

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2020**

BUSINESS ACTIVITIES

Cash	\$ 360,259	\$ 333,418	\$ 26,841
Receivables	96,635	88,966	7,669
Other current assets	31,238	29,850	1,388
Restricted cash	103,710	112,797	(9,087)
Total Current Assets	<u>591,842</u>	<u>565,031</u>	<u>26,811</u>
Capital assets	1,621,683	1,558,428	63,255
Net Pension Asset	65,187	14,574	50,613
Total Assets	<u>2,278,712</u>	<u>2,138,033</u>	<u>140,679</u>
Deferred Outflows of Resources	61,509	67,148	(5,639)
Total Assets and Deferred Outflows of Resources	<u>\$ 2,340,221</u>	<u>\$ 2,205,181</u>	<u>\$ 135,040</u>
Accounts payable	\$ 33,929	\$ 33,071	\$ 858
Current maturities of long-term debt	26,520	26,520	-
Other current liabilities	105,233	114,320	(9,087)
Total Current Liabilities	<u>165,682</u>	<u>173,911</u>	<u>(8,229)</u>
Non-current liabilities	518,110	542,609	(24,499)
Total liabilities	<u>683,792</u>	<u>716,520</u>	<u>(32,728)</u>
Deferred inflows of resources	135,565	95,706	39,859
Net Position			
Net investment in capital assets	1,112,703	1,022,928	89,775
Restricted	28,043	28,043	-
Unrestricted	380,118	341,984	38,134
	<u>1,520,864</u>	<u>1,392,955</u>	<u>127,909</u>
Total liabilities, Deferred Inflows of Capital Resources and Net Position	<u>\$ 2,340,221</u>	<u>\$ 2,205,181</u>	<u>\$ 135,040</u>

Current assets increased because the City's revenues exceeded expenditures for the current year. The public works department also operated with a surplus and reinvested current operation into the water plant and other assets.

STATEMENT OF ACTIVITIES

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in net position. You will notice that governmental expenses are listed in the first column with revenues from that department reported to the right. The result is a Net (Expense)/Revenue for each department. The reason for this kind of format is to highlight the relative financial burden.

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2020**

of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Business activities are adjusted on one line as income or (loss). Details of business type revenues and expenses can be found starting on page 16. Some of the individual line-item revenues reported for each function are:

Police	Corrections fees and fines.
Fire	Donations
Park and Recreation	Donations

All other governmental revenues are reported as general.

It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

THE CITY'S REVENUES

The following schedule presents a comparative summary of government-wide revenues and expenditures for the years ended September 30, 2020 and 2019.

	2020	2019	Variance Favorable (Unfavorable)
Revenues			
Program revenues	\$ 109,615	\$ 141,842	\$ (32,227)
Taxes and licenses	1,017,631	837,286	180,345
Investment earnings	922	15,410	(14,488)
Other	235,994	273,874	(37,880)
	<u>1,364,162</u>	<u>1,268,412</u>	<u>95,750</u>
Expenditures			
Administrative	610,283	425,248	185,035
Police	359,248	352,339	6,909
Fire	337,933	224,577	113,356
Public works	29,068	29,286	(218)
Interest	71,499	74,595	(3,096)
Transfers - net	(77,904)	(200,800)	122,896
	<u>1,330,127</u>	<u>905,245</u>	<u>424,882</u>
Change in net position	<u>\$ 34,035</u>	<u>\$ 363,167</u>	<u>\$ (329,132)</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2020**

Business type revenue and expenditures are summarized below.

	2020	2019	Variance
Revenue			
Charges for services	\$ 912,672	\$ 887,626	\$ 25,046
Operating expenses			
Cost of water and garbage service	130,219	118,354	11,865
Salaries	191,925	153,398	38,527
Depreciation	97,747	79,829	17,918
Repairs	52,796	43,189	9,607
Insurance	42,082	49,903	(7,821)
Other operating expenses	174,636	138,203	36,433
	<u>689,405</u>	<u>582,876</u>	<u>106,529</u>
Operating income	223,267	304,750	(81,483)
Non-operating income (expenses)	<u>(95,358)</u>	<u>(198,175)</u>	<u>102,817</u>
Change in net position	<u>\$ 127,909</u>	<u>\$ 106,575</u>	<u>\$ 21,334</u>

The following schedule presents a summary of governmental fund revenues and expenditures for the year ending September 30, 2020 and 2019.

Revenues	2020 Amount	2019 Amount	Increase (Decrease) From 2019
Governmental Revenues			
Taxes	\$ 730,266	\$ 670,279	\$ 59,987
Licenses and permits	312,768	247,444	65,324
Intergovernmental	172,343	167,008	5,335
Fines and forfeitures	94,051	133,096	(39,045)
Investment income	922	15,410	(14,488)
Other	53,812	35,174	18,638
Total governmental revenues	<u>1,364,162</u>	<u>1,268,411</u>	<u>95,751</u>
Expenditures			
Governmental Expenditures			
General government	415,110	256,747	158,363
Public safety	531,568	532,945	(1,377)
Streets, sanitation and parks	17,024	16,408	616
Capital outlays and debt service	591,303	971,769	(380,466)
Transfers	(98,941)	(200,800)	101,859
Total governmental expenditures	<u>1,456,064</u>	<u>1,577,069</u>	<u>(121,005)</u>
Excess revenues (expenditures)	<u>\$ (91,902)</u>	<u>\$ (308,658)</u>	<u>\$ 216,756</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2020, the City had \$20,798,109 invested in a broad range of governmental and business type capital assets, including police and fire equipment, buildings, park facilities, roads, drainage systems, water system, and land. (See Table Below). This amount represents a net increase (including additions and deductions) of \$894,217 from 2019.

	Government Activities		Business Activities	
	2020	2019	2020	2019
Land	\$ 406,007	\$ 406,007	\$ -	\$ -
Construction in progress	-	668,168	-	-
Buildings and improvements	1,161,544	383,657	22,915	1,878
Automotive	486,568	506,016	101,477	101,477
Equipment and furniture	571,086	531,300	183,274	74,230
Roads and drainage system	15,051,695	15,051,695		
Water plant			2,813,543	2,782,622
	<u>\$ 17,676,900</u>	<u>\$ 17,546,843</u>	<u>\$ 3,121,209</u>	<u>\$ 2,960,207</u>
Total investment for 2020	<u>\$ 20,798,109</u>			

Debt

As of September 30, 2020, the City had \$1,986,020 in outstanding bonds and notes payable versus \$2,089,500 last year, a decrease of \$103,480. As of September 30, 2020, the water department had \$508,980 in outstanding bonds and notes payable versus \$535,500 last year, a decrease of \$26,520.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The City's elected and appointed officials consider many factors concerning the City of Margaret's finances, including building permits, tax rates and fees. One of these factors is the economy. A major increase in sales tax and property taxes are expected to lead this increase.

If these estimates are realized, the City budgetary General Fund balance is expected to increase modestly by the end of fiscal year 2021.

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2020**

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

TeJa McIntyre, City Clerk/Treasurer
City of Margaret
P. O. Box 309
125 School Street
Margaret, AL 35112
(205) 629-5742

THE CITY OF MARGARET, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,153,421	\$ 360,259	\$ 1,513,680
Receivables (net)	88,209	96,635	184,844
Inventories		21,413	21,413
Prepays	10,358	9,825	20,183
Total Current Assets	1,251,988	488,132	1,740,120
Restricted assets:			
Cash and cash equivalents	222,630	103,710	326,340
Total Current Assets	1,474,618	591,842	2,066,460
Non-current assets			
Capital assets:			
Non-depreciable	406,007	-	406,007
Depreciable	13,987,822	1,621,683	15,609,505
Net pension asset	142,871	65,187	208,058
Total Non-Current Assets	14,536,700	1,686,870	16,223,570
Total Assets	16,011,318	2,278,712	18,290,030
Deferred outflows of resources	134,903	61,509	196,412
Total Assets and Deferred Outflows of Resources	<u>\$ 16,146,221</u>	<u>\$ 2,340,221</u>	<u>\$ 18,486,442</u>

	Primary Government		
	Governmental Activities	Business Activities	Total
LIABILITIES			
Accounts payable and accrued expenses	\$ 28,695	\$ 33,929	\$ 62,624
Liabilities payable from restricted assets			
Customer deposits		103,710	103,710
Current maturities of long-term debt	103,480	26,520	130,000
Interest payable	5,894	1,523	7,417
Total Current Liabilities	<u>138,069</u>	<u>165,682</u>	<u>303,751</u>
Non-current liabilities			
Bonds payable	1,986,020	508,980	2,495,000
Accrued compensated absences	15,524	11,685	27,209
Other non-current liabilities		23,965	23,965
Less current maturities	<u>(103,480)</u>	<u>(26,520)</u>	<u>(130,000)</u>
Total Non-current Liabilities	<u>1,898,064</u>	<u>518,110</u>	<u>2,416,174</u>
Total Liabilities	<u>2,036,133</u>	<u>683,792</u>	<u>2,719,925</u>
Deferred Inflows of Resources	297,120	135,565	432,685
NET POSITION			
Net Investment in capital assets	12,407,808	1,112,703	13,520,511
Restricted position	216,736	-	216,736
Unrestricted assets	<u>1,188,424</u>	<u>408,161</u>	<u>1,596,585</u>
	<u>13,812,968</u>	<u>1,520,864</u>	<u>15,333,832</u>
	<u>\$ 16,146,221</u>	<u>\$ 2,340,221</u>	<u>\$ 18,486,442</u>

See Independent Accountants' Report and notes to the financial statements.

THE CITY OF MARGARET, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2020		
	General Fund	Special Revenue Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 674,106	\$ 56,160	\$ 730,266
Licenses and permits	312,768	-	312,768
Intergovernmental	65,635	106,708	172,343
Fines and forfeitures	94,051	-	94,051
Interest	914	8	922
Other	43,790	10,022	53,812
	<u>1,191,264</u>	<u>172,898</u>	<u>1,364,162</u>
Expenditures			
Current operations:			
General government	247,785	167,325	415,110
Public safety	483,367	48,201	531,568
Streets, sanitation and parks	17,024	-	17,024
Total current operations	<u>748,176</u>	<u>215,526</u>	<u>963,702</u>
Capital outlays	416,158		416,158
Debt service:			
Principal	103,480		103,480
Interest and fiscal charges	71,665		71,665
Total expenditures	<u>1,339,479</u>	<u>215,526</u>	<u>1,555,005</u>
Excess (deficiency) of revenues over (under) expenditures	(148,215)	(42,628)	(190,843)
Other financial sources (uses):			
Operating transfers in	86,622	12,319	98,941
Total other financing sources (uses)	<u>86,622</u>	<u>12,319</u>	<u>98,941</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(61,593)	(30,309)	(91,902)
Fund balance, beginning	<u>1,302,191</u>	<u>235,634</u>	<u>1,537,825</u>
Fund balance, ending	<u>\$ 1,240,598</u>	<u>\$ 205,325</u>	<u>\$ 1,445,923</u>

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**THE CITY OF MARGARET, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Change in fund balances - total governmental funds	\$ (91,902)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of these assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	251,074
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. Repayment of long-term debt	103,480
Accrued compensated absences is recorded in the government-wide statements of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, accrued compensated absences are not recorded as an expenditure in governmental funds	(4,070)
Depreciation expense on capital assets is recorded in the government-wide statement of activities and changes in net assets, but it does not require the use of current financial resources. Therefore, depreciation expense is not recorded as an expenditure in governmental funds.	(240,277)
Accrued interest expense on long-term debt is recorded in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources. Therefore, accrued interest expense is not recorded as an expenditure in governmental funds.	165
Pension expense is recorded in the government-wide statement of activities on the accrual basis and on the modified accrual basis for governmental funds statements. This is the difference in pension expense recognized on the accrual basis.	15,565
Change in net assets of governmental activities	\$ 34,035

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**THE CITY OF MARGARET, ALABAMA
STATEMENT OF NET POSITION
WATER SYSTEM ENTERPRISE FUND
SEPTEMBER 30, 2020**

Assets

Current Assets	
Cash and cash equivalents	\$ 360,259
Cash Restricted for customer deposits	103,710
Receivables	
Customer accounts (less allowance for doubtful accounts of \$7,000)	96,635
Inventories	21,413
Prepaid Expenses	9,825
Total Current Assets	<u>591,842</u>
Property, Plant and Equipment	
Capital assets	3,121,209
Less Accumulated depreciation	<u>1,499,526</u>
	1,621,683
Net Pension Asset	<u>65,187</u>
Total Assets	<u>2,278,712</u>
Deferred Outflows of Resources	<u>61,509</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 2,340,221</u></u>

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 33,929
Total current liabilities (payable from current assets)	<u>33,929</u>

Current Liabilities (payable from restricted assets)

Meter deposits	103,710
Current maturities of long-term debt	26,520
Accrued interest	1,523
Total current liabilities (payable from restricted assets)	<u>131,753</u>
Total current liabilities	165,682

Non-current Liabilities

Bonds payable	508,980
Premium on bonds issued	23,965
Compensated absences	11,685
Less current bond maturities	<u>(26,520)</u>
Total non-current liabilities	<u>518,110</u>

Total Liabilities 683,792

Deferred Inflows of Resources 135,565

Net Position

Restricted	28,043
Invested in capital assets, net of related debt	1,112,703
Unrestricted	<u>380,118</u>
	<u>1,520,864</u>
	<u>\$ 2,340,221</u>

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THE CITY OF MARGARET, ALABAMA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
WATER SYSTEM ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Amount	% of Revenue
Operating revenues		
Charges for services		
Water	\$ 755,392	82.8
Taps and other charges	157,280	17.2
	912,672	100.0
Operating expenses		
Salaries and wages	191,925	21.0
Cost of water and garbage service	130,219	14.3
Depreciation	97,747	10.7
Materials and supplies	81,522	8.9
Repairs and maintenance	52,796	5.8
Insurance	42,082	4.6
Office expense	27,389	3.0
Testing and professional fees	26,074	2.9
Utilities	20,100	2.2
Fuel	11,533	1.3
Retirement	6,921	0.8
Other expenses	787	0.1
Uniforms	280	0.0
Training	30	0.0
Total operating expenses	689,405	75.5
Operating income	223,267	24.5
Non-operating income (expenses)		
Miscellaneous	14	0.0
Operating transfers net	(77,904)	(8.5)
Interest	(17,468)	(1.9)
Total non-operating income (expense)	(95,358)	(10.4)
Change in net assets	127,909	14.1
Net assets, beginning of year	1,392,955	
Net assets, end of year	\$ 1,520,864	

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**-THE CITY OF MARGARET, ALABAMA
STATEMENTS OF CASH FLOWS -
WATER SYSTEM ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Cash flows from operating activities:	
Received from customers	\$ 907,106
Paid to suppliers	(418,038)
Paid to Employees	(186,836)
Net cash provided by operating activities	<u>302,232</u>
Cash flows from non-capital financing activities:	
Operating transfers	<u>(77,904)</u>
Net cash provided (used) by non-capital financing activities	(77,904)
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(161,002)
Repayment of indebtedness	(26,520)
Interest paid on capital and related financing activities	(19,066)
Net cash used by capital and related financing activities	<u>(206,588)</u>
Cash flows from investing activities	
Interest received on investments	<u>14</u>
Net cash provided by investing activities	<u>14</u>
Net increase (decrease) in cash and cash equivalents	17,754
Cash and cash equivalents at beginning of year	<u>446,215</u>
Cash and cash equivalents at end of year	<u>\$ 463,969</u>
Unrestricted cash	\$ 360,259
Restricted cash	<u>103,710</u>
	<u>\$ 463,969</u>
Reconciliation of operating income to	
Net cash provided by operations	
Operating income	\$ 223,267
Adjustments to reconcile operating income to net	
Cash provided by operating activities:	
Depreciation	97,747
Changes in operating assets and liabilities	
(Increase) decrease in accounts receivable	(7,669)
(Increase) decrease in inventories and prepayments	(1,388)
Increase (decrease) in accounts payable and accrued expenses	4,477
Increase (decrease) in customer deposits	(9,087)
Increase (decrease) in pension liabilities	(5,115)
	<u>\$ 302,232</u>

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**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2021**

BUSINESS ACTIVITIES	2021	2020	Variance
Cash	\$ 484,275	\$ 360,259	\$ 124,016
Receivables	89,816	96,635	(6,819)
Other current assets	82,976	31,238	51,738
Restricted cash	119,115	103,710	15,405
Total Current Assets	<u>776,182</u>	<u>591,842</u>	<u>184,340</u>
Capital assets	1,720,219	1,621,683	98,536
Net Pension Asset	56,248	65,187	(8,939)
Total Assets	<u>2,552,649</u>	<u>2,278,712</u>	<u>273,937</u>
Deferred Outflows of Resources	55,199	61,509	(6,310)
Total Assets and Deferred Outflows of Resources	<u>\$ 2,607,848</u>	<u>\$ 2,340,221</u>	<u>\$ 267,627</u>
Accounts payable	\$ 25,722	\$ 33,929	\$ (8,207)
Current maturities of long-term debt	26,520	26,520	-
Other current liabilities	118,363	105,233	13,130
Total Current Liabilities	<u>170,605</u>	<u>165,682</u>	<u>4,923</u>
Non-current liabilities	487,151	518,110	(30,959)
Total liabilities	<u>657,756</u>	<u>683,792</u>	<u>(26,036)</u>
Deferred inflows of resources	117,346	135,565	(18,219)
Net Position			
Net investment in capital assets	1,237,759	1,112,703	125,056
Restricted	2,105	28,043	(25,938)
Unrestricted	592,882	380,118	212,764
	<u>1,832,746</u>	<u>1,520,864</u>	<u>311,882</u>
Total liabilities, Deferred Inflows of Capital Resources and Net Position	<u>\$ 2,607,848</u>	<u>\$ 2,340,221</u>	<u>\$ 267,627</u>

Current assets increased because the City's revenues exceeded expenditures for the current year. The public works department also operated with a surplus and reinvested current operation into the water plant and other assets.

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2021**

STATEMENT OF ACTIVITIES

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in net position. You will notice that governmental expenses are listed in the first column with revenues from that department reported to the right. The result is a Net (Expense)/Revenue for each department. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Business activities are adjusted on one line as income or (loss). Details of business type revenues and expenses can be found starting on page 17. Some of the individual line-item revenues reported for each function are:

Police	Corrections fees and fines.
Fire	Donations
Park and Recreation	Donations

All other governmental revenues are reported as general.

It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

THE CITY'S REVENUES

The following schedule presents a comparative summary of government-wide revenues and expenditures for the years ended September 30, 2021 and 2020.

	2021	2020	Variance Favorable (Unfavorable)
Revenues			
Program revenues	\$ 99,457	\$ 109,615	\$ (10,158)
Taxes and licenses	802,560	1,017,631	(215,071)
Investment earnings	65	922	(857)
Other	695,915	235,994	459,921
	<u>1,597,997</u>	<u>1,364,162</u>	<u>233,835</u>
Expenditures			
Administrative	532,956	610,283	(77,327)
Police	444,087	359,248	84,839
Fire	212,839	337,933	(125,094)
Public works	32,014	29,068	2,946
Interest	68,043	71,499	(3,456)
Transfers - net	(68,110)	(77,904)	9,794
	<u>1,221,829</u>	<u>1,330,127</u>	<u>(108,298)</u>
Change in net position	<u>\$ 376,168</u>	<u>\$ 34,035</u>	<u>\$ 342,133</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2021**

Business type revenue and expenditures are summarized below.

	2021	2020	Variance Favorable (Unfavorable)
Revenue			
Charges for services	\$ 1,071,354	\$ 912,672	\$ 158,682
Operating expenses			
Cost of water and garbage service	157,067	130,219	26,848
Salaries	203,142	191,925	11,217
Depreciation	113,292	97,747	15,545
Insurance	65,708	42,082	23,626
Repairs	37,652	52,796	(15,144)
Other operating expenses	136,835	174,636	(37,801)
	<u>713,696</u>	<u>689,405</u>	<u>24,291</u>
Operating income	357,658	223,267	134,391
Non-operating income (expenses)	<u>(45,776)</u>	<u>(95,358)</u>	49,582
Change in net position	<u>\$ 311,882</u>	<u>\$ 127,909</u>	<u>\$ 183,973</u>

The following schedule presents a summary of governmental fund revenues and expenditures for the year ending September 30, 2021 and 2020.

Revenues	2021 Amount	2020 Amount	Increase (Decrease) From 2020
Governmental Revenues			
Taxes	\$ 802,560	\$ 730,266	\$ 72,294
Licenses and permits	397,142	312,768	84,374
Intergovernmental	261,387	172,343	89,044
Fines and forfeitures	95,094	94,051	1,043
Investment income	64	922	(858)
Other	41,748	53,812	(12,064)
	<u>\$ 1,597,995</u>	<u>\$ 1,364,162</u>	<u>\$ 233,833</u>
Governmental Expenditures			
General government	\$ 335,677	\$ 415,110	\$ (79,433)
Public safety	622,216	531,568	90,648
Streets, sanitation and parks	29,147	17,024	12,123
Debt service and capital outlays	428,474	591,303	(162,829)
Transfers	(68,110)	(98,941)	30,831
	<u>1,347,404</u>	<u>1,456,064</u>	<u>(108,660)</u>
Excess revenues (expenditures)	<u>\$ 250,591</u>	<u>\$ (91,902)</u>	<u>\$ 342,493</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2021, the City had \$21,266,370 invested in a broad range of governmental and business type capital assets, including police and fire equipment, buildings, park facilities, roads, drainage systems, water system, and land. (See Table Below). This amount represents a net increase (including additions and deductions) of \$468,261 from 2020.

	Government Activities		Business Activities	
	2021	2020	2021	2020
Land	\$ 497,007	\$ 406,007	\$ 125,000	\$ -
Buildings and improvements	1,167,044	1,161,544	22,915	22,915
Automotive	625,436	486,568	133,153	101,477
Equipment and furniture	592,151	571,086	238,426	183,274
Roads and drainage system	15,051,695	15,051,695		
Water plant			2,813,543	2,813,543
	<u>\$ 17,933,333</u>	<u>\$ 17,676,900</u>	<u>\$ 3,333,037</u>	<u>\$ 3,121,209</u>

Total investment for 2021 \$ 21,266,370

Debt

As of September 30, 2021, the City had \$1,882,540 in outstanding bonds and notes payable versus \$1,986,020 last year, a decrease of \$103,480. As of September 30, 2021, the water department had \$482,460 in outstanding bonds and notes payable versus \$508,980 last year, a decrease of \$26,520.

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The City's elected and appointed officials consider many factors concerning the City of Margaret's finances, including building permits, tax rates and fees. One of these factors is the economy. A major increase in sales tax and property taxes are expected to lead this increase.

If these estimates are realized, the City budgetary General Fund balance is expected to increase modestly by the end of fiscal year 2022.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

Teja McIntyre, City Clerk/Treasurer
City of Margaret
P. O. Box 309
125 School Street
Margaret, AL 35112
(205) 629-5742

THE CITY OF MARGARET, ALABAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND – WATER SYSTEM ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Amount	% of Revenue
Operating revenues		
Charges for services		
Water	\$ 819,318	76.48
Taps and other charges	252,036	23.52
	1,071,354	100.00
Operating expenses		
Salaries and wages	203,142	18.96
Cost of water	157,067	14.66
Depreciation	113,292	10.57
Insurance	65,708	6.13
Materials and supplies	60,000	5.60
Repairs and maintenance	37,652	3.51
Testing and professional fees	25,378	2.37
Office expense	19,292	1.80
Utilities	19,197	1.79
Fuel	16,222	1.51
Training	3,848	0.36
Uniforms	2,258	0.21
Other expenses	353	0.03
Retirement	(9,713)	(0.91)
Total operating expenses	713,696	66.62
Operating income	357,658	33.38
Non-operating income (expenses)		
Miscellaneous	17	0.00
Operating transfers net	(68,110)	(6.36)
Interest	(16,528)	(1.54)
Total non-operating income (expense)	(84,621)	(24.20)
Contributions in Aid of Construction	38,845	3.63
Change in net assets	311,882	29.11
Net assets, beginning of year	1,520,864	
Net assets, end of year	\$ 1,832,746	

THE CITY OF MARGARET, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND – WATER SYSTEM ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Cash flows from operating activities:

Received from customers	\$ 1,091,475
Paid to suppliers	(507,321)
Paid to employees	(158,841)
Net cash provided by operating activities	425,313

Cash flows from non-capital financing activities:

Operating transfers	(68,110)
Net cash provided (used) by non-capital financing activities	(68,110)

Cash flows from capital and related financing activities

Acquisition and construction of capital assets	(172,983)
Repayment of indebtedness	(26,520)
Interest paid on capital and related financing activities	(18,296)
Net cash used by capital and related financing activities	(217,799)

Cash flows from investing activities

Interest received on investments	17
Net cash provided by investing activities	17

Net increase in cash and cash equivalents \$ 139,421

Cash and cash equivalents at beginning of year \$ 463,969

Cash and cash equivalents at end of year \$ 603,390

Unrestricted cash \$ 484,275

Restricted cash \$ 119,115

\$ 603,390

Reconciliation of operating income to

Net cash provided by operations

Operating income	\$ 357,658
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	113,292
Changes in operating assets and liabilities	
Decrease in accounts receivable	6,819
(Increase) in inventories and prepayments	(51,738)
Decrease in accounts payable and accrued expenses	(11,048)
Increase in customer deposits	13,300
Decrease in pension liabilities	(2,970)
	\$ 425,313

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2022**

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS – Continued

The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on pages 15 and 17.

THE CITY AS A WHOLE

The following schedules present a comparison of current and prior year statements of net position for government and business type activities.

	2022	2021	Variance
City as a Whole			
Cash	\$ 2,020,434	\$ 1,386,145	\$ 634,289
Receivables	245,861	79,560	166,301
Restricted cash	1,259,822	810,984	448,838
Other assets	9,979	331	9,648
Total Current Assets	<u>3,536,096</u>	<u>2,277,020</u>	<u>1,259,076</u>
Capital assets	14,378,719	14,408,461	(29,742)
Net pension asset	179,768	124,156	55,612
Total Assets	<u>18,094,583</u>	<u>16,809,637</u>	<u>1,284,946</u>
Deferred Outflows of Resources	144,801	121,841	22,960
Total Assets and Deferred Outflows of Resources	<u>\$ 18,239,384</u>	<u>\$ 16,931,478</u>	<u>\$ 1,307,906</u>
Accounts payable	\$ 114,976	\$ 20,430	\$ 94,546
Current maturities of long-term debt	111,440	103,480	7,960
Interest payable	5,118	5,376	(258)
Total Current Liabilities	<u>231,534</u>	<u>129,286</u>	<u>102,248</u>
Non-current liabilities	2,625,693	2,354,037	271,656
Total liabilities	<u>2,857,227</u>	<u>2,483,323</u>	<u>373,904</u>
Deferred Inflows of Resources	287,738	259,019	28,719
Net Assets			
Invested in capital assets	12,594,541	12,525,921	68,620
Restricted	1,259,822	810,984	448,838
Unrestricted	1,240,056	852,231	387,825
Total fund balance	<u>15,094,419</u>	<u>14,189,136</u>	<u>905,283</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 18,239,384</u>	<u>\$ 16,931,478</u>	<u>\$ 1,307,906</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2022**

BUSINESS ACTIVITIES	2022	2021	Variance
Cash	\$ 974,004	\$ 484,275	\$ 489,729
Receivables	205,544	89,816	115,728
Other current assets	96,285	82,976	13,309
Restricted cash	1,252,945	119,115	1,133,830
Total Current Assets	<u>2,528,778</u>	<u>776,182</u>	<u>1,752,596</u>
Capital assets	5,728,460	1,720,219	4,008,241
Net pension asset	88,987	56,248	32,739
Total Assets	<u>8,346,225</u>	<u>2,552,649</u>	<u>5,793,576</u>
Deferred Outflows of Resources	71,049	55,199	15,850
Total Assets and Deferred Outflows of Resources	<u>\$ 8,417,274</u>	<u>\$ 2,607,848</u>	<u>\$ 5,809,426</u>
Accounts payable	\$ 39,761	\$ 25,722	\$ 14,039
Current maturities of long-term debt	38,560	26,520	12,040
Other current liabilities	298,437	118,363	180,074
Total Current Liabilities	<u>376,758</u>	<u>170,605</u>	<u>206,153</u>
Non-current liabilities	5,449,984	487,151	4,962,833
Total liabilities	<u>5,826,742</u>	<u>657,756</u>	<u>5,168,986</u>
Deferred Inflows of Resources	142,432	117,346	25,086
Net Position			
Net investment in capital assets	208,436	1,237,759	(1,029,323)
Restricted	1,252,945	2,105	1,250,840
Unrestricted	986,719	592,882	393,837
	<u>2,448,100</u>	<u>1,832,746</u>	<u>615,354</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 8,417,274</u>	<u>\$ 2,607,848</u>	<u>\$ 5,809,426</u>

Current assets increased because the City's revenues exceeded expenditures for the current year. The public works department also operated with a surplus and reinvested current operations into the water plant and other assets.

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2022**

STATEMENT OF ACTIVITIES

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in net position. You will notice that governmental expenses are listed in the first column with revenues from that department reported to the right. The result is a Net (Expense)/Revenue for each department. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Business activities are adjusted on one line as income or (loss). Details of business type revenues and expenses can be found starting on page 18. Some of the individual line-item revenues reported for each function are:

Police	Corrections fees and fines.
Fire	Donations
Park and Recreation	Donations

All other governmental revenues are reported as general.

It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

THE CITY'S REVENUES

The following schedule presents a comparative summary of government-wide revenues and expenditures for the years ended September 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Program revenues	\$ 75,261	\$ 99,457	\$ (24,196)
Taxes and licenses	1,156,498	802,560	353,938
Investment earnings	548	65	483
Other	1,212,044	695,915	516,129
	<u>2,444,351</u>	<u>1,597,997</u>	<u>846,354</u>
Expenditures			
Administrative	646,253	532,956	113,297
Police	468,133	444,087	24,046
Fire	329,019	212,839	116,180
Public works	48,309	32,014	16,295
Interest	66,160	68,043	(1,883)
Transfers - net	(18,806)	(68,110)	49,304
	<u>1,539,068</u>	<u>1,221,829</u>	<u>317,239</u>
Change in net position	<u>\$ 905,283</u>	<u>\$ 376,168</u>	<u>\$ 529,115</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2022**

Business type revenue and expenditures are summarized below.

	2022	2021	Variance Favorable (Unfavorable)
Revenue			
Charges for services	\$ 1,734,143	\$ 1,071,354	\$ 662,789
Operating expenses			
Cost of water	170,048	157,067	12,981
Salaries	244,604	203,142	41,462
Depreciation	192,179	113,292	78,887
Insurance	89,296	65,708	23,588
Repairs	32,167	37,652	(5,485)
Other operating expenses	261,131	136,835	124,296
	<u>989,425</u>	<u>713,696</u>	<u>275,729</u>
Operating income	744,718	357,658	387,060
Non-operating income (expenses)	<u>(129,364)</u>	<u>(45,776)</u>	<u>(83,588)</u>
Change in net position	<u>\$ 615,354</u>	<u>\$ 311,882</u>	<u>\$ 303,472</u>

The following schedule presents a summary of governmental fund revenues and expenditures for the year ending September 30, 2022 and 2021.

Revenues	2022 Amount	2021 Amount	Increase (Decrease) From 2021
Governmental Revenues			
Taxes	\$ 1,156,498	\$ 802,560	\$ 353,938
Licenses and permits	434,793	397,142	37,651
Intergovernmental	500,463	261,387	239,076
Fines and forfeitures	70,809	95,094	(24,285)
Investment income	547	64	483
Other	290,922	41,748	249,174
	<u>\$ 2,454,032</u>	<u>\$ 1,597,995</u>	<u>\$ 856,037</u>
Governmental Expenditures			
General government	\$ 458,010	\$ 335,677	\$ 122,333
Public safety	765,102	622,216	142,886
Streets, sanitation and parks	45,442	29,147	16,295
Debt service and capital outlays	432,058	428,474	3,584
Transfers	(18,806)	(68,110)	49,304
	<u>1,681,806</u>	<u>1,347,404</u>	<u>334,402</u>
Excess revenues (expenditures)	<u>\$ 772,226</u>	<u>\$ 250,591</u>	<u>\$ 521,635</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2022, the City had \$25,657,857 invested in a broad range of governmental and business type capital assets, including police and fire equipment, buildings, park facilities, roads, drainage systems, water system, sewer system, and land. (See Table Below). This amount represents a net increase (including additions and deductions) of \$4,428,414 from 2021. This significant increase is primarily due to the acquisition of the City's new sewer system.

	Government Activities		Business Activities	
	2022	2021	2022	2021
Land	\$ 497,007	\$ 497,007	\$ 125,000	\$ 125,000
Buildings and improvements	1,167,044	1,167,044	22,915	22,915
Automotive	688,192	625,436	242,111	133,153
Equipment and furniture	757,389	592,151	238,426	238,426
Roads and drainage system	15,051,695	15,051,695	-	-
Water plant & sewer system	-	-	6,868,078	2,813,543
	<u>\$ 18,161,327</u>	<u>\$ 17,933,333</u>	<u>\$ 7,496,530</u>	<u>\$ 3,333,037</u>
 Total investment for 2022	 <u>\$ 25,657,857</u>			

Debt

As of September 30, 2022, the City had \$1,779,060 in outstanding bonds and notes payable versus \$1,882,540 last year, a decrease of \$103,480. As of September 30, 2022, the water department had \$5,585,940 in outstanding bonds and notes payable versus \$482,460 last year, an increase of \$5,103,480. This increase in debt for the water department is related to funding acquired for the purchase of the City's sewer system.

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The City's elected and appointed officials consider many factors concerning the City of Margaret's finances, including building permits, tax rates, fees, and the economy. The City's revenues are relatively stable and are expected to increase in future years due to economic growth and development within the City. Similarly, the City's expenses have remained consistent with prior years and are expected to increase in future years as the City continues to provide additional services to the community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

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City of Margaret
P. O. Box 309
125 School Street
Margaret, AL 35112
(205) 629-5742

THE CITY OF MARGARET, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Non Major Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,124,438	\$ 32,060	\$ 1,156,498
Licenses and permits	434,793	-	434,793
Intergovernmental	99,058	401,405	500,463
Fines and forfeitures	65,842	4,967	70,809
Interest	488	59	547
Other	277,561	13,361	290,922
	<u>2,002,180</u>	<u>451,852</u>	<u>2,454,032</u>
Expenditures			
Current operations:			
General government	398,031	59,979	458,010
Public safety	675,464	89,638	765,102
Streets, sanitation and parks	37,368	8,074	45,442
Total current operations	<u>1,110,863</u>	<u>157,691</u>	<u>1,268,554</u>
Capital outlays	78,333	183,826	262,159
Debt service:			
Principal	103,480	-	103,480
Interest and fiscal charges	66,419	-	66,419
Total expenditures	<u>1,359,095</u>	<u>341,517</u>	<u>1,700,612</u>
Excess of revenues over expenditures	643,085	110,335	753,420
Other financial sources (uses):			
Operating transfers out	(555,896)	(61,582)	(617,478)
Operating transfers in	630,742	5,542	636,284
Total other financing sources (uses)	<u>74,846</u>	<u>(56,040)</u>	<u>18,806</u>
Excess of revenues and other financing sources over expenditures and other financing uses	717,931	54,295	772,226
Fund balance, beginning	<u>1,463,325</u>	<u>233,189</u>	<u>1,696,514</u>
Fund balance, ending	<u>\$ 2,181,256</u>	<u>\$ 287,484</u>	<u>\$ 2,468,740</u>

See Independent Auditors' Report and Notes to the Financial Statements

**THE CITY OF MARGARET, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Change in fund balances - total governmental funds	\$	772,226
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of these assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period, net of current year disposals.		252,479
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. These transactions are as follows:		
Repayment of long-term debt		103,480
Accrued compensated absences is recorded in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, accrued compensated absences are not recorded as an expenditure in governmental funds.		9,208
Depreciation expense on capital assets is recorded in the government-wide statement of activities and changes in net position, but it does not require the use of current financial resources. Therefore, depreciation expense is not recorded as an expenditure in governmental funds.		(282,221)
Accrued interest expense on long-term debt is recorded in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, accrued interest expense is not recorded as an expenditure in governmental funds.		259
Pension expense is recorded in the government-wide statement of activities on the accrual basis and on the modified accrual basis for governmental funds statements. This is the difference in pension expense recognized on the accrual basis		49,852
		905,283
Change in net position of governmental activities	\$	905,283

THE CITY OF MARGARET, ALABAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Amount	% of Revenue
Operating revenues		
Charges for services		
Water and sewer charges	\$ 1,408,454	81.22
Taps and other charges	325,689	18.78
Total operating revenues	1,734,143	100.00
Operating expenses		
Salaries and wages	244,604	14.11
Depreciation	192,179	11.08
Materials and supplies	179,101	10.33
Cost of water	170,048	9.81
Insurance	89,296	5.15
Repairs and maintenance	32,167	1.85
Office expense	31,048	1.79
Fuel	25,430	1.47
Testing and professional fees	20,103	1.16
Utilities	18,859	1.09
Uniforms	3,206	0.18
Other expenses	2,133	0.12
Retirement	(18,749)	(1.08)
Total operating expenses	989,425	57.06
Operating income	744,718	42.94
Non-operating revenue (expenses)		
Investment income	3,863	0.22
Operating transfers net	(18,806)	(1.08)
Interest	(114,421)	(6.60)
Total non-operating revenue (expense)	(129,364)	(7.46)
Change in net assets	615,354	35.48
Net assets, beginning of year	1,832,746	
Net assets, end of year	\$ 2,448,100	

See Independent Auditors' Report and Notes to the Financial Statements

THE CITY OF MARGARET, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Cash flows from operating activities:	
Received from customers	\$ 1,763,910
Paid to suppliers	(577,532)
Paid to employees	(246,878)
Net cash provided by operating activities	<u>939,500</u>
Cash flows from non-capital financing activities:	
Operating transfers	<u>(18,806)</u>
Net cash used by non-capital financing activities	(18,806)
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(4,200,419)
Repayment of indebtedness	(26,520)
Proceeds from debt	5,005,785
Interest paid on capital and related financing activities	(79,842)
Net cash provided by capital and related financing activities	<u>699,004</u>
Cash flows from investing activities	
Interest received on investments	<u>3,863</u>
Net cash provided by investing activities	<u>3,863</u>
Net increase in cash and cash equivalents	\$ 1,623,561
Cash and cash equivalents at beginning of year	<u>\$ 603,388</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,226,949</u></u>
Unrestricted cash	\$ 974,004
Restricted cash	<u>\$ 1,252,945</u>
	<u><u>\$ 2,226,949</u></u>
Reconciliation of operating income to	
Net cash provided by operations	
Operating income	\$ 744,718
Adjustments to reconcile operating income to net	
Cash provided by operating activities:	
Depreciation	192,179
Changes in operating assets and liabilities	
Increase in accounts receivable	(115,728)
Increase in inventories and prepayments	(13,309)
Increase in accounts payable and accrued expenses	9,648
Increase in customer deposits	145,495
Change in pension related accounts	(23,503)
	<u>\$ 939,500</u>

See Independent Auditors' Report and Notes to the Financial Statements

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2023**

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS - Continued

The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine the availability of financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on pages 15 and 17.

THE CITY AS A WHOLE

The following schedules present a comparison of current and prior year Statements of Net Position for government and business type activities.

	2023	2022	Variance
City as a Whole			
Cash	\$ 2,601,731	\$ 2,020,434	\$ 581,297
Receivables	198,683	245,861	(47,178)
Restricted cash	1,034,814	1,259,822	(225,008)
Other assets	16,680	9,979	6,701
Total Current Assets	<u>3,851,908</u>	<u>3,536,096</u>	315,812
Capital assets	14,109,597	14,378,719	(269,122)
Net pension asset	-	179,768	(179,768)
Total Assets	<u>17,961,505</u>	<u>18,094,583</u>	(133,078)
Deferred Outflows of Resources	240,569	144,801	95,768
Total Assets and Deferred Outflows of Resources	<u>\$ 18,202,074</u>	<u>\$ 18,239,384</u>	<u>\$ (37,310)</u>
Accounts payable	\$ 120,968	\$ 114,976	\$ 5,992
Current maturities of long-term debt	115,420	111,440	3,980
Interest payable	4,839	5,118	(279)
Total Current Liabilities	<u>241,227</u>	<u>231,534</u>	9,693
Non-current liabilities	2,380,200	2,625,693	(245,493)
Total liabilities	<u>2,621,427</u>	<u>2,857,227</u>	(235,800)
Deferred Inflows of Resources	164,998	287,738	(122,740)
Net Assets			
Invested in capital assets	12,437,138	12,594,541	(157,403)
Restricted	1,034,814	1,259,822	(225,008)
Unrestricted	1,943,697	1,240,056	703,641
Total net assets	<u>15,415,649</u>	<u>15,094,419</u>	321,230
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 18,202,074</u>	<u>\$ 18,239,384</u>	<u>\$ (37,310)</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2023**

BUSINESS ACTIVITIES	2023	2022	Variance
Cash	\$ 1,454,450	\$ 974,004	\$ 480,446
Receivables	237,359	205,544	31,815
Other current assets	78,077	96,285	(18,208)
Restricted cash	1,330,226	1,252,945	77,281
Total Current Assets	<u>3,100,112</u>	<u>2,528,778</u>	<u>571,334</u>
Capital assets	5,869,938	5,728,460	141,478
Net pension asset	-	88,987	(88,987)
Total Assets	<u>8,970,050</u>	<u>8,346,225</u>	<u>623,825</u>
Deferred Outflows of Resources	119,051	71,049	48,002
Total Assets and Deferred Outflows of Resources	<u>\$ 9,089,101</u>	<u>\$ 8,417,274</u>	<u>\$ 671,827</u>
Accounts payable	\$ 72,662	\$ 39,761	\$ 32,901
Current maturities of long-term debt	39,580	38,560	1,020
Other current liabilities	274,137	298,437	(24,300)
Total Current Liabilities	<u>386,379</u>	<u>376,758</u>	<u>9,621</u>
Non-current liabilities	5,471,474	5,449,984	21,490
Total liabilities	<u>5,857,853</u>	<u>5,826,742</u>	<u>31,111</u>
Deferred Inflows of Resources	81,653	142,432	(60,779)
Net Position			
Net investment in capital assets	386,001	208,436	177,565
Restricted	1,330,226	1,252,945	77,281
Unrestricted	1,433,368	986,719	446,649
	<u>3,149,595</u>	<u>2,448,100</u>	<u>701,495</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 9,089,101</u>	<u>\$ 8,417,274</u>	<u>\$ 671,827</u>

Current assets increased because the City's revenues exceeded expenditures for the current year. The public works department also operated with a surplus and reinvested current operations into the water plant and other assets.

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2023**

STATEMENT OF ACTIVITIES

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in net position. You will notice that governmental expenses are listed in the first column with revenues from that department reported to the right. The result is a net (expense)/revenue for each department. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Business activities are adjusted on one line as income or (loss). Details of business type revenues and expenses can be found starting on page 19. Some of the individual line-item revenues reported for each function are:

Police	Corrections fees and fines.
Fire	Donations
Park and Recreation	Donations

All other governmental revenues are reported as general.

It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

THE CITY'S REVENUES

The following schedule presents a comparative summary of government-wide revenues and expenditures for the years ended September 30, 2023 and 2022.

	2023	2022	Variance Favorable (Unfavorable)
Revenues			
Program revenues	\$ 56,280	\$ 75,261	\$ (18,981)
Taxes and licenses	1,039,953	1,156,498	(116,545)
Investment earnings	5,930	548	5,382
Other	1,182,232	1,212,044	(29,812)
	<u>2,284,395</u>	<u>2,444,351</u>	<u>(159,956)</u>
Expenditures			
Administrative	822,169	646,253	175,916
Police	490,201	468,133	22,068
Fire	441,010	329,019	111,991
Public works	32,451	48,309	(15,858)
Interest	62,819	66,160	(3,341)
Transfers - net	114,515	(18,806)	133,321
	<u>1,963,165</u>	<u>1,539,068</u>	<u>424,097</u>
Change in net position	<u>\$ 321,230</u>	<u>\$ 905,283</u>	<u>\$ (584,053)</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2023**

Business-type revenue and expenditures are summarized below.

	2023	2022	Variance Favorable (Unfavorable)
Revenue			
Charges for services	\$ 2,099,260	\$ 1,734,143	\$ 365,117
Operating expenses			
Cost of water	185,634	170,048	15,586
Salaries	314,950	244,604	70,346
Depreciation	260,304	192,179	68,125
Insurance	75,839	89,296	(13,457)
Repairs	50,143	32,167	17,976
Other operating expenses	507,724	261,131	246,593
	<u>1,394,594</u>	<u>989,425</u>	<u>405,169</u>
Operating income	704,666	744,718	(40,052)
Non-operating income (expenses)	<u>(3,171)</u>	<u>(129,364)</u>	<u>42,605</u>
Change in net position	<u>\$ 701,495</u>	<u>\$ 615,354</u>	<u>\$ 2,553</u>

The following schedule presents a summary of governmental fund revenues and expenditures for the year ending September 30, 2023 and 2022.

Revenues	2023 Amount	2022 Amount	Increase (Decrease) From 2022
Governmental Revenues			
Taxes	\$ 1,039,953	\$ 1,156,498	\$ (116,545)
Licenses and permits	411,967	434,793	(22,826)
Intergovernmental	517,534	500,463	17,071
Fines and forfeitures	51,229	70,809	(19,580)
Investment income	5,930	547	5,383
Other	257,782	290,922	(33,140)
Total governmental revenues	<u>\$ 2,284,395</u>	<u>\$ 2,454,032</u>	<u>\$ (169,637)</u>
Expenditures	2023 Amount	2022 Amount	Increase (Decrease) From 2022
Governmental Expenditures			
General government	\$ 594,234	\$ 458,010	\$ 136,224
Public safety	824,229	765,102	59,127
Streets, sanitation and parks	29,584	45,442	(15,858)
Debt service and capital outlays	193,877	432,058	(238,181)
Transfers	114,515	(18,806)	133,321
Total governmental expenditures	<u>1,756,439</u>	<u>1,681,806</u>	<u>74,633</u>
Excess revenues (expenditures)	<u>\$ 527,956</u>	<u>\$ 772,226</u>	<u>\$ (244,270)</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2023, the City had \$26,071,519 invested in a broad range of governmental and business-type capital assets, including police and fire equipment, buildings, park facilities, roads, drainage systems, water system, sewer system, and land. See table below for current year to prior year comparisons of capital assets for governmental activities as well as business activities. This amount represents a net increase (including additions and deductions) of \$413,662 from 2022.

	Government Activities		Business Activities	
	2023	2022	2023	2022
Land	\$ 497,007	\$ 497,007	\$ 125,000	\$ 125,000
Buildings and improvements	1,167,044	1,167,044	22,915	22,915
Automotive	688,192	688,192	242,111	242,111
Equipment and furniture	776,728	757,389	237,186	238,426
Roads and drainage system	15,051,695	15,051,695	-	-
Water plant and sewer system	-	-	7,263,641	6,868,078
	<u>\$ 18,180,666</u>	<u>\$ 18,161,327</u>	<u>\$ 7,890,853</u>	<u>\$ 7,496,530</u>
 Total investment for 2023	 <u>\$ 26,071,519</u>			

Debt

As of September 30, 2023, the City had \$1,667,620 in outstanding bonds and notes payable versus \$1,779,060 last year, a decrease of \$111,440. As of September 30, 2023, the water department had \$5,547,380 in outstanding bonds and notes payable versus \$5,585,940 last year, a decrease of \$38,560.

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION and ANALYSIS
SEPTEMBER 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The City's elected and appointed officials consider many factors concerning the City of Margaret's finances, including building permits, tax rates, fees, and the economy. The City's revenues are relatively stable and are expected to increase in future years due to economic growth and development within the City. Similarly, the City's expenses have remained consistent with prior years and are expected to increase in future years as the City continues to provide additional services to the community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

Teja McIntyre, City Clerk/Treasurer
City of Margaret
825 Woodland Circle
Margaret, AL 35120
(205) 629-5742

THE CITY OF MARGARET, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	American Rescue Plan Act Fund	Non Major Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,009,008	\$ -	\$ 30,945	\$ 1,039,953
Licenses and permits	411,967	-	-	411,967
Intergovernmental	111,123	218,136	188,275	517,534
Fines and forfeitures	51,229	-	-	51,229
Interest	5,829	86	15	5,930
Other	250,617	-	7,165	257,782
	<u>1,839,773</u>	<u>218,222</u>	<u>226,400</u>	<u>2,284,395</u>
Expenditures				
Current operations:				
General government	370,270	-	223,964	594,234
Public safety	768,611	17,958	37,660	824,229
Streets, sanitation and parks	21,132	-	8,452	29,584
Total current operations	<u>1,160,013</u>	<u>17,958</u>	<u>270,076</u>	<u>1,448,047</u>
Capital outlays	7,208	12,131	-	19,339
Debt service:				
Principal	111,440	-	-	111,440
Interest and fiscal charges	63,098	-	-	63,098
Total expenditures	<u>1,341,759</u>	<u>30,089</u>	<u>270,076</u>	<u>1,641,924</u>
Excess of revenues over expenditures	498,014	188,133	(43,676)	642,471
Other financial sources (uses):				
Operating transfers out	(17,424)	(187,927)	-	(205,351)
Operating transfers in	90,836	-	-	90,836
Total other financing sources (uses)	<u>73,412</u>	<u>(187,927)</u>	<u>-</u>	<u>(114,515)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	571,426	206	(43,676)	527,956
Fund balance, beginning	<u>2,181,256</u>	<u>(206)</u>	<u>287,690</u>	<u>2,468,740</u>
Fund balance, ending	<u>\$ 2,752,682</u>	<u>\$ -</u>	<u>\$ 244,014</u>	<u>\$ 2,996,696</u>

See Independent Auditors' Report and Notes to the Financial Statements

THE CITY OF MARGARET, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Change in fund balances - total governmental funds	\$	527,956
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities, the cost of these assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period, net of current year disposals.		19,339
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. These transactions are as follows:		
Repayment of long-term debt		111,440
Accrued compensated absences is recorded in the government-wide Statement of Activities, but they do not require the use of current financial resources. Therefore, accrued compensated absences are not recorded as an expenditure in governmental funds.		(34,134)
Depreciation expense on capital assets is recorded in the government-wide Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation expense is not recorded as an expenditure in governmental funds.		(288,461)
Accrued interest expense on long-term debt is recorded in the government-wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not recorded as an expenditure in governmental funds.		284
Pension expense is recorded in the government-wide Statement of Activities on the accrual basis and on the modified accrual basis for governmental funds statements. This is the difference in pension expense recongnized on the accrual basis		(15,194)

Change in net position of governmental activities	\$	321,230

THE CITY OF MARGARET, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2023

Assets and Deferred Outflows of Resources

Current Assets

Cash and cash equivalents	\$ 1,454,450
Receivables	
Customer accounts (less allowance for doubtful accounts of \$7,000)	<u>237,359</u> 237,359
Inventories	70,653
Prepaid expenses	<u>7,424</u>
Total Current Assets	1,769,886

Property, Plant and Equipment

Land	125,000
Depreciable capital assets	<u>7,765,853</u> 7,890,853
Less accumulated depreciation	<u>2,020,915</u> 5,869,938

Restricted Assets

Trust and construction funds	1,105,168
Customer deposits	<u>225,058</u> 1,330,226

Total Assets

8,970,050

Deferred Outflows of Resources

119,051

Total Assets and Deferred Outflows of Resources

\$ 9,089,101

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 72,662
Total current liabilities (payable from current assets)	<u>72,662</u>

Current Liabilities (payable from restricted assets)

Meter deposits	238,327
Current maturities of long-term debt	39,580
Accrued interest	35,810
Total current liabilities (payable from restricted assets)	<u>313,717</u>
Total current liabilities	386,379

Noncurrent Liabilities

Bonds payable	5,325,921
Premium on bonds issued	122,206
Compensated absences	36,240
Net pension liability	26,687
Less current bond maturities	<u>(39,580)</u>
Total noncurrent liabilities	<u>5,471,474</u>

Total Liabilities 5,857,853

Deferred Inflows of Resources 81,653

Net Position

Restricted	1,330,226
Invested in capital assets, net of related debt	386,001
Unrestricted	1,433,368
	<u>3,149,595</u>

Total Liabilities, Deferred Outflows of Resources, and Net Assets \$ 9,089,101

THE CITY OF MARGARET, ALABAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Amount	% of Revenue
Operating revenues		
Charges for services		
Water and sewer charges	\$ 1,823,940	86.88
Taps and other charges	275,320	13.12
Total operating revenues	2,099,260	100.00
 Operating expenses		
Salaries and wages	314,950	15.00
Depreciation	260,304	12.40
Materials and supplies	391,443	18.65
Cost of water	185,634	8.84
Insurance	75,839	3.61
Repairs and maintenance	50,143	2.39
Office expense	32,833	1.56
Fuel	25,782	1.23
Testing and professional fees	24,665	1.17
Utilities	19,650	0.94
Uniforms	2,030	0.10
Retirement	11,321	0.54
Total operating expenses	1,394,594	66.43
 Operating income	704,666	33.57
 Nonoperating revenue (expenses)		
Investment income	40,910	1.95
Operating transfers net	114,515	5.46
Interest	(158,596)	(7.55)
Total nonoperating revenue (expense)	(3,171)	(0.14)
 Change in net assets	701,495	33.42
 Net assets, beginning of year	2,448,100	
 Net assets, end of year	\$ 3,149,595	

See Independent Auditors' Report and Notes to the Financial Statements

THE CITY OF MARGARET, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash flows from operating activities:	
Received from customers	\$ 2,043,267
Paid to suppliers	(762,076)
Paid to employees	(282,424)
Net cash provided by operating activities	<u>998,767</u>
Cash flows from non-capital financing activities:	
Operating transfers	<u>114,515</u>
Net cash provided by non-capital financing activities	114,515
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(401,782)
Repayment of indebtedness	(30,720)
Interest paid on capital and related financing activities	(163,963)
Net cash used by capital and related financing activities	<u>(596,465)</u>
Cash flows from investing activities	
Interest received on investments	<u>40,910</u>
Net cash provided by investing activities	<u>40,910</u>
Net increase in cash and cash equivalents	\$ 557,727
Cash and cash equivalents at beginning of year	<u>\$ 2,226,949</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,784,676</u></u>
Unrestricted cash	\$ 1,454,450
Restricted cash	<u>1,330,226</u>
	<u><u>\$ 2,784,676</u></u>
Reconciliation of operating income to	
Net cash provided by operations	
Operating income	\$ 704,666
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	260,304
Changes in operating assets and liabilities	
Increase in accounts receivable	(31,815)
Decrease in inventories and prepayments	18,208
Increase in accounts payable and accrued expenses	64,689
Decrease in customer deposits	(24,178)
Change in pension related accounts	6,893
	<u>\$ 998,767</u>

See Independent Auditors' Report and Notes to the Financial Statements

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS - Continued

The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine the availability of financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on pages 15 and 17.

THE CITY AS A WHOLE

The following schedules present a comparison of current and prior year Statements of Net Position for government and business type activities.

	<u>2024</u>	<u>2023</u>	<u>Variance</u>
City as a Whole			
Cash	\$ 2,677,879	\$ 2,601,731	\$ 76,148
Receivables	130,796	198,683	(67,887)
Restricted cash	740,127	1,034,814	(294,687)
Other assets	16,680	16,680	-
Total Current Assets	<u>3,565,482</u>	<u>3,851,908</u>	<u>(286,426)</u>
Capital assets	14,459,635	14,109,597	350,038
Total Assets	<u>18,025,117</u>	<u>17,961,505</u>	<u>63,612</u>
Deferred Outflows of Resources	186,674	240,569	(53,895)
Total Assets and Deferred Outflows of Resources	<u>\$ 18,211,791</u>	<u>\$ 18,202,074</u>	<u>\$ 9,717</u>
Accounts payable	\$ 22,664	\$ 120,968	\$ (98,304)
Current maturities of long-term debt	123,380	115,420	7,960
Interest payable	4,839	4,839	-
Total Current Liabilities	<u>150,883</u>	<u>241,227</u>	<u>(90,344)</u>
Noncurrent liabilities	1,840,309	2,380,200	(539,891)
Total Liabilities	<u>1,991,192</u>	<u>2,621,427</u>	<u>(630,235)</u>
Deferred Inflows of Resources	195,482	164,998	30,484
Net Position			
Invested in capital assets	12,902,596	12,437,138	465,458
Restricted	383,195	1,034,814	(651,619)
Unrestricted	2,739,326	1,943,697	795,629
Total Net Position	<u>16,025,117</u>	<u>15,415,649</u>	<u>609,468</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 18,211,791</u>	<u>\$ 18,202,074</u>	<u>\$ 9,717</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

BUSINESS ACTIVITIES	2024	2023	Variance
Cash	\$ 1,777,304	\$ 1,454,450	\$ 322,854
Receivables	309,598	237,359	72,239
Other current assets	85,187	78,077	7,110
Restricted cash	1,411,620	1,330,226	81,394
Total Current Assets	3,583,709	3,100,112	483,597
Capital assets	5,871,429	5,869,938	1,491
Total Assets	9,455,138	8,970,050	485,088
Deferred Outflows of Resources	142,250	119,051	23,199
Total Assets and Deferred Outflows of Resources	\$ 9,597,388	\$ 9,089,101	\$ 508,287
Accounts payable	\$ 44,168	\$ 72,662	\$ (28,494)
Current maturities of long-term debt	36,620	39,580	(2,960)
Other current liabilities	312,108	274,137	37,971
Total Current Liabilities	392,896	386,379	6,517
Noncurrent liabilities	5,390,295	5,471,474	(81,179)
Total Liabilities	5,783,191	5,857,853	(74,662)
Deferred Inflows of Resources	148,961	81,653	67,308
Net Position			
Net investment in capital assets	424,478	386,001	38,477
Restricted	1,411,620	1,330,226	81,394
Unrestricted	1,829,138	1,433,368	395,770
	3,665,236	3,149,595	515,641
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,597,388	\$ 9,089,101	\$ 508,287

The City operated with a surplus and reinvested current operations into capital assets. The public works department also operated with a surplus and reinvested current operations into the water plant and other assets.

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Business-type revenue and expenditures are summarized below.

	2024	2023	Variance Favorable (Unfavorable)
Revenue			
Charges for services	\$ 2,128,401	\$ 2,099,260	\$ 29,141
Operating expenses			
Cost of water	189,052	185,634	3,418
Salaries	318,617	314,950	3,667
Depreciation	278,036	260,304	17,732
Insurance	126,510	75,839	50,671
Repairs	52,761	50,143	2,618
Other operating expenses	604,806	507,724	97,082
	<u>1,569,782</u>	<u>1,394,594</u>	<u>175,188</u>
Operating income	558,619	704,666	(146,047)
Non-operating income (expenses)	(42,978)	(3,171)	(39,807)
Change in net position	<u>\$ 515,641</u>	<u>\$ 701,495</u>	<u>\$ (185,854)</u>

The following schedule presents a summary of governmental fund revenues and expenditures for the year ending September 30, 2024 and 2023.

Revenues	2024 Amount	2023 Amount	Increase (Decrease) From 2023
Governmental Revenues			
Taxes	\$ 1,278,029	\$ 1,039,953	\$ 238,076
Licenses and permits	521,353	411,967	109,386
Intergovernmental	662,031	517,534	144,497
Fines and forfeitures	39,441	51,229	(11,788)
Investment income	4,811	5,930	(1,119)
Other	288,913	257,782	31,131
Total governmental revenues	<u>\$ 2,794,578</u>	<u>\$ 2,284,395</u>	<u>\$ 510,183</u>
Expenditures			
Governmental Expenditures			
General government	\$ 548,527	\$ 594,234	\$ (45,707)
Public safety	1,123,478	824,229	299,249
Streets, sanitation and parks	23,556	29,584	(6,028)
Debt service and capital outlays	858,315	193,877	664,438
Transfers	57,342	114,515	(57,173)
Total governmental expenditures	<u>2,611,218</u>	<u>1,756,439</u>	<u>854,779</u>
Excess revenues (expenditures)	<u>\$ 183,360</u>	<u>\$ 527,956</u>	<u>\$ (344,596)</u>

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the City had \$27,035,873 invested in a broad range of governmental and business-type capital assets, including police and fire equipment, buildings, park facilities, roads, drainage systems, water system, sewer system, and land. See table below for current year to prior year comparisons of capital assets for governmental activities as well as business activities. This amount represents a net increase (including additions and deductions) of \$964,354 from 2023.

	Government Activities		Business Activities	
	2024	2023	2024	2023
Land	\$ 722,007	\$ 497,007	\$ 125,000	\$ 125,000
Buildings and improvements	1,167,044	1,167,044	22,915	22,915
Automotive	1,101,584	688,192	242,111	242,111
Equipment and furniture	823,163	776,728	237,186	237,186
Roads and drainage system	15,051,695	15,051,695	-	-
Water plant and sewer system	-	-	7,543,168	7,263,641
	\$ 18,865,493	\$ 18,180,666	\$ 8,170,380	\$ 7,890,853
Total investment for 2024	\$ 27,035,873			

Debt

As of September 30, 2024, the City had \$1,552,200 in outstanding bonds and notes payable versus \$1,667,620 last year, a decrease of \$115,420. As of September 30, 2024, the water department had \$5,507,800 in outstanding bonds and notes payable versus \$5,547,380 last year, a decrease of \$39,580.

**THE CITY OF MARGARET, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The City's elected and appointed officials consider many factors concerning the City of Margaret's finances, including building permits, tax rates, fees, and the economy. The City's revenues are relatively stable and are expected to increase in future years due to economic growth and development within the City. Similarly, the City's expenses have remained consistent with prior years and are expected to increase in future years as the City continues to provide additional services to the community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

Teja McIntyre, City Clerk/Treasurer
City of Margaret
825 Woodland Circle
Margaret, AL 35120
(205) 629-5742

**THE CITY OF MARGARET, ALABAMA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Fund Balance - Total Governmental Funds	\$	3,180,056
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.		14,459,635
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(4,839)
Long-Term Liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.		(1,552,200)
Compensated absences payable do not require current financial resources. Therefore, this liability is not reported in the governmental funds balance sheet. Compensated absences reported in the government wide statement of position are:		(40,892)
Net pension liability is not payable in the current period and therefore this liability is not reported in the governmental funds balance sheet.		(7,835)
Net deferred inflows of resources and deferred outflows of resources related to the pension plan do not require current financial resources and therefore are not reported in the governmental funds balance sheet.		(8,808)
Net Position of Governmental Activities	\$	16,025,117

See Independent Auditors' Report and Notes to the Financial Statements

THE CITY OF MARGARET, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	American Rescue Plan Act Fund	Non Major Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,150,364	\$ -	\$ 127,665	\$ 1,278,029
Licenses and permits	521,353	-	-	521,353
Intergovernmental	83,493	371,482	207,056	662,031
Fines and forfeitures	39,441	-	-	39,441
Interest	4,743	54	14	4,811
Other	284,186	-	4,727	288,913
	<u>2,083,580</u>	<u>371,536</u>	<u>339,462</u>	<u>2,794,578</u>
Expenditures				
Current operations:				
General government	497,641	-	50,886	548,527
Public safety	941,005	17,959	164,514	1,123,478
Streets, sanitation and parks	15,000	-	8,556	23,556
Total current operations	<u>1,453,646</u>	<u>17,959</u>	<u>223,956</u>	<u>1,695,561</u>
Capital outlays	450,000	234,827	-	684,827
Debt service:				
Principal	115,420	-	-	115,420
Interest and fiscal charges	58,068	-	-	58,068
Total expenditures	<u>2,077,134</u>	<u>252,786</u>	<u>223,956</u>	<u>2,553,876</u>
Excess of revenues over expenditures	6,446	118,750	115,506	240,702
Other financial sources (uses):				
Operating transfers out	(5,000)	(118,750)	-	(123,750)
Operating transfers in	61,408	-	5,000	66,408
Total other financing sources (uses)	<u>56,408</u>	<u>(118,750)</u>	<u>5,000</u>	<u>(57,342)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	62,854	-	120,506	183,360
Fund balance, beginning	<u>2,752,682</u>	<u>-</u>	<u>244,014</u>	<u>2,996,696</u>
Fund balance, ending	<u>\$ 2,815,536</u>	<u>\$ -</u>	<u>\$ 364,520</u>	<u>\$ 3,180,056</u>

See Independent Auditors' Report and Notes to the Financial Statements

THE CITY OF MARGARET, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Change in fund balances - total governmental funds	\$	183,360
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities, the cost of these assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period, net of current year disposals.		684,827
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. These transactions are as follows:		
Repayment of long-term debt		115,420
Accrued compensated absences is recorded in the government-wide Statement of Activities, but they do not require the use of current financial resources. Therefore, accrued compensated absences are not recorded as an expenditure in governmental funds.		(1,065)
Depreciation expense on capital assets is recorded in the government-wide Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation expense is not recorded as an expenditure in governmental funds.		(334,789)
Pension expense is recorded in the government-wide Statement of Activities on the accrual basis and on the modified accrual basis for governmental funds statements. This is the difference in pension expense recongnized on the accrual basis.		(38,285)
Change in net position of governmental activities	\$	609,468

Liabilities and Net Position

Current Liabilities

Accounts payable and accrued expenses	\$ 44,168
Total current liabilities (payable from current assets)	<u>44,168</u>

Current Liabilities (payable from restricted assets)

Meter deposits	276,298
Current maturities of long-term debt	36,620
Accrued interest	<u>35,810</u>
Total current liabilities (payable from restricted assets)	<u>348,728</u>
Total current liabilities	392,896

Noncurrent Liabilities

Bonds payable	5,257,560
Premium on bonds issued	116,961
Compensated absences	9,804
Net pension liability	<u>5,970</u>
Total noncurrent liabilities	<u>5,390,295</u>

Total Liabilities 5,783,191

Deferred Inflows of Resources 148,961

Net Position

Restricted	1,411,620
Invested in capital assets, net of related debt	461,098
Unrestricted	<u>1,792,518</u>
	<u>3,665,236</u>

Total Liabilities, Deferred Outflows of Resources, and Net Position \$ 9,597,388

THE CITY OF MARGARET, ALABAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Amount	% of Revenue
Operating revenues		
Charges for services		
Water charges	\$ 1,091,642	51.29
Sewer charges	732,186	34.40
Taps and other charges	304,573	14.31
Total operating revenues	2,128,401	100.00
Operating expenses		
Materials and supplies	418,711	19.67
Salaries and wages	318,617	14.97
Depreciation	278,036	13.06
Cost of water	189,052	8.88
Insurance	126,510	5.94
Repairs and maintenance	52,761	2.48
Testing and professional fees	42,160	1.98
Office expense	34,837	1.64
Retirement	31,354	1.47
Other expenses	26,282	1.23
Utilities	25,986	1.22
Fuel	24,060	1.13
Uniforms	1,416	0.07
Total operating expenses	1,569,782	73.75
Operating income	558,619	26.25
Nonoperating revenue (expenses)		
Investment income	55,437	2.60
Operating transfers net	57,342	2.69
Interest	(155,757)	(7.32)
Total nonoperating revenue (expense)	(42,978)	(2.02)
Change in net assets	515,641	24.23
Net assets, beginning of year	3,149,595	
Net assets, end of year	\$ 3,665,236	

See Independent Auditors' Report and Notes to the Financial Statements

THE CITY OF MARGARET, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Cash flows from operating activities:	
Received from customers	\$ 2,094,133
Paid to suppliers	(984,613)
Paid to employees	(345,781)
Net cash provided by operating activities	<u>763,739</u>
Cash flows from non-capital financing activities:	
Operating transfers	<u>57,342</u>
Net cash provided by non-capital financing activities	57,342
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(279,527)
Repayment of indebtedness	(31,741)
Interest paid on capital and related financing activities	(161,002)
Net cash used by capital and related financing activities	<u>(472,270)</u>
Cash flows from investing activities	
Interest received on investments	<u>55,437</u>
Net cash provided by investing activities	<u>55,437</u>
Net increase in cash and cash equivalents	\$ 404,248
Cash and cash equivalents at beginning of year	<u>\$ 2,784,676</u>
Cash and cash equivalents at end of year	<u>\$ 3,188,924</u>
Unrestricted cash	\$ 1,777,304
Restricted cash	<u>1,411,620</u>
	<u>\$ 3,188,924</u>
Reconciliation of operating income to	
Net cash provided by operations	
Operating income	\$ 558,619
Adjustments to reconcile operating income to net	
Cash provided by operating activities:	
Depreciation	278,036
Changes in operating assets and liabilities	
Increase in accounts receivable	(72,239)
Increase in inventories and prepayments	(7,110)
Decrease in accounts payable and accrued expenses	(54,930)
Increase in customer deposits	37,971
Change in pension related accounts	23,392
	<u>\$ 763,739</u>

See Independent Auditors' Report and Notes to the Financial Statements