses increased by \$794,773, or 22%, from the previous fiscal year. The largest increase was in general government expenses of \$647,533. This was largely the result of increased personnel expenses, which were in line with budgeted expectations. Personnel hires made to keep up with the growth of the City facilities and operations. The City also made planned increases in special appropriations to help support Palmerdale and their Fire Department in the current year.

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.

## CITY OF PINSON, ALABAMA

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For the Year Ended June 30, 2022

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

	<b>General Fund</b>	<b>State Shared Gas Tax 4-6-5 Fund</b>	<b>Non-major Funds</b>	<b>Total Governmental Funds</b>
Revenue	\$ 5,306,027	\$ 60,101	\$ 70,332	\$ 5,436,460
Operating expenditures	3,801,935	6,193	21,314	3,829,442
Capital outlay and debt service	1,419,614	-	93,210	1,512,824
Other financing sources (uses)	(135,849)	-	195,849	60,000
Net Change in Fund Balances	(51,371)	53,908	151,657	154,194
Beginning Fund Balance	2,351,117	341,206	136,248	2,828,571
Ending Fund Balance	\$ 2,299,746	\$ 395,114	\$ 287,905	\$ 2,982,765

As of June 30, 2022, the Governmental Funds reported a combined fund balance of \$2,982,765, an increase of \$154,194, or 5%, from the prior year. The City has continued to experience growth through increased sales and use taxes each of the past three years.

#### 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, 2022, projected \$3,899,065 in revenues and \$3,569,235 in expenditures. Actual General Fund revenues for the period were \$5,366,027; \$1,446,962 more than budgeted, while expenditures totaled \$5,221,549; \$1,652,314 more than budgeted. The total over budget for revenue and expenses is attributed to the ARP federal grant revenue and related capital expenditures in the current year.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

At June 30, 2022, net capital assets of the governmental activities totaled \$9,841,072. The City's primary project in the current year was the ADA Improvements made across numerous City facilities, including at PYSC and the parks. The City also purchased a street sweeper to help reduce future road work costs for which were previously contracted out. The City made numerous needed improvements across their facilities and parks in the current year.

## **CITY OF PINSON, ALABAMA**

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

**For the Year Ended June 30, 2022**

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#### **Long-Term Debt**

At June 30, 2022, outstanding debt totaled \$2,300,357. Current and long-term portions of debt are \$156,951 and \$2,143,406, respectively. Principal reductions during the year totaled \$56,951.

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

##### **Key Assumptions and Trends for Fiscal Year 2022-2023**

Prospectively, the City's budgeted revenue and operations continue to increase due to the expected overall growth of our community. The City has invested in a new robust accounting software which will allow for more streamlined operations and an improved budgeting process. Additionally, in July 2022, we were awarded our second tranche of the ARP Recovery Funds totaling just over \$843,000. These funds will be expended in accordance with the provisions of the grant award's legally defined uses.

#### **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

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Pinson, Alabama's basic financial statements as listed in the table of contents.

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, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Pinson, Alabama, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pinson, Alabama's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.



Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Pinson, Alabama's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pinson, Alabama's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of net pension liability and city contributions on pages 1–5 and 32–35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Borland Benefield P.C." with a stylized flourish at the end.

Borland Benefield, P.C.

March 14, 2023

CITY OF PINSON, ALABAMA

Statement of Net Position  
As of June 30, 2022

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,811,847
Receivables, net	311,956
Prepaid expenses	27,154
Capital assets not being depreciated	1,957,054
Capital assets, net of accumulated depreciation	<u>7,524,018</u>
Total Assets	<u>\$ 12,632,029</u>
<b>Deferred Outflows of Resources</b>	
Pension related (See Note 7)	<u>165,361</u>
<b>Liabilities</b>	
Accounts payable	\$ 118,512
Accrued interest payable	19,031
Other current liabilities	49,680
Noncurrent liabilities	
Long-term debt due within one year	156,951
Long-term debt due in more than one year	2,143,406
Net pension liability	<u>130,761</u>
Total Liabilities	<u>\$ 2,618,341</u>
<b>Deferred Inflows of Resources</b>	
Pension related (See Note 7)	<u>129,043</u>
<b>Net Position</b>	
Net investment in capital assets	\$ 7,180,715
Restricted	958,651
Unrestricted	<u>1,910,640</u>
Total Net Position	<u>\$ 10,050,006</u>

See accompanying notes to financial statements.

**CITY OF PINSON, ALABAMA**

**Statement of Activities - Government-Wide  
For the Year Ended June 30, 2022**

<b><u>Function/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>	<b><u>Governmental Activities</u></b>
Primary Government					
Governmental Activities					
General government	\$ 2,937,757	\$ 14,334	\$ 25,792	\$ 90,007	\$ (2,807,624)
Public safety	474,796	2,339	-	-	(472,457)
Public service	888,517	131,405	-	856,480	99,368
Interest and fiscal charges on long-term debt	35,829	-	-	-	(35,829)
Total Governmental Activities	<u>4,336,899</u>	<u>148,078</u>	<u>25,792</u>	<u>946,487</u>	<u>(3,216,542)</u>
General Revenues					
Taxes					3,530,595
Licenses and permits					754,058
Miscellaneous revenues					26,023
Contributions and reimbursements					5,427
Gain on disposal of property					51,703
Total General Revenues					<u>4,367,806</u>
Change in Net Position					1,151,264
Net Position, Beginning of Year					<u>8,898,742</u>
Net Position, End of Year					<u>\$ 10,050,006</u>

*See accompanying notes to financial statements.*

**CITY OF PINSON, ALABAMA**

**Balance Sheet - Governmental Funds  
As of June 30, 2022**

	<b><u>General Fund</u></b>	<b><u>State Shared Gas Tax 4-6-5 Fund</u></b>	<b><u>Total Nonmajor Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,922,584	\$ -	\$ -	\$ 1,922,584
Due from other funds	-	27,043	30,549	57,592
Accounts receivable - net	300,160	5,472	6,324	311,956
Restricted cash and cash equivalents	275,632	362,599	251,032	889,263
Prepaid expenses	27,154	-	-	27,154
<b>Total Assets</b>	<b><u>\$ 2,525,530</u></b>	<b><u>\$ 395,114</u></b>	<b><u>\$ 287,905</u></b>	<b><u>\$ 3,208,549</u></b>
<b>Liabilities and Fund Balances</b>				
Liabilities				
Accounts payable	\$ 118,512	\$ -	\$ -	\$ 118,512
Due to other funds	57,592	-	-	57,592
Accrued expenses	49,680	-	-	49,680
Total Liabilities	<u>225,784</u>	<u>-</u>	<u>-</u>	<u>225,784</u>
Fund Balances				
Nonspendable	27,154	-	-	27,154
Restricted	275,632	395,114	287,905	958,651
Unassigned	1,996,960	-	-	1,996,960
Total Fund Balances	<u>2,299,746</u>	<u>395,114</u>	<u>287,905</u>	<u>2,982,765</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,525,530</u></b>	<b><u>\$ 395,114</u></b>	<b><u>\$ 287,905</u></b>	<b><u>\$ 3,208,549</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, 2022**

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Total fund balance, governmental funds	\$ 2,982,765
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources, and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	9,481,072
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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.	165,361
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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	(19,031)	
Net pension liability	(130,761)	
Long-term debt	<u>(2,300,357)</u>	
		(2,450,149)

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.	<u>(129,043)</u>
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Net Position of Governmental Activities	<u>\$ 10,050,006</u>
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*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, 2022**

	<b><u>General Fund</u></b>	<b><u>State Shared Gas Tax 4-6-5 Fund</u></b>	<b><u>Total Nonmajor Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b>Revenue</b>				
Sales and use taxes	\$ 3,048,461	\$ -	\$ -	\$ 3,048,461
Utility franchise fees in lieu of business licenses	393,655	-	-	393,655
Licenses and permits	360,403	-	-	360,403
Gasoline and other taxes	351,701	60,101	70,332	482,134
Alabama trust fund proceeds	68,176	-	-	68,176
CARES Act grant revenue	844,647	-	-	844,647
Other grant revenues	59,456	-	-	59,456
Contributions and reimbursements	5,427	-	-	5,427
Other revenues	174,101	-	-	174,101
<b>Total Revenue</b>	<b><u>5,306,027</u></b>	<b><u>60,101</u></b>	<b><u>70,332</u></b>	<b><u>5,436,460</u></b>
<b>Expenditures</b>				
Current				
General government				
General and administrative	1,807,333	-	-	1,807,333
Public library	362,772	-	-	362,772
Appropriations	465,932	-	-	465,932
Public safety	439,646	-	-	439,646
Public service	726,252	6,193	21,314	753,759
Debt service				
Principal	-	-	50,000	50,000
Interest and other charges	-	-	43,210	43,210
Capital outlay	1,419,614	-	-	1,419,614
<b>Total Expenditures</b>	<b><u>5,221,549</u></b>	<b><u>6,193</u></b>	<b><u>114,524</u></b>	<b><u>5,342,266</u></b>
Excess (deficiency) of revenues over expenditures	<u>84,478</u>	<u>53,908</u>	<u>(44,192)</u>	<u>94,194</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	195,849	195,849
Transfers out	(195,849)	-	-	(195,849)
Proceeds from sale of capital assets	60,000	-	-	60,000
<b>Total Other Financing Sources (Uses)</b>	<b><u>(135,849)</u></b>	<b><u>-</u></b>	<b><u>195,849</u></b>	<b><u>60,000</u></b>
<b>Net Change in Fund Balances</b>	<b>(51,371)</b>	<b>53,908</b>	<b>151,657</b>	<b>154,194</b>
<b>Fund Balances, Beginning</b>	<b><u>2,351,117</u></b>	<b><u>341,206</u></b>	<b><u>136,248</u></b>	<b><u>2,828,571</u></b>
<b>Fund Balances, Ending</b>	<b><u>\$ 2,299,746</u></b>	<b><u>\$ 395,114</u></b>	<b><u>\$ 287,905</u></b>	<b><u>\$ 2,982,765</u></b>

*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, 2022**

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Net change in fund balances - total governmental funds: \$ 154,194

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 \$1,419,614 exceeded depreciation of \$443,928 in the current period.

975,686

In the Statement of Activities, only the gain or loss on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of capital assets disposed in the current period.

(8,297)

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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Premium amortization	7,381
Principal paid on long-term debt	<u>50,000</u>

57,381

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:

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.

(27,700)

Change in Net Position of Governmental Activities \$ 1,151,264

*See accompanying notes to financial statements.*



## CITY OF PINSON, ALABAMA

### Notes to Financial Statements For the Year Ended June 30, 2022

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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, 2022:

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 4-6-5 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, 2022

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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 measureable 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, 2022

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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, 2022

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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.

## CITY OF PINSON, ALABAMA

### Notes to Financial Statements (continued) For the Year Ended June 30, 2022

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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 Annual Comprehensive Financial 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 7).

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 7).

#### 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.

## CITY OF PINSON, ALABAMA

### Notes to Financial Statements (continued) For the Year Ended June 30, 2022

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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, 2022:

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Total</b>
Sales and use taxes	\$ 281,500	\$ -	\$ 281,500
Business licenses	3	-	3
Beer tax	4,036	-	4,036
Auto licenses	2,358	-	2,358
Other taxes	404	-	404
Road & bridge tax	1,364	-	1,364
County gas tax	4,392	-	4,392
Gas tax (10%) rebuild alabama	6,103	-	6,103
Gas tax (7%) street fund	-	6,324	6,324
Gas tax (5%) street fund	-	1,808	1,808
Gas tax (4%) street fund	-	3,664	3,664
Total	<u>\$ 300,160</u>	<u>\$ 11,796</u>	<u>\$ 311,956</u>

#### Note 4 – Interfund Balances and Transfers

At times throughout the year, interfund receivables and payables exist. At June 30, 2022, there were interfund receivables in the state shared gas tax 4-6-5 fund and nonmajor special revenue fund of \$27,043 and \$30,549, respectively, from the general fund. The outstanding balances between funds result from the time lag between tax collections in the general fund and the payment made to the respective special revenue funds.

During 2022, the general fund transferred out \$195,849 to the nonmajor Series 2021 debt service fund to provide for the debt service costs in the current fiscal year.

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**CITY OF PINSON, ALABAMA****Notes to Financial Statements (continued)  
For the Year Ended June 30, 2022****Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<b>Balance June 30, 2021</b>	<b>Additions/ Completions</b>	<b>Retirements/ Adjustments</b>	<b>Balance June 30, 2022</b>
Capital Assets Not Being Depreciated				
Land	\$ 1,954,869	\$ 2,185	\$ -	\$ 1,957,054
Total Capital Assets Not Being Depreciated	<u>1,954,869</u>	<u>2,185</u>	<u>-</u>	<u>1,957,054</u>
Capital Assets Being Depreciated				
Buildings and improvements	4,160,530	99,557	-	4,260,087
Land improvements	2,264,716	744,531	-	3,009,247
Leasehold improvements	78,557	-	-	78,557
Vehicles	365,824	220,362	-	586,186
Furniture and fixtures	395,676	-	-	395,676
Other equipment	650,825	352,978	(57,867)	945,936
Infrastructure	825,402	-	-	825,402
Total Capital Assets Being Depreciated	<u>8,741,530</u>	<u>1,417,428</u>	<u>(57,867)</u>	<u>10,101,091</u>
Less Accumulated Depreciation for:				
Buildings and improvements	737,926	152,197	-	890,123
Land improvements	370,345	86,933	-	457,278
Leasehold improvements	37,522	1,351	-	38,873
Vehicles	223,758	52,470	-	276,228
Furniture and fixtures	181,927	28,160	-	210,087
Other equipment	309,948	85,083	(49,570)	345,461
Infrastructure	321,289	37,734	-	359,023
Total Accumulated Depreciation	<u>2,182,715</u>	<u>443,928</u>	<u>(49,570)</u>	<u>2,577,073</u>
Total Capital Assets Being Depreciated, Net	<u>6,558,815</u>	<u>973,500</u>	<u>(8,297)</u>	<u>7,524,018</u>
Total Capital Assets, Net	<u>\$ 8,513,684</u>	<u>\$ 975,685</u>	<u>\$ (8,297)</u>	<u>\$ 9,481,072</u>

Depreciation expense for the year ended June 30, 2022 is charged to functions as follows:

General and administrative	\$ 274,020
Public service	35,150
Public safety	134,758
	<u>\$ 443,928</u>

See independent auditor's report.

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2022**

**Note 6 – Long-Term Debt**

Changes in long-term obligations for the year ended June 30, 2022, are as follows:

	<b>Balance June 30, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2022</b>	<b>Due Within One Year</b>
2021 GO Warrant	\$ 2,260,000	\$ -	\$ (50,000)	\$ 2,210,000	\$ 150,000
Premium	97,308	-	(6,951)	90,357	6,951
Total	<u>\$ 2,357,308</u>	<u>\$ -</u>	<u>\$ (56,951)</u>	<u>\$ 2,300,357</u>	<u>\$ 156,951</u>

2021 GO Refunding Warrants: On January 21, 2021, the City issued tax-exempt General Obligation Refunding Warrants, Series 2021, in the amount of 2,260,000 in which the principal proceeds were applied to the cost of refunding the City's General Obligation Warrants, Series 2014, and General Obligation Warrants, Series 2018. The 2021 GO Refunding Warrants mature and become payable on July 1 in the years 2021 through 2034 and bear interest at 2.00%.

Line of Credit: On October 12, 2021, the City issued an up to \$500,000 taxable general obligation line of credit warrant at the adjusted SOFR Rate or the Adjusted Prime Rate. The line of credit warrant matures in October 2023. There was no outstanding balance on the line as of June 30, 2022.

Annual requirements to retire general long-term debt as of June 30, 2022, for the next five years and in five year increments are as follows:

	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total</b>
Years Ended June 30,			
2023	\$ 150,000	\$ 42,700	\$ 192,700
2024	155,000	39,650	194,650
2025	155,000	36,550	191,550
2026	160,000	33,400	193,400
2027	165,000	30,150	195,150
2028-2032	865,000	99,950	964,950
2033-2037	<u>560,000</u>	<u>16,900</u>	<u>576,900</u>
Total	<u>\$ 2,210,000</u>	<u>\$ 299,300</u>	<u>\$ 2,509,300</u>

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*See independent auditor's report.*



## CITY OF PINSON, ALABAMA

### Notes to Financial Statements (continued) For the Year Ended June 30, 2022

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#### Note 7 – Pension Plan

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

The Employees' Retirement System of Alabama (ERS), an agent multiple-employer 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 15 Trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter* 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 15 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) Eight 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. One full time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - d. One full time employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - e. One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - f. One full time employee of a participating employer other than a municipality, city, or county 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), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life.

*See independent auditor's report.*

## CITY OF PINSON, ALABAMA

### Notes to Financial Statements (continued) For the Year Ended June 30, 2022

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#### Note 7 – Pension Plan (continued)

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 5 of the last 10 years) for each year of service up to 80% of their average final compensation. 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. 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 up to 80% of their average final compensation. 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.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

	<u>ERS</u>	<u>City</u>
Retirees and beneficiaries currently receiving benefits	29,727	-
Terminated employees entitled to but not yet receiving benefits	2,130	1
Terminated employees not entitled to a benefit	16,415	8
Active members	56,184	18
Post-DROP retired members still in active service	54	-
Total	<u>104,510</u>	<u>27</u>

*See independent auditor's report.*

## CITY OF PINSON, ALABAMA

### Notes to Financial Statements (continued) For the Year Ended June 30, 2022

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#### Note 7 – Pension 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.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676 Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 firefighters and law enforcement officers increased from 6% to 8.5% of earnable compensation.

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 pre-retirement death benefit and administrative expenses of the Plan. For the year ended June 30, 2022, the City's active employee contribution rate for regular covered employees was 7.50% Tier 1 and 6% Tier 2. Additionally, the City's average contribution rate to fund the normal and accrued liability costs was 5.44% of covered employee payroll for the year ended June 30, 2022.

The City's contractually required contribution rate for the year ended September 30, 2021 was 4.54% 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, 2019, 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 \$39,747 for the year ended June 30, 2022.

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2022**

**Note 7 – Pension Plan (continued)**

***Net Pension Liability***

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020 rolled forward to September 30, 2021 using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>	<u>Actual After 2020 Experience Study</u>
(a) TPL as of September 30, 2020	\$ 570,636	\$ 576,803	\$ 617,835	\$ 656,050
(b) Discount rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 - September 30, 2021	50,718	50,718	61,077	66,827
(d) Transfers Among Employers:	-	32,360	32,360	32,360
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 - September 30, 2021	-	-	-	-
(f) TPL as of September 30, 2021 = [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$ 665,293</u>	<u>\$ 704,295</u>	<u>\$ 758,845</u>	<u>\$ 804,113</u>
(g) Difference between Expected and Actual		\$ 39,002		
(h) Less Liability Transferred for Immediate Recognition:		<u>32,360</u>		
(i) Difference between Expected and Actual Experience (Gain)/Loss = (g) - (h)		<u>\$ 6,642</u>		
(j) Difference between Actual TPL Before and After Act 2019-132- Benefit Change (Gain)/Loss			<u>\$ 54,550</u>	
(k) Difference between Actual TPL Before and After 2020 Experience Study - Assumption Change (Gain)/Loss				<u>\$ 45,268</u>

*See independent auditor's report.*

# CITY OF PINSON, ALABAMA

## Notes to Financial Statements (continued) For the Year Ended June 30, 2022

### Note 7 – Pension Plan (continued)

#### Actuarial Assumptions

The total pension liability as of September 30, 2021 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.50%
Salary increases	3.25% - 6.00%
Investment rate of return*	7.45%

\* Net of pension plan investment expense

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+) Setback (-)	Adjustments to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2; Female: +2	Male: 90% ages < 65, 96% ages ≥ 65; Female: 96% all ages
FLC / State Police Service Retirees	Public Safety Healthy Below Median	Male: +1; Female: None	None
Beneficiaries	Contingent Survivor Below Median	Male: +2; Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7; Female: +3	None
FLC / State Police Disabled Retirees	Public Safety Disability	Male: +7; Female: None	None

The actuarial assumptions used in the actuarial valuation as of September 30, 2020 were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

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.

See independent auditor's report.

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2022**

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**Note 7 – Pension Plan (continued)**

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	15.0%	2.8%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash Equivalents	5.0%	1.5%
Total	<u>100%</u>	

\* Includes assumed rate of inflation of 2.00%

**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.

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*See independent auditor's report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements (continued)  
For the Year Ended June 30, 2022**

**Note 7 – 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, 2020	\$ 570,636	\$ 461,156	\$ 109,480
			-
Changes for the year:			-
Service cost	50,718	-	50,718
Interest	43,939	-	43,939
Changes of benefit terms	54,550	-	54,550
Changes of assumptions	45,268	-	45,268
Differences between expected and actual experience	6,642	-	6,642
Contributions - employer	-	21,342	(21,342)
Contributions - employee	-	45,115	(45,115)
Net investment income	-	113,379	(113,379)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Transfers among employers	32,360	32,360	-
Net changes	233,477	212,196	21,281
Balances at September 30, 2021	<u>\$ 804,113</u>	<u>\$ 673,352</u>	<u>\$ 130,761</u>

**Sensitivity of the Net Pension Liability to Change in the Discount Rate**

The following presents the City's net pension liability, calculated using the discount rate of 7.45%, 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 (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
City's net pension liability (asset)	<u>\$ 223,027</u>	<u>\$ 130,761</u>	<u>\$ 46,624</u>

*See independent auditor's report.*

## CITY OF PINSON, ALABAMA

### Notes to Financial Statements (continued) For the Year Ended June 30, 2022

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#### Note 7 – Pension Plan (continued)

##### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2021. The auditor's report 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 <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***

For the year ended June 30, 2022, the City recognized net pension expense \$67,447. At June 30, 2022, 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	\$ 64,187	\$ 80,987
Changes of assumptions	66,871	-
Net difference between projected and actual earnings on pension plan investments	-	48,056
Employer contributions subsequent to the measurement date	34,303	-
Total	<u>\$ 165,361</u>	<u>\$ 129,043</u>

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date totaling \$34,303 will be recognized as a reduction of net pension liability in the year June 30, 2023. 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 June 30:		
2023	\$	2,866
2024		3,714
2025		138
2026		(3,115)
2027		11,522
Thereafter		(13,110)

#### Note 8 – 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, 2022**

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**Note 9 – Subsequent Events**

The City has evaluated subsequent events through March 14, 2023, the date the financial statements were available to be issued.

**CITY OF PINSON, ALABAMA**

**Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>			
Sales and use taxes	\$ 2,768,835	\$ 3,048,461	\$ 279,626
Franchise fees in lieu of business licenses	406,000	393,655	(12,345)
Business licenses	175,000	242,182	67,182
State and federal grants	-	901,299	901,299
Miscellaneous revenues	39,000	80,975	41,975
Alcohol tax	70,000	68,933	(1,067)
Alabama Trust Fund proceeds	70,000	68,176	(1,824)
Pinson Youth Sports Complex income	70,000	94,837	24,837
Gasoline tax	60,000	108,975	48,975
Road and bridge tax	55,000	63,540	8,540
Auto licenses	24,000	23,161	(839)
Financial institution excise tax	70,000	105,511	35,511
Park income	25,000	22,129	(2,871)
Library income	25,230	17,138	(8,092)
PHCC use income	1,000	-	(1,000)
Rock School Center income	5,000	3,095	(1,905)
Fines and forfeitures	2,000	2,339	339
Tobacco tax	5,000	3,893	(1,107)
Community Center use	3,000	11,344	8,344
Zoning / subdivision fees / inspection-permit	25,000	106,384	81,384
<b>Total Revenue</b>	<u>3,899,065</u>	<u>5,366,027</u>	<u>1,466,962</u>
<b>Expenditures</b>			
Capital outlay	-	1,419,614	1,419,614
Public safety	582,030	641,287	59,257
Payroll	937,257	1,046,762	109,505
Library expenses	365,304	375,814	10,510
Utilities	237,540	276,388	38,848
Parks and recreation	223,230	339,486	116,256
Schools	185,000	239,007	54,007
Legal and professional	171,200	194,918	23,718
City promotions	109,300	113,469	4,169
Road maintenance	32,500	108,711	76,211
Office expenses	136,680	119,739	(16,941)
Insurance	72,700	90,764	18,064
Conferences, training and dues	65,050	57,459	(7,591)
Building and grounds	128,659	46,507	(82,152)
Public works	26,000	134,515	108,515
Blight removal	57,585	-	(57,585)
Auto fleet and equipment	44,000	3,026	(40,974)
Animal control	14,500	10,530	(3,970)
Probate and elections	29,000	3,553	(25,447)
Principal paid on debt	151,700	-	(151,700)
<b>Total Expenditures</b>	<u>3,569,235</u>	<u>5,221,549</u>	<u>1,652,314</u>
Excess (deficiency) of revenues over expenditures	<u>329,830</u>	<u>144,478</u>	<u>(185,352)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	(210,000)	(195,849)	14,151
<b>Total Other Financing Sources (Uses)</b>	<u>(210,000)</u>	<u>(195,849)</u>	<u>14,151</u>
<b>Net Change in Fund Balance</b>	<u>\$ 119,830</u>	<u>\$ (51,371)</u>	<u>\$ (171,201)</u>

**CITY OF PINSON, ALABAMA**

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total Pension Liability</b>										
Service cost	\$ 50,718	\$ 60,899	\$ 49,623	\$ 56,854	\$ 48,756	\$ 28,233	\$ 22,108	\$ 19,479		
Interest	43,939	37,881	35,236	32,035	22,628	11,874	8,012	5,976		
Changes of benefit terms	54,550	-	-	-	-	-	-	-		
Differences between expected and actual experience	6,642	(20,108)	(50,504)	(42,349)	56,100	50,726	18,157	-		
Changes of assumptions	45,268	-	-	3,197	-	53,320	-	-		
Benefit payments, including refunds of employee contributions	-	-	-	(10,975)	(1,218)	-	-	-		
Transfers among employers	32,360	-	-	-	-	-	-	-		
<b>Net change in total pension liability</b>	<b>233,477</b>	<b>78,672</b>	<b>34,355</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>570,636</b>	<b>491,964</b>	<b>457,609</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>\$ 804,113</b>	<b>\$ 570,636</b>	<b>\$ 491,964</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	\$ 21,342	\$ 14,988	\$ 14,193	\$ 11,774	\$ 12,267	\$ 16,066	\$ 8,331	\$ 13,255		
Contributions - member	45,115	39,987	36,209	30,982	30,028	27,513	22,126	17,889		
Net investment income	113,379	23,441	8,951	26,048	27,812	16,164	1,256	6,487		
Benefit payments, including refunds of employee contributions	-	-	-	(10,975)	(1,218)	-	-	-		
Transfers among employers	32,360	-	-	-	-	-	29,094	-		
<b>Net change in plan fiduciary net position</b>	<b>212,196</b>	<b>78,416</b>	<b>59,353</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>461,156</b>	<b>382,740</b>	<b>323,387</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>\$ 673,352</b>	<b>\$ 461,156</b>	<b>\$ 382,740</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>\$ 130,761</b>	<b>\$ 109,480</b>	<b>\$ 109,224</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>	<b>83.74%</b>	<b>80.81%</b>	<b>77.80%</b>	<b>70.67%</b>	<b>63.40%</b>	<b>67.22%</b>	<b>92.25%</b>	<b>76.00%</b>		
<b>Covered-employee payroll*</b>	<b>\$ 691,190</b>	<b>\$ 588,103</b>	<b>\$ 533,995</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>	<b>18.92%</b>	<b>18.62%</b>	<b>20.45%</b>	<b>25.03%</b>	<b>37.18%</b>	<b>25.33%</b>	<b>3.94%</b>	<b>7.85%</b>		

\* Employer's covered payroll during the measurement period is the total covered payroll. For FY2022 the measurement period is October 1, 2020 - September 30, 2021.

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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution*	\$ 39,747	\$ 22,512	\$ 17,181	\$ 15,455	\$ 13,945	\$ 14,440	\$ 15,054	\$ 10,469		
Contributions in relation to the actuarially determined contribution	<u>(39,747)</u>	<u>(22,512)</u>	<u>(17,181)</u>	<u>(15,455)</u>	<u>(13,945)</u>	<u>(14,440)</u>	<u>(15,054)</u>	<u>(10,469)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
City's covered-employee payroll**	\$ 730,322	\$ 626,005	\$ 545,387	\$ 517,107	\$ 456,436	\$ 382,760	\$ 351,915	\$ 335,796		
Contributions as a percentage of covered-employee payroll	5.44%	3.60%	3.15%	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 FY2022 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, 2022

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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, 2022 is other than September 30, 2022, additional assumptions are reported for the basis of determining the portion of the contribution prior to September 30, 2022 as follows:

##### For the Year Ended June 30, 2022

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 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2021 to September 30, 2022 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	2.75%
Salary increase	3.25 – 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

##### For the Year Ended June 30, 2021

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 2021 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2020 to September 30, 2021 are as follows:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	19.3 years
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increase	3.25 – 5.00%, including inflation
Investment rate of return	7.70%, 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, 2022**

	<b>Special Revenue Fund Street Fund 7-2</b>	<b>Debt Service Fund 2021 Warrants</b>	<b>Total</b>
<b>Assets</b>			
Due from other funds	\$ 30,549	\$ -	\$ 30,549
Accounts receivable - net	6,324	-	6,324
Restricted cash and cash equivalents	<u>78,932</u>	<u>172,100</u>	<u>251,032</u>
<b>Total Assets</b>	<u><u>\$ 115,805</u></u>	<u><u>\$ 172,100</u></u>	<u><u>\$ 287,905</u></u>
<b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted	<u>115,805</u>	<u>172,100</u>	<u>287,905</u>
Total Fund Balances	<u>115,805</u>	<u>172,100</u>	<u>287,905</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 115,805</u></u>	<u><u>\$ 172,100</u></u>	<u><u>\$ 287,905</u></u>

**CITY OF PINSON, ALABAMA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2022**

	<b>Special Revenue Fund Street Fund 7-2</b>	<b>Debt Service Fund 2021 Warrants</b>	<b>Total</b>
<b>Revenues</b>			
Gasoline and other taxes	\$ 70,332	\$ -	\$ 70,332
Other revenues	-	-	-
<b>Total Revenues</b>	<u>70,332</u>	<u>-</u>	<u>70,332</u>
<b>Expenditures</b>			
Current			
Public service	21,314	-	21,314
Debt service			
Principal	-	50,000	50,000
Interest and other charges	-	43,210	43,210
<b>Total Expenditures</b>	<u>21,314</u>	<u>93,210</u>	<u>114,524</u>
Excess (deficiency) of revenues over expenditures	<u>49,018</u>	<u>(93,210)</u>	<u>(44,192)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	195,849	195,849
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>195,849</u>	<u>195,849</u>
<b>Net Change in Fund Balances</b>	49,018	102,639	151,657
<b>Fund Balances, Beginning</b>	<u>66,787</u>	<u>69,461</u>	<u>136,248</u>
<b>Fund Balances, Ending</b>	<u>\$ 115,805</u>	<u>\$ 172,100</u>	<u>\$ 287,905</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, 2017 through 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Revenue</b>						
Sales and use taxes	\$ 3,048,461	\$ 2,944,147	\$ 2,572,036	\$ 2,224,043	\$ 2,043,144	\$ 1,920,196
Franchise fees	393,655	396,233	423,654	406,182	389,866	405,507
Licenses	360,403	211,284	200,317	199,043	185,565	178,817
Gasoline and other taxes	351,701	411,676	286,915	268,942	254,903	238,920
Alabama trust fund proceeds	68,176	75,018	71,370	66,618	63,172	63,071
Federal grant revenue	844,647	330,558	-	-	-	-
Other grant revenues	59,456	40,421	192,034	78,844	4,675	12,520
Contributions and reimbursements	5,427	7,535	40,025	2,694	-	1,110
Other revenues	174,101	116,360	121,721	136,406	168,851	121,876
<b>Total Revenue</b>	<u>5,306,027</u>	<u>4,533,232</u>	<u>3,908,072</u>	<u>3,382,772</u>	<u>3,110,176</u>	<u>2,942,017</u>
<b>Expenditures</b>						
Current						
General government						
General and administrative	1,807,333	1,253,934	1,090,530	1,016,839	923,976	770,169
Library	362,772	312,853	295,081	290,673	225,624	210,856
Appropriations	465,932	302,114	231,577	183,683	179,564	179,023
Public safety	439,646	416,820	364,545	278,860	277,912	268,510
Public service	726,252	653,246	500,529	507,050	501,401	399,634
Debt Service						
Principal	-	36,910	60,219	80,072	-	-
Interest and other charges	-	1,300	2,836	23,397	-	-
Capital outlay	1,419,614	533,410	410,225	1,133,375	1,847,047	313,802
<b>Total Expenditures</b>	<u>5,221,549</u>	<u>3,510,587</u>	<u>2,955,542</u>	<u>3,513,949</u>	<u>3,955,524</u>	<u>2,141,994</u>
Excess (deficiency) of revenues over expenditures	<u>84,478</u>	<u>1,022,645</u>	<u>952,530</u>	<u>(131,177)</u>	<u>(845,348)</u>	<u>800,023</u>
<b>Other Financing Sources (Uses)</b>						
Transfers out	(195,849)	(2,371,494)	(223,322)	(939,440)	(206,316)	(207,977)
Proceeds from disposal of capital assets	60,000	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	929,201	-	-
Refunding warrants issued	-	2,260,000	-	-	-	-
Premium on refunding warrants issued	-	97,308	-	-	-	-
Refunding payments to escrow agent	-	(95,301)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(135,849)</u>	<u>(109,487)</u>	<u>(223,322)</u>	<u>(10,239)</u>	<u>(206,316)</u>	<u>(207,977)</u>
<b>Net Change in Fund Balances</b>	<u>(51,371)</u>	<u>913,158</u>	<u>729,208</u>	<u>(141,416)</u>	<u>(1,051,664)</u>	<u>592,046</u>
<b>Fund Balances, Beginning</b>	<u>2,351,117</u>	<u>1,437,959</u>	<u>708,751</u>	<u>850,167</u>	<u>1,901,831</u>	<u>1,309,785</u>
<b>Fund Balances, Ending</b>	<u>\$ 2,299,746</u>	<u>\$ 2,351,117</u>	<u>\$ 1,437,959</u>	<u>\$ 708,751</u>	<u>\$ 850,167</u>	<u>\$ 1,901,831</u>