

**CITY OF PINSON  
Pinson, Alabama**

**Financial Statements**

**For the Year Ended  
June 30, 2014**

**CITY OF PINSON  
Pinson, Alabama**

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For the Year Ended June 30, 2014**

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## CITY OF PINSON, ALABAMA

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2014

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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 City's total net position (assets less liabilities) was \$3,767,908 at June 30, 2014. This is an increase of \$318,566 from the prior period. For the year ended June 30, 2014, operating revenues in the City's General Fund fell below its operating expenses by \$(147,281). Special funds and debt service funds revenues for the same period exceeded expenses by \$46,302.

#### 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. All of the City's funds are classified as 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. 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.

CITY OF PINSON, ALABAMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2014 (continued)

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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, 2014 and 2013:

<u>Description</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
<b><u>Assets</u></b>			
Cash & investments	\$ 1,263,672	\$ 1,424,741	\$ (161,069)
Capital assets, net	3,405,373	2,210,718	1,194,655
Other assets	<u>597,175</u>	<u>546,229</u>	<u>50,946</u>
<b>Total assets</b>	5,266,220	4,181,688	1,084,532
<b><u>Liabilities</u></b>			
Long term debt	1,423,488	649,673	773,815
Other liabilities	<u>75,004</u>	<u>82,673</u>	<u>(7,669)</u>
<b>Total liabilities</b>	1,498,492	732,346	766,146
<b><u>Net position</u></b>			
Net investment in capital assets	1,982,065	1,561,045	421,020
Restricted	661,671	624,335	37,336
Unrestricted	<u>1,124,172</u>	<u>1,263,962</u>	<u>(139,790)</u>
<b>Total net position</b>	<u>\$ 3,767,908</u>	<u>\$ 3,449,342</u>	<u>\$ 318,566</u>

Net position represents the difference between the City's total assets and its total liabilities. The City's net position increased \$318,566 at the 2014 fiscal year-end on significant investments in capital assets, largely financed with proceeds from a \$900,000 tax-exempt warrant issued during the year. At June 30, 2014, capital assets represent 90% (\$3,405,373) of the City's overall net position while cash on hand of \$1,263,672, represented 34% of net position. This compared to 64% and 41% respectively in the prior period. At June 30, 2014, the City continues to be in a strong financial position, evidenced by an unrestricted net position of \$1,124,172. Unrestricted amounts are available for operations and represent approximately 8 months of expense reserve.

For more detailed information, see the Statement of Net Position.

**CITY OF PINSON, ALABAMA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2014 (continued)**

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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, 2014 and 2013:

	<b>Government Activities</b>		<b>Change</b>
	<b>For the Year Ended June 30,</b>		
	<b><u>2014</u></b>	<b><u>2013</u></b>	
Taxes			
Sales and use	\$ 967,761	\$ 977,272	\$ (9,511)
Gasoline and other	295,953	323,124	(27,171)
Auto licenses	19,217	18,117	1,100
License and permits	140,304	125,793	14,511
Utility franchise fee in lieu of business license	382,038	351,716	30,322
Grant programs	11,181	14,134	(2,953)
Alabama Trust Fund proceeds	63,154	163,433	(100,279)
Investment earnings	412	1,265	(853)
Fines and forfeitures	10,263	11,325	(1,062)
Contributions and reimbursements	77,547	-	77,547
Other	<u>117,768</u>	<u>39,142</u>	<u>78,626</u>
Total Revenues	<u>\$ 2,085,598</u>	<u>\$ 2,025,321</u>	<u>\$ 60,277</u>

The following table presents, in summary form, program expenses by function for the years ended June 30, 2014 and 2013:

	<b>For the Year Ended June 30,</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
General government	\$ 657,279	\$ 597,983
Public safety	374,578	371,004
Public service	406,097	300,866
Special appropriations	268,166	280,567
Interest and finance charges	<u>67,702</u>	<u>25,637</u>
Total Governmental Activities	<u>1,773,822</u>	<u>1,576,057</u>
Total Primary Government	<u>\$ 1,773,822</u>	<u>\$ 1,576,057</u>

Overall revenue increased during the 2014 fiscal period. This was due, in part, to increases in license and permit fee revenue and utility franchise fees. These along with contributions of property and revenue received from Jefferson County offset a large drop of distributions from the Alabama Trust Fund. Sales tax receipts were down slightly, approximately 1%; however were approximately 2% ahead of budget projections. Increased revenue and a strong financial base allowed the City to fund increased basic general government expenses and public safety cost and other projects. In addition, the City funded numerous street projects, repairs, and capital purchases from both unrestricted and restricted sources on hand.

**CITY OF PINSON, ALABAMA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2014 (continued)**

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

	<b>General Fund</b>	<b>Street Fund 7-2</b>	<b>Street Fund 4-6-5</b>	<b>Debt Service Fund 2007 Warrant</b>	<b>Debt Service Fund 2013 Warrant</b>
Revenue	\$ 1,959,703	\$ 68,249	\$ 57,646	\$ -	\$ -
Operating expenditures	1,554,241	36,899	5,933	-	-
Capital outlay and debt service	1,366,299	23,823	21,733	46,564	41,341
Other financing sources (uses)	<u>813,556</u>	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>48,700</u>
Net Change in Fund Balances	(147,281)	7,527	29,980	1,436	7,359
Beginning Fund Balances	<u>1,396,100</u>	<u>251,913</u>	<u>238,969</u>	<u>2,751</u>	<u>-</u>
Ending Fund Balances	<u>\$ 1,248,819</u>	<u>\$ 259,440</u>	<u>\$ 268,949</u>	<u>\$ 4,187</u>	<u>\$ 7,359</u>

As of June 30, 2014, the Governmental funds reported a combined fund balance of \$1,788,754, down from the prior year fund balance of \$1,889,733. The decrease was largely due to significant capital outlay expenditures totaling \$1,307,167.

**Budget Reporting**

The budget has always been used to encourage spending adherence, ensuring that expenditures do not exceed budget, and therefore complying with a legally adopted budget. The form of the budget historically set forth a "budget-to-actual" comparison statement. The General Fund budget adopted by the City Council for the fiscal year ended June 30, 2014, projected \$1,675,000 in revenues and \$1,508,000 in expenditures. Actual General Fund revenues for the period were \$1,959,703; \$284,703 more than budgeted, while General Fund expenses totaled \$2,817,165; \$1,309,165 more than budgeted. The City chose to budget conservatively for sales tax receipts and other major revenue sources for the period. Higher than expected revenue allowed for additional spending in areas where warranted.

Actual expenses for fiscal year 2014 exceeded budgeted amounts, primarily due to capital expenditures, repairs and maintenance expenditures, and legal expenditures. In addition, transfers between funds and debt transactions were not budgeted, but paid from the capital trust proceeds. The City, as is typical for similarly sized municipalities, does not formally amend its budget throughout the fiscal period to match actual expenditures. A detailed analysis of the variance between actual results and budgeted amounts is included in the Budgetary Comparison Schedule contained in the Required Supplementary Information section of the accompanying financial statements and is herein incorporated by reference. The City did not formally adopt a budget for any of the other governmental funds for the fiscal year ended June 30, 2014.

**CITY OF PINSON, ALABAMA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2014 (continued)**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2014, net capital assets of the governmental activities totaled \$3,405,373. Additions of \$1,307,167 in the current year included land, vehicles, building improvements, street resurfacing, furniture, fixtures, and other equipment.

**Long-Term Debt**

Total debt outstanding increased to \$1,423,308 after the issuance of a \$900,000 tax-exempt warrant early in the fiscal period. Principal reductions during the year totaled \$126,365. The warrant issue was used to assist in financing the acquisition of the property known as the Rock School. At year end, the outstanding balance of this new debt was \$878,845. Additionally, at year end, \$463,213 remained outstanding on the original \$600,000 tax-exempt general obligation warrant (2007 warrant) issued during the 2008 fiscal period for the purchase of the City Hall complex. The 2007 warrant has since been refunded with partial proceeds from a 2014 warrant issued subsequent to the 2014 fiscal year-end.

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

**Key Revenue Assumptions and Trends for fiscal year 2013-2014**

The 2013-2014 fiscal year continued to bring increased revenues to the City. Sales tax revenue results were better than expected as were franchise utility fees due, in part, to the continued annexations of properties into the City. Additionally, business license revenues increased due in part to the increase in contractors working on the Birmingham Northern Beltline during the fiscal year. Expenditures increased as the City opted to fund projects, repairs, and purchases as funds allowed.

**Key Revenue Assumptions and Trends for fiscal year 2014-2015**

Management expects revenues to increase for the 2014-2015 year. Sales tax revenues should meet the budgeted amount of \$980,000. The City has annexed numerous properties over that past few years and expects more annexations to continue for 2015. Those additions to the City will continue to increase franchise revenue, as well as population counts for the population based revenues. The number of business licenses issued by the City continued to exceed 600 for the 2014 year, which represents a continued increase in the number of businesses licensed to provide goods or services within the Pinson City limits.

In July 2014, the City issued tax-exempt general obligation warrants in the amount of \$2,110,000 in which the principal proceeds of the warrants were applied to the payment of the cost of redeeming the City's General Obligation Warrant, Series 2007, acquiring and constructing a public park in the City, and funding the issuance costs of the warrants. The construction of the park is a major focus of the City for the 2015 fiscal year. The City is anticipating the park to open in April 2015.

**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.



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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Pinson, Alabama

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Pinson, Alabama (the City), as of and for the year ended June 30, 2014, 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 and each major fund of the City of Pinson, Alabama, as of June 30, 2014, 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 Matter**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-5 and 23 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.



Borland Benefield, P.C.  
Birmingham, Alabama  
December 30, 2014

CITY OF PINSON, ALABAMA

Statement of Net Position  
As of June 30, 2014

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,263,672
Receivables, net	164,180
Investments	251,513
Prepaid expenses	91,482
Long term receivable	90,000
Capital assets, net of accumulated depreciation	<u>3,405,373</u>
<b>Total Assets</b>	<b><u>\$ 5,266,220</u></b>
<b>Deferred Outflows of Resources</b>	
None	<u>\$ -</u>
<b>Liabilities</b>	
Accounts payable	\$ 68,523
Accrued interest payable	2,911
Other current liabilities	3,570
Noncurrent liabilities	
Due within one year:	
Long-term debt	577,465
Due in more than one year:	
Long-term debt	<u>845,843</u>
Total Liabilities	<u>\$ 1,498,312</u>
<b>Deferred Inflows of Resources</b>	
None	<u>\$ -</u>
<b>Net Position</b>	
Net investment in capital assets	\$ 1,982,065
Restricted	661,671
Unrestricted	<u>1,124,172</u>
Total Net Position	<b><u>\$ 3,767,908</u></b>

See accompanying notes to financial statements.

**CITY OF PINSON, ALABAMA**

**Government-Wide Statement of Activities  
For the Year Ended June 30, 2014**

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary Government				
Governmental Activities				
General government	\$ 925,445	\$ -	\$ 74,335	\$ (851,110)
Public safety	374,578	10,263	-	(364,315)
Public service	406,097	-	-	(406,097)
Interest and fiscal charges on long-term debt	67,702	-	-	(67,702)
Total Governmental Activities	1,773,822	10,263	74,335	(1,689,224)
<b>General Revenues</b>				
Taxes				1,263,714
Licenses and permits				541,559
Investment earnings				412
Contributions and reimbursements				77,547
Miscellaneous revenue				124,558
Total General Revenues				2,007,790
			<b>Change in Net Position</b>	318,566
			<b>Net Position, Beginning of Year</b>	3,449,342
			<b>Net Position, End of Year</b>	\$ 3,767,908

*See accompanying notes to financial statements.*

**CITY OF PINSON, ALABAMA**

**Balance Sheet - Governmental Funds  
As of June 30, 2014**

	<b>General Fund</b>	<b>Street Fund 7-2</b>	<b>Street Fund 4-6-5</b>	<b>Debt Service Fund 2007 Warrant</b>	<b>Debt Service Fund 2013 Warrant</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 609,515	\$ -	\$ -	\$ 4,187	\$ 7,359	\$ 621,061
Investments	251,513	-	-	-	-	251,513
Accounts receivable - net	142,847	10,192	11,141	-	-	164,180
Restricted cash and cash equivalents	133,282	251,521	257,808	-	-	642,611
Prepaid expenses	91,482	-	-	-	-	91,482
Long term receivable	90,000	-	-	-	-	90,000
<b>Total Assets</b>	<b>\$ 1,318,639</b>	<b>\$ 261,713</b>	<b>\$ 268,949</b>	<b>\$ 4,187</b>	<b>\$ 7,359</b>	<b>\$ 1,860,847</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 66,250	\$ 2,273	\$ -	\$ -	\$ -	\$ 68,523
Accrued expenses	3,570	-	-	-	-	3,570
Total Liabilities	69,820	2,273	-	-	-	72,093
<b>Fund Balances</b>						
Nonspendable	181,482	-	-	-	-	181,482
Restricted	133,282	259,440	268,949	-	-	661,671
Committed	-	-	-	4,187	7,359	11,546
Unassigned	934,055	-	-	-	-	934,055
Total Fund Balances	1,248,819	259,440	268,949	4,187	7,359	1,788,754
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,318,639</b>	<b>\$ 261,713</b>	<b>\$ 268,949</b>	<b>\$ 4,187</b>	<b>\$ 7,359</b>	<b>\$ 1,860,847</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, 2014**

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Total fund balance, governmental funds	\$ 1,788,754
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.	3,405,373
Some liabilities (such as warrants and notes payable and accrued interest payable) 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.	<u>(1,426,219)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 3,767,908</u>

*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, 2014**

	<u>General Fund</u>	<u>Street Fund 7-2</u>	<u>Street Fund 4-6-5</u>	<u>Debt Service Fund 2007 Warrant</u>	<u>Debt Service Fund 2013 Warrant</u>	<u>Total Governmental Funds</u>
<b>Revenue</b>						
Sales and use taxes	\$ 967,761	\$ -	\$ -	\$ -	\$ -	\$ 967,761
Utility franchise in lieu of business licenses	382,038	-	-	-	-	382,038
Business licenses	140,304	-	-	-	-	140,304
Gasoline and other taxes	170,106	68,249	57,598	-	-	295,953
Fines and forfeitures	10,263	-	-	-	-	10,263
Auto licenses	19,217	-	-	-	-	19,217
Investment earnings	364	-	48	-	-	412
Alabama Trust Fund proceeds	63,154	-	-	-	-	63,154
Grant Programs	11,181	-	-	-	-	11,181
Contributions and reimbursements	77,547	-	-	-	-	77,547
Other revenues	117,768	-	-	-	-	117,768
<b>Total Revenue</b>	<u>1,959,703</u>	<u>68,249</u>	<u>57,646</u>	<u>-</u>	<u>-</u>	<u>2,085,598</u>
<b>Expenditures</b>						
Current						
General government						
General and administrative	613,680	-	-	-	-	613,680
Appropriations	268,166	-	-	-	-	268,166
Public Safety	365,944	-	-	-	-	365,944
Public Service	306,451	36,899	5,933	-	-	349,283
Debt Service						
Principal	81,250	-	-	23,961	21,154	126,365
Interest and other charges	22,125	573	740	22,603	20,187	66,228
Capital Outlay	1,262,924	23,250	20,993	-	-	1,307,167
<b>Total Expenditures</b>	<u>2,920,540</u>	<u>60,722</u>	<u>27,666</u>	<u>46,564</u>	<u>41,341</u>	<u>3,096,833</u>
Excess (deficiency) of revenues over expenditures	<u>(960,837)</u>	<u>7,527</u>	<u>29,980</u>	<u>(46,564)</u>	<u>(41,341)</u>	<u>(1,011,235)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	48,000	48,700	96,700
Transfers out	(96,700)	-	-	-	-	(96,700)
Proceeds from issuance of long-term debt	900,000	-	-	-	-	900,000
Proceeds from disposal of capital assets	10,256	-	-	-	-	10,256
<b>Total Other Financing Sources (Uses)</b>	<u>813,556</u>	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>48,700</u>	<u>910,256</u>
<b>Net Change in Fund Balances</b>	(147,281)	7,527	29,980	1,436	7,359	(100,979)
<b>Fund Balances, Beginning</b>	<u>1,396,100</u>	<u>251,913</u>	<u>238,969</u>	<u>2,751</u>	<u>-</u>	<u>1,889,733</u>
<b>Fund Balances, Ending</b>	<u>\$ 1,248,819</u>	<u>\$ 259,440</u>	<u>\$ 268,949</u>	<u>\$ 4,187</u>	<u>\$ 7,359</u>	<u>\$ 1,788,754</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 Funds to the Statement of Activities  
For the Year Ended June 30, 2014**

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Net change in fund balances - total governmental funds: \$ (100,979)

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 \$1,307,167 exceeded depreciation of \$109,046 in the current period. 1,198,121

In the Statement of Activities, only the gain 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. (3,466)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transaction that are not normally paid with expendable available financial resources. However, expenses and liabilities are reported regardless of when financial resources are available in the Statement of Activities, which is presented on the accrual basis. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of two balances. (1,475)

Governmental funds report bond and warrant 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. This is the amount by which proceeds exceeded repayments. (773,635)

Change in Net Position of Governmental Activities \$ 318,566

*See accompanying notes to financial statements.*

## CITY OF PINSON, ALABAMA

### Notes to Financial Statements For the Year Ended June 30, 2014

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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 and no 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. All funds are currently classified as major and are shown in a separate column on the financial statements.

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, 2014:

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.

**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 Fund** is used to account for the accumulation of resources for and the payment of general long-term debt, principal, interest, and related costs.

*See independent auditors' report.*



**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements  
For the Year Ended June 30, 2014 (continued)**

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

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and all liabilities (whether current or non-current) are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers local taxes as available if they are collected within sixty days after year end. All other governmental fund type revenues are recognized when received. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include accrued interest on long-term liabilities, which are recorded as fund liabilities when due.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

A budget is adopted each year for General Fund only. Anticipated revenues and expenses are appropriated using methods comparable to those used in the accompanying financial statements.

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 applicable governmental or business-type activities columns 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.

*See independent auditors’ report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements  
For the Year Ended June 30, 2014 (continued)**

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

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 within the City limits, at the time of incorporation, remain the assets of Jefferson County (the County) or the State of Alabama (the State).

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.

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.

**Note 2 – Deposits and Investments**

Cash and cash equivalents are presented at cost, which equals its market value as of June 30, 2014. Individual accounts comprising cash are listed below:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>
General operations	\$ 604,712	\$ -	\$ -	\$ 604,712
State gasoline fund	-	251,521	-	251,521
Special state gas checking	-	257,808	-	257,808
General road tax checking	41,748	-	-	41,748
Library checking	7,074	-	-	7,074
Warrant checking	-	-	11,546	11,546
Capital projects checking	89,263	-	-	89,263
Total	<u>\$ 742,797</u>	<u>\$ 509,329</u>	<u>\$ 11,546</u>	<u>\$ 1,263,672</u>

*See independent auditors' report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements  
For the Year Ended June 30, 2014 (continued)**

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**Note 2 – Deposits and Investments (continued)**

The City's investments carried at fair value as of June 30, 2014, are:

<u>Investments</u>	<u>Fair Value</u>	<u>Effective Duration</u>	<u>Interest Rate</u>
Certificate of deposit	\$ 251,513	6 months	0.10%

All of these accounts are insured by the FDIC up to \$250,000 per institution. In addition, all 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 does not have a formal investment policy; however, all funds are invested in compliance with state statutes. State statutes authorize the City to invest in obligations of the U.S. Treasury, U.S. corporate equities, State of Alabama obligations, County obligations, and other municipal obligations, as well as bank certificates of deposit and bank public funds investment accounts.

**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:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Gas tax (7%) street fund	\$ -	\$ 10,192	\$ 10,192
Gas tax (5%) street fund	-	3,677	3,677
Gas tax (4%) street fund	-	7,464	7,464
Sales and use taxes	92,438		92,438
Franchise fees	16,756	-	16,756
Beer tax	10,094	-	10,094
County gas tax	9,491	-	9,491
Financial institution excise tax	4,292	-	4,292
Other receivable	4,248	-	4,248
Auto licenses	3,652	-	3,652
Tobacco tax	979	-	979
Fines and forfeitures	894	-	894
Municipal real estate licenses	3	-	3
Total	<u>\$ 142,847</u>	<u>\$ 21,333</u>	<u>\$ 164,180</u>

*See independent auditors' report.*

## CITY OF PINSON, ALABAMA

### Notes to Financial Statements For the Year Ended June 30, 2014 (continued)

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#### 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 and the two special revenue funds to properly distribute special revenues from the various restricted gasoline tax funds. Jefferson County electronically deposits all revenues into the City's General Fund account, requiring the City to transfer those proceeds to the special gasoline tax funds. At June 30, 2014, no interfund payables or receivables exist. If there were, these amounts would be eliminated in the government-wide financial statements.

#### Note 5 – Fund Balances

The City has adopted GASB Statement No. 54, which defines how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

***Nonspendable*** – 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 (see Note 11) 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.

***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.

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.

#### Note 6 – Grants Received

During the fiscal year, the City received \$7,252 from the state of Alabama passed through the Jefferson County Library Cooperative to assist in the operating of the Pinson Public Library.

#### Note 7 – 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 auditors' report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements  
For the Year Ended June 30, 2014 (continued)**

**Note 8 – Capital Assets**

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>July 1 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Capital Assets Not Being Depreciated				
Land	\$ 1,017,372	\$ 617,454	\$ -	\$ 1,634,826
Total Capital Assets Not Being Depreciated	<u>1,017,372</u>	<u>617,454</u>	<u>-</u>	<u>1,634,826</u>
Capital Assets Being Depreciated				
Buildings and improvements	683,159	577,738	-	1,260,897
Land improvements	84,248	-	-	84,248
Leasehold improvements	28,690	49,867	-	78,557
Vehicles	83,287	27,200	(6,500)	103,987
Furniture and equipment	129,150	1,600	-	130,750
Other equipment	46,434	12,315	(4,225)	54,524
Infrastructure	435,597	20,993	-	456,590
Total Capital Assets Being Depreciated	<u>1,490,565</u>	<u>689,713</u>	<u>(10,725)</u>	<u>2,169,553</u>
Less accumulated depreciation for:				
Buildings and improvements	118,194	45,209	-	163,403
Land improvements	6,494	2,106	-	8,600
Leasehold improvements	6,972	3,803	-	10,775
Automobiles	37,474	15,110	(5,850)	46,734
Furniture and equipment	59,489	16,213	-	75,702
Other equipment	29,692	5,947	(1,409)	34,230
Infrastructure	38,904	20,658	-	59,562
Total Accumulated Depreciation	<u>297,219</u>	<u>109,046</u>	<u>(7,259)</u>	<u>399,006</u>
Total Capital Assets Being Depreciated, net	<u>1,193,346</u>	<u>580,667</u>	<u>(3,466)</u>	<u>1,770,547</u>
Total Capital Assets, net	<u>\$ 2,210,718</u>	<u>\$ 1,198,121</u>	<u>\$ (3,466)</u>	<u>\$ 3,405,373</u>

Depreciation expense is charged to functions as follows:

General and administrative	\$ 67,310
Public safety	8,634
Streets	<u>33,102</u>
	<u>\$ 109,046</u>

*See independent auditors' report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements  
For the Year Ended June 30, 2014 (continued)**

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**Note 9 – Lease Agreements**

In April 2010, the City received the deed to the property formerly conveyed by the County to the PVYA. The City purchased the property for the recording fee and now owns the property and has leased it back to PVYA for a period of ten years with no rents due. This property cannot be sold except with the written approval of the Jefferson County Commission.

The City is now responsible for the repairs and maintenance on this property. Monies earned by PVYA are retained by PVYA and are used for operating expenses. The property has a fair market value of approximately \$314,000, but management has decided to record the property at a \$0 value due to the restrictions on the property.

In March 2010, the City leased the Palmerdale Homestead Community Center (PHCC) and Palmerdale Fire District (PFD) property from the Jefferson County Board of Education for a period of twenty years. The City will pay no rent, but will maintain the facility, pay for operating/maintenance expenses and maintain public liability insurance. The City, in turn, subleases the properties to the PHCC and the PFD and receives all monies that the PHCC receives from citizens who rent the use of the building. These sub-rental agreements continue through December 31, 2020.

**Note 10 – Long-Term Debt**

Changes in long-term obligations for the year ended June 30, 2014, are as follows:

	<b>Balance June 30, 2013</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Balance June 30, 2014</b>	<b>Due Within One Year</b>
2007 GO warrant	\$ 487,173	\$ -	\$ (23,960)	\$ 463,213	\$ 463,213
2013 GO warrant	-	900,000	(21,155)	878,845	33,002
Note payable	<u>162,500</u>	<u>-</u>	<u>(81,250)</u>	<u>81,250</u>	<u>81,250</u>
Total	<u>\$ 649,673</u>	<u>\$ 900,000</u>	<u>\$ (126,365)</u>	<u>\$ 1,423,308</u>	<u>\$ 577,465</u>

On November 15, 2007, the City issued a qualified tax-exempt general obligation warrant for \$600,000 for the purchase and renovation of a building that would house City Hall, council chambers and the administrative offices. The warrant holds a fixed rate of 4.6172% and is payable in monthly installments of \$3,854 with a balloon payment due December 15, 2014, of the unpaid principal and interest. At June 30, 2014, the outstanding principal balance was 463,213. In July 2014, the warrant was refunded from principal proceeds of a new general obligation warrant issued on the same date (see Note 13).

On April 17, 2013, the City purchased property for commercial development for \$260,252. The City paid \$97,752 down and issued a promissory note in the amount of \$162,500. The note has a fixed rate of 3% and is payable in two annual installments due February 17, 2014, and February 16, 2015. At June 30, 2014, the outstanding principal balance was \$81,250.

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. At June 30, 2014, the outstanding principal balance was \$878,845.

Annual requirements to retire general long-term debt as of June 30, 2013, for the next five years and in five year increments are as follows:

*See independent auditors' report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements  
For the Year Ended June 30, 2014 (continued)**

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**Note 10 – Long-Term Debt (continued)**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years Ended June 30,			
2015	\$ 577,465	\$ 31,022	\$ 608,487
2016	34,112	27,475	61,587
2017	35,258	26,328	61,586
2018	36,363	25,224	61,587
2019	<u>740,110</u>	<u>8,111</u>	<u>748,221</u>
Total	<u>\$ 1,423,308</u>	<u>\$ 118,160</u>	<u>\$ 1,541,468</u>

**Note 11 – Long Term Receivable**

In the 2011 fiscal period, the City recorded a long-term receivable as a result of an October 2010 agreement in which the cost of certain capital outlays is to be recovered from a real estate developer. The receivable is guaranteed by a promissory note in the amount of \$90,000 payable to the City on or before October 6, 2015, and bears no interest. The promissory note is secured by real property in St. Clair County and Jefferson County, Alabama.

**Note 12 – Pension Plan**

Plan Description: The City participates in a defined benefit pension plan administered by the Employees' Retirement System of Alabama (the ERSA). The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The ERSA is an agent multiple-employer pension plan. The benefit provisions and all other requirements are established by state statute.

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

Funding Policy: For the fiscal year 2014, the member contribution rate for state correctional officers, certified full-time firefighters, and certified full-time law enforcement officers was 8.50% of employee's compensation for Tier 1 employees and 7% for Tier 2 employees. Tier 2 employees consist of all members hired on or after January 1, 2013. Regular member contributions were 7.50% of employee's compensation for Tier 1 employees and 6% for Tier 2 employees. The City is required to contribute at an actuarially determined rate, which is currently 3.20% for Tier 1 and 3.06% for Tier 2 (fiscal year 2015) of annual covered payroll. This rate changed from fiscal year 2014, which was 5.85% and 5.77% for Tier 1 and 2 respectively. The contribution requirements of plan members and the City are established and may be amended by the ERSA Board of Control.

Annual Pension Cost: For 2014, the City's annual pension cost of \$14,090 for the System was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2013, actuarial valuation using the entry age actuarial cost method. The City funds this through monthly contributions based upon payroll.

*See independent auditors' report.*

**CITY OF PINSON, ALABAMA**

**Notes to Financial Statements  
For the Year Ended June 30, 2014 (continued)**

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**Note 12 – Pension Plan (continued)**

Actuarial Valuation Information:

Valuation date	9/30/2013
Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	16 years
Asset valuation method	5-year smoothed market

Actuarial assumptions:

Investment rate of return *	8.00%
Projected salary increases *	3.75% - 7.25%
*Includes inflation at	3.00%
Cost-of-living adjustments	None

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b - a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>(b - a)/c UAL as a Percentage of Payroll</u>
9/30/2012	\$ 10,644	\$ 25,551	\$ 14,907	41.7%	\$ 148,435	10.0%
9/30/2013	\$ 37,297	\$ 70,645	\$ 33,348	52.8%	\$ 216,134	15.4%

Trend Information

<u>Fiscal Year Ended</u>	<u>Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
9/30/2012	\$ 2,094	100%	\$ -
9/30/2013	\$ 11,035	100%	\$ -

**Note 13 – Subsequent Events**

The City has evaluated subsequent events through December 30, 2014, the date the financial statements were available to be issued.

In July 2014, the City issued tax-exempt general obligation warrants in the amount of \$2,110,000 in which the principal proceeds of the warrants were applied to the payment of the cost of redeeming the City's General Obligation Warrant, Series 2007, dated November 14, 2007, the payment of the costs of acquiring and constructing a public park in the City, and the payment of the costs of issuance of the warrants.

*See independent auditors' report.*



**CITY OF PINSON, ALABAMA**

**Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>			
Business licenses	\$ 120,000	\$ 140,304	\$ 20,304
Sales and use taxes	950,000	967,761	17,761
Franchise fees in lieu of business licenses	350,000	382,038	32,038
Fines and forfeitures	10,000	10,263	263
Alcohol tax	70,000	77,421	7,421
Tobacco tax	6,000	5,772	(228)
Gasoline tax	55,000	53,190	(1,810)
Miscellaneous revenues	15,000	100,022	85,022
Financial institution excise tax	20,000	4,292	(15,708)
Auto licenses	20,000	19,217	(783)
PHCC use proceeds	6,000	7,927	1,927
Community Center use	3,000	2,630	(370)
Road and bridge tax	49,000	46,976	(2,024)
Zoning / subdivision fees	1,000	825	(175)
Contributions and reimbursements	-	77,547	77,547
Alabama Trust Fund proceeds	-	63,154	63,154
Interest income	-	364	364
<b>Total Revenue</b>	<u>1,675,000</u>	<u>1,959,703</u>	<u>284,703</u>
<b>Expenditures</b>			
Auditing and accounting	13,000	15,000	2,000
BJC animal control	10,000	7,819	(2,181)
Utilities and telephone	63,000	86,178	23,178
Auto expense/vehicle purchase	10,000	2,991	(7,009)
Dues and subscriptions/training	20,000	27,370	7,370
EMA dues	10,000	9,527	(473)
Postage/publishing	20,000	11,499	(8,501)
Probate	3,000	7,329	4,329
Legal	60,000	111,034	51,034
Insurance	20,000	22,048	2,048
City promotions	51,000	44,885	(6,115)
Public safety	375,000	392,494	17,494
Building and grounds	60,000	144,387	84,387
Miscellaneous road expense	40,000	125,500	85,500
Supplies/miscellaneous	12,000	20,573	8,573
Library expenses	180,000	163,968	(16,032)
Equipment/technology	10,000	12,789	2,789
Payroll	223,000	249,925	26,925
Special appropriations	195,000	98,925	(96,075)
Capital expenditures	<u>133,000</u>	<u>1,262,924</u>	<u>1,129,924</u>
<b>Total Expenditures</b>	<u>1,508,000</u>	<u>2,817,165</u>	<u>1,309,165</u>
Excess (deficiency) of revenues over expenditures	<u>167,000</u>	<u>(857,462)</u>	<u>(1,024,462)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from issuance of debt	-	900,000	900,000
Proceeds from disposal of capital assets	-	10,256	10,256
Transfers	-	(96,700)	(96,700)
Principal paid on debt	-	(81,250)	(81,250)
Interest and other charges	-	(22,125)	(22,125)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>710,181</u>	<u>710,181</u>
<b>Excess Revenue and Financing Sources Over (Under) Expenditures and Financing Uses</b>	<u>\$ 167,000</u>	<u>\$ (147,281)</u>	<u>\$ (314,281)</u>