

**CITY OF TUSCUMBIA
ALABAMA**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

CITY OF TUSCUMBIA

TABLE OF CONTENTS

	<i><u>Page</u></i>
FINANCIAL SECTION	
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Governmental Funds	
Balance Sheet and Reconciliation of Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14 – 33
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule-Major Fund	
General Fund	34 – 36
Schedule of Changes in the Net Pension Liability	37
Schedule of Employer Contributions	38
SUPPLEMENTARY INFORMATION	
Combining Financial Statements	
Other Governmental Funds	
Balance Sheet	39
Statement of Revenues, Expenditures, and Changes in Fund Balances	40

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
Tuscumbia, Alabama

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Tuscumbia, Alabama (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the primary government of the City of Tuscumbia, Alabama as of September 30, 2021, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above include only the primary government of the City of Tuscumbia, Alabama, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. These primary government financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to and do not present fairly the financial position of the reporting entity of the City of Tuscumbia, Alabama as of September 30, 2021, the changes in its financial position or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the City of Tuscumbia, Alabama, as of and for the year ended September 30, 2021, and our report thereon, dated July 6, 2022, expressed an unmodified opinion on those financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the net pension liability, and the schedule of employer contributions, on pages 4–8 and 34–38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tuscumbia, Alabama's basic financial statements. The 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.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Hunt & Associates".

Hunt & Associates
July 11, 2022

Management's Discussion and Analysis

As management of the City of Tusculmbia, Alabama ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Comparative analyses of key elements of total governmental funds have been provided.

Financial Highlights

- ♦ The assets and deferred outflows of the City of Tusculmbia exceeded it liabilities and deferred inflows at the close of fiscal year 2021 by \$7,066,846 (net position).
- ♦ Total revenues of the governmental activities were \$10,425,416 and expenditures were \$9,648,642 creating an increase in net position of \$806,774.
- ♦ The City's net long-term debt increased by \$2,649,702.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between these items to be reported as *net positions*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The main governmental activities of the City include general government, public safety, culture and recreation, and public works.

This discussion and analysis focuses on the primary government. The complete financial statements (including MD&A) of the component unit may be obtained from the Finance Department of the City.

Fund financial statement. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City are reported as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances on spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains individual governmental funds:

- The General Fund, 2012 Warrant Fund, 2018 Warrant Fund, 2021-B Warrant Fund, and the Capital Project Fund are considered major funds with information being presented separately in the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances for these funds.
- The other governmental funds are considered non-major governmental funds and they are combined into a single, aggregated presentation in the governmental funds' financial statements. Individual fund data for each of these funds is provided in the form of combining statements in the supplementary information section.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The budgetary comparison schedule, pension schedules, and combining non-major governmental funds statements referred to earlier can be found in the Required Supplementary Information Other Than MD&A and Supplementary Information, respectively.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position.

City of Tuscumbia Net Position - Primary Government September 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Current and other assets	\$ 6,266,420	\$ 2,337,003
Capital assets (net)	12,801,011	12,571,028
Total Assets	19,067,431	14,908,031
Deferred outflows	1,168,765	525,784
Other liabilities	714,124	332,247
Long-term liabilities	12,202,386	8,437,860
Total liabilities	12,916,510	8,770,107
Deferred inflows	252,840	400,636
Net investment in capital assets	4,972,238	7,391,957
Restricted	3,420,965	830,862
Unrestricted	(1,326,357)	(1,959,747)
Total net position	\$ 7,066,846	\$ 6,263,072

CAPITAL ASSETS, DEBT, AND ADMINISTRATION

Capital Assets

The City has worked extensively to develop and adequately maintain capital assets. City streets are routinely inspected for potholes, shoulder deterioration and other maintenance concerns. On a regularly scheduled basis, the City resurfaces streets utilizing shared gasoline tax revenues.

The City's Capital Assets September 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Land	\$ 217,099	\$ 217,099
Buildings	3,318,835	3,145,350
Equipment and vehicles	4,858,261	4,216,804
Improvements	5,222,833	5,222,833
Infrastructure	7,864,197	7,853,509
Total capital assets	21,481,225	20,655,595
Less: Accumulated depreciation	8,680,214	8,084,567
Net capital assets	\$ 12,801,011	\$ 12,571,028

Debt

The City has worked diligently to keep debt to a reasonable level but from time to time additional debt is necessary. Debt payments of required principal and interest are paid in a timely manner. The City's debt is summarized as follows.

The City's Warrant and Other Notes September 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Series 2012 Warrant	\$ —	\$ 2,465,000
Series 2018 Warrant	2,420,000	2,420,000
Series 2021 Warrant	214,100	
Series 2021-B Warrant	4,585,000	
Notes payable-financial institutions	609,673	294,071
Total debt service	<u>\$ 7,828,773</u>	<u>\$ 5,179,071</u>

Additional information can be found in the notes to the financial statement.

Financial Analysis of the Governmental Funds

The focus of the City's governmental funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

City of Tuscumbia Schedule of Activities

	Governmental Activities	
	2021	2020
Revenues		
Taxes	\$ 6,943,479	\$ 6,339,892
Charges for services	2,063,749	1,842,969
Grants and contributions	1,236,318	166,813
Other	208,870	281,540
Total revenues	<u>10,452,416</u>	<u>8,631,214</u>
Expenses		
General and administrative	2,649,203	2,289,715
Public safety	2,627,470	2,242,492
Public works	2,375,437	1,880,553
Culture and recreation	1,310,177	1,099,443
Education	580,851	573,892
Appropriations and other	105,504	99,680
Total expenses	<u>9,648,642</u>	<u>8,185,775</u>
Net change in balances	803,774	445,439
Net position—beginning	<u>6,263,072</u>	<u>5,817,633</u>
Net position—ending	<u>\$ 7,066,846</u>	<u>\$ 6,263,072</u>

OTHER HIGHLIGHTS

Economic Factors and New Year's Budgets

Tuscumbia's Spring Park continues to be a major attraction for visitors from all over the southeastern states. The Railway Depot has allowed the City to increase its main attractions by including the Railway Museum. The Roundhouse is anticipated to be a major asset to the Museum as well as other main attractions at Spring Park such as the Splash Pad, Roller Coaster, Carousel, Train, and the educational resources that reflect our heritage. Visitors also come to our city because it's the Birthplace of Helen Keller. The Keller Festival, held during the last week of June, continues to grow and is enjoyed by thousands who come here to enjoy our historic town. However, these activities were curtailed in the 2020-2021 fiscal year due to the Covid 19 Pandemic.

The mayor and council have adopted the 2021-2022 Budget with total revenues of approximately \$8,940,436.

Request for Information

This financial report is designed to present a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer Department, P.O. Box 29, Tuscumbia, Alabama 35674, by calling (256) 383-5463, or by sending an email to jarmstead@comcast.net.

**CITY OF TUSCUMBIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,849,848
Receivables (net)	355,012
Restricted assets:	
Cash and investments	3,079,833
Capitalization fee	76,727
Note Receivable	905,000
Capital assets (net)	12,801,011
Total assets	<u>19,067,431</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,168,765</u>
LIABILITIES	
Accounts payable and accrued expenses	263,048
Long-term liabilities:	
Portion due within one year:	
Warrants and notes payable	139,911
Compensated absences	311,165
Portion due after one year:	
Warrants and notes payable	7,688,862
Unamortized Premium	522,736
Compensated absences	225,530
Net pension liability	3,765,258
Total liabilities	<u>12,916,510</u>
DEFERRED INFLOWS OF RESOURCES	<u>252,840</u>
NET POSITION	
Net investment in capital assets	4,972,238
Restricted for:	
Capital projects	95,210
Debt service	20,033
Governmental activities	3,305,722
Unrestricted	(1,326,357)
Total net position	<u><u>\$ 7,066,846</u></u>

The accompanying notes and independent auditor's report are an integral part of the financial statements.

CITY OF TUSCUMBIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General and administrative	\$ 2,649,203	\$ 577,693	\$ 25,803	\$ 1,195,371	\$ (850,336)
Public safety	2,627,470	68,554		15,144	(2,543,772)
Public works	2,375,437	1,158,550		—	(1,216,887)
Culture and recreation	1,310,177	258,952			(1,051,225)
Education	580,851				(580,851)
Appropriation	105,504				(105,504)
Total Governmental Activities	<u>9,648,642</u>	<u>2,063,749</u>	<u>25,803</u>	<u>1,210,515</u>	<u>(6,348,575)</u>

General revenues:	
Taxes:	
Sales, use and lodging	\$ 3,934,108
Advalorem	1,112,015
Payments in lieu of tax	1,080,643
Other taxes	816,713
Interest revenues	1,622
Other	207,248
Total general revenues	<u>7,152,349</u>
Change in net position	803,774
Net position—beginning	6,263,072
Net position—ending	<u>\$ 7,066,846</u>

**CITY OF TUSCUMBIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	2018	2012	2021-B	Capital	Other	Total
	Warrant	Warrant	Warrant	Projects	Governmental	Governmental
	Fund	Fund	Fund	Fund	Funds	Funds
ASSETS						
Cash and cash equivalents	\$ 1,849,848	\$ —	\$ —	\$ —	\$ —	\$ 1,849,848
Cash and cash equivalents-restricted			2,872	2,008,370	1,017,799	3,079,833
Receivables (net)	37,131	13,661				355,012
Capitalization fee	76,727					76,727
Total assets	<u>\$ 2,281,587</u>	<u>\$ 13,661</u>	<u>\$ 2,872</u>	<u>\$ 2,008,370</u>	<u>\$ 1,017,799</u>	<u>\$ 5,361,420</u>
LIABILITIES						
Accounts payable	\$ 173,374	\$ —	\$ —	\$ 25,495	\$ —	\$ 232,500
Accrued expenses	30,548					30,548
Total liabilities	<u>203,922</u>	<u>—</u>	<u>—</u>	<u>25,495</u>	<u>—</u>	<u>263,048</u>
FUND BALANCES						
Non-spendable	76,727					76,727
Restricted for:						
Capital projects					95,210	95,210
Debt service	3,500	13,661	2,872			20,033
Governmental activities				1,982,875	922,589	3,305,722
Unassigned	400,258					1,600,680
Total fund balances	<u>2,077,665</u>	<u>13,661</u>	<u>2,872</u>	<u>1,982,875</u>	<u>1,017,799</u>	<u>5,098,372</u>
Total liabilities and fund balances	<u>\$ 2,281,587</u>	<u>\$ 13,661</u>	<u>\$ 2,872</u>	<u>\$ 2,008,370</u>	<u>\$ 1,017,799</u>	<u>\$ 5,361,420</u>

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total fund balance—governmental funds	\$ 5,098,372
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in funds.	
Capital assets	\$ 21,481,225
Accumulated depreciation	<u>(8,680,214)</u>
Note receivables are not reported in governmental funds	12,801,011
Deferred outflows of resources are not reported in governmental funds.	905,000
Deferred inflows of resources are not reported in governmental funds.	1,168,765
Long-term liabilities are not due and payable in the current period and therefore are not recorded as liabilities in the funds.	<u>(252,840)</u>
Warrants and notes payable	(7,828,773)
Compensated absences	(536,695)
Unamortized premium	(522,736)
Net pension liability	<u>(3,765,258)</u>
Net position of governmental activities	<u>\$ 7,066,846</u>

The accompanying notes and independent auditor's report are an integral part of the financial statements.

CITY OF TUSCUMBIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	2018 Warrant Fund	2012 Warrant Fund	2021-B Warrant Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 6,819,704	\$ —	\$ —	\$ —	\$ —	\$ 123,775	\$ 6,943,479
Licenses, permits, and rentals	577,693						577,693
Fines and forfeitures	68,554						68,554
Charges for services	1,417,502						1,417,502
Grants and contributions	127,262				104,388	1,004,668	1,236,318
Interest revenues	757		10		549	306	1,622
Other	70,980					136,268	207,248
Total revenues	9,082,452	—	10	—	104,937	1,265,017	10,452,416
EXPENDITURES							
Current operating:							
General and administrative	2,157,006					1,282	2,158,288
Public safety	2,511,380						2,511,380
Public works	1,921,882					23,575	1,945,457
Culture and recreation	1,107,993						1,107,993
Appropriations	105,504						105,504
Education funding for school district	580,851						580,851
Capital outlay and improvements	287,165	56,477			446,936	137,336	927,914
Debt service	115,743	80,716	2,498,161	152,197		14,282	2,861,099
Total expenditures	8,787,524	137,193	2,498,161	152,197	446,936	176,475	12,198,486
Excess (deficiency) of revenues over expenditures	294,928	(137,193)	(2,498,151)	(152,197)	(341,999)	1,088,542	(1,746,070)
OTHER FINANCING SOURCES (USES)							
Proceeds from debt issuance	517,850			4,585,000	214,100		5,316,950
Premiums on long-term debt issued				522,736			522,736
Loan to Board of Education				(1,000,000)			(1,000,000)
Transfers in	600,831	80,994	2,239,356	232,333	2,000,000	10,000	5,163,514
Transfers out	(377,683)			(4,185,000)		(600,831)	(5,163,514)
Total other financing sources (uses)	740,998	80,994	2,239,356	155,069	2,214,100	(590,831)	4,839,686
Net change in fund balances	1,035,926	(56,199)	(258,795)	2,872	1,872,101	497,711	3,093,616
Fund balances—beginning	1,041,739	59,699	272,456	—	110,774	520,088	2,064,455
Fund balances—ending	\$ 2,077,665	\$ 3,500	\$ 13,661	\$ 2,872	\$ 1,982,875	\$ 1,017,799	\$ 5,158,071

CITY OF TUSCUMBIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Total net change in fund balances—governmental funds \$ 3,093,616

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	\$ 825,629
Depreciation expense	<u>(595,647)</u>
	229,982

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred on the statement of net position and are amortized over the life of the debt. The effect of these differences in the treatment of long-term debt and related items are detailed below:

Repayments of debt principal	\$ 2,667,249
Proceeds from warrants	<u>(2,649,701)</u>

Loans to the Board of Education (net) are recorded as other financing uses in the governmental funds, but are not reported in the Statement of Activities.

905,000

Premiums on debt issuance are recorded as other financing sources in the governmental funds, but are amortized in the Statement of Activities.

(522,736)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in net pension obligation	(986,791)
Increase in compensated absences	(56,373)
Decrease in deferred inflows	147,796
Increase in deferred outflows	642,981
	<u><u>\$ 803,774</u></u>

Change in net position of governmental activities

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The City of Tuscumbia, Alabama (City) is a municipal corporation incorporated on December 30, 1820 under the laws of the State of Alabama. The City operates under a Mayor-Council form of government. The Mayor, elected for a four-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes. The Mayor oversees the enforcement of all laws and ordinances and executes all contracts, conveyances, and evidences of indebtedness of the City. Legislative authority is vested in a five-member council elected by district for a four-year term with the chair pro tempore of the Council being selected by the Council members. The City Council enacts ordinances and resolutions relating to tax levies; appropriates and borrows money; and accepts bids for materials and services and other municipal purposes.

The primary government of the City consists of all funds and departments that are not legally separate from the City. The primary government includes the City departments that provide the following services: police protection, fire protection and prevention, street maintenance and repairs, building inspection, planning and zoning, parks and recreation, solid waste collection, as well as administrative staff to provide support services. The operation and control of these activities are provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

The decision to include a potential component unit in the City's reporting entity is based on the criteria stated in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations are Component Units" and GASB 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34," which includes the ability to appoint a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burden on the City, or the nature and significance of the relationship between the City and the organization is such that exclusion would cause the City's financial statements to be incomplete.

Component units of the City issue separately-audited financial statements. Copies of these reports are available from the respective organizations; therefore, the component unit financial statement notes are not repeated here.

Based upon the foregoing criteria and information, the City considers the City of Tuscumbia Utilities (Electricity, Natural Gas, and Water and Sewer Departments) and the City of Tuscumbia Board of Education to be discretely presented component units for financial reporting purposes. These are discussed further below:

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Discretely Presented Component Units

City of Tusculmbia Utilities – Electricity, Natural Gas, and Water and Sewer Departments – The Tusculmbia Utilities (Utilities) provide utility services to the residents of the City. On June 14, 2007, the Alabama Legislature passed Act 2007-502 (HB961) that amended the authority and duties of the Tusculmbia Utilities Board (Board), as stated herein. The Utilities are governed by a three-member board of directors that are appointed by the City Council for staggered six-year terms. The City also issues bonded debt for the utilities. The Board is authorized to establish all utility rates. The Board is required to obtain approval from the City Council of expenditures for system improvements greater than \$50,000. The Act established in lieu of tax rates for each department. The City is secondary liable for the outstanding debt of the Utilities. The financial statements of each department are presented as a Proprietary Fund type. Each department is reported in a separate column in a combining statement in the basic financial statements with the total of all discretely presented component units reported in the government-wide financial statements to emphasize that they are legally separate from the City. The Electricity Department has a June 30 year-end, while the Natural Gas and Water and Sewer Departments have a September 30 year-end. The Utilities financial statements are not presented in this report.

Complete financial statements for each of the utility individual component units may be obtained from their administrative office located at 202 East Sixth Street, Tusculmbia, Alabama 35674.

Tusculmbia City Board of Education - The Tusculmbia City Board of Education is a legally separate entity that is governed by a five-member board appointed by the City Council. The Board of Education derives a significant amount of revenue for its general fund from appropriations and other City-imposed taxes (primarily property and sales tax). Additionally, the city owns a significant portion of the school facilities and property. These were purchased through general obligation warrants of the city. The Board of Education financial statements are not presented in this report.

Complete financial statements of the Board of Education component unit may be obtained from their administrative office located at 303 North Commons Street East, Tusculmbia, Alabama 35674.

Related Organizations - Other related organizations are excluded from the reporting entity because the City's accountability does not extend beyond the appointment of members to the governing board. These are:

Helen Keller Birthplace Foundation, Historic Preservation Board, Zoning Adjustments Board, and Housing Authority Board.

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Other - The following are separate legal entities that are jointly governed by the City and other municipalities in which no government appoints a voting majority of the Board. The organizations were created for the benefit of Shoals area residents and generally receive financial assistance from various governments. These are:

- Shoals Economic Development Authority Board
- Riverbend Center for Mental Health Board
- Shoals Solid Waste Disposal Authority
- Colbert Convention and Tourism Board

B. Government-Wide and Fund Financial Statements

Government-wide financial statements consist of a statement of net position and a statement of activities. These financial statements report all of the non-fiduciary activities of the primary government. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Governmental activities are normally supported by taxes whereas business-type activities rely mainly on fees and charges for services.

The statement of net position presents the financial condition of the governmental activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include charges for goods or services and operating and capital grants and contributions. Revenues that are not classified as program revenues are presented as general revenues and include all taxes.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units as promulgated by the Governmental Auditing Standards Board (GASB).

The government-wide financial 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 the liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all requirements have been satisfied.

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when the resources are measurable and available. Measurable means the amount can be determined and available means collectible within a certain period or soon thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year-end. Expenditures are recognized when the liability is incurred. Debt service expenditures, compensated absences, and other long-term commitments are recorded when the payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

The City reports the following major governmental funds:

General Fund – The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Alabama.

2012 Warrant Fund – This Fund accounts for the transfers from other funds and the payment of the 2012 warrants.

2018 Warrant Fund – This Fund accounts for the transfers from other funds and the payment of the 2018 warrants.

2021-B Warrant Fund – This Fund accounts for the transfers from other funds and the payment of the 2021-B warrants.

Capital Projects Fund – This Fund accounts for the acquisition or construction of capital facilities and/or other capital projects.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues are those revenues that are generated directly from providing services in connection with the primary activity of the fund's ongoing operations. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for services and benefit fees. Operating expenses include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of inter-fund activity has been removed from the government-wide financial statements. Exceptions to this rule are in lieu of tax payments and other charges between various functions of the City. Elimination of these charges would distort the direct cost and program revenues reported for the various functions affected.

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 1 – Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Cash Equivalents

The City considers cash and cash equivalents to include cash on hand, demand deposits, short-term investments with original maturities of three months or less and certificates of deposit. State statutes authorize the City to invest in obligations of the U.S. Treasury and the State of Alabama including general obligations of its counties and municipalities.

Receivables and Payables

Receivables consist of taxes and a note receivable from the Tuscumbia Board of Education. Payables represent amounts owed to vendors for goods and services.

Inventory

Inventory consists of materials and supplies held for consumption or construction projects. Inventories are presented at the lower of cost or market.

Due to/Due from

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

Capitalization Fee

In November 1993, the City paid a one-time capitalization fee of \$76,727 to become a member of the Alabama Municipal Insurance Corporation (AMIC). The capitalization fee is nonrefundable and entitles the City to purchase insurance through AMIC. In the event of liquidation or distribution of profits, the City would receive a pro-rata distribution based on its investment.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at historical cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. The City’s capitalization level is \$10,000 on tangible personal property, \$10,000 on buildings and improvements, and \$50,000 on infrastructure.

All capital assets are depreciated, except for land, inexhaustible land improvements, and construction in progress. Depreciation is computed on a straight-line basis over the following estimated useful lives:

<i>Description</i>	<i>Years</i>
Buildings, structures, and improvements	20-50
Furniture, fixtures, and equipment	3-20
Roads and streets	50
Storm sewers and drainage ditches	30
Utilities	
Utility plant	4-50

Compensated Absences

All permanent employees of the City accumulate annual and sick leave during the calendar year. Annual leave is earned at a rate of five to twenty days per calendar year for all permanent employees, depending on years of service; date of hire, and department employed, and is accrued as a liability at the current rate of pay. The policy allows employees to accumulate a maximum of 160 days of annual leave. After three years of continuous service, employees may work during their annual leave period up to a maximum equal to one-half of the total annual leave granted per year. Employees who choose to work a portion of their annual leave time will receive the normal pay plus annual leave pay for the period worked. Sick leave is earned at the rate of one day per month of employment for all permanent employees. The policy allows employees to accumulate an unlimited number of sick leave days.

Employees may use their accrued sick leave as membership service in determining the total years of creditable service in the retirement system, with no additional cost to the City. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded in the financial statements.

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, the estimated current portion of the liability is reported as a fund liability.

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Transfers

The City may transfer amounts between funds to insure continuing operations. These receivables and payables are classified as “due from other funds” or “due to other funds”.

Long-term Debt

In the government-wide financial statements, outstanding long-term debt is reported as a liability. The governmental fund financial statements recognize debt proceeds and premiums as other financing sources of the current period. Issuance costs are reported as debt service expenditures.

Net Position

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following net position categories:

- ♦ *Net investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.
- ♦ *Restricted* – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation. Restricted assets may also represent certain resources that are segregated from other resources to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the City or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes.
- ♦ *Unrestricted* – Net position that is not subject to external imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Council.

When an expense is incurred for purposes for which there are both restricted and unrestricted net positions available, it is the City’s policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position. It is also the City’s policy to apply expenditures to committed, then assigned, and lastly unassigned net positions to the extent such amounts are available.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are:

- ♦ Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact such as inventory. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
- ♦ Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The City has established a General Fund reserve policy.
- ♦ Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinances or resolutions). Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts.
- ♦ Assigned – Amounts in the assigned fund balance classification are intended by City action to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.
- ♦ Unassigned – Unassigned fund balance is the residual classification and includes all spendable amounts not contained in the other classifications.

Pensions

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

Budgetary Process

The City Council adopted an annual budget for the General Fund but not the 2012 Warrant Fund, 2018 Warrant Fund, 2021-B Warrant Fund nor the Capital Projects Fund. Budgets for other nonmajor funds are not required. All annual appropriations lapse at year-end.

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 1 – Summary of Significant Accounting Policies (continued)

Revenues

Sales Tax - The City levies tax on taxable sales within the City. Sales tax applicable to the month of September, but not received until after year-end, are recorded as a receivable on both the government-wide and the fund financial statements.

Property taxes - Property taxes are levied and are due and payable on October 1 of each year and may be paid without penalty through December 31. All unpaid taxes on real and personal property become delinquent on January 2 of the year following the year in which the taxes were levied. Penalties, interest, and late fees are assessed on all payments made after December 31. On the first Monday in April of each year, a tax auction for real property is held at which a certificate of lien is sold at auction for properties on which the taxes are delinquent.

NOTE 2 – Cash and Investments

Deposits are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. Deposits exceeding \$250,000 are made to banks participating in the Security for Alabama Funds Enhancement Program (SAFE Program). In the State of Alabama, all public funds are protected through a collateral pool administered by the Alabama State Treasurer. Banks holding deposits belonging to the state, counties, cities, or agencies of any of these entities must pledge securities as collateral against those deposits. In the event of the failure of a bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the securities pledged failed to produce adequate funds for that purpose, then every bank participating in the pool would share the liability for the remaining balance.

Each of the banks containing more than \$250,000 of the City of Tuscumbia’s deposits have been designated by the State Treasurer as a qualified public depository.

NOTE 3 – Interfund Transfers

Interfund transfers for the year ended September 30, 2021 consisted of the following:

<i>Transfer From</i>	<i>Transfer to Other Funds</i>
General Fund	\$ 377,683
Other Funds	4,785,831
Total Transfers	\$ 5,163,514

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for and are carried at fair market value.

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 4 – Receivables

Receivables at year-end were as follows:

	<i>Taxes</i>	<i>Tuscumbia Board of Education</i>	<i>Total</i>
Receivables	\$ 355,012	\$ 905,000	\$ 1,260,012

Annual maturities of notes receivables for the next five years and thereafter are as follows:

<i>Fiscal Year Ending September 30</i>	<i>Tuscumbia Board of Education</i>
2022	\$ -
2023	35,000
2024	35,000
2025	35,000
2026	35,000
2027 - 2031	205,000
2032 - 2036	235,000
2037 - 2041	265,000
2042	60,000
	905,000

NOTE 5 – Capital Assets

Capital asset activity for the fiscal year was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements & Adjustments</i>	<i>Ending Balance</i>
Governmental activities:				
Depreciable assets:				
Buildings	\$ 3,145,350	\$ 173,485	\$ —	\$ 3,318,835
Equipment and vehicles	4,216,804	641,457		4,858,261
Improvements	5,222,833			5,222,833
Infrastructure	7,853,509	10,688		7,864,197
Total depreciable capital assets	20,438,496	825,630	—	21,264,126
Land (nondepreciable)	217,099			217,099
Total capital assets	20,655,595	825,630	—	21,481,225
Less accumulated depreciation:	8,084,567	595,647		8,680,214
Total capital assets, net	\$ 12,571,028	\$ 229,983	\$ —	\$ 12,801,011

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 5 – Capital Assets (continued)

Depreciation expense was charged to functions for the fiscal year as follows:

<i>Functions</i>	<i>Amounts</i>
Governmental activities:	
General administration	\$ 80,750
Public safety	45,123
Public works	136,351
Infrastructure	198,114
Culture and recreation	135,309
Total depreciation expense	\$ 595,647

NOTE 6 – Restricted Assets/Net Assets

General obligation warrants issued by the City require that certain amounts be deposited into restricted funds for specified uses. These funds are invested in cash and short-term U.S government securities and are carried at fair market value. Other restricted assets or net assets are reflected in General Fund, Special Revenue Funds, and Capital Project Funds. See the Governmental Funds Balance Sheet and Combining Balance Sheet for Other Governmental Funds for more detailed information.

NOTE 7 – Warrants and Long-term Debt

On May 24, 2018, the City issued General Obligation Warrants, Series 2018 in the amount of \$4,420,000. These warrants bear interest at rates of 3.00% to 3.60% and will be paid fully in 2038. Principal is payable annually beginning in 2028. Interest is payable semi-annually on each May 1 and November 1.

On June 25, 2021, the City issued General Obligation Warrants, Series 2021 in the amount of \$214,100. These warrants bear interest at rates of 2.125% and will be paid fully in 2031. Principal is payable annually on June 25. Interest is payable semi-annually on each May 1 and November 1.

On August 11, 2021, the City issued General Obligation Warrants, Series 2021-B in the amount of \$4,585,000. These warrants were used to retire the City’s previously issued Series 2012 warrants. These warrants bear interest at rates of 3.00% and will be paid fully in 2042. Principal is payable annually beginning in 2023. Interest is payable semi-annually on each May 1 and November 1.

The City has entered into three secured and unsecured note agreements with banks to provide financing for various vehicles, machinery, and equipment. The notes are payable in monthly installments bearing interest rates from 2.22% to 3.31% and mature at varying dates through 2027.

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 7 – Warrants and Long-term Debt (continued)

Debt activity for the year ended September 30, 2021 was as follows:

Governmental activities:	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements & Adjustments</i>	<i>Ending Balance</i>
General Obligation Warrants				
Series 2012	2,465,000	—	(2,465,000)	—
Series 2018	2,420,000			2,420,000
Series 2021		214,100		214,100
Series 2021-B		4,585,000		4,585,000
Note Payable to banks and finance companies payable in monthly installments	294,071	517,847	(202,245)	609,673
	<u>5,179,071</u>	<u>5,316,947</u>	<u>(2,667,245)</u>	<u>7,828,773</u>

Debt service over the remaining term of the warrant is summarized as follows (amounts in thousands):

<i>Fiscal Year Ending September 30</i>	<i>Principal</i>		<i>Interest</i>		<i>Total</i>	
	<i>Direct</i>		<i>Direct</i>		<i>Principal</i>	<i>Interest</i>
	<i>Borrowings</i>	<i>Bonds</i>	<i>Borrowings</i>	<i>Bonds</i>		
2022	\$ 120	\$ 19	\$ 14	\$ 185	\$ 139	\$ 199
2023	123	290	11	218	413	229
2024	127	300	7	210	427	217
2025	130	306	4	201	436	205
2026	57	316	2	192	373	194
2027 - 2031	53	2,308	1	764	2,361	765
2032 - 2036		2,605		337	2,605	337
2037 - 2041		1,015		48	1,015	48
2042		60			60	-
Totals	610	7,219	39	2,155	7,829	2,194
Less: portion due within one year	(120)	(19)	(14)	(185)	(139)	(199)
Long-term debt	<u>\$ 490</u>	<u>\$ 7,200</u>	<u>\$ 25</u>	<u>\$ 1,970</u>	<u>\$ 7,690</u>	<u>\$ 1,995</u>

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 8 – Related Party Transactions

The Electricity and Natural Gas Departments are required to pay to the City a tax equivalent that is determined by applying the current property tax rate to their net plant in service at the end of the preceding fiscal year. The amount of tax equivalents paid to the City during the fiscal year was \$435,551 by the Electricity Department and \$97,530 by the Natural Gas Department. The Water and Sewer Department is required, through enabling legislation, to pay its *net revenues*, although the term was not defined in the enabling legislation, on a quarterly basis. The Water and Sewer Department paid \$118,568 during the fiscal year. These amounts are reported as payments in lieu of taxes in the financial statements of the City and as operating expenses by the Utilities.

Under the provisions of Act 2007-502 (HB961) passed by the Alabama Legislature on June 14, 2007, the Electricity Department is required to disburse payments in lieu of taxes in accordance with the terms of the power contract between the Tennessee Valley Authority and the Department, which currently is based on 4.7% of the net plant in service at the end of the preceding fiscal year; (b) the Natural Gas Department is required to disburse payments in lieu of taxes based on 7.4% of the value of the plant in service at the end of the preceding fiscal year, but not to exceed 4.5% of gross sales of natural gas in the preceding fiscal year; and, (c) the Water and Sewer Department is required to disburse payments in lieu of taxes based on thirty-cents (\$.30) per thousand gallons of gross sales of water in the preceding fiscal year.

The City made appropriations to the Tuscumbia City Board of Education for the fiscal year in the amount of \$580,851.

NOTE 9 – Contingencies and Commitments

The City has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to request for reimbursements to the grantor agencies for expenditures disallowed under terms of the grants. City management believes that such disallowance, if any, will be immaterial.

The Public Park Authority of the Shoals, a public corporation created pursuant to State Law by the Cities of Florence, Tuscumbia, Sheffield, and Tuscumbia and the Counties of Colbert and Lauderdale, issued Special Obligation Bonds in the amount of \$17,925,000. These Special Obligation Bonds are to be payable from a new two-cent per gallon gasoline tax levied in Colbert and Lauderdale Counties. While it is anticipated that such gasoline taxes will be sufficient to pay the principal of and interest on these bonds, the Cities of Florence, Muscle Shoals, Sheffield, and Tuscumbia and the Counties of Colbert and Lauderdale have agreed to pay a portion of the debt service on the bonds if the gasoline taxes are insufficient to make such payments. The City's portion of such debt issued by The Public Park Authority of the Shoals is 5.4956%. During the current fiscal year, the City has not been required to remit any amounts for this debt service and the Bonds were paid off.

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 10 – Pension Plan

A. Plan Description

The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. Effective October 1, 2021 Act 390 of the Legislature of 2021 will create two additional representatives and change the composition of representatives within the ERS Board of Control. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov. The ERS Board of Control consists of 13 trustees as follows:

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

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

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 10 – Pension Plan (continued)

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

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement. As of the measurement date of September 30, 2020, the City's pension plan had 43 retired members or their beneficiaries currently receiving benefits, 1 vested inactive member, 9 non-vested inactive members and 89 active members.

C. 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 contribution rates are the same for Tier 2 covered members of ERS local participating employers.

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 10 – Pension Plan (continued)

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 cost 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 September 30, 2020, the City’s active employee contribution rate of covered employee payroll was 6.00% for Tier 1 law enforcement, 7.00% for Tier 2 law enforcement, 5.00% for Tier 1 regular employees, and 6.00% for Tier 2 regular employees.

The City’s contractually required contribution rate for the year ended September 30, 2020 was 10.54% of pensionable pay for Tier 1 employees, and 6.97% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with members’ 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 Town were \$296,629 for the year ended September 30, 2021.

D. Net Pension Liability

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

	<i>Expected</i>	<i>Actual Before Act 2019-132</i>	<i>Actual After Act 2019-132</i>
(a) TPL as of September 30, 2019	\$ 10,047,676	\$ 10,647,863	\$ 10,775,468
(b) Discount Rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2019 - September 30, 2020	235,694	235,694	261,144
(d) Transfers Among Employers		(27,021)	(27,021)
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 - September 30, 2020	(604,016)	(604,016)	(604,016)
(f) TPL as of September 30, 2020 =[(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 10,429,770</u>	<u>\$ 11,049,151</u>	<u>\$ 11,212,031</u>
(g) Difference between Expected and Actual		\$ 619,381	
(h) Less Liability Transferred for Immediate Recognition		<u>(27,021)</u>	
(i) Difference between Expected and Actual - Experience (Gain)/Loss		<u>\$ 646,402</u>	
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/Loss			<u>\$ 162,881</u>

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 10 – Pension Plan (continued)

E. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	<i>1% Decrease (6.70%)</i>	<i>Current Discount Rate (7.70%)</i>	<i>1% Increase (8.70%)</i>
Plan's Net Pension Liability (Asset)	\$ 4,982,688	\$ 3,765,258	\$ 2,727,886

F. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended September 30, 2021, the City recognized pension expense of \$481,104. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension of the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ 545,153	\$ 252,840
Changes in assumptions	94,942	
Net difference between projected and actual earnings on plan investments	232,041	
Employer contributions subsequent to the measurement date	296,629	
Total	\$ 1,168,765	\$ 252,840

The \$481,104 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022.

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

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 10 – Pension Plan (continued)

<i>Year ended September 30</i>	<i>Amount</i>
2022	\$ 122,767
2023	154,905
2024	163,597
2025	120,397
2026	57,630
Thereafter	—

G. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB 68 Report for the ERS prepared as of September 30, 2020. The auditor’s report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

H. Actuarial Assumptions

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

Inflation	2.75%	
Salary increases	3.25% - 5.00%	including inflation
Investment rate of return	7.75%	net of pension plan investment expense

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

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

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 10 – Pension Plan (continued)

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

*Includes assumed rate of inflation of 2.50%.

I. Changes in Net Pension Liability

	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability</u> <u>(a)-(b)</u>
Balances as of September 30, 2019	\$ 10,047,676	\$ 7,269,209	\$ 2,778,467
Changes for the year:			
Service cost	235,694		235,694
Interest	750,416		750,416
Changes of benefit terms	162,881		162,881
Difference between expected and actual experience	646,402		646,402
Contributions - employer		246,129	(246,129)
Contributions - employee		153,695	(153,695)
Net investment income		408,778	(408,778)
Benefit payments, including refunds of employee contributions	(604,016)	(604,016)	—
Transfers among employers	(27,021)	(27,021)	—
Net changes	<u>1,164,356</u>	<u>177,565</u>	<u>986,791</u>
Balances as of September 30, 2020	<u>\$ 11,212,032</u>	<u>\$ 7,446,774</u>	<u>\$ 3,765,258</u>

CITY OF TUSCUMBIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 10 – Pension Plan (continued)

J. Discount Rate

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

NOTE 11 – 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; injuries to employees; and natural disasters. The City has purchased commercial insurance for its buildings and contents, automobile liability, employee dishonesty, director's and officer's liability, and employee injury. The City pays an annual premium based on the amount of coverage. Settled claims from these risks did not exceed the City's coverage.

NOTE 12 – Postemployment Benefits Other Than Pensions (OPEB)

The City's other postemployment benefit (OPEB) plan provides medical benefits to eligible retired City employees. Only one retiree is eligible for the benefits. Benefit provisions are established and may be amended by the City Council.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUSCUMBIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Final Budget—</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes:				
Sales, use, and lodging	\$ 3,522,131	\$ 3,522,131	\$ 3,934,108	\$ 411,977
Advalorem	1,102,033	1,102,033	1,112,015	9,982
Payment in lieu of tax	1,091,591	1,091,591	1,080,643	(10,948)
Motor fuel	181,000	181,000	186,893	5,893
Alcoholic beverages	118,450	118,450	126,725	8,275
Franchise tax	85,500	85,500	87,797	2,297
Tobacco tax	72,850	72,850	73,712	862
Other	86,800	86,800	217,811	131,011
Total taxes	<u>6,260,355</u>	<u>6,260,355</u>	<u>6,819,704</u>	<u>559,349</u>
Licenses, permits, and rentals	<u>524,831</u>	<u>524,831</u>	<u>577,693</u>	<u>52,862</u>
Fines and forfeitures	<u>60,500</u>	<u>60,500</u>	<u>68,554</u>	<u>8,054</u>
Charges for services:				
Culture and recreation	203,400	203,400	258,952	55,552
Solid waste disposal	1,056,400	1,056,400	1,089,937	33,537
Other	66,620	66,620	68,613	1,993
Total charges for services	<u>1,326,420</u>	<u>1,326,420</u>	<u>1,417,502</u>	<u>91,082</u>
Other				
Grants and contributions	20,100	20,100	127,262	107,162
Interest revenue	300	300	757	457
Miscellaneous	59,500	59,500	70,980	11,480
Total other	<u>79,900</u>	<u>79,900</u>	<u>198,999</u>	<u>119,099</u>
Proceeds from debt issuance			517,850	517,850
Total revenues	<u>8,252,006</u>	<u>8,252,006</u>	<u>9,600,302</u>	<u>1,348,296</u>
Expenditures:				
Current operations:				
General and administrative services				
Mayor	76,609	76,609	65,221	11,388
City treasurer	323,002	323,002	324,498	(1,496)
City council	47,859	47,859	41,951	5,908
Buildings	102,908	102,908	110,431	(7,523)
Legal	53,000	53,000	38,197	14,803
Other professional services	91,850	91,850	82,442	9,408
Community promotion	70,077	70,077	78,350	(8,273)
Insurance	181,400	181,400	187,215	(5,815)

CITY OF TUSCUMBIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(CONTINUED)

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis) (See Note A)	Final Budget— Positive (Negative)
General and administrative services (continued)				
Compensating absences (unallocated)	—	—	—	—
Employee benefits (unallocated)	1,151,248	1,151,248	1,228,701	(77,453)
Total general and administrative	<u>2,097,953</u>	<u>2,097,953</u>	<u>2,157,006</u>	<u>(59,053)</u>
Public safety				
Police	1,297,009	1,297,009	1,482,247	(185,238)
Municipal court	121,745	121,745	136,244	(14,499)
Fire	790,408	790,408	892,889	(102,481)
Total public safety	<u>2,209,162</u>	<u>2,209,162</u>	<u>2,511,380</u>	<u>(302,218)</u>
Public works				
Streets	419,757	419,757	593,968	(174,211)
Municipal lighting and utilities	242,000	242,000	250,762	(8,762)
Cemetery	125,244	125,244	116,654	8,590
Maintenance	42,184	42,184	43,455	(1,271)
Sanitation	821,216	821,216	917,043	(95,827)
Total public works	<u>1,650,401</u>	<u>1,650,401</u>	<u>1,921,882</u>	<u>(271,481)</u>
Culture and recreation				
Parks and recreation	528,517	528,517	579,113	(50,596)
Railroad depot	199,247	199,247	173,541	25,706
Golf course	130,937	130,937	160,695	(29,758)
Library	176,753	176,753	176,871	(118)
Senior citizens center	14,554	14,554	17,773	(3,219)
Total culture and recreation	<u>1,050,008</u>	<u>1,050,008</u>	<u>1,107,993</u>	<u>(57,985)</u>
Other				
Appropriations	101,767	101,767	105,504	(3,737)
Education-funding for school district	578,923	578,923	580,851	(1,928)
Transfers from other funds (net)	532,842	532,842	(3,148)	535,990
Debt service	22,500	22,500	115,743	(93,243)
Other	4,000	4,000	287,165	(283,165)
Total other	<u>1,240,032</u>	<u>1,240,032</u>	<u>1,086,115</u>	<u>153,917</u>
Total expenditures	<u>8,247,556</u>	<u>8,247,556</u>	<u>8,784,376</u>	<u>(536,820)</u>
Net change in fund balance	<u>\$ 4,450</u>	<u>\$ 4,450</u>	815,926	<u>\$ 811,476</u>
Fund balances—beginning			<u>1,041,739</u>	
Fund balances—ending			<u>\$ 1,857,665</u>	

**CITY OF TUSCUMBIA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows and resources

Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule	\$ 9,600,302
Differences-budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	
Note proceeds from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(517,850)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 9,082,452</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 8,784,376
Differences-budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	3,148
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 8,787,524</u>

CITY OF TUSCUMBIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
Last 10 Fiscal Years Ending September 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total pension liability										
Service cost	\$ 235,694	\$ 231,083	\$ 234,674	\$ 232,999	\$ 228,542	\$ 226,393	\$ 222,025			
Interest	750,416	730,471	732,598	705,778	678,568	685,226	656,437			
Changes of benefit terms	162,881									
Difference between expected and actual experience	646,402	(69,064)	(347,757)	43,415	(125,353)	(442,651)				
Changes of assumptions			49,175		357,450					
Benefit payments, including refunds of employee contributions	(604,016)	(594,922)	(583,667)	(555,638)	(610,761)	(493,638)	(543,564)			
Transfers among employers	(27,021)	(33,992)	(45,631)	(66,474)	68,706					
Net change in total pension liability	<u>1,164,356</u>	<u>263,576</u>	<u>39,392</u>	<u>360,080</u>	<u>597,152</u>	<u>(24,670)</u>	<u>334,898</u>			
Total pension liability - beginning	<u>10,047,676</u>	<u>9,784,100</u>	<u>9,744,708</u>	<u>9,384,628</u>	<u>8,787,476</u>	<u>8,812,146</u>	<u>8,477,248</u>			
Total pension liability - ending (a)	<u>\$ 11,212,032</u>	<u>\$ 10,047,676</u>	<u>\$ 9,784,100</u>	<u>\$ 9,744,708</u>	<u>\$ 9,384,628</u>	<u>\$ 8,787,476</u>	<u>\$ 8,812,146</u>			
Plan fiduciary net position										
Contributions - employer	\$ 246,129	\$ 281,136	\$ 234,224	\$ 239,408	\$ 261,957	\$ 266,017	\$ 257,131			
Contributions - employee	153,695	164,619	229,240	147,607	148,674	150,849	138,043			
Net investment income	408,778	184,279	622,687	786,466	584,662	69,229	645,781			
Benefit payments, including refunds of employee contributions	(604,016)	(594,922)	(583,667)	(555,638)	(610,761)	(493,638)	(543,564)			
Transfers among employees	(27,021)	(33,995)	(45,631)	(66,474)	68,706	(118,963)	(41,188)			
Net change in plan fiduciary net position	<u>177,565</u>	<u>1,117</u>	<u>456,853</u>	<u>551,369</u>	<u>453,238</u>	<u>(126,506)</u>	<u>456,203</u>			
Plan net position - beginning	<u>7,269,206</u>	<u>7,268,089</u>	<u>6,811,236</u>	<u>6,259,867</u>	<u>5,806,629</u>	<u>5,933,135</u>	<u>5,476,932</u>			
Plan net position - ending (b)	<u>\$ 7,446,771</u>	<u>\$ 7,269,206</u>	<u>\$ 7,268,089</u>	<u>\$ 6,811,236</u>	<u>\$ 6,259,867</u>	<u>\$ 5,806,629</u>	<u>\$ 5,933,135</u>			
Net pension liability - ending (a) - (b)	\$ 3,765,261	\$ 2,778,470	\$ 2,516,011	\$ 2,933,472	\$ 3,124,761	\$ 2,980,847	\$ 2,879,011			
Plan fiduciary net position as a percentage of the total pension liability	66.42%	72.35%	74.28%	69.90%	66.70%	66.08%	67.33%			
Covered payroll*	\$ 2,612,222	\$ 2,759,561	\$ 2,606,392	\$ 2,658,348	\$ 2,618,036	\$ 2,559,413	\$ 2,548,105			
Net pension liability as a percentage of covered-employee payroll	144.14%	100.69%	96.53%	110.35%	119.36%	116.47%	112.99%			

*Employer covered payroll during the measurement period is the total covered payroll. For FY2021 the measurement period is October 1, 2019 - September 30, 2020. GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll for FY2017.

CITY OF TUSCUMBIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution*	\$ 296,629	\$ 257,668	\$ 280,945	\$ 243,885	\$ 261,957	\$ 266,017	\$ 257,131			
Contributions in relation to the actuarially determined contribution*	296,629	257,668	280,945	243,885	261,957	266,017	257,131			
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —			
Covered-employee payroll**	\$ 2,612,222	\$ 2,759,561	\$ 2,606,392	\$ 2,658,348	\$ 2,618,036	\$ 2,559,413	\$ 2,548,105			
Contributions as a percentage of covered-employee payroll	11.36%	9.34%	10.78%	9.17%	10.01%	10.39%	10.09%			

* 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 FY2021 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to the Schedule

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

Contributions for fiscal year 2021 were based on the September 30, 2018 actuarial valuation.

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

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	28.1 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

**CITY OF TUSCUMBIA
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds										Capital Project Funds			Total Other Governmental Funds
	Seven Cent Gas Tax		Four Cent Gas Tax		Special Funds	Rebuild AL Gas Tax	Municipal Court	Fiscal Recovery Funds	Other Special Funds	Total		Municipal Capital Projects	Total	
	\$		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	
ASSETS														
Cash and cash equivalents-restricted	\$ 91,899	\$ 130,224	\$ 38,959	\$ 95,524	\$ 94,009	\$ 423,966	\$ 48,008	\$ 922,589	\$ 95,210	\$ 95,210	\$ 1,017,799			
Receivables (net)														
Total assets	<u>\$ 91,899</u>	<u>\$ 130,224</u>	<u>\$ 38,959</u>	<u>\$ 95,524</u>	<u>\$ 94,009</u>	<u>\$ 423,966</u>	<u>\$ 48,008</u>	<u>\$ 922,589</u>	<u>\$ 95,210</u>	<u>\$ 95,210</u>	<u>\$ 1,017,799</u>			
LIABILITIES AND FUND BALANCES														
Liabilities														
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	
Fund balances														
Non-spendable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Restricted for:														
Capital projects									95,210	95,210	95,210	95,210	95,210	
Debt service														
Governmental activities	91,899	130,224	38,959	95,524	94,009	423,966	48,008	922,589			922,589		922,589	
Unassigned														
Total fund balances	<u>91,899</u>	<u>130,224</u>	<u>38,959</u>	<u>95,524</u>	<u>94,009</u>	<u>423,966</u>	<u>48,008</u>	<u>922,589</u>	<u>95,210</u>	<u>95,210</u>	<u>922,589</u>	<u>95,210</u>	<u>1,017,799</u>	
Total liabilities and fund balances	<u>\$ 91,899</u>	<u>\$ 130,224</u>	<u>\$ 38,959</u>	<u>\$ 95,524</u>	<u>\$ 94,009</u>	<u>\$ 423,966</u>	<u>\$ 48,008</u>	<u>\$ 922,589</u>	<u>\$ 95,210</u>	<u>\$ 95,210</u>	<u>\$ 1,017,799</u>	<u>\$ 95,210</u>	<u>\$ 1,017,799</u>	

CITY OF TUSCUMBIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds										Capital Project Funds		Total Other Governmental Funds							
	Seven Cent Gas Tax					Four Cent Gas Tax			Special Corrections		Municipal Court			Fiscal Recovery Funds		Other Special Funds		Total		
REVENUES																				
Taxes	\$ 37,323	\$ 29,464	\$ —	\$ 56,988	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 123,775
Grants and contributions																				1,004,668
Interest	43	65	20	33																306
Other																				48,491
Total revenues	\$ 37,366	\$ 29,529	\$ 20	\$ 57,021	\$ 20	\$ 20	\$ 57,021	\$ 11,556	\$ 11,556	\$ 1,004,796	\$ 36,952	\$ 36,952	\$ 48,491	\$ 1,177,240	\$ 87,777	\$ 87,777	\$ 87,777	\$ 87,777	\$ 87,777	\$ 1,265,017
EXPENDITURES																				
Current operations:																				
General administration	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,282	\$ 1,282	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,282
Public works	19,675	3,900																		23,575
Capital outlay and improvements		12,188					1,409													13,597
Debt service:																				
Interest and fiscal charges																				14,282
Total expenditures	\$ 19,675	\$ 16,088	\$ —	\$ —	\$ —	\$ —	\$ 1,409	\$ —	\$ —	\$ —	\$ 1,282	\$ 1,282	\$ —	\$ 38,454	\$ 138,021	\$ 138,021	\$ 14,282	\$ 138,021	\$ 14,282	\$ 176,475
Excess (deficiency) of revenues over expenditures	\$ 17,691	\$ 13,441	\$ 20	\$ 57,021	\$ 20	\$ 20	\$ 57,021	\$ 10,147	\$ 10,147	\$ 1,004,796	\$ 35,670	\$ 35,670	\$ 1,138,786	\$ 1,138,786	\$ (50,244)	\$ (50,244)	\$ (50,244)	\$ (50,244)	\$ (50,244)	\$ 1,088,542
OTHER FINANCING SOURCES (USES)																				
Proceeds from debt issuance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Transfers in																				
Transfers out																				10,000
Total other financing sources (uses)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (580,831)	\$ (20,000)	\$ (20,000)	\$ (600,831)	\$ (600,831)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ (600,831)
Net change in fund balances	\$ 17,691	\$ 13,441	\$ 20	\$ 57,021	\$ 20	\$ 20	\$ 57,021	\$ 10,147	\$ 10,147	\$ 423,965	\$ 15,670	\$ 15,670	\$ 537,955	\$ 537,955	\$ (40,244)	\$ (40,244)	\$ (40,244)	\$ (40,244)	\$ (40,244)	\$ 497,711
Fund balances—beginning	74,208	116,783	38,939	38,503	38,939	38,939	83,862	1	1	32,338	32,338	384,634	384,634	384,634	135,454	135,454	135,454	135,454	135,454	520,088
Fund balances—ending	\$ 91,899	\$ 130,224	\$ 38,959	\$ 95,524	\$ 38,959	\$ 38,959	\$ 94,009	\$ 94,009	\$ 94,009	\$ 423,966	\$ 48,008	\$ 48,008	\$ 922,589	\$ 922,589	\$ 95,210	\$ 95,210	\$ 95,210	\$ 95,210	\$ 95,210	\$ 1,017,799