

CITY OF IRONDALE, ALABAMA

Financial Statements

September 30, 2024

CITY OF IRONDALE, ALABAMA

MAYOR

James D. Stewart, Jr.

CITY COUNCIL

Robert Box
Cindy Cuellar
John London
Aaron Sims
David Spivey

CITY CLERK

Leigh Allison

CITY ATTORNEYS

Wallace, Jordan, Ratliff & Brandt, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Irondale, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Irondale, Alabama (the City), as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Irondale, Alabama as of September 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements and combining component units financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and combining component units financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BMSS, LLC

Birmingham, Alabama
May 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Irondale's Management Discussion and Analysis report provides a comprehensive overview of the City's current financial position and economic activity. The report focuses on significant financial issues, changes in the City's financial position, material deviations from the financial plan, and individual fund issues or concerns. Reading this report in conjunction with the City's financial statements is essential to understand its financial situation.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2024 by \$20.1 million. This indicates a solid financial position for the City.
- The City issued debt to be used for significant infrastructure and capital improvements within the City. The City also maintains a strong bond rating of AA from Standard & Poor.
- At the close of the fiscal year, the City's and Water Fund's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$6.5 million, providing a cushion against unforeseen circumstances.
- Public protection expenses comprised 47.4% of total governmental expenses, indicating the City's commitment to public safety and security.
- Total governmental revenues increased by 5.6% from 2023, and sales tax revenue increased by approximately \$1.0 million or 5.57%. This revenue growth is a testament to the City's robust economic activity.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of 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 themselves.

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 private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. 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 the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).

Both 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 a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public protection, public ways and facilities, and intergovernmental functions. The intergovernmental functions of the City are those activities whereby the City provides financial resources to other governmental entities.

The business-type activities of the City include the water operations. The activity is referred to in the financial statements as those of the *primary government*.

The government-wide financial statements can be found on pages 18 through 21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash and what monies are left at year end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City maintains ten individual governmental funds:

- The General Fund, Capital Projects Fund, and Public Building Authority (a blended component unit) are considered *major* funds, and information is presented separately in the *governmental funds balance sheet* and in the *governmental funds statement of revenues, expenditures, and changes in fund balances* for these funds.
- The seven other governmental funds are considered *nonmajor* governmental funds and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements found on pages 87 and 88 of this report.

The basic governmental fund financial statements can be found on pages 22 through 26 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water activities.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The basic proprietary fund financial statements provide information as follows:

- The Water Fund is considered a major proprietary fund of the City, and information is presented separately in the *proprietary funds statement of net position*, the *proprietary funds statement of revenues, expenses and changes in net position*, and the *proprietary fund statement of cash flows* for this fund.

The basic proprietary fund financial statements can be found on pages 27 through 31 of this report.

Fiduciary Funds

The City maintains two fiduciary funds. Fiduciary funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. The City uses a fiduciary fund to account for its other post-employment benefit liability and deferred compensation trusts.

The basic fiduciary fund financial statements can be found on pages 32 through 33 of this report.

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 and fund financial statements. The notes to the financial statements are on pages 34 through 73 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City of Irondale adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 75 through 85 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and component units are presented immediately following the required supplementary information. Combining fund statements can be found on pages 87 through 90 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a valuable indicator of a government's financial position. Overall, the City's assets exceeded liabilities by \$20.1 million at the close of the recent fiscal year. Of this figure, \$10.7 million represents the City's total investment in capital assets (i.e. land, buildings, improvements, infrastructure and other), less any related debt used to acquire those still outstanding assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$2.5 million, represents resources that are subject to restrictions as to how they may be used. These are restrictions that are being imposed by legal requirements other than those imposed by the City Council (i.e. state or federal law).

This net position is a testament to the City's prudence in managing its resources to benefit its citizens. The City's investment in capital assets and adherence to legal restrictions demonstrate its commitment to transparency and accountability.

The following table reflects the condensed statement of net position:

City of Irondale Statement of Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 75,064	\$ 26,954	\$ 5,202	\$ 5,505	\$ 80,266	\$ 32,459
Long-term assets	70,076	59,292	7,906	7,785	77,982	67,077
Total assets	<u>145,140</u>	<u>86,246</u>	<u>13,108</u>	<u>13,290</u>	<u>158,248</u>	<u>99,536</u>
Deferred outflows of resources	<u>7,088</u>	<u>8,008</u>	<u>565</u>	<u>641</u>	<u>7,653</u>	<u>8,649</u>
Current liabilities	12,571	10,665	1,238	851	13,809	11,516
Long-term liabilities	124,629	66,536	5,775	5,841	130,404	72,377
Total liabilities	<u>137,200</u>	<u>77,201</u>	<u>7,013</u>	<u>6,692</u>	<u>144,213</u>	<u>83,893</u>
Deferred inflows	<u>1,497</u>	<u>5,009</u>	<u>108</u>	<u>103</u>	<u>1,605</u>	<u>5,112</u>
Net position						
Net investment in capital assets	7,875	9,043	2,790	2,829	10,665	11,872
Restricted	2,535	2,588	-	-	2,535	2,588
Unrestricted	<u>3,121</u>	<u>413</u>	<u>3,762</u>	<u>4,307</u>	<u>6,883</u>	<u>4,720</u>
Total net position	<u>\$ 13,531</u>	<u>\$ 12,044</u>	<u>\$ 6,552</u>	<u>\$ 7,136</u>	<u>\$ 20,083</u>	<u>\$ 19,180</u>

For more detailed information, see the statement of net position on pages 18 and 19.

The following table reflects the revenue and expenses of the total primary government:

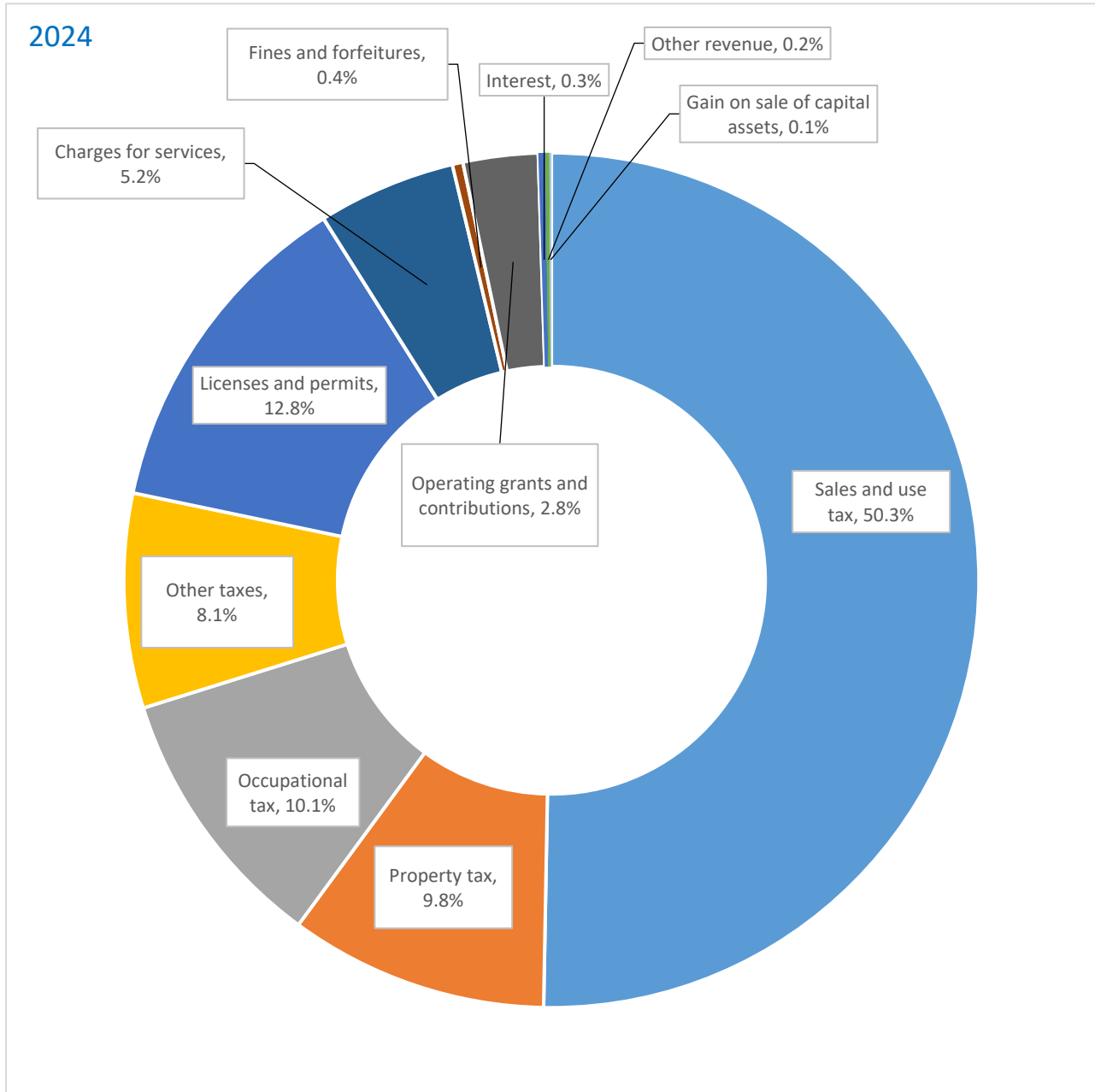
City of Irondale Statement of Activities (in thousands)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Fees, fines, and charges	\$ 7,187	\$ 5,014	\$ 3,574	\$ 3,130	\$ 10,761	\$ 8,144
Operating grants/contributions	1,061	1,489	-	-	1,061	1,489
Capital grants/contributions	-	2,382	-	1,179	-	3,561
General revenues						
Property taxes	3,667	1,661	-	-	3,667	1,661
Sales and use taxes	18,850	17,855	-	-	18,850	17,855
Occupational licenses	3,783	3,767	-	-	3,783	3,767
Other taxes	3,039	2,759	-	-	3,039	2,759
Interest	97	10	-	-	97	10
Gain on disposal	28	287	-	12	28	299
Other revenue	59	530	-	-	59	530
Total revenues	<u>37,771</u>	<u>35,754</u>	<u>3,574</u>	<u>4,321</u>	<u>41,345</u>	<u>40,075</u>
Expenses						
General government	7,187	13,483	-	-	7,187	13,483
Police	7,194	5,929	-	-	7,194	5,929
Fire	9,597	7,667	-	-	9,597	7,667
Parks and recreation	290	272	-	-	290	272
Public works	6,819	6,161	-	-	6,819	6,161
Library	757	665	-	-	757	665
Senior citizens' center	335	361	-	-	335	361
Civic center	546	286	-	-	546	286
Payments to other governments	47	52	-	-	47	52
Interest and fiscal agent fees	2,618	1,742	-	-	2,618	1,742
Water Fund	-	-	3,357	3,541	3,357	3,541
Total expenses	<u>35,390</u>	<u>36,618</u>	<u>3,357</u>	<u>3,541</u>	<u>38,747</u>	<u>40,159</u>
Increase (decrease) in net position before transfers	2,381	(864)	217	780	2,598	(84)
Transfers	801	(2,140)	(801)	2,140	-	-
Special items	<u>(1,695)</u>	<u>(1,525)</u>	<u>-</u>	<u>-</u>	<u>(1,695)</u>	<u>(1,525)</u>
Change in net position	1,487	(4,529)	(584)	2,920	903	(1,609)
Net position - beginning of year	<u>12,044</u>	<u>16,573</u>	<u>7,136</u>	<u>4,216</u>	<u>19,180</u>	<u>20,789</u>
Net position - end of year	<u>\$ 13,531</u>	<u>\$ 12,044</u>	<u>\$ 6,552</u>	<u>\$ 7,136</u>	<u>\$ 20,083</u>	<u>\$ 19,180</u>

For more detailed information, see the statement of activities on pages 20 and 21.

Governmental Activities

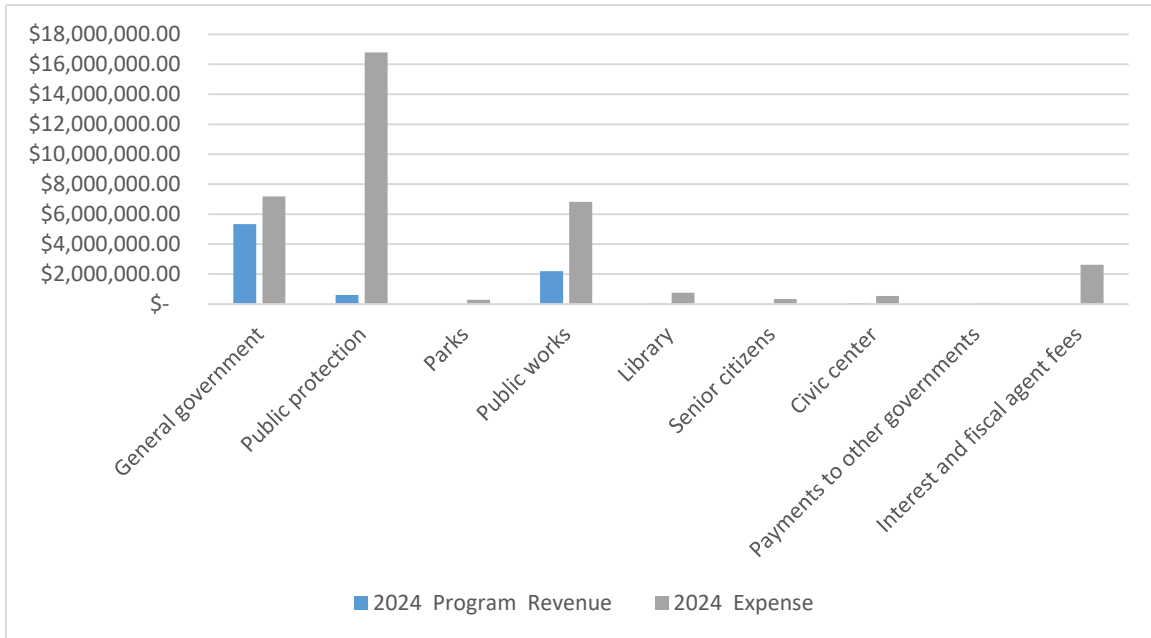
The City's governmental activities rely heavily on property taxes and sales taxes to support governmental operations. Property taxes provided 9.71% and sales and use taxes provided 49.91% of the City's total governmental revenues. Sales tax revenue increased by 5.57% from 2023. Program revenues covered 23.31% of government operating expenses and the government's taxpayers and the City's other general revenues covered 76.69% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

Revenue - Governmental Activities



Historically, the most significant governmental expense for the City is providing public protection services such as fire and police protection, which comprised 47.4% of the total governmental expenses. Public protection expenses increased by \$3.2 million, or 20.1%, from 2023. The total cost of all governmental activities decreased by \$1.2 million, while revenues increased by \$2.0 million.

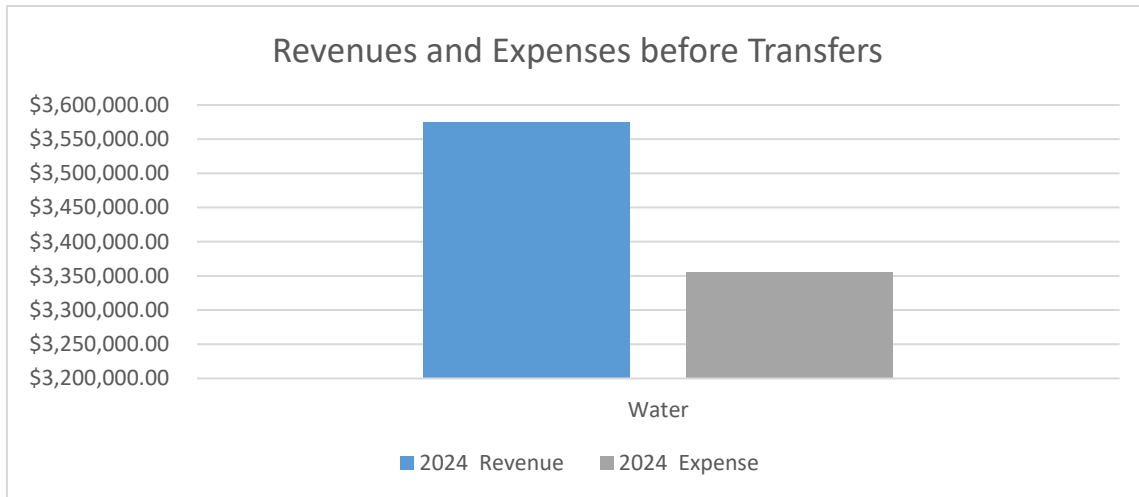
Program Revenues and Expenses - Governmental Activities



Business-Type Activities

The cost of all proprietary (business-type) activities was \$3.4 million, which is consistent with 2023. The amount paid by users of the water services was \$3.6 million, which is a \$444 thousand increase from 2023.

Program Revenues and Expenses - Business-Type Activities



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the 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.

The combined fund balance of the City's governmental funds increased \$51.0 million in 2024. The total combined fund balance of the City's governmental funds, as of September 30, 2024, was \$69.5 million. Of this amount, \$19.9 million consisted of unassigned fund balance. Nonspendable fund balance totaled \$289 thousand. The assigned fund balance, generally authorized by the City Council or an official body for specific uses, totaled \$1.0 million. The remainder of the total fund balance totaled \$48.3 million, which was restricted to indicate that it was not available for new spending because it had already been committed to pay debt service and other purposes or must be spent for specific purposes in the future as required by legal constraints.

Total revenues were \$38.8 million, an increase of 16.4% from 2023. Sales tax revenue increased by \$1.0 million or 5.7%.

Looking at each major governmental fund individually, the fund balance for the General Fund at September 30, 2024 was \$21.4 million, an increase of \$5.3 million from the prior year. This increase in fund balance was primarily attributable to a decrease in General Fund expenditures. The fund balance at September 30, 2024, for the Capital Projects Fund was \$6.9 million, an increase of \$6.2 million. The fund balance at September 30, 2024 for the Public Building Authority was \$38.9 million.

Proprietary Funds

The City's proprietary funds (enterprise) is to provide the same type of information as found in the government-wide financial statements, but in greater detail.

Net position of the Water Fund was \$6.6 million. The total change in net position for the Water Fund was a decrease of \$583 thousand. The decrease in net position for the Water Fund was primarily attributable to \$801 thousand transferred to the General Fund.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

In the financial statements for the General Fund, you can find the budget to actual schedule on page 75. This schedule shows columns for the original adopted budget, final budget, actual revenues and expenditures, and variances between the final budget and actual revenues and expenditures.

As of September 30, 2024, actual revenues for the General Fund exceeded the final budgeted amounts by \$959 thousand or 2.6%.

As of September 30, 2024, actual expenditures for the General Fund were more than the final budgeted amounts by \$1.4 million or 4.8%.

These figures provide a clear picture of the financial performance of the General Fund and help identify any discrepancies between the expected and actual budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of September 30, 2024, totaled \$78.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, infrastructure, right-of-use assets, water plant and equipment. For further information on capital assets see Note 5 in the notes to the financial statements. Major purchases for 2024 consisted of \$1.0 million in vehicles and equipment and \$13.0 million in ongoing projects. The investments made by the City in its capital assets are a testament to its commitment to providing top-notch governmental and business-related services.

In 2024, the City made significant investments. The City purchased these items to provide the best possible services to its residents by replacing some old vehicles with newer ones, which resulted in the disposal of these assets. Most of the assets disposed of in the current year were old vehicles taken out of service and replaced with newer ones.

City of Irondale Capital Assets (in thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Buildings and improvements	\$ 18,754	\$ 18,317	\$ 38	\$ 38	\$ 18,792	\$ 18,355
Equipment	15,070	14,641	2,154	1,704	17,224	16,345
Infrastructure	41,422	41,422	13,531	13,501	54,953	54,923
Right-of-use assets	252	132	125	250	377	382
Subscription-based IT	646	-	-	-	646	-
Land and improvements	14,119	13,656	609	464	14,728	14,120
Construction in progress	12,795	549	573	442	13,368	991
	103,058	88,717	17,030	16,399	120,088	105,116
Accumulated depreciation	(32,981)	(30,459)	(9,124)	(8,614)	(42,105)	(39,073)
Total	\$ 70,077	\$ 58,258	\$ 7,906	\$ 7,785	\$ 77,983	\$ 66,043

Long-Term Debt

General obligation warrants are secured by the full faith and credit of the City and payable from the proceeds of various taxes. Refer to Note 7 in the notes to the financial statements for additional information on long-term debt. As of September 30, 2024, the governmental activities had outstanding warrants totaling \$103 million and business-type activities had outstanding warrants totaling \$4.4 million. As of September 30, 2024, governmental activities had notes payables totaling \$5.1 million and business-type activities had notes payables totaling \$648 thousand.

The City's total debt increased by \$58 million during the current fiscal year. This increase was due to the issuance of warrants for long-term projects.

City of Irondale Long-Term Debt (in thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
General Obligation Warrants	\$ 103,058	\$ 45,236	\$ 4,403	\$ 4,705	\$ 107,461	\$ 49,941
Notes payable	5,118	5,477	648	251	5,766	5,728
Lease obligations	85	36	64	177	149	213
Subscription-based IT	514	-	-	-	514	-
Total	\$ 108,775	\$ 50,749	\$ 5,115	\$ 5,133	\$ 113,890	\$ 55,882

ECONOMIC CONDITIONS AFFECTING THE CITY

The City of Irondale has achieved remarkable growth in the fiscal year ending on September 30, 2024. The City has been actively focusing on developing its retail, industrial, and residential sectors, which has resulted in a significant boost to the local economy.

The automotive sector has seen a surge in investment and expansion, with many dealerships investing capital into their facility. This capital investment has increased foot traffic in the City, further boosting the local economy.

Overall, the City of Irondale's strategic focus on the growth of its various sectors has resulted in a positive trend for the local economy, and the establishment of new businesses across diverse industries has further strengthened the City's economic stability.

CONTACTING THE CITY

This financial report is designed to provide 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 City of Irondale Finance Department, 101 20th Street South, Irondale, Alabama 35210 or by calling (205) 956-9200.

CITY OF IRONDALE, ALABAMA
Statement of Net Position
September 30, 2024

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Total	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 17,492,748	\$ 4,089,210	\$ 21,581,958	\$ 158,639
Receivables, net	2,526,690	197,482	2,724,172	93,363
Investments	-	-	-	589,505
Prepaid expenses and supplies	289,156	574,742	863,898	-
Cash and cash equivalents - restricted	54,755,762	340,124	55,095,886	-
Total current assets	<u>75,064,356</u>	<u>5,201,558</u>	<u>80,265,914</u>	<u>841,507</u>
Noncurrent assets				
Nondepreciable capital assets	26,913,554	1,181,581	28,095,135	142,100
Depreciable capital assets, net	43,162,903	6,724,339	49,887,242	1,428,839
Total noncurrent assets	<u>70,076,457</u>	<u>7,905,920</u>	<u>77,982,377</u>	<u>1,570,939</u>
Total assets	<u>145,140,813</u>	<u>13,107,478</u>	<u>158,248,291</u>	<u>2,412,446</u>
Deferred outflows of resources				
Deferred outflows related to pensions	5,286,492	265,973	5,552,465	-
Deferred outflows related to OPEB	998,213	69,686	1,067,899	-
Deferred charge on refunding	803,458	229,731	1,033,189	-
Total deferred outflows of resources	<u>7,088,163</u>	<u>565,390</u>	<u>7,653,553</u>	<u>-</u>
Liabilities				
Current liabilities				
Accounts payable	2,683,079	256,405	2,939,484	-
Accrued payroll and benefits	505,807	31,563	537,370	-
Accrued interest payable	1,169,082	61,469	1,230,551	-
Meter deposits	-	294,404	294,404	-
Due to (from) other funds	36,391	-	36,391	(36,391)
Unearned revenue	2,351,002	-	2,351,002	-
Current maturities of long-term liabilities				
Warrants and notes payable, net	3,996,002	508,749	4,504,751	50,161
Lease liability	46,279	25,670	71,949	-
Subscription-based IT arrangement	133,175	-	133,175	-
Compensated absences	1,650,544	59,521	1,710,065	-
Total current liabilities	<u>12,571,361</u>	<u>1,237,781</u>	<u>13,809,142</u>	<u>13,770</u>

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Net Position
September 30, 2024
(Continued)

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		Total
Noncurrent liabilities				
Warrants and notes payable, net	\$ 104,180,785	\$ 4,542,889	\$ 108,723,674	\$ 43,202
Lease liability	38,329	38,328	76,657	-
Subscription-based IT arrangement	380,743	-	380,743	-
Compensated absences	1,650,543	59,521	1,710,064	-
Net pension liability	15,891,189	946,216	16,837,405	-
Net OPEB liability	2,487,156	187,941	2,675,097	-
Total noncurrent liabilities	<u>124,628,745</u>	<u>5,774,895</u>	<u>130,403,640</u>	<u>43,202</u>
 Total liabilities	 <u>137,200,106</u>	 <u>7,012,676</u>	 <u>144,212,782</u>	 <u>56,972</u>
 Deferred inflows of resources				
Deferred inflows related to pensions	375,140	28,760	403,900	-
Deferred inflows related to OPEB	1,122,096	78,814	1,200,910	-
Total deferred inflows of resources	<u>1,497,236</u>	<u>107,574</u>	<u>1,604,810</u>	<u>-</u>
 Net position				
Net investment in capital assets	7,874,575	2,790,284	10,664,859	1,477,576
Restricted for				
Library	14,800	-	14,800	-
Public protection	1,425,887	-	1,425,887	-
Infrastructure maintenance	1,094,705	-	1,094,705	-
Unrestricted	<u>3,121,667</u>	<u>3,762,334</u>	<u>6,884,001</u>	<u>877,898</u>
 Total net position	 <u>\$ 13,531,634</u>	 <u>\$ 6,552,618</u>	 <u>\$ 20,084,252</u>	 <u>\$ 2,355,474</u>

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Activities
For the Year Ended September 30, 2024

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
General government	\$ 7,186,186	\$ 5,045,404	\$ 288,037	\$ -	\$ (1,852,745)	\$ -	\$ (1,852,745)	\$ -
Police	7,193,839	190,487	390,903	-	(6,612,449)	-	(6,612,449)	-
Fire	9,597,168	21,290	-	-	(9,575,878)	-	(9,575,878)	-
Parks and recreation	290,238	2,375	-	-	(287,863)	-	(287,863)	-
Public works	6,818,869	1,826,485	369,961	-	(4,622,423)	-	(4,622,423)	-
Library	756,828	19,419	12,169	-	(725,240)	-	(725,240)	-
Senior citizens' center	335,039	5,576	-	-	(329,463)	-	(329,463)	-
Civic center	546,254	76,190	-	-	(470,064)	-	(470,064)	-
Payments to other governments	47,356	-	-	-	(47,356)	-	(47,356)	-
Interest and fiscal charges	2,618,469	-	-	-	(2,618,469)	-	(2,618,469)	-
Total governmental activities	35,390,246	7,187,226	1,061,070	-	(27,141,950)	-	(27,141,950)	-
Business-type activities								
Water	3,356,065	3,574,297	-	-	-	218,232	218,232	-
Total business-type activities	3,356,065	3,574,297	-	-	-	218,232	218,232	-
Total primary government	\$38,746,311	\$ 10,761,523	\$ 1,061,070	\$ -	(27,141,950)	218,232	(26,923,718)	-
Component units								
Commercial Development Authority	\$ 195,117	\$ 193,626	\$ -	\$ -	-	-	-	(1,491)

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Activities
For the Year Ended September 30, 2024
(Continued)

<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Units</u>
	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>	
				<u>Governmental Activities</u>	<u>Business-type Activities</u>		
General revenues and other items							
Taxes							
Sales and use				\$ 18,849,765	\$ -	\$ 18,849,765	\$ -
Property				3,667,436	-	3,667,436	-
Occupational license				3,782,672	-	3,782,672	-
Other				3,039,332	-	3,039,332	-
Interest earnings				96,975	-	96,975	-
Gain on disposal of capital assets				27,693	-	27,693	-
Other revenue				58,730	-	58,730	-
Payments from other governments				-	-	-	47,356
Transfers (out) in				801,434	(801,434)	-	-
Special items - rebates to developers				(1,694,563)	-	(1,694,563)	-
Total general revenues and other items				<u>28,629,474</u>	<u>(801,434)</u>	<u>27,828,040</u>	<u>47,356</u>
Change in net position				1,487,524	(583,202)	904,322	45,865
Net position - beginning of year				<u>12,044,110</u>	<u>7,135,820</u>	<u>19,179,930</u>	<u>2,309,609</u>
Net position - end of year				<u>\$ 13,531,634</u>	<u>\$ 6,552,618</u>	<u>\$ 20,084,252</u>	<u>\$ 2,355,474</u>

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA

Balance Sheet

Governmental Funds

September 30, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>Public Building Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 17,492,748	\$ -	\$ -	\$ -	\$ 17,492,748
Taxes receivable, net	2,503,457	-	-	23,233	2,526,690
Prepaid items	282,940	-	-	6,216	289,156
Cash and cash equivalents - restricted	3,315,588	9,722,345	39,475,696	2,242,133	54,755,762
Due from other funds	<u>4,741,854</u>	<u>-</u>	<u>-</u>	<u>125,198</u>	<u>4,867,052</u>
Total assets	<u>\$ 28,336,587</u>	<u>\$ 9,722,345</u>	<u>\$ 39,475,696</u>	<u>\$ 2,396,780</u>	<u>\$ 79,931,408</u>
Liabilities					
Accounts payable	\$ 2,473,724	\$ 92,147	\$ 62,985	\$ 54,223	\$ 2,683,079
Accrued payroll and benefits	472,933	-	-	32,874	505,807
Due to other funds	1,626,529	2,712,929	560,007	3,978	4,903,443
Unearned revenue	<u>2,351,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,351,002</u>
Total liabilities	<u>6,924,188</u>	<u>2,805,076</u>	<u>622,992</u>	<u>91,075</u>	<u>10,443,331</u>
Fund balance					
Nonspendable	282,940	-	-	6,216	289,156
Restricted for					
Capital improvements	-	6,917,269	38,852,704	-	45,769,973
Library	14,800	-	-	-	14,800
Public protection	221,103	-	-	1,204,784	1,425,887
Infrastructure maintenance	-	-	-	1,094,705	1,094,705
Assigned	1,019,764	-	-	-	1,019,764
Unassigned	<u>19,873,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,873,792</u>
Total fund balance	<u>21,412,399</u>	<u>6,917,269</u>	<u>38,852,704</u>	<u>2,305,705</u>	<u>69,488,077</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 28,336,587</u>	<u>\$ 9,722,345</u>	<u>\$ 39,475,696</u>	<u>\$ 2,396,780</u>	<u>\$ 79,931,408</u>

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2024

Total fund balances - governmental funds \$ 69,488,077

Amounts reported for governmental activities in the statement of net position are different due to the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	103,057,172	
Less accumulated depreciation	<u>(32,980,715)</u>	70,076,457

Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid.		(1,169,082)
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Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the governmental funds.

Deferred outflow of resources for deferred charges	803,458	
Deferred outflows of resources for pensions	5,286,492	
Deferred outflows of resources for OPEB	998,213	
Deferred inflows related to pensions	(375,140)	
Deferred inflows related to OPEB	<u>(1,122,096)</u>	5,590,927

Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore are not reported in the governmental funds.

Warrants payable	(99,726,632)	
Warrant discounts and premiums	(3,331,662)	
Notes payable	(5,118,493)	
Lease obligations	(84,608)	
Subscription-based information technology agreement liabilities	(513,918)	
Compensated absences	(3,301,087)	
Net pension liability	(15,891,189)	
Net OPEB liability	<u>(2,487,156)</u>	<u>(130,454,745)</u>

Total net position - governmental activities \$ 13,531,634

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>Public Building Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes					
Sales and use	\$ 19,104,991	\$ -	\$ -	\$ -	\$ 19,104,991
Property tax	3,667,436	-	-	-	3,667,436
Other	6,822,004	-	-	-	6,822,004
Licenses and permits	4,788,870	-	-	-	4,788,870
Intergovernmental	1,030	129,350	-	759,834	890,214
Charges for services	1,955,620	-	-	-	1,955,620
Fines and forfeitures	151,143	-	-	270,303	421,446
Interest	930	131	95,914	-	96,975
Other	1,030,472	-	-	-	1,030,472
Total revenue	<u>37,522,496</u>	<u>129,481</u>	<u>95,914</u>	<u>1,030,137</u>	<u>38,778,028</u>
Expenditures					
General government	5,456,831	1,265,440	-	446,286	7,168,557
Public protection	13,163,809	-	-	1,089,377	14,253,186
Parks and recreation	186,305	-	-	-	186,305
Public works	4,083,310	-	-	672,059	4,755,369
Library	666,914	-	-	-	666,914
Senior citizens	265,419	-	-	-	265,419
Civic center	429,336	-	-	-	429,336
Payments to other governments	47,356	-	-	-	47,356
Capital outlay	1,291,295	9,308,981	4,246,152	144,061	14,990,489
Debt service					
Principal retirement	3,685,044	-	-	-	3,685,044
Issuance costs	-	221,051	419,550	-	640,601
Interest and fees	1,717,084	-	-	-	1,717,084
Total expenditures	<u>30,992,703</u>	<u>10,795,472</u>	<u>4,665,702</u>	<u>2,351,783</u>	<u>48,805,660</u>

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2024
(Continued)

	<u>General</u>	<u>Capital Projects</u>	<u>Public Building Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 6,529,793	\$ (10,665,991)	\$ (4,569,788)	\$ (1,321,646)	\$ (10,027,632)
Other financing sources (uses)					
Proceeds from sale of capital assets	27,693	-	-	-	27,693
Issuance of leases	123,344	-	-	-	123,344
Issuance of notes	494,901	-	-	-	494,901
Issuance of subscription technology	646,043	-	-	-	646,043
Issuance of warrants	-	16,070,000	41,920,000	-	57,990,000
Premiums from issuance of warrants	-	1,151,051	1,502,492	-	2,653,543
Transfers in	1,317,556	-	-	1,679,659	2,997,215
Transfers out	(1,741,301)	(288,409)	-	(166,071)	(2,195,781)
Total other financing sources (uses)	<u>868,236</u>	<u>16,932,642</u>	<u>43,422,492</u>	<u>1,513,588</u>	<u>62,736,958</u>
Special items					
Revenue rebate to developers	(1,694,563)	-	-	-	(1,694,563)
Net change in fund balance	<u>5,703,466</u>	<u>6,266,651</u>	<u>38,852,704</u>	<u>191,942</u>	<u>51,014,763</u>
Fund balance - beginning of year, as originally reported	16,159,218	650,618	-	1,663,478	18,473,314
Prior period adjustment	(450,285)	-	-	450,285	-
Fund balance - beginning of year, as restated	<u>15,708,933</u>	<u>650,618</u>	<u>-</u>	<u>2,113,763</u>	<u>18,473,314</u>
Fund balance - end of year	<u>\$ 21,412,399</u>	<u>\$ 6,917,269</u>	<u>\$ 38,852,704</u>	<u>\$ 2,305,705</u>	<u>\$ 69,488,077</u>

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 For the Year Ended September 30, 2024

Net changes in fund balances - governmental funds \$ 51,014,763

Amounts reported for governmental activities in the statement of activities
 are different due to the following:

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. This is the amount by which
 capital outlays exceeded depreciation in the current period.

Capital outlay	14,990,489	
Less depreciation expense	<u>(3,170,835)</u>	11,819,654

The issuance of long-term debt (e.g., warrants, leases, etc.) 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 discounts, premiums, and similar items when debt is
 first issued, whereas these amounts are deferred and amortized in the statement
 of activities. This amount is the net effect of these differences in the treatment
 of long-term debt and related items.

Principal retirement	3,685,044	
Issuance of lease	(123,344)	
Issuance of notes	(494,901)	
Issuance of subscription-based IT agreements	(646,043)	
Issuance of warrants	(57,990,000)	
Premium on issuance of warrants	(2,653,543)	
Warrant discount and premium amortization expense	<u>196,033</u>	(58,026,754)

Collections on economic development accounts receivable not recognized as an asset in the governmental fund balance sheet.		(1,034,822)
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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.

Amortization of deferred charges on refunding bonds	(131,682)	
Change in accrued compensated absences	(615,634)	
Change in pension liability and related deferrals	(1,003,345)	
Change in other post-employment benefit liability and related deferrals	(209,521)	
Increase in accrued interest	<u>(325,135)</u>	<u>(2,285,317)</u>

Change in net position - governmental activities \$ 1,487,524

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-type Activities - Enterprise Funds
	Water
Assets	
Current assets	
Cash and cash equivalents	\$ 4,089,210
Receivables, net	197,482
Prepaid expenses and supplies	574,742
Cash and cash equivalents - restricted	340,124
Total current assets	5,201,558
Noncurrent assets	
Nondepreciable capital assets	1,181,581
Depreciable capital assets, net	6,724,339
Total noncurrent assets	7,905,920
Total assets	13,107,478
Deferred outflows of resources	
Deferred outflows related to pensions	265,973
Deferred outflows related to OPEB	69,686
Deferred outflows related to warrants	229,731
Total deferred outflows of resources	565,390
Liabilities	
Current liabilities	
Accounts payable	256,405
Accrued payroll and benefits	31,563
Accrued interest	61,469
Meter deposits	294,404
Current maturities of long-term liabilities	
Warrants and notes payable	508,749
Compensated absences	59,521
Lease liability	25,670
Total current liabilities	1,237,781

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Net Position
Proprietary Funds
September 30, 2024
(Continued)

	Business-type Activities - Enterprise Funds
	Water
Noncurrent liabilities	
Warrants and notes payable, net	\$ 4,542,889
Compensated absences	59,521
Lease liability	38,328
Net pension liability	946,216
Net OPEB liability	187,941
Total noncurrent liabilities	5,774,895
Total liabilities	7,012,676
Deferred inflows of resources	
Deferred inflows related to pensions	28,760
Deferred inflows related to OPEB	78,814
Total deferred inflows of resources	107,574
Net position	
Net investment in capital assets	2,790,284
Unrestricted	3,762,334
Total net position	\$ 6,552,618

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2024

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water</u>
Operating revenues	
Charges for services	\$ 3,445,741
Other	128,556
Total operating revenues	<u>3,574,297</u>
Operating expenses	
Administration, operations, and maintenance	2,566,326
Depreciation and amortization	634,324
Total operating expenses	<u>3,200,650</u>
Operating income	<u>373,647</u>
Non-operating expenses	
Interest expense	<u>(155,415)</u>
Total non-operating expenses	<u>(155,415)</u>
Income before transfers and contributions	218,232
Transfers in	247,532
Transfers out	<u>(1,048,966)</u>
Net transfers	(801,434)
Change in net position	<u>(583,202)</u>
Net position, beginning of year	<u>7,135,820</u>
Net position, end of year	<u><u>\$ 6,552,618</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds
	Water
Cash flows from operating activities	
Cash received from customers	\$ 3,797,161
Cash paid to suppliers for goods and services	(1,049,935)
Cash paid to employees	(1,311,046)
Net cash provided by operating activities	1,436,180
Cash flows from noncapital financing activities	
Net transfers to other funds	(801,434)
Net cash used in noncapital financing activities	(801,434)
Cash flows from capital and related financing activities	
Purchase of property, plant, and equipment	(361,904)
Principal payments on debt	(380,960)
Principal payments on leases	(27,519)
Interest payments on debt	(108,954)
Net cash used in capital and related financing activities	(879,337)
Net decrease in cash and cash equivalents	(244,591)
Cash and cash equivalents at beginning of year	4,673,925
Cash and cash equivalents at end of year	\$ 4,429,334

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024
(Continued)

	Business-type Activities - Enterprise Funds
	Water
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 373,647
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation	634,324
(Increase) decrease in	
Accounts receivable	214,944
Prepaid expenses	(23,357)
(Decrease) increase in	
Accounts payable	99,729
Accrued payroll and related liabilities	128,973
Meter deposits	7,920
	\$ 1,436,180
Reconciliation of cash and cash equivalents	
Cash and cash equivalents	\$ 4,089,210
Cash and cash equivalents - restricted	340,124
	\$ 4,429,334
Supplemental disclosure of noncash capital and related financing activities	
Capital assets contributed	\$ 478,709
Right-of-use asset reduction	\$ 85,533

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2024

	OPEB Trust Fund	Deferred Compensation Trust	Total
Assets			
Current assets			
Cash	\$ 1,814	\$ -	\$ 1,814
Loans receivable	-	48,745	48,745
Investments	1,223,526	5,584,228	6,807,754
Cash value of life insurance	-	6,929	6,929
Total current assets	1,225,340	5,639,902	6,865,242
Net position			
Restricted	1,225,340	5,639,902	6,865,242
Total net position	\$ 1,225,340	\$ 5,639,902	\$ 6,865,242

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2024

	OPEB Trust Fund	Deferred Compensation Trust	Total
Additions			
Investment earnings	\$ 107,198	\$ 678,548	\$ 785,746
Interest income	109,125	-	109,125
Employee contributions	-	128,381	128,381
Total additions	<u>216,323</u>	<u>806,929</u>	<u>1,023,252</u>
Deductions			
Employee withdrawals	-	301,519	301,519
Administrative fees	6,276	2,432	8,708
Total deductions	<u>6,276</u>	<u>303,951</u>	<u>310,227</u>
Change in net position	<u>210,047</u>	<u>502,978</u>	<u>713,025</u>
Net position, beginning of year	<u>1,015,293</u>	<u>5,136,924</u>	<u>6,152,217</u>
Net position, end of year	<u><u>\$ 1,225,340</u></u>	<u><u>\$ 5,639,902</u></u>	<u><u>\$ 6,865,242</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF IRONDALE, ALABAMA

Notes to the Financial Statements

September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Irondale, Alabama (the City), an Alabama Municipal Corporation, was incorporated in 1887, and is governed by an elected Mayor and a five-member City Council.

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The City's reporting entity applies all relevant GASB pronouncements. In preparing the financial statements, management evaluated subsequent events through May 12, 2025, the date the financial statements were available to be issued. The more significant of these accounting policies are described below.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

Blended Component Unit

Public Building Authority (PBA) - The PBA was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of land and buildings within the City. The funds of the PBA have been included in the governmental activities in the financial statements. The Board of Directors of the PBA are appointed by the City Council. Although it is legally separate from the City, the PBA is reported as if it were part of the primary government because its primary purpose is to issue revenue bonds to finance major capital improvements on behalf of the City.

Discretely Presented Component Units

Industrial Development Board (IDB) - The IDB was created for the recruitment of retail, light industrial, and heavy industrial businesses. The IDB is governed by a member board appointed by the City Council. The IDB is combined with the CDA and presented in a separate column on the government-wide financial statements to emphasize that they are legally separate from the City.

Commercial Development Authority (CDA) - The CDA was created to acquire, own, and lease projects for the purpose of promoting trade and commerce by inducing commercial enterprises to locate new facilities in the City and expand existing facilities in the City. The CDA is governed by a member board appointed by the City Council. The CDA is combined with the IDB and presented in a separate column on the government-wide financial statements to emphasize that they are legally separate from the City.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-Wide and Fund Financial Statements

The basic financial statements are presented at both the government-wide (based on the City as a whole) and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Government-Wide Financial Statements display information about the City as a whole and its component units. The effect of interfund activity has been removed from these statements. These aggregate statements consist of the statement of net position and the statement of activities.

The *Statement of Net Position* measurement focus is full accrual basis of accounting and economic resource measurement and the statement presents information on all of the City's assets and liabilities (including long-term assets and receivables as well as long-term debt and obligations), with the difference being reported as net position.

The *Statement of Activities* demonstrates the degree to which direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items (property, sales and use taxes, certain intergovernmental revenues, etc.) not attributable to a specific program are reported as general revenues. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The City does not employ an indirect cost allocation system.

Fund Financial Statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental or proprietary. Major individual funds are reported in separate columns in the basic financial statements. Nonmajor funds (by category or fund type) are consolidated into a single column of the basic financial statements.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded. The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting - Continued

All transactions and events that affect the total economic resources (net position) during the period are reported. Economic resources measurement focus is connected with the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Current resources measurement is connected with the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). Measurable means the amount of the transaction can be determined and revenues are considered available when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes and intergovernmental revenues. Expenditures are recognized when the related liability is incurred, with the exception of principal and interest on general obligation long-term debt, compensated absences and other post-employment benefits payable, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income and changes in net financial position and cash flows. All assets and liabilities are included on the statement of net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Basis of Presentation - Fund Level Financial Statements

Generally accepted accounting principles set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section located in the supplementary information section of the financial statements.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Fund Level Financial Statements - Continued

The City reports the following major governmental funds:

General Fund - To account for all revenues and expenditures applicable to the general operations of government that are not properly accounted for in another fund. All general operating revenues, which are not restricted or designated as to use by outside sources, are recorded in the General Fund.

Capital Projects Fund - To account for financial resources that are received and used for the acquisition, construction, or improvement of capital assets.

Public Building Authority Fund - To account for financial resources, including debt service, that are received and used for the acquisition, construction, or improvement of land and buildings.

The City reports the following major proprietary fund:

Water Fund - To account for the operation of the City's water services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

Additionally, the City reports the following non-major governmental funds:

Special Revenue Funds - To account for the proceeds of specific revenue resources that are legally restricted or designated for expenditures with specified purposes.

Use of Estimates

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

CITY OF IRONDALE, ALABAMA

Notes to the Financial Statements

September 30, 2024

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

The City considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balances reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The City has never experienced any losses related to those balances.

The City also participates in the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) program. The bank holding the City's deposits is a certified participant in the SAFE program. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury.

Allowance for Uncollectible Accounts

The City reports accounts receivable at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance or through bad debt expense.

Investments

The State Attorney General has issued a legal opinion that cities may not put public funds at risk by owning investments not insured by the federal government.

Investments are stated at market value.

Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. Prepaids are presented using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Restricted Assets

The use of restricted assets is limited by legal requirements or restrictions imposed externally by creditors or contributors. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted, as they are needed.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Transfers, Receivables and Payables

During the normal course of operations, the City has numerous transactions between funds to provide services, construct assets, and service debt. These receivables and payables are classified as “Due to/from other funds,” as they are all short-term in nature. These amounts have been eliminated on the government-wide financial statements, except for amounts outstanding between the General Fund and business-type activities.

Routine transfers of resources between City funds that are not intended to be repaid are classified separately from revenues and expenditures. Such interfund operating transfers are identified as “Transfers in/(out)” in the accompanying financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, which consist of streets, roads, sidewalks and similar items, are reported in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets purchased or acquired are carried at historical cost or estimated historical cost.

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ useful lives are charged to operations as incurred. Improvements that materially extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives: building and improvements, 3 to 40 years; equipment, 5 to 40 years; and infrastructure 5 to 75 years.

Depreciation is provided in the proprietary funds in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis.

Fair Value

The established framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price the City would expect to receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value - Continued

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs which are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has three items that qualify for reporting in this category: (1) unamortized amounts on refunded warrants, (2) deferred outflow items related to the City's pension plan, which are described further in Note 10, and (3) deferred outflow items related to the City's other post-employment benefits, which are described further in Note 11.

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net position. Warrant premiums and discounts are deferred and amortized over the life of the warrants using the warrant outstanding method. Warrants payable are reported net of the applicable warrant premium or discount. Warrant issue costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize warrants premiums, discounts and issuance costs during the current period. The face amount of debt issued is reported as other financing sources, while premiums and discounts are reported as other financing sources and uses, respectively.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Long-term Obligations - Continued

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

All full-time employees of the City accumulate vacation (annual leave) and holiday time during the calendar year. Accumulated vacation leave is paid to an employee at the time of separation of service, subject to a cap.

Eligible employees earn sick leave based on length of employment. Sick leave can be converted as years of service upon retirement in the Retirement Systems of Alabama. Unless employed for five years, employees are not paid for unused sick leave upon termination of employment. If employed for five years or more, sick leave is paid to an employee at the time of separation of service at a rate of 50%, subject to a cap.

The accrued amounts of vacation are recorded as noncurrent liabilities in proprietary funds, net of estimated current portion. The accrued amounts of vacation earned by employees whose salaries are charged to the General Fund are recorded as noncurrent liabilities in the government-wide financial statements, net of estimated current portion. Related payroll taxes are included in the accrued compensated leave account.

Other Post-Employment Benefit Liability (OPEB)

The City is required to report the City's actuarially determined total OPEB liability as a long-term liability in the government-wide financial statements (See Note 11).

Pensions

The Employees' Retirement System of Alabama (the Plan or 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 the 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.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Inflows of Resources

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has two items that qualify for reporting in this category: (1) deferred inflow items related to the City's pension plan, which are described further in Note 10, and (2) deferred inflow items related to the City's other post-employment benefits, which are described further in Note 11.

Net Position

The City reports information regarding its financial position and activities according to three classes of net position in the government-wide financial statements: investment in capital assets, restricted net position, and unrestricted net position.

Net Investment in Capital Assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position is reported as restricted when constraints placed on net position are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions.

Unrestricted Net Position is the residual component of net position. It consists of net position that does not meet the definition of restricted or invested in capital assets, net of related debt.

Fund Equity

The City is required, as applicable, to present fund balances in five categories. The fund balance categories are:

Non-spendable - Includes items that cannot be spent because they are either (a) not in a spendable form, or; (b) legally or contractually required to be maintained intact.

Restricted - Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed - Includes items committed for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded through resolutions approved by the City Council.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity - Continued

Assigned - Includes items that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has the authority to assign amounts to be used for specific purposes.

Unassigned - This is the residual classification used for those balances not assigned to another category in the General Fund. Deficit fund balances are also presented as unassigned.

It is the City's policy to use restricted balances first, followed by committed resources, assigned resources, and finally unassigned resources, as needed.

Property Taxes

Property taxes are assessed on October 1 and levied on the subsequent October 1 for the fiscal year beginning on the levy date, at which time, a lien is attached. These taxes are due and payable on October 1 (levy date) and delinquent after December 31 in each year (except with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by June 15 following the due date, a tax sale is required to be held. Revenue is recognized in the year when the taxes are levied and collected. The taxes are collected by the Jefferson County, Alabama tax collector and remitted to the City net of a collection fee.

New Accounting Standards Adopted

In fiscal year 2024, the City adopted GASB Statement No. 99, *Omnibus 2022*. The objective of this statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The City concluded that the standard had no material effect on the financial statements.

In fiscal year 2024, the City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

The City’s formal written investment policy, consistent with the Government Finance Officer Association (GFOA) Policy, authorizes the City to invest in obligations of the U.S. Treasury, certain U.S. agency obligations, State of Alabama obligations, county obligations, and other municipal obligations, as well as bank certificates of deposit and bank public investment accounts. The policy also addresses specific types of risks that the government is exposed to through its deposits or investments.

Interest Rate Risk - As a means of limiting its exposure to interest rate risk, the City’s policy is to diversify its investments by security type and institution, and limit holdings in any one type of investment with any one issuer. The City also coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term.

Custodial Credit Risk - For deposits, custodial credit risk is the risk that, in the event of bank failure, the City’s deposits may not be returned to it. All of the City’s investments at September 30, 2024 were insured.

NOTE 3 - RECEIVABLES

Receivables consisted of the following at September 30, 2024:

	Governmental Activities	Business-type Activities	Total
Taxes	\$ 2,526,690	\$ -	\$ 2,526,690
Customers	-	399,076	399,076
Gross receivables	2,526,690	399,076	2,925,766
Less: allowance for uncollectible accounts	-	(201,594)	(201,594)
Net receivables	<u>\$ 2,526,690</u>	<u>\$ 197,482</u>	<u>\$ 2,724,172</u>

In April 2016, economic incentive advances of \$2,000,000 were made to Benchmark Imports, LLC. These incentives are to be repaid through sales tax collections applied to the loan. This advance is treated as a noncurrent receivable and is reflected in the statement of net position. Collections totaled \$1,104,304 for the year ended September 30, 2024.

NOTE 4 - INVESTMENTS

As of September 30, 2024, the CDA had \$589,505 in investments in U.S. Treasuries with an average maturity of 17 weeks. The investments were reported at fair value in governmental activities and represent Level 1 investments in the fair value hierarchy.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 4 - INVESTMENTS - Continued

As of September 30, 2024, the OPEB Trust had cash deposits held in a brokerage account totaling \$1,814, domestic equity securities totaling \$686,706, U. S. municipal bonds totaling \$344,826, and U.S. tax exempt fixed income totaling \$191,994. The investments were reported at fair value in the fiduciary activities and represent Level 1 investments in the fair value hierarchy

As of September 30, 2024, the Deferred Compensation Trust had investment in a Nationwide plan. The investments were reported at fair value in the fiduciary activities and represent Level 2 investments in the fair value hierarchy.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for governmental activities consisted of the following for the year ended September 30, 2024:

	Governmental Activities				September 30, 2024
	October 1, 2023	Additions	Disposals	Transfers	
Depreciable assets					
Buildings and improvements	\$ 18,317,326	\$ 83,864	\$ -	\$ 352,600	\$ 18,753,790
Equipment	14,640,541	1,079,077	649,365	-	15,070,253
Infrastructure	41,421,512	-	-	-	41,421,512
Right-to-use assets	131,669	120,351	-	-	252,020
Subscription-based IT arrangements	-	646,043	-	-	646,043
	<u>74,511,048</u>	<u>1,929,335</u>	<u>649,365</u>	<u>352,600</u>	<u>76,143,618</u>
Less accumulated depreciation					
Buildings and improvements	7,597,270	470,193	-	-	8,067,463
Equipment	7,149,340	1,579,220	649,365	-	8,079,195
Infrastructure	15,617,847	946,546	-	-	16,564,393
Right-to-use assets	94,788	77,760	-	-	172,548
Subscription-based IT	-	97,116	-	-	97,116
	<u>30,459,245</u>	<u>3,170,835</u>	<u>649,365</u>	<u>-</u>	<u>32,980,715</u>
	44,051,803	(1,241,500)	-	352,600	43,162,903
Non-depreciable assets					
Land and improvements	13,656,232	100,000	-	362,400	14,118,632
Construction in progress	548,768	12,961,154	-	(715,000)	12,794,922
	<u>14,205,000</u>	<u>13,061,154</u>	<u>-</u>	<u>(352,600)</u>	<u>26,913,554</u>
	<u>\$ 58,256,803</u>	<u>\$ 11,819,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,076,457</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 5 - CAPITAL ASSETS - Continued

Capital asset activity for business-type activities consisted of the following for the year ended September 30, 2024:

	Business-type Activities				September 30, 2024
	October 1, 2023	Additions	Disposals	Transfers	
Depreciable assets					
Buildings and improvements	\$ 38,332	\$ -	\$ -	\$ -	\$ 38,332
Equipment	1,703,911	534,963	84,561	-	2,154,313
Infrastructure	13,500,780	29,958	-	-	13,530,738
Right-to-use assets	250,335	-	125,168	-	125,167
	<u>15,493,358</u>	<u>564,921</u>	<u>209,729</u>	<u>-</u>	<u>15,848,550</u>
Less accumulated depreciation					
Buildings and improvements	38,332	-	-	-	38,332
Equipment	837,634	265,141	84,561	-	1,018,214
Infrastructure	7,658,846	344,150	-	-	8,002,996
Right-to-use assets	79,272	25,033	39,636	-	64,669
	<u>8,614,084</u>	<u>634,324</u>	<u>124,197</u>	<u>-</u>	<u>9,124,211</u>
	<u>6,879,274</u>	<u>(69,403)</u>	<u>85,532</u>	<u>-</u>	<u>6,724,339</u>
Non-depreciable assets					
Land and improvements	463,779	145,000	-	-	608,779
Construction in progress	442,110	130,692	-	-	572,802
	<u>905,889</u>	<u>275,692</u>	<u>-</u>	<u>-</u>	<u>1,181,581</u>
	<u>\$ 7,785,163</u>	<u>\$ 206,289</u>	<u>\$ 85,532</u>	<u>\$ -</u>	<u>\$ 7,905,920</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 5 - CAPITAL ASSETS - Continued

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities

Civic	\$ 7,830
Fire	797,142
General government	1,117,952
Library	15,624
Parks and recreation	59,606
Police	387,936
Public works	742,733
Senior citizens' center	42,012
	\$ 3,170,835

Business-type activities

Water	\$ 634,324
	\$ 634,324

Capital asset activity for the discretely presented component unit, CDA, consisted of the following for the year ended September 30, 2024:

	Component Unit Activities				September 30, 2024
	October 1, 2023	Additions	Disposals	Transfers	
Depreciable assets					
Buildings and improvements	\$ 2,304,579	\$ -	\$ -	\$ -	\$ 2,304,579
Less accumulated depreciation					
Buildings and improvements	829,648	46,092	-	-	875,740
	1,474,931	46,092	-	-	1,428,839
Non-depreciable assets					
Land and improvements	142,100	-	-	-	142,100
	\$ 1,617,031	\$ 46,092	\$ -	\$ -	\$ 1,570,939

Depreciation expense for all depreciable assets is charged to functions/programs of the discretely presented component unit. Depreciation expense totaled \$46,092 for the year ended September 30, 2024.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund payables and receivables consisted of the following at September 30, 2024:

Payable From	Payable To					Total Payable To
	General Fund	Capital Projects	Nonmajor Governmental	IDB	PBA	
General Fund	\$ -	\$ -	\$ 121,220	\$ 36,391	\$ 1,468,918	\$ 1,626,529
Capital Projects	4,741,854	-	-	-	-	4,741,854
Nonmajor Governmental	-	-	3,978	-	-	3,978
PBA	-	2,028,925	-	-	-	2,028,925
Total payable from	\$ 4,741,854	\$ 2,028,925	\$ 125,198	\$ 36,391	\$ 1,468,918	\$ 8,401,286

Interfund payables and receivables resulted from transfers made by the funds for various operating expenses.

Interfund transfers consisted of the following during the year ended September 30, 2024:

Transfers out	Transfers In				Total Transfer Out
	General	Capital Projects	Nonmajor Governmental	Water	
General Fund	\$ -	\$ -	\$ 1,679,659	\$ 61,642	\$ 1,741,301
Capital Projects	102,519	-	-	185,890	288,409
Nonmajor Governmental	166,071	-	-	-	166,071
Water	1,048,966	-	-	-	1,048,966
Total transfer in	\$ 1,317,556	\$ -	\$ 1,679,659	\$ 247,532	\$ 3,244,747

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for 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 a fund to provide operating advances to other funds in accordance with budgetary authorizations.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 7 - LONG-TERM DEBT

The City issues general obligation warrants to provide funds for the acquisition and construction of major capital facilities. General obligation warrants have been issued for both governmental and business-type activities. General obligation warrants are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from five to 30 years.

The general obligation warrants payable for governmental activities consisted of the following at September 30, 2024:

	<u>Governmental Activities</u>
Series 2014-C General Obligation Warrants, dated June 17, 2014, due in semi-annual payments through October 1, 2034, bearing interest rates of 2.00% to 4.00%	\$ 2,250,000
Series 2015-A General Obligation Warrants, dated November 5, 2015, due in semi-annual payments through October 1, 2033, bearing interest rates of 0.80% to 4.30%	2,220,000
Series 2015-C General Obligation Warrants, dated November 5, 2015, due in semi-annual payments through January 1, 2036, bearing interest rates of 2.00% to 4.00%	514,750
Series 2015-D General Obligation Warrants, dated November 5, 2015, due in semi-annual payments through July 1, 2035, bearing interest rates of 0.75% to 4.45%	255,000
Series 2016-A General Obligation Warrants, a direct placement bond, due in annual payments through June 5, 2026, bearing an interest rate of 2.03%	120,000
Series 2019 General Obligation Warrants, dated November 15, 2019, due in semi-annual payments through October 1, 2033, bearing interest rates of 2.00% to 5.00%	9,525,000
Series 2021-A General Obligation Warrants, dated December 28, 2021, due in annual payments through October 1, 2035, bearing interest rates of 1.14% to 2.56%	10,055,392
Series 2021-B General Obligation Warrants, dated December 28, 2021, due in annual payments through October 1, 2034, bearing interest rates of 1.14% to 2.46%	3,596,490

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

Series 2022-A General Obligation Warrants, dated September 29, 2022, due in semi-annual payments through October 1, 2042, bearing interest rates of 4.00% to 4.50%	\$ 6,780,000
Series 2022-B General Obligation Warrants, dated September 29, 2022, due in semi-annual payments through October 1, 2035, bearing interest rates of 4.15% to 5.10%	6,420,000
Series 2024 Lease Revenue Bonds, dated August 15, 2024, due in semi-annual payments through October 1, 2053, bearing interest rates of 4.00% to 5.00%	41,920,000
Series 2024 General Obligation Warrants, dated August 15, 2024, due in semi-annual payments through October 1, 2053, bearing interest rates of 4.00% to 5.00%	<u>16,070,000</u>
Total warrants payable	99,726,632
Deferred amounts for	
Unamortized premiums	3,405,543
Unamortized discounts	(73,881)
Total warrants payable, net	<u><u>\$ 103,058,294</u></u>

The general obligation warrants payable for business-type activities consisted of the following at September 30, 2024:

	Business-type Activities
Series 2015-B General Obligation Warrants, dated November 5, 2015, due in semi-annual payments through April 1, 2029, bearing interest rates of 0.80% to 4.38%	\$ 530,000
Series 2015-C General Obligation Warrants, dated November 5, 2015, due in semi-annual payments through January 1, 2036, bearing interest rates of 2.00% to 4.00%	210,250
Series 2021-A General Obligation Warrants, dated December 28, 2021, due in annual payments through October 1, 2035, bearing interest rates of 1.14% to 2.56%	579,608
Series 2021-B General Obligation Warrants, dated December 28, 2021, due in annual payments through October 1, 2034, bearing interest rates of 1.14% to 2.46%	<u>3,078,510</u>
Total warrants payable	4,398,368
Deferred amounts for	
Unamortized premiums	5,381
Unamortized discounts	(375)
Total warrants payable, net	<u><u>\$ 4,403,374</u></u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

Future principal and interest requirements of the general obligation warrants for governmental activities and business-type activities consist of the following for the years ending September 30:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,814,822	\$ 3,022,927	\$ 365,178	\$ 91,201
2026	2,906,790	3,880,457	503,210	79,564
2027	3,108,122	3,769,919	361,878	69,926
2028	3,219,870	3,654,407	375,130	63,174
2029	3,215,002	3,545,434	399,998	55,903
2030-2034	17,722,123	16,182,024	2,057,877	157,508
2035-2039	15,189,903	13,030,003	335,097	4,491
2040-2044	16,270,000	9,339,388	-	-
2045-2049	15,820,000	5,676,013	-	-
2050-2054	19,460,000	2,033,176	-	-
	<u>\$ 99,726,632</u>	<u>\$ 64,133,748</u>	<u>\$ 4,398,368</u>	<u>\$ 521,767</u>

The City issues notes payable to provide funds for the acquisition of major capital equipment. Notes payable have been issued for both governmental and business-type activities. Notes payable are direct obligations and pledge the full faith and credit of the government.

	<u>Governmental Activities</u>
Republic First National, dated March 2021, due in annual payments of \$172,586 through February 15, 2026, bearing an interest rate of 2.62%	\$ 332,046
Republic First National, dated October 2021, due in annual payments of \$171,876 through November 12, 2031, bearing an interest rate of 2.56%	1,229,486
Republic First National, dated December 2021, due in annual payments of \$159,864 through December 10, 2028, bearing an interest rate of 2.46%	743,601
Republic First National, dated December 2021, due in annual payments of \$20,217 through May 20, 2026, bearing an interest rate of 3.08%	38,638
Republic First National, dated May 2022, due in annual payments of \$66,333 through November 1, 2026, bearing an interest rate of 3.88%	184,471

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

Republic First National, dated August 2022, due in annual payments of \$148,440 through July 1, 2037, bearing an interest rate of 4.04%	\$	1,478,876
Republic First National, dated October 2022, due in annual payments of \$119,540 through October 1, 2027, bearing an interest rate of 5.06%		324,085
Republic First National, dated October 2022, due in annual payments of \$26,778 through March 1, 2027, bearing an interest rate of 5.22%		72,477
Enterprise FM Trust, dated May 2022, due in various monthly payments through September 30, 2028, bearing various interest rates		284,430
Lilly Company, dated February 2024, due in annual payments of \$9,185 through March 15, 2028, bearing an interest rate of 6.93%		31,009
Republic First National, dated February 2024, due in annual payments of \$53,745 through February 9, 2029, bearing an interest rate of 5.64%		227,712
Wells Fargo, dated March 2024, due in annual payments of \$25,246 through July 5, 2028, bearing an interest rate of 7.04%		84,999
Republic First National, dated May 2024, due in annual payments of \$32,660 through September 15, 2027, bearing an interest rate of 6.21%		86,663
Total notes payable	\$	<u>5,118,493</u>
		Business-type Activities
Republic First National, dated December 2021, due in annual payments of \$88,000 through May 20, 2026, bearing an interest rate of 2.52%	\$	169,555
Republic First National, dated January 2024, due in annual payments of \$84,499 through January 1, 2031, bearing an interest rate of 5.45%		478,709
Total notes payable	\$	<u>648,264</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

Future principal and interest requirements of the notes payable for governmental activities and business-type activities consist of the following for the years ending September 30:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 905,687	\$ 191,616	\$ 141,475	\$ 31,024
2026	936,087	161,218	146,814	25,685
2027	774,954	129,547	64,387	20,112
2028	547,351	99,240	67,985	16,514
2029	466,170	67,755	71,783	12,716
2030-2034	1,076,598	181,230	155,820	13,178
2035-2037	411,646	33,674	-	-
	<u>\$ 5,118,493</u>	<u>\$ 864,280</u>	<u>\$ 648,264</u>	<u>\$ 119,229</u>

The notes payable for the discretely presented component unit, CDA, consisted of the following at September 30, 2024:

	<u>Component Unit Activities</u>
Jefferson County Commission, dated September 2011, due in monthly payments of \$4,305 through August 10, 2026, bearing an interest rate of 2.44%	\$ 93,363

Future principal and interest requirements of the note payable for the component unit consist of the following for the years ending September 30:

	<u>Component Unit Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 50,061	\$ 1,600
2026	43,302	317
	<u>\$ 93,363</u>	<u>\$ 1,917</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

Changes in long-term liabilities for governmental activities consisted of the following at September 30, 2024:

Governmental Activities	October 1, 2023	Additions	Retirements	September 30, 2024	Due Within One Year
Warrants payable					
General obligation warrants	\$ 44,362,332	\$ 57,990,000	\$ 2,625,700	\$ 99,726,632	\$ 2,814,822
Less: discounts and premiums, net	874,152	2,653,543	196,033	3,331,662	275,493
Total warrants payable	45,236,484	60,643,543	2,821,733	103,058,294	3,090,315
Notes payable	5,476,502	494,901	852,910	5,118,493	905,687
Lease liability	35,573	123,344	74,309	84,608	46,279
Subscription-based IT arrangements	-	646,043	132,125	513,918	133,175
Compensated absences	2,685,453	1,958,361	1,342,727	3,301,087	1,650,544
	<u>\$ 53,434,012</u>	<u>\$ 63,866,192</u>	<u>\$ 5,223,804</u>	<u>\$ 112,076,400</u>	<u>\$ 5,826,000</u>

For governmental activities, general obligation warrants, notes payable, net pension liabilities, net other post-employment benefit liabilities, and compensated absences are liquidated by the General Fund.

The Series 2024 Lease Bonds are special, limited obligations of the Public Building Authority of the City of Irondale, a blended component unit, and are payable solely from, and secured by a pledge of, the revenues and receipts derived by the PBA from the leasing of facilities by the City of Irondale defined in the lease revenue bond documents. Lease revenue bond payments made from the General Fund to the PBA are included in operating transfers.

Changes in long-term liabilities for business-type activities consisted of the following at September 30, 2024:

Business-type Activities	October 1, 2023	Additions	Retirements	September 30, 2024	Due Within One Year
Warrants payable					
General obligation warrants	\$ 4,697,668	\$ -	\$ 299,300	\$ 4,398,368	\$ 365,178
Less: discounts and premiums, net	7,428	-	2,422	5,006	2,096
Total warrants payable	4,705,096	-	301,722	4,403,374	367,274
Notes payable	251,215	478,709	81,660	648,264	141,475
Lease liability	177,050	-	113,052	63,998	25,670
Compensated absences	65,534	86,275	32,767	119,042	59,521
	<u>\$ 5,198,895</u>	<u>\$ 564,984</u>	<u>\$ 529,201</u>	<u>\$ 5,234,678</u>	<u>\$ 593,940</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

Changes in long-term liabilities for component units consisted of the following at September 30, 2024:

<u>Component Unit Activities</u>	<u>October 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2024</u>	<u>Due Within One Year</u>
Notes payable	\$ 138,193	\$ -	\$ 44,830	\$ 93,363	\$ 50,161

In prior years, the government defeased various general obligation bonds and warrants by placing the proceeds of the new bonds or warrants in an irrevocable trust account to provide for all future debt service payments on the old bonds and warrants. Accordingly, the trust account assets and liabilities for the defeased bonds and warrants are not included in the government's financial statements.

NOTE 8 - LEASES

Active lease agreements consisted of the following at September 30, 2024:

<u>Governmental Activities</u>						
<u>Description</u>	<u>Date</u>	<u>Terms</u>	<u>Payment</u>	<u>Interest Rates</u>	<u>Total Lease Liability</u>	<u>Ending Lease Liability</u>
Stryker equipment	6/21/2021	36 months	\$ 2,548	1.14%	\$ 80,351	\$ -
Grants Mill substation	5/1/2022	24 months	2,194	2.69%	51,318	20,609
1801 Building	3/1/2022	60 months	Varies	2.46%	125,168	63,999
					<u>\$ 256,837</u>	<u>\$ 84,608</u>

<u>Business-Type Activities</u>						
<u>Description</u>	<u>Date</u>	<u>Terms</u>	<u>Payment</u>	<u>Interest Rates</u>	<u>Total Lease Liability</u>	<u>Ending Lease Liability</u>
1801 Building	3/1/2022	60 months	Varies	2.46%	\$ 125,168	\$ 63,998
					<u>\$ 125,168</u>	<u>\$ 63,998</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 8 - LEASES - Continued

Annual requirements to amortize long-term obligations and related interest consisted of the following:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 46,279	\$ 1,372	\$ 25,670	\$ 3,700
2026	26,850	587	26,850	2,465
2027	11,479	47	11,478	1,174
	<u>\$ 84,608</u>	<u>\$ 2,006</u>	<u>\$ 63,998</u>	<u>\$ 7,339</u>

Right-to-use assets consisted of the following at September 30, 2024:

<u>Governmental Activities</u>				
<u>Description</u>	<u>Useful Life</u>	<u>Beginning Value</u>	<u>Accumulated Amortization</u>	<u>Current Value</u>
Stryker equipment	36 months	\$ 80,352	\$ 80,352	\$ -
Grants Mill substation	24 months	86,137	67,162	18,975
1801 Building	60 months	125,168	64,671	60,497
		<u>\$ 291,657</u>	<u>\$ 212,185</u>	<u>\$ 79,472</u>

<u>Business-Type Activities</u>				
<u>Description</u>	<u>Useful Life</u>	<u>Beginning Value</u>	<u>Accumulated Amortization</u>	<u>Current Value</u>
1801 Building	60 months	\$ 125,168	\$ 64,670	\$ 60,498
		<u>\$ 125,168</u>	<u>\$ 64,670</u>	<u>\$ 60,498</u>

NOTE 9 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has entered into subscription-based information technology arrangements (SBITAs) involving budget and police software.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 9 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS - Continued

The future subscription payments under SBITA agreements are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 133,175	\$ 39,875	\$ -	\$ -
2026	120,475	32,570	-	-
2027	136,122	21,886	-	-
2028	124,146	10,023	-	-
	<u>\$ 513,918</u>	<u>\$ 104,354</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 10 - PENSION PLAN

General Information about the Pension Plan

Plan Description

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the Code of Alabama 1975, Title 36, Chapter 27 (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to qualified employees of counties, cities, towns, and public or quasi-public organizations. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The responsibility for the general administration and operations of the ERS is vested in its Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 10 - PENSION PLAN - Continued

Plan Description - Continued

The ERS Board of Control consists of 15 trustees as follows:

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

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 10 - PENSION PLAN - Continued

Benefits Provided - 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 formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 618 employers adopted Act 2019-132 as of September 30, 2023.

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

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	31,481
Terminated employees entitled to but not yet receiving benefits	2,350
Terminated employees not entitled to a benefit	20,556
Active members	58,659
Post-DROP participants who are still in active service	33
	113,079

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 10 - PENSION PLAN - Continued

Benefits Provided - Continued

The City’s membership as of the measurement date of September 30, 2023 consisted of:

Retired members or their beneficiaries currently receiving benefits	87
Vested inactive members	4
Non-vested inactive members	20
Active members	174
	285

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 certified law enforcement, correctional officers’, and firefighters’ member contribution rates increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2024, the City’s active employee contribution rate was 6.92% of covered employee payroll, and the City’s average contribution rate to fund the normal and accrued liability costs was 12.18% of pensionable payroll.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 10 - PENSION PLAN - Continued

Contributions - Continued

The City's contractually required contribution rate for the year ended September 30, 2024 was 13.07% of pensionable pay for Tier 1 employees, and 11.03% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City totaled \$1,635,711 for the year ended September 30, 2024.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, rolled forward to September 30, 2023, using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total pension liability as of September 30, 2022	\$ 44,077,094	\$ 45,733,054	\$ 45,733,054
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry age normal cost for the period October 1, 2022 - September 30, 2023	1,022,602	1,022,602	1,022,602
(d) Transfers among employers	-	746,156	746,156
(e) Actual benefit payments and refunds for the period October 1, 2022 - September 30, 2023	(2,416,952)	(2,416,952)	(2,416,952)
(f) Total pension liability as of September 30, 2023 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	\$ 45,876,456	\$ 48,401,941	\$ 48,401,941
(g) Difference between expected and actual		\$ 2,525,485	
(h) Less liability transferred for immediate recognition		746,156	
(i) Difference between expected and actual - experience (gain)/loss		\$ 1,779,329	
(j) Difference between actual TPL before and after Plan changes - benefit change (gain)/loss			\$ -

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 10 - PENSION PLAN - Continued

Actuarial Assumptions

The total pension liability, as of September 30, 2023, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. The key actuarial assumptions are summarized below:

1. Inflation of 2.50%.
2. Projected salary increases, ranging from 3.25% to 6.00% for state and local employees and 4.00% to 7.75% for State Police, including inflation.
3. An investment rate of return of 7.45%, including inflation.

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2021 scale, which is adjusted by 66-2/3% beginning with year 2019.

The actuarial assumptions used in the actuarial valuation as of September 30, 2021, were based on the results of an actuarial experience study for the period October 1, 2015 - September 30, 2020.

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	15.0%	2.8%
U.S. large stocks	32.0%	8.0%
U.S. mid stocks	9.0%	10.0%
U.S. small stocks	4.0%	11.0%
International developed market stocks	12.0%	9.5%
International emerging market stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real estate	10.0%	6.5%
Cash	5.0%	1.5%
	100.0%	

*Includes assumed rate of inflation of 2.00%.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 10 - PENSION PLAN - Continued

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of 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.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2022	\$ 44,077,094	\$ 27,464,427	\$ 16,612,667
Changes for the year			
Service cost	1,022,602	-	1,022,602
Interest	3,193,712	-	3,193,712
Difference between expected and actual experience	1,779,329	-	1,779,329
Contributions - employer	-	1,434,531	(1,434,531)
Contributions - employee	-	738,239	(738,239)
Net investment income	-	3,598,135	(3,598,135)
Benefits of payments, including refunds of employee contributions	(2,416,952)	(2,416,952)	-
Transfers among employers	746,156	746,156	-
Net changes	4,324,847	4,100,109	224,738
Balances at September 30, 2023	\$ 48,401,941	\$ 31,564,536	\$ 16,837,405

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 10 - PENSION PLAN - Continued

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 7.45%, 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 (6.45%) or 1-percentage-point higher (8.45%) than the current rate (dollar amounts in thousands):

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Plan’s net pension liability	\$ 22,532,716	\$ 16,837,405	\$ 12,057,127

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, 2023. The supporting actuarial information is included in the GASB Statement No. 68 *Report for the ERS* prepared as of September 30, 2023. The auditor’s report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in the aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 10 - PENSION PLAN - Continued

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

For the year ended September 30, 2024, the City recognized pension expense of \$178,169. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,934,872	\$ 403,900
Changes of assumptions	785,886	-
Net difference between projected and actual earnings on pension plan investments	1,195,996	-
Employer contributions subsequent to the measurement date	1,635,711	-
	\$ 5,552,465	\$ 403,900

The \$1,635,711 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows for the years ending September 30:

	Deferred Outflows/ (Inflows) of Resources
2025	\$ 810,649
2026	791,456
2027	1,503,015
2028	100,154
2029	307,580
Thereafter	-

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description

The City provides certain continuing medical benefits that are provided to employees upon actual retirement through a comprehensive medical benefit plan.

Management of the OPEB Plan is vested in the OPEB Plan’s Board of Trustees, which consists of the five members of the Irondale City Council, who may vary from time to time and who may designate certain City officials as signatories on the Trust’s investment account.

OPEB Plan Membership

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	182
	188
	188

Benefits Provided

The City’s medical benefits are provided through a comprehensive medical benefit plan. The plan provisions are contained in the official plan documents. Medical benefits are provided to employees upon actual retirement. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; age plus service at retirement equals 75; or age 60 and 10 years of service (called “Tier I” members).

Contributions

The City of Irondale has the authority to establish and amend the contribution requirements of the City of Irondale and the OPEB plan members. OPEB plan members are not required to contribute to their post-employment benefits costs.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Investments

The OPEB plan's policy regarding the allocation of invested assets is established and may be amended by the Board of Trustees. The following was the asset allocation policy as of September 30, 2024:

Asset Class	Allocation
Equity	56.00%
Fixed income	19.90%
Balanced - Multi Asset	8.30%
Alternative investment	15.70%
Cash	0.10%

Concentrations

The Trust has over 5% invested in the following funds: Diamond Hill Large Cap Fund, 9.87%, Brown Advisory Sustainable Growth Fund, 10.19%, Vanguard 500 Index Fund, 21.09%, Baird Core Intermediate, 19.89%, Vanguard Tax-Exempt Bond, 8.25%, and Columbia Strategic Municipal Income, 11.20%.

Rate of Return

For the year ended September 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 21.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2024 actuarial valuation was determined by an actuarial valuation as of October 1, 2023, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	4.00% including inflation
Discount rate	4.09% annually (beginning of year)
	3.81% annually (as of end of year measurement date)
Healthcare cost trend rates	2025 Getzen Model, with an initial trend of 5.5%
Mortality	PubG.H-2010(B) with full generational projection using 66-2/3 of the MP-2021 scale

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Actuarial Assumptions and Other Inputs - Continued

The actuarial assumptions used in the October 1, 2023 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2006 to September 30, 2024.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at September 30, 2023	\$ 2,467,995
Changes for the year	
Service cost	282,121
Interest	151,594
Experience differences	(424,585)
Changes of assumptions	527,104
Benefit payments and net transfers	(119,085)
Net investment income	(216,323)
Administrative expenses	6,276
Net changes	207,102
Balances at September 30, 2024	\$ 2,675,097

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. The projection of cash flows used to determine the discount rate assumed that City of Irondale contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current OPEB plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81%) or 1-percentage-point higher (4.81%) than the current discount rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
Plan's total OPEB liability	\$ 2,981,561	\$ 2,675,097	\$ 2,381,614

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1% Decrease (4.50%)	Current Trend (5.50%)	1% Increase (6.50%)
Plan's total OPEB liability	\$ 2,176,848	\$ 2,675,097	\$ 3,275,299

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS - Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the City recognized OPEB expense totaling \$298,073. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,804	\$ 716,043
Changes of assumptions	1,055,095	394,275
Net difference between projected and actual earnings on OPEB plan investments	-	90,592
	\$ 1,067,899	\$ 1,200,910

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

	Deferred Outflows/ (Inflows) of Resources
2025	\$ (54,085)
2026	(18,253)
2027	(61,856)
2028	(48,968)
2029	(13,983)
Thereafter	64,134

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 12 - COMMITMENTS

As of September 30, 2024, the City has approved items related to construction for governmental and proprietary fund types.

NOTE 13 - 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’s risk management program mainly encompasses obtaining property and liability insurance through commercial insurance carriers. There were no significant changes in coverage retention, or limits during the fiscal year. The General Fund handles property claims for the City and absorbs the loss for any amounts below the deductible amounts.

The City maintains a limited risk management program for an employee dental plan. Premiums are paid into the General Fund by all employees, and are available to pay claims, claim reserves and administrative costs of the program. These premiums are used to reduce the amount of claim expenditures reported in the General Fund. Dental plan liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for claims is reported in the General Fund because it is expected to be liquidated with expendable available financial resources. Changes in the balances of claim liabilities during the year ended September 30, 2024 consisted of the following:

Funds available for claims, October 1, 2023	\$	224,135
Premiums received		78,737
Claim payables		(61,684)
Funds available for claims, September 30, 2024	\$	241,188

NOTE 14 - CONTINGENCIES

The City is involved in various claims and lawsuits, both for and against the City, arising in the normal course of business. Litigation is subject to inherent uncertainties and, were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on the operations of the City for the period in which the ruling occurs.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers’ compensation; and natural disasters for which the City carries commercial insurance.

The City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed or not incurred in a timely manner under the terms of the grant. City management believes such disallowances, if any, would be immaterial.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 15 - ECONOMIC DEPENDENCY

The City is economically dependent on a small number of principal taxpayers. Sales and use tax revenue accounted for 49.91% of total governmental fund-type revenues for the year ended September 30, 2024.

NOTE 16 - TAX ABATEMENTS

The City enters into sales tax abatement agreements with local businesses under the Tax Incentive Reform Act of 1992. Under the Act, cities, counties and public industrial authorities have the ability to abate sales and use taxes and property taxes for various time periods depending on the type of business, all for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City. For the fiscal year ended September 30, 2024, the City abated taxes totaling \$1,701,749 under this Act, as summarized below.

Purpose	Type of Taxes Abated	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Commercial development	Sales	12%	\$ 1,261,536
Commercial development	Sales	4%	92,203
Commercial development	Sales	17%	61,757
Commercial development	Sales	39%	286,253
			<u>\$ 1,701,749</u>

NOTE 17 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS

The GASB has issued the following statements and implementation guides:

The GASB issued Statement No. 101, *Compensated Absences* to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of GASB 96 will take effect for financial statements starting with the fiscal year that ends September 2025. The City is currently evaluating the impact GASB 101 may have on its financial statements.

The GASB issued Statement No. 102, *Certain Risk Disclosures* to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of GASB 102 will take effect for financial statements starting with the fiscal year that ends September 2025. The City is currently evaluating the impact GASB 102 may have on its financial statements.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2024
(Continued)

NOTE 17 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS - Continued

The GASB issued Statement No. 103, *Financial Reporting Model Improvements* to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of GASB 103 will take effect for financial statements starting with the fiscal year that ends September 2026. The City is currently evaluating the impact GASB 103 may have on its financial statements.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The requirements of GASB 104 will take effect for financial statements starting with the fiscal year that ends September 2026. The City is currently evaluating the impact GASB 104 may have on its financial statements.

For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org.

NOTE 18 - PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2024, the City discovered that in a prior period, the Rebuild Alabama and Opioid Settlement Funds were not established as separate special revenue funds but were maintained within the General Fund. As such, the net position of the General Fund was overstated by \$450,285 while the Special Revenue Fund net position was understated. The total of the prior period adjustment to the City's net position is \$0.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF IRONDALE, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Sales and use	\$ 19,150,000	\$ 19,150,000	\$ 19,104,991	\$ (45,009)
Property tax	3,354,000	3,354,000	3,667,436	313,436
Other	6,713,300	6,713,300	6,822,004	108,704
Licenses and permits	4,744,400	4,744,400	4,788,870	44,470
Intergovernmental	-	-	1,030	1,030
Charges for services	1,765,800	1,765,800	1,955,620	189,820
Fines and forfeitures	146,500	146,500	151,143	4,643
Interest	1,000	1,000	930	(70)
Other	688,400	688,400	1,030,472	342,072
Total revenue	<u>36,563,400</u>	<u>36,563,400</u>	<u>37,522,496</u>	<u>959,096</u>
Expenditures, current				
General government	6,074,800	6,074,800	5,456,831	617,969
Public safety	13,195,901	13,198,801	13,163,809	34,992
Parks and recreation	197,170	197,170	186,305	10,865
Public works	4,547,664	4,547,664	4,083,310	464,354
Library	680,250	680,250	666,914	13,336
Senior citizens' center	265,450	273,100	265,419	7,681
Civic center	479,230	479,230	429,336	49,894
Payments to other governments	-	-	47,356	(47,356)
Capital outlay	-	-	1,291,295	(1,291,295)
Debt service				
Principal retirement	2,625,700	2,625,700	3,685,044	(1,059,344)
Interest and fees	1,506,712	1,506,712	1,717,084	(210,372)
Total expenditures	<u>29,572,877</u>	<u>29,583,427</u>	<u>30,992,703</u>	<u>(1,409,276)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,990,523</u>	<u>6,979,973</u>	<u>6,529,793</u>	<u>(450,180)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	27,693	27,693
Issuance of leases	-	-	123,344	123,344
Issuance of notes	-	-	494,901	494,901
Issuance of subscription technology	-	-	646,043	646,043
Transfers in	-	-	1,317,556	1,317,556
Transfers out	-	-	(1,741,301)	(1,741,301)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>868,236</u>	<u>868,236</u>
Special items				
Revenue rebates to developers	(1,840,000)	(1,840,000)	(1,694,563)	145,437
Net change in fund balance	<u>\$ 5,150,523</u>	<u>\$ 5,139,973</u>	<u>\$ 5,703,466</u>	<u>\$ 563,493</u>

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years Ended September 30,

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 1,022,602	\$ 898,598	\$ 709,006	\$ 652,501	\$ 656,764
Interest	3,193,712	3,010,249	2,926,249	2,834,267	2,766,131
Changes in benefit terms	-	26,327	-	276,764	-
Differences between expected and actual experience	1,779,329	672,634	(551,333)	(361,863)	(296,633)
Changes of assumptions	-	-	1,667,293	-	-
Benefit payments, including refunds of employee contributions	(2,416,952)	(2,505,842)	(2,228,924)	(2,134,695)	(2,158,182)
Transfers among employees	746,156	316,178	18,958	(25,284)	(94,934)
Net change in total pension liability	4,324,847	2,418,144	2,541,249	1,241,690	873,146
Total pension liability - beginning	44,077,094	41,658,950	39,117,701	37,876,011	37,002,865
Total pension liability - ending (a)	\$ 48,401,941	\$ 44,077,094	\$ 41,658,950	\$ 39,117,701	\$ 37,876,011
Plan fiduciary net position					
Contributions - employer	\$ 1,434,531	\$ 1,222,153	\$ 1,075,910	\$ 887,583	\$ 824,294
Contributions - member	738,239	598,352	509,699	439,771	419,444
Net investment income	3,598,135	(4,054,547)	5,851,224	1,463,651	664,308
Benefit payments, including refunds of employee contributions	(2,416,952)	(2,505,842)	(2,228,924)	(2,134,695)	(2,158,182)
Transfers among employers	756,156	316,178	18,958	(25,284)	(94,934)
Net change in Plan fiduciary net position	4,110,109	(4,423,706)	5,226,867	631,026	(345,070)
Plan net position - beginning	27,464,427	31,888,133	26,661,266	26,030,240	26,375,310
Plan net position - ending (b)	\$ 31,574,536	\$ 27,464,427	\$ 31,888,133	\$ 26,661,266	\$ 26,030,240
Net pension liability (a) - (b)	\$ 16,827,405	\$ 16,612,667	\$ 9,770,817	\$ 12,456,435	\$ 11,845,771
Plan fiduciary net position as a percentage of the total pension liability	65.23%	62.31%	76.55%	68.16%	68.72%
Covered-employee payroll	\$ 10,860,118	\$ 8,935,744	\$ 8,109,632	\$ 7,606,816	\$ 7,135,808
Net pension liability as a percentage of covered-employee payroll	154.95%	185.91%	120.48%	163.75%	166.00%

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years Ended September 30,
(Continued)

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 726,564	\$ 749,157	\$ 664,894	\$ 653,499	\$ 628,940
Interest	2,679,655	2,435,923	2,254,708	2,179,436	2,090,325
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(74,720)	1,825,665	710,775	(169,238)	-
Changes of assumptions	188,612	-	1,322,317	-	-
Benefit payments, including refunds of employee contributions	(2,047,458)	(1,821,642)	(1,721,873)	(1,723,725)	(1,487,028)
Transfers among employees	(69,707)	68,733	66,472	-	-
Net change in total pension liability	1,402,946	3,257,836	3,297,293	939,972	1,232,237
Total pension liability - beginning	35,599,919	32,342,083	29,044,790	28,104,818	26,872,581
Total pension liability - ending (a)	\$ 37,002,865	\$ 35,599,919	\$ 32,342,083	\$ 29,044,790	\$ 28,104,818
Plan fiduciary net position					
Contributions - employer	\$ 760,911	\$ 800,419	\$ 885,341	\$ 764,327	\$ 729,456
Contributions - member	427,522	458,129	458,375	451,105	389,541
Net investment income	2,273,528	2,869,198	2,108,430	246,666	2,263,366
Benefit payments, including refunds of employee contributions	(2,047,458)	(1,821,642)	(1,721,873)	(1,723,725)	(1,487,028)
Transfers among employers	(69,707)	68,733	66,472	149,732	55,760
Net change in Plan fiduciary net position	1,344,796	2,374,837	1,796,745	(111,895)	1,951,095
Plan net position - beginning	25,030,514	22,655,677	20,858,932	20,970,827	19,019,732
Plan net position - ending (b)	\$ 26,375,310	\$ 25,030,514	\$ 22,655,677	\$ 20,858,932	\$ 20,970,827
Net pension liability (a) - (b)	\$ 10,627,555	\$ 10,569,405	\$ 9,686,406	\$ 8,185,858	\$ 7,133,991
Plan fiduciary net position as a percentage of the total pension liability	71.28%	70.31%	70.05%	71.82%	74.62%
Covered-employee payroll	\$ 7,451,164	\$ 7,954,796	\$ 8,268,573	\$ 7,270,205	\$ 6,384,074
Net pension liability as a percentage of covered-employee payroll	142.63%	132.87%	117.15%	112.59%	111.75%

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Schedule of Employer Contributions - Pension
Last Ten Years Ended September 30,

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 1,635,711	\$ 1,434,531	\$ 1,217,637	\$ 1,070,909	\$ 887,583
Contributions in relation to the actuarially determined contributions	1,635,711	1,434,531	1,217,637	1,070,909	887,583
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 13,426,375	\$ 10,860,118	\$ 8,935,744	\$ 8,109,632	\$ 7,606,816
Contributions as a percentage of covered-employee payroll	12.18%	13.21%	13.63%	13.21%	11.67%

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Schedule of Employer Contributions - Pension
Last Ten Years Ended September 30,
(Continued)

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 825,550	\$ 784,554	\$ 971,187	\$ 898,985	\$ 786,685
Contributions in relation to the actuarially determined contributions	825,550	784,554	971,187	898,985	786,685
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 7,135,808	\$ 7,451,164	\$ 7,954,796	\$ 8,268,573	\$ 7,270,205
Contributions as a percentage of covered-employee payroll	11.57%	10.53%	12.21%	10.87%	10.82%

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Seven Years Ended September 30,

	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	\$ 282,121	\$ 298,073	\$ 37,260	\$ 23,974	\$ 24,530
Interest	151,594	137,413	81,307	80,810	83,365
Changes in benefit terms	-	-	2,138,123	-	-
Differences between expected and actual experience	(424,585)	-	(410,632)	(48,426)	(120,225)
Changes of assumptions	527,104	(18,861)	204,898	-	(2,761)
Benefit payments and net transfers	(119,085)	(105,945)	(78,439)	(21,402)	(21,402)
Net change in total OPEB liability	417,149	310,680	1,972,517	34,956	(36,493)
Total OPEB liability - beginning	3,483,288	3,172,608	1,200,091	1,165,135	1,201,628
Total OPEB liability - ending	\$ 3,900,437	\$ 3,483,288	\$ 3,172,608	\$ 1,200,091	\$ 1,165,135
Plan fiduciary net position					
Contributions - employer	\$ 1,629	\$ -	\$ -	\$ -	\$ 79,000
Net investment income	216,323	101,191	(181,663)	143,332	63,862
Benefit payments	(1,629)	-	-	-	-
Administrative expense	(6,276)	-	-	-	-
Net change in OPEB plan fiduciary net position	210,047	101,191	(181,663)	143,332	142,862
OPEB plan net position - beginning	1,015,293	914,102	1,095,765	952,433	809,571
OPEB plan net position - ending	\$ 1,225,340	\$ 1,015,293	\$ 914,102	\$ 1,095,765	\$ 952,433
Net OPEB liability - ending	\$ 2,675,097	\$ 2,467,995	\$ 2,258,506	\$ 104,326	\$ 212,702
OPEB plan fiduciary net position as a percentage of the total OPEB liability	31.42%	29.15%	28.81%	91.31%	81.74%
Covered-employee payroll	\$ 12,936,589	\$ 9,310,340	\$ 8,952,250	\$ 6,163,630	\$ 5,926,567
Net OPEB liability as a percentage of covered-employee payroll	20.68%	26.51%	25.23%	1.69%	3.59%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Irondale will only present information for those years for which information is available.

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Seven Years Ended September 30,
(Continued)

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 51,110	\$ 51,879
Interest	126,847	62,445
Changes in benefit terms	-	-
Differences between expected and actual experience	(53,303)	24,011
Changes of assumptions	(704,129)	843,673
Benefit payments and net transfers	(61,983)	(61,983)
Net change in total OPEB liability	<u>(641,458)</u>	<u>920,025</u>
Total OPEB liability - beginning	<u>1,843,086</u>	<u>923,061</u>
Total OPEB liability - ending	<u>\$ 1,201,628</u>	<u>\$ 1,843,086</u>
Plan fiduciary net position		
Contributions - employer	\$ -	\$ 118,000
Net investment income	46,893	56,825
Benefit payments	-	-
Administrative expense	(4,464)	-
Net change in OPEB plan fiduciary net position	<u>42,429</u>	<u>174,825</u>
OPEB plan net position - beginning	<u>767,142</u>	<u>592,317</u>
OPEB plan net position - ending	<u>\$ 809,571</u>	<u>\$ 767,142</u>
Net OPEB liability - ending	<u>\$ 392,057</u>	<u>\$ 1,075,944</u>
OPEB plan fiduciary net position as a percentage of the total OPEB liability	67.37%	41.62%
Covered-employee payroll	<u>\$ 6,183,891</u>	<u>\$ 5,946,049</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>6.34%</u>	<u>18.10%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Irondale will only present information for those years for which information is available.

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Schedule of Employer Contributions - OPEB
Last Seven Years Ended September 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 446,326	\$ 445,908	\$ 45,757	\$ 41,115	\$ 49,758
Contributions in relation to the actuarially determined contributions					
Employer contributions to trust	-	-	-	-	(79,000)
Employer-paid retiree premiums	(119,085)	(105,945)	(78,439)	(21,402)	(21,402)
Contributions deficiency (excess)	<u>\$ 327,241</u>	<u>\$ 339,963</u>	<u>\$ (32,682)</u>	<u>\$ 19,713</u>	<u>\$ (50,644)</u>
Covered-employee payroll	<u>\$ 12,936,589</u>	<u>\$ 9,310,340</u>	<u>\$ 8,952,250</u>	<u>\$ 6,163,630</u>	<u>\$ 5,926,567</u>
Contributions as a percentage of covered-employee payroll	<u>0.92%</u>	<u>1.14%</u>	<u>0.88%</u>	<u>0.35%</u>	<u>0.36%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Irondale will only present information for those years for which information is available.

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Schedule of Employer Contributions - OPEB
Last Seven Years Ended September 30,
(Continued)

	2019	2018
Actuarially determined contribution	\$ 137,816	\$ 78,532
Contributions in relation to the actuarially determined contributions		
Employer contributions to trust	-	(118,000)
Employer-paid retiree premiums	(61,983)	(61,983)
Contributions deficiency (excess)	\$ 75,833	\$ (101,451)
Covered-employee payroll	\$ 6,183,891	\$ 5,946,049
Contributions as a percentage of covered-employee payroll	1.00%	1.04%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, the City of Irondale will only present information for those years for which information is available.

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Notes to the Required Supplementary Information
September 30, 2024
(Continued)

NOTE 1 - BUDGETARY INFORMATION

The annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following describes the budgeted and non-budgeted funds:

The City follows these procedures in establishing the budgetary data reflected in the required supplementary information:

1. Instructions and budget work papers are distributed to departments.
2. Departments return copies of completed budget request forms to the budget staff.
3. The Mayor and budget staff begin individual departmental reviews and prepare recommended changes to the departmental budgets.
4. The Mayor submits recommended departmental changes to individual departments affected.
5. Departments incorporate recommended budget changes and update budget schedules.
6. The Mayor’s recommended budget is finalized for submission to the City Council.
7. The Mayor presents the proposed budget to the City Council.
8. The City Council takes final action for approval of the operating budget.

The annual budget is prepared by fund, department and object. Transfers of appropriations between departments or between funds require approval of the City Council. The legal level of budgetary control is by department.

The original and final/amended budget amounts are reflected in the required supplementary information.

NOTE 2 - SUMMARY OF SIGNIFICANT PENSION PLAN PRACTICES

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 2024 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2023 to September 30, 2024:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	25.6 years
Asset valuation method	Five-year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Notes to the Required Supplementary Information
September 30, 2024
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT PENSION PLAN PRACTICES - Continued

Benefit Changes - There were no changes of benefit terms for the year ended September 30, 2024.

Changes in Assumptions - The inflation rate of 2.75%, salary increase of 3.25-5.00%, and investment rate of return of 7.70% used to determined contributions for the year ended September 30, 2023 changed to 2.50%, 3.25%-6.00%, and 7.45%, respectively, for the year ended September 30, 2024.

NOTE 3 - SUMMARY OF SIGNIFICANT OPEB PLAN PRACTICES

Methods and assumptions used to determine contribution rates for the period October 1, 2023 to September 30, 2024:

Actuarial cost method	Individual entry age normal
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.00% annually
Healthcare trend	Getzen Model
Salary increases	4.00% annually
Discount rate	4.09% annually (beginning of year to determine ADC) 3.81% annually (as of end of year measurement date)
Retirement age	25 years of service at any age; or attainment of age 60 and 10 years of service; or age plus service at retirement equals 75
Mortality	PubG. H-2010(B)
Turnover	Age-specific table with an average of 5% when applied to the active census

Benefit Changes - There were no changes of benefit terms for the year ended September 30, 2024.

Changes in Assumptions - There were no changes in assumptions for the year ended September 30, 2024.

See notes to required supplementary information.

SUPPLEMENTARY INFORMATION

CITY OF IRONDALE, ALABAMA
Combining Balance Sheets - Nonmajor Governmental Funds
September 30, 2024

	<u>Special Revenue</u>							Total Nonmajor Governmental Funds
	<u>E-911</u>	<u>4 & 5 Cent Gas Tax</u>	<u>7 Cent Gas Tax</u>	<u>Rebuild Alabama</u>	<u>Opioid Settlement</u>	<u>Corrections</u>	<u>Police Forfeiture</u>	
Assets								
Current assets								
Cash and cash equivalents								
- restricted	\$ 437,396	\$ 1,139	\$ 622,345	\$ 447,988	\$ -	\$ 493,576	\$ 239,689	\$ 2,242,133
Receivables, net	-	10,774	12,459	-	-	-	-	23,233
Prepaid expenses	6,216	-	-	-	-	-	-	6,216
Due from other funds	-	-	3,978	-	121,220	-	-	125,198
Total assets	<u>\$ 443,612</u>	<u>\$ 11,913</u>	<u>\$ 638,782</u>	<u>\$ 447,988</u>	<u>\$ 121,220</u>	<u>\$ 493,576</u>	<u>\$ 239,689</u>	<u>\$ 2,396,780</u>
Liabilities and fund balance								
Current liabilities								
Accounts payable	\$ 41,242	\$ -	\$ -	\$ -	\$ -	\$ 8,918	\$ 4,063	\$ 54,223
Accrued payroll and benefits	19,816	-	-	-	-	13,058	-	32,874
Due to other funds	-	-	-	3,978	-	-	-	3,978
Total liabilities	<u>61,058</u>	<u>-</u>	<u>-</u>	<u>3,978</u>	<u>-</u>	<u>21,976</u>	<u>4,063</u>	<u>91,075</u>
Fund balance								
Nonspendable	6,216	-	-	-	-	-	-	6,216
Restricted for								
Public protection	376,338	-	-	-	121,220	471,600	235,626	1,204,784
Infrastructure maintenance	-	11,913	638,782	444,010	-	-	-	1,094,705
Total fund balance	<u>382,554</u>	<u>11,913</u>	<u>638,782</u>	<u>444,010</u>	<u>121,220</u>	<u>471,600</u>	<u>235,626</u>	<u>2,305,705</u>
Total liabilities and fund balance	<u>\$ 443,612</u>	<u>\$ 11,913</u>	<u>\$ 638,782</u>	<u>\$ 447,988</u>	<u>\$ 121,220</u>	<u>\$ 493,576</u>	<u>\$ 239,689</u>	<u>\$ 2,396,780</u>

CITY OF IRONDALE, ALABAMA
Combining Statements of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended September 30, 2024

	Special Revenue							Total Nonmajor Governmental Funds
	E-911	4 & 5 Cent Gas Tax	7 Cent Gas Tax	Rebuild Alabama	Opioid Settlement	Corrections	Police Forfeiture	
Revenues								
Intergovernmental	\$ 390,903	\$ 119,091	\$ 134,895	\$ 114,945	\$ -	\$ -	\$ -	\$ 759,834
Fines and forfeitures	-	-	-	-	-	218,488	51,815	270,303
Total revenues	<u>390,903</u>	<u>119,091</u>	<u>134,895</u>	<u>114,945</u>	<u>-</u>	<u>218,488</u>	<u>51,815</u>	<u>1,030,137</u>
Expenditures, current								
General government	-	-	-	-	-	446,286	-	446,286
Public protection	1,014,177	-	-	-	-	-	75,200	1,089,377
Public ways and facilities	-	669,657	2,402	-	-	-	-	672,059
Capital outlay	-	-	-	-	-	-	144,061	144,061
	<u>1,014,177</u>	<u>669,657</u>	<u>2,402</u>	<u>-</u>	<u>-</u>	<u>446,286</u>	<u>219,261</u>	<u>2,351,783</u>
Other financing sources (uses)								
Transfers in	746,607	603,377	-	-	-	313,123	16,552	1,679,659
Transfers out	(13,856)	-	(152,215)	-	-	-	-	(166,071)
	<u>732,751</u>	<u>603,377</u>	<u>(152,215)</u>	<u>-</u>	<u>-</u>	<u>313,123</u>	<u>16,552</u>	<u>1,513,588</u>
Net change in fund balance	<u>109,477</u>	<u>52,811</u>	<u>(19,722)</u>	<u>114,945</u>	<u>-</u>	<u>85,325</u>	<u>(150,894)</u>	<u>191,942</u>
Fund balance - beginning of year, as originally reported	<u>273,077</u>	<u>(40,898)</u>	<u>658,504</u>	<u>-</u>	<u>-</u>	<u>386,275</u>	<u>386,520</u>	<u>1,663,478</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,065</u>	<u>121,220</u>	<u>-</u>	<u>-</u>	<u>450,285</u>
Fund balance - beginning of year, as restated	<u>273,077</u>	<u>(40,898)</u>	<u>658,504</u>	<u>329,065</u>	<u>121,220</u>	<u>386,275</u>	<u>386,520</u>	<u>2,113,763</u>
Fund balance - end of year	<u>\$ 382,554</u>	<u>\$ 11,913</u>	<u>\$ 638,782</u>	<u>\$ 444,010</u>	<u>\$ 121,220</u>	<u>\$ 471,600</u>	<u>\$ 235,626</u>	<u>\$ 2,305,705</u>

CITY OF IRONDALE, ALABAMA
Combining Balance Sheets - Component Units
September 30, 2024

	Industrial Development Board	Commercial Development Authority	Total Component Units
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 158,639	\$ 158,639
Receivables, net	-	93,363	93,363
Investments	-	589,505	589,505
Due from other funds	36,391	-	36,391
Total current assets	<u>36,391</u>	<u>841,507</u>	<u>877,898</u>
Noncurrent assets			
Nondepreciable capital assets	-	142,100	142,100
Depreciable capital assets, net	-	1,428,839	1,428,839
Total noncurrent assets	<u>-</u>	<u>1,570,939</u>	<u>1,570,939</u>
Total assets	<u>36,391</u>	<u>2,412,446</u>	<u>2,448,837</u>
Liabilities			
Current liabilities			
Current maturities of long-term liabilities			
Notes payable	-	50,161	50,161
Noncurrent liabilities			
Notes payable, net	-	43,202	43,202
Total liabilities	<u>-</u>	<u>93,363</u>	<u>93,363</u>
Net position			
Net investment in capital assets	-	1,477,576	1,477,576
Unrestricted	36,391	841,507	877,898
Total net position	<u>\$ 36,391</u>	<u>\$ 2,319,083</u>	<u>\$ 2,355,474</u>

CITY OF IRONDALE, ALABAMA

Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Component Units
For the Year Ended September 30, 2024

	Industrial Development Board	Commercial Development Authority	Total Component Units
Operating revenues			
Charges for services	\$ -	\$ 121,505	\$ 121,505
Payments from other governments	-	47,356	47,356
Total operating revenues	<u>-</u>	<u>168,861</u>	<u>168,861</u>
Operating expenses			
Administration, operations, and maintenance	-	146,499	146,499
Depreciation and amortization	-	46,092	46,092
Total operating expenses	<u>-</u>	<u>192,591</u>	<u>192,591</u>
Operating income	<u>-</u>	<u>(23,730)</u>	<u>(23,730)</u>
Non-operating revenues (expenses)			
Interest income	-	22,979	22,979
Miscellaneous	-	49,142	49,142
Interest expense	-	(2,526)	(2,526)
Total non-operating revenues (expenses)	<u>-</u>	<u>69,595</u>	<u>69,595</u>
Change in net position	-	45,865	45,865
Net position, beginning of year	<u>36,391</u>	<u>2,273,218</u>	<u>2,309,609</u>
Net position, end of year	<u>\$ 36,391</u>	<u>\$ 2,319,083</u>	<u>\$ 2,355,474</u>

COMPLIANCE SECTION

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and
Members of the City Council
City of Irondale, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the fiduciary funds, each major fund, and the aggregate remaining fund information of the City of Irondale, Alabama (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated May 12, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024-002.

City of Irondale, Alabama's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BMSS, LLC

Birmingham, Alabama
May 12, 2025

CITY OF IRONDALE, ALABAMA
Schedule of Findings and Responses
For the Year Ended September 30, 2024

Deficiencies in Internal Control

2024-001

Criteria:	Inspection of internal financials is critical to ensure accurate transaction postings and timely identification of potential problems.
Condition:	During our audit, we noted that the City did not perform consistent inspections of fund balance sheet accounts.
Cause and effect:	Since there were no consistent inspections, BMSS had to post material entries to adjust accounts to actual. These entries impacted multiple areas of the government, but the most significant were court liabilities, payroll withholdings, and interfund accounts.
Recommendation:	We recommend the City review its policies and consider additional controls and employee training in order to ensure compliance.
Planned corrective action:	The City and management agree with this deficiency in internal controls. The City plans to implement additional steps to ensure compliance.

Compliance

2024-002

Criteria:	To ensure compliance with the City's budget, all expenditures and interfund transfers should be reflected in the City's amended budget.
Condition:	During the audit, we noted that expenditures and operating transfers from City's General Fund were in excess of final budget amounts.
Cause and effect:	Lack of processes for timely approval of amendments of the budget can cause budget non-compliance, as the City can expend monies in excess of amounts approved by the City Council.
Recommendation:	We recommend that the City implements processes to ensure monitoring of expenditures and amend the budget accordingly.
Planned corrective action:	The City and management agree with the finding. The City plans to implement processes to address timely budget amendments to be submitted to the Council for approval.