

CITY OF IRONDALE, ALABAMA

Financial Statements

September 30, 2021

**CITY OF IRONDALE, ALABAMA
IRONDALE, ALABAMA**

MAYOR

James Stewart

CITY COUNCIL

Robert Box
Cindy Cuellar
John London
Aaron Sims
David Spivey

CITY CLERK

Lu Jackson

CITY ATTORNEYS

Wallace, Jordan, Ratliff & Brandt, LLC

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying 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, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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 as of September 30, 2021 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis, the budgetary comparison information, the schedule of changes in the net pension liability, the schedule of employer contributions - pension, and the schedule of changes in the total OPEB liability on pages 6-16 and 68-73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Irondale, Alabama's basic financial statements. The combining nonmajor fund financial statements and combining component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

BMSS, LLC

Birmingham, Alabama
March 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Irondale's Management Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan, and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$18.5 million.
- The statement of activities shows the Primary Government received taxes and other revenue of \$29.8 million and had expenses of \$22.6 million.
- The City's governmental funds reported a combined ending fund balance of \$20.8 million. This is \$6.1 million greater than last fiscal year primarily due to an increase in general revenues.
- The City retired \$2.6 million of outstanding debt principal through scheduled debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This 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 17 through 19 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 two categories: governmental funds and proprietary 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 seven individual governmental funds:

- The General Fund and the Capital Projects Fund 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 five 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 75 and 76 of this report.

The basic governmental fund financial statements can be found on pages 20 through 23 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* and in the *proprietary funds statement of revenues, expenses, and changes in net position* for this fund.

The basic proprietary fund financial statements can be found on pages 24 through 26 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 29 through 66 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 68 through 73 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 75 through 78 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a useful indicator of a government's financial position. Overall, the City's assets exceeded liabilities by \$18.5 million at the close of the recent fiscal year. Of this figure, \$7.5 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 assets that is still outstanding. 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, \$2.6 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).

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	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 25,367	\$ 17,787	\$ 3,084	\$ 2,290	\$ 28,451	\$ 20,077
Long-term assets	45,501	46,898	5,172	5,350	50,673	52,248
Total assets	<u>70,868</u>	<u>64,685</u>	<u>8,256</u>	<u>7,640</u>	<u>79,124</u>	<u>72,325</u>
Deferred outflows of resources	<u>3,807</u>	<u>3,706</u>	<u>197</u>	<u>195</u>	<u>4,004</u>	<u>3,901</u>
Current liabilities	7,954	6,486	713	721	8,667	7,207
Long-term liabilities	47,650	49,567	5,377	5,622	53,027	55,189
Total liabilities	<u>55,604</u>	<u>56,053</u>	<u>6,090</u>	<u>6,343</u>	<u>61,694</u>	<u>62,396</u>
Deferred inflows	<u>2,822</u>	<u>2,431</u>	<u>74</u>	<u>59</u>	<u>2,896</u>	<u>2,490</u>
Net position						
Net investment in capital assets	7,219	4,863	273	170	7,492	5,033
Restricted	2,554	3,605	-	-	2,554	3,605
Unrestricted	<u>6,476</u>	<u>1,439</u>	<u>2,016</u>	<u>1,263</u>	<u>8,492</u>	<u>2,702</u>
Total net position	<u>\$ 16,249</u>	<u>\$ 9,907</u>	<u>\$ 2,289</u>	<u>\$ 1,433</u>	<u>\$ 18,538</u>	<u>\$ 11,340</u>

For more detailed information, see the statement of net position on pages 17 and 18.

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

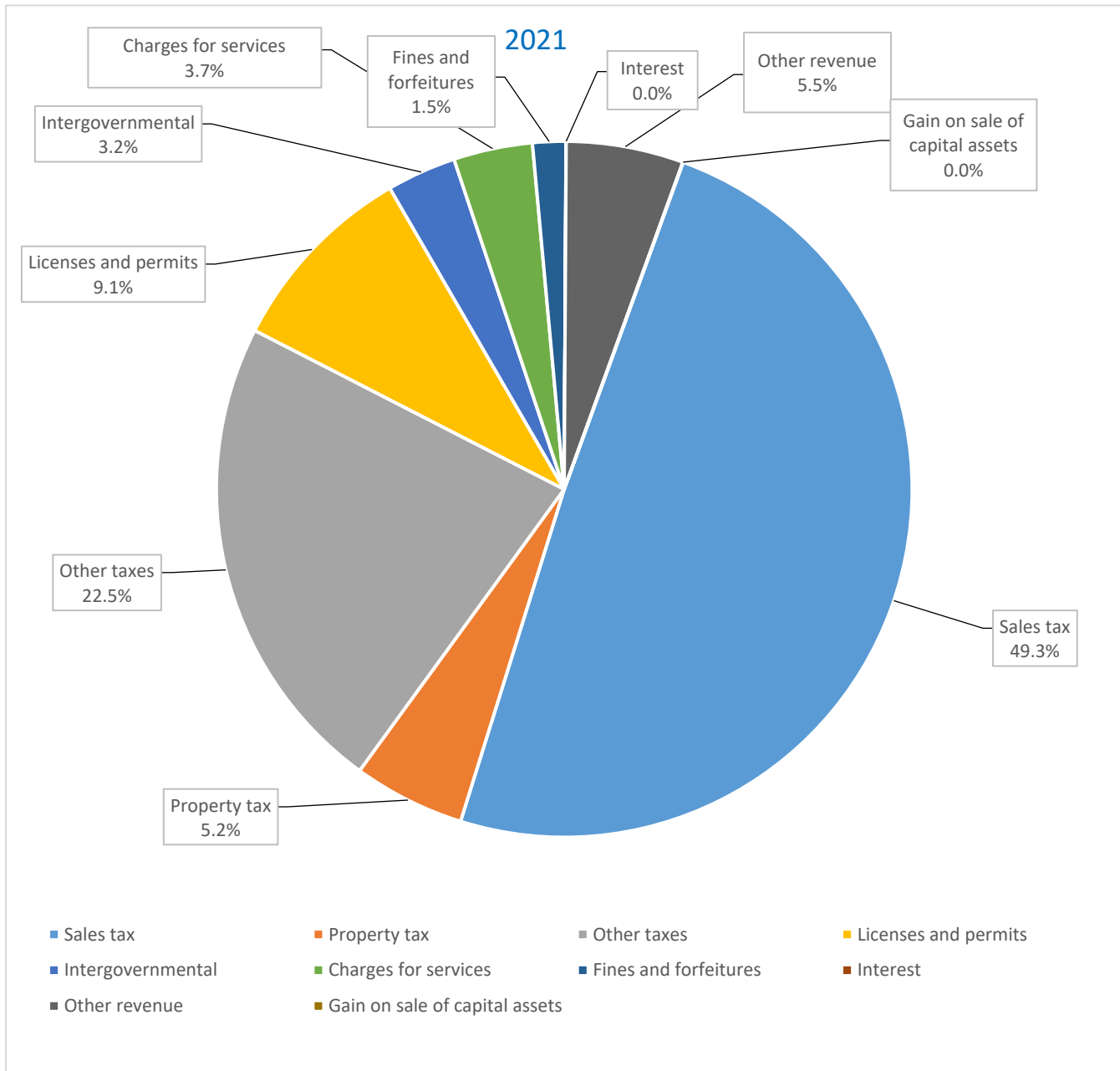
City of Irondale Statement of Activities (in thousands)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Fees, fines, and charges for services	\$ 3,940	\$ 4,203	\$ 2,449	\$ 2,396	\$ 6,389	\$ 6,599
Operating grants and contributions	850	928	-	-	850	928
Capital grants and contributions	15	-	-	-	15	-
General revenues						
Property taxes	1,422	1,353	-	-	1,422	1,353
Sales and use taxes	13,492	10,367	-	-	13,492	10,367
Other taxes	6,171	5,958	-	-	6,171	5,958
Interest	1	63	-	-	1	63
Gain on disposal of capital assets	3	-	-	-	3	-
Other revenue	1,494	903	-	-	1,494	903
Total revenues	27,388	23,775	2,449	2,396	29,837	26,171
Expenses						
General government	5,311	4,425	-	-	5,311	4,425
Police	4,306	4,477	-	-	4,306	4,477
Fire	4,990	4,363	-	-	4,990	4,363
Parks and recreation	336	289	-	-	336	289
Public works	3,359	3,547	-	-	3,359	3,547
Library	652	568	-	-	652	568
Senior citizens' center	538	515	-	-	538	515
Payments to other governments	52	-	-	-	52	-
Interest and fiscal agent fees	1,093	1,365	-	-	1,093	1,365
Water Fund	-	-	2,002	1,832	2,002	1,832
Total expenses	20,637	19,549	2,002	1,832	22,639	21,381
Increase (decrease) in net position before transfers	6,751	4,226	447	564	7,198	4,790
Transfers	(409)	(1,982)	409	1,851	-	(131)
Change in net position	6,342	2,244	856	2,415	7,198	4,659
Net position - beginning of year	9,907	7,663	1,433	(982)	11,340	6,681
Net position - end of year	\$ 16,249	\$ 9,907	\$ 2,289	\$ 1,433	\$ 18,538	\$ 11,340

For more detailed information, see the statement of activities on page 19.

Governmental Activities

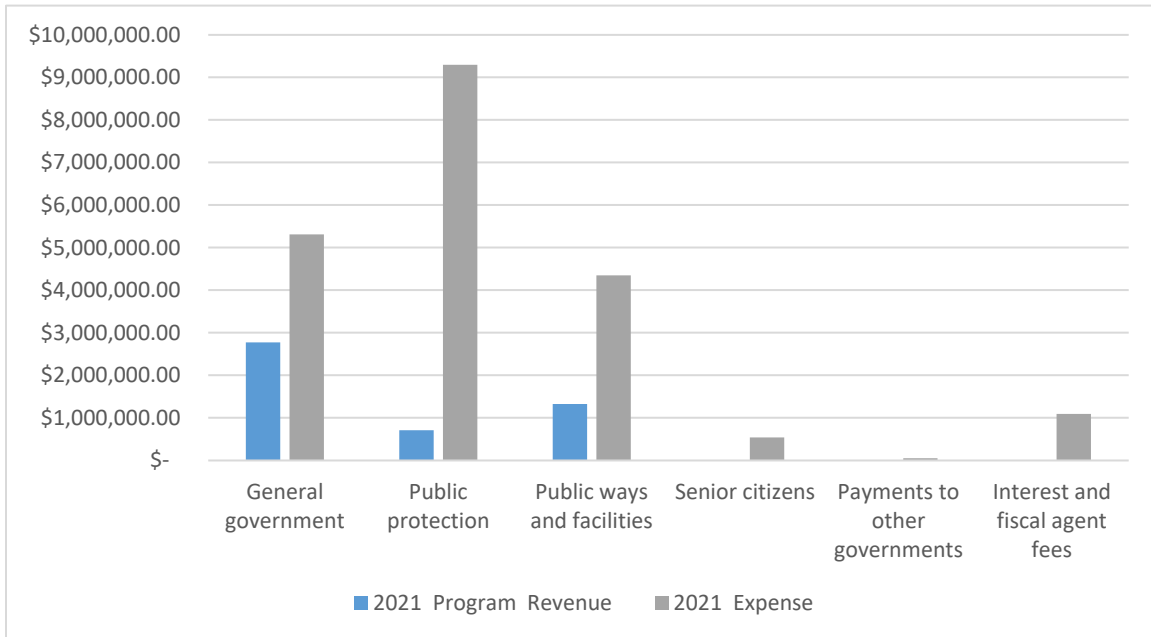
The City's governmental activities rely heavily on property taxes and sales taxes to support governmental operations. Property taxes provided 5.2% and sales taxes provided 49.3% of the City's total governmental revenues. Sales tax revenue increased by 30.1% from 2021. It should be noted that program revenues covered 23.3% of government operating expenses and the government's taxpayers and the City's other general revenues covered 76.7% 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



The most significant governmental expense for the City is providing public protection services such as fire and police protection. This comprised 45.0% of the total governmental expenses. Public protection expenses increased by \$456 thousand, or 5.2%, from 2020. The second largest cost incurred by the City for governmental activities is general government expense, which is 25.7% of total governmental expenses. General governmental expenses increased by \$886 thousand, or 20%, from 2020. The total cost of all governmental activities increased by \$1.09 million, while revenues increased by \$3.6 million.

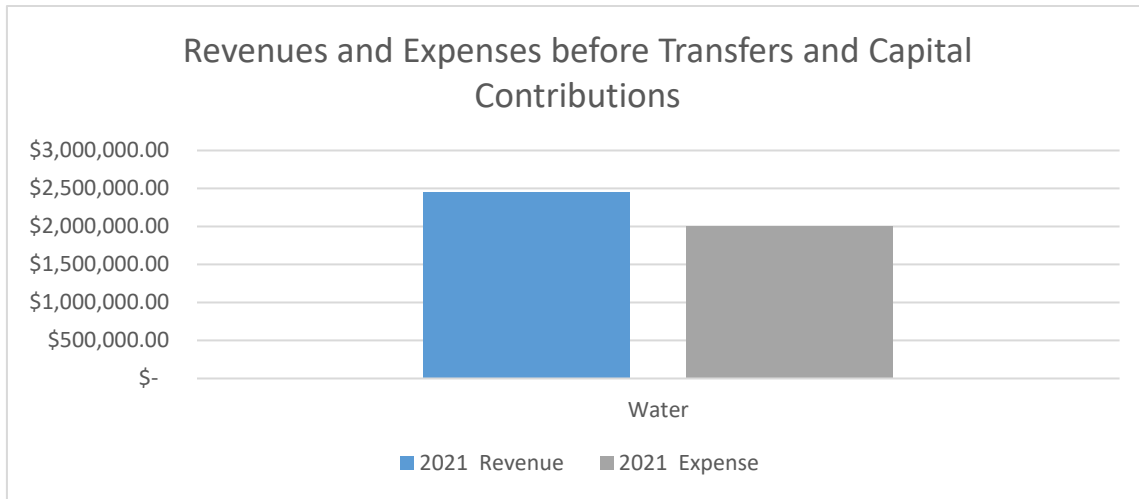
Program Revenues and Expenses - Governmental Activities



Business-Type Activities

The cost of all proprietary (business-type) activities was \$2.0 million, which is a \$53 thousand increase from 2020. The amount paid by users of the water services was \$2.4 million, which is an increase of 2.2% from 2020. This increase was due to increase in water usage by customers.

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 \$6.1 million in 2021. This increase was due to current year activities. The total combined fund balance of the City’s governmental funds, as of September 30, 2021, was \$20.8 million. Of this amount, \$16.2 million consisted of unassigned fund balance. Nonspendable fund balance totaled \$197 thousand, and fund balance that was committed, generally specified in council ordinances, totaled \$907 thousand. Assigned fund balance, generally authorized by the City Council or an official body for specific uses, totaled \$343 thousand. The remainder of the total fund balance totaled \$3.2 million, which was reserved 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 \$27.6 million, an increase of 15.8% from 2020. Sales tax revenue increased by \$3.4 million or 32.7%.

Looking at each major governmental fund individually, the fund balance for the General Fund at September 30, 2021 was \$18.3 million, an increase of \$5.9 million from the prior year. This increase in fund balance was primarily attributable to a \$3.4 million increase in sales tax revenues, \$977 thousand in capital lease proceeds, coupled with a smaller increase in General Fund expenditures. The fund balance at September 30, 2021 for the Capital Projects Fund was \$1.1 million, an decrease of \$132 thousand. The decrease was primarily attributable to current year capital outlay offset by transfers from the General Fund.

Proprietary Funds

The focus of 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 \$2.3 million. The total growth in net position for the Water Fund was \$856 thousand. The increase in net position for the Water Fund was primarily attributable to an increase in revenues and \$408 thousand transferred from the General Fund. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Irondale's business-type activities.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

Budget to actual statements and schedules are provided in the financial statements for the General Fund on page 68. Columns are provided for both the original adopted budget as well as the final budget. These budgets are followed by columns for actual revenues and expenditures and for variances between the final budget and actual revenues and expenditures.

As of September 30, 2021, actual revenues for the General Fund exceeded the final budgeted amounts by \$3.7 million or 16.3%. The primary reasons for this variance was that multiple revenue sources exceeded expectations for the year.

As of September 30, 2021, actual expenditures for the General Fund were less than the final budgeted amounts by \$143 thousand or .72%%. The primary reasons for this variance were due to favorable variances spread across the different departments in the City.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of September 30, 2021, totaled \$49.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, infrastructure, water plant and equipment. For further information on capital assets see Note 4 in the notes to the financial statements. Major purchases for 2021 consisted of \$700 thousand in vehicles and equipment and \$183 thousand of water infrastructure improvements. The largest portion of disposed assets in the current year were old vehicles that were taken out of service and replaced with newer vehicles.

City of Irondale Capital Assets (in thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Buildings and improvements	\$ 13,208	\$ 13,073	\$ 38	\$ 38	\$ 13,246	\$ 13,111
Equipment	10,515	9,865	808	814	11,323	10,679
Infrastructure	38,228	38,228	11,818	11,866	50,046	50,094
Land and improvements	9,347	9,347	39	39	9,386	9,386
Construction in progress	70	29	32	-	102	29
	71,368	70,542	12,735	12,757	84,103	83,299
Accumulated depreciation	(27,434)	(25,422)	(7,564)	(7,407)	(34,998)	(32,829)
Total	\$ 43,934	\$ 45,120	\$ 5,171	\$ 5,350	\$ 49,105	\$ 50,470

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. The City continues to maintain a high bond rating from Standard & Poor’s (AA). Refer to Note 6 to the financial statements for additional information on long-term debt. As of September 30, 2021, the governmental activities had outstanding warrants totaling \$36.2 million and business-type activities had outstanding warrants totaling \$4.9 million. As of September 30, 2021, governmental activities had capital lease payables totaling \$1.7 million.

The City’s total debt decreased by \$2.6 million during the current fiscal year. This decrease was due to making scheduled payments on debt service.

City of Irondale Long-Term Debt (in thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
General Obligation Warrants	\$ 36,245	\$ 39,138	\$ 4,898	\$ 5,180	\$ 41,143	\$ 44,318
Capital Lease Obligations	1,706	1,179	-	-	1,706	1,179
Total	\$ 37,951	\$ 40,317	\$ 4,898	\$ 5,180	\$ 42,849	\$ 45,497

ECONOMIC CONDITIONS AFFECTING THE CITY

For the fiscal year ending September 30, 2021, the City of Irondale continues its positive trend. The City continues its emphasis on retail, healthcare, industrial and residential sectors of the economy.

During fiscal year 2021, the City had numerous businesses along the entire spectrum of industrial, retail and healthcare either open in a new location, expand or backfill existing space.

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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 18,688,707	\$ 2,238,824	\$ 20,927,531	\$ 501,363
Receivables, net	3,206,638	208,018	3,414,656	232,594
Prepaid expenses and supplies	197,252	372,258	569,510	-
Cash and cash equivalents - restricted	3,274,747	264,539	3,539,286	-
Total current assets	<u>25,367,344</u>	<u>3,083,639</u>	<u>28,450,983</u>	<u>733,957</u>
Noncurrent assets				
Nondepreciable capital assets	9,417,061	71,034	9,488,095	142,100
Depreciable capital assets, net	34,517,090	5,100,040	39,617,130	1,567,113
Receivables, net	1,566,877	-	1,566,877	-
Net OPEB asset	-	709	709	-
Total noncurrent assets	<u>45,501,028</u>	<u>5,171,783</u>	<u>50,672,811</u>	<u>1,709,213</u>
Total assets	<u>70,868,372</u>	<u>8,255,422</u>	<u>79,123,794</u>	<u>2,443,170</u>
Deferred outflows of resources				
Deferred outflows related to pensions	3,092,208	159,639	3,251,847	-
Deferred outflows related to OPEB	602,080	37,987	640,067	-
Deferred charge on refunding	112,982	-	112,982	-
Total deferred outflows of resources	<u>3,807,270</u>	<u>197,626</u>	<u>4,004,896</u>	<u>-</u>
Liabilities				
Current liabilities				
Accounts payable	911,022	92,202	1,003,224	-
Accrued payroll and benefits	461,702	16,950	478,652	-
Accrued interest payable	605,669	81,681	687,350	-
Meter deposits	-	263,792	263,792	-
Due to (from) other funds	55,498	(55,498)	-	-
Unearned revenue	1,530,121	-	1,530,121	-
Current maturities of long-term liabilities				
Warrants and notes payable, net	2,882,573	284,601	3,167,174	46,625
Capital lease payable	377,008	-	377,008	-
Compensated absences	1,130,480	29,599	1,160,079	-
Total current liabilities	<u>7,954,073</u>	<u>713,327</u>	<u>8,667,400</u>	<u>46,625</u>

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

CITY OF IRONDALE, ALABAMA
Statement of Net Position
September 30, 2021
(Continued)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
Noncurrent liabilities				
Warrants and notes payable, net	\$ 33,362,642	\$ 4,613,715	\$ 37,976,357	\$ 185,969
Capital lease payable	1,328,889	-	1,328,889	-
Compensated absences	1,130,480	29,599	1,160,079	-
Net pension liability	11,722,558	733,877	12,456,435	-
Net OPEB liability	105,035	-	105,035	-
Total noncurrent liabilities	<u>47,649,604</u>	<u>5,377,191</u>	<u>53,026,795</u>	<u>185,969</u>
Total liabilities	<u>55,603,677</u>	<u>6,090,518</u>	<u>61,694,195</u>	<u>232,594</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	1,581,006	-	1,581,006	-
Deferred inflows related to pensions	519,062	26,255	545,317	-
Deferred inflows related to OPEB	722,174	47,384	769,558	-
Total deferred inflows of resources	<u>2,822,242</u>	<u>73,639</u>	<u>2,895,881</u>	<u>-</u>
Net position				
Net investment in capital assets	7,218,859	273,467	7,492,326	1,476,619
Restricted for				
Capital improvements	436,693	-	436,693	-
Library	6,808	-	6,808	-
Public protection	1,052,261	-	1,052,261	-
Infrastructure				
maintenance	1,058,469	-	1,058,469	-
Unrestricted	<u>6,476,633</u>	<u>2,015,424</u>	<u>8,492,057</u>	<u>733,957</u>
Total net position	<u>\$ 16,249,723</u>	<u>\$ 2,288,891</u>	<u>\$ 18,538,614</u>	<u>\$ 2,210,576</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, 2021

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	\$ 5,310,818	\$ 2,567,950	\$ 202,695	\$ -	\$ (2,540,173)	\$ -	\$ (2,540,173)	\$ -
Police	4,306,199	362,431	315,797	15,251	(3,612,720)	-	(3,612,720)	-
Fire	4,990,088	15,000	-	-	(4,975,088)	-	(4,975,088)	-
Parks and recreation	335,606	625	50	-	(334,931)	-	(334,931)	-
Public works	3,359,476	979,835	321,243	-	(2,058,398)	-	(2,058,398)	-
Library	652,181	13,700	10,174	-	(628,307)	-	(628,307)	-
Senior citizens' center	538,322	354	-	-	(537,968)	-	(537,968)	-
Payments to other governments	51,661	-	-	-	(51,661)	-	(51,661)	-
Interest on long-term debt	1,093,313	-	-	-	(1,093,313)	-	(1,093,313)	-
Total governmental activities	20,637,664	3,939,895	849,959	15,251	(15,832,559)	-	(15,832,559)	-
Business-type activities								
Water	2,002,264	2,449,757	-	-	-	447,493	447,493	-
Total business-type activities	2,002,264	2,449,757	-	-	-	447,493	447,493	-
Total primary government	\$ 22,639,928	\$ 6,389,652	\$ 849,959	\$ 15,251	(15,832,559)	447,493	(15,385,066)	-
Component units								
Community Development Authority	\$ 140,664	\$ 129,613	\$ -	\$ -	-	-	-	(11,051)
General revenues and other items								
Taxes								
Sales and use					13,492,491	-	13,492,491	-
Property					1,422,021	-	1,422,021	-
Other					6,170,771	-	6,170,771	-
Interest earnings					894	-	894	-
Gain on disposal of capital assets					3,311	-	3,311	-
Other revenue					1,494,271	-	1,494,271	-
Payments from other governments					-	-	-	51,661
Transfers in (out)					(408,548)	408,548	-	-
Total general revenues and other items					22,175,211	408,548	22,583,759	51,661
Change in net position					6,342,652	856,041	7,198,693	40,610
Net position - beginning of year					9,907,071	1,432,850	11,339,921	2,169,966
Net position - end of year					\$ 16,249,723	\$ 2,288,891	\$ 18,538,614	\$ 2,210,576

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

CITY OF IRONDALE, ALABAMA

Balance Sheet
Governmental Funds
September 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 18,656,847	\$ 31,860	\$ -	\$ 18,688,707
Taxes receivable, net	3,184,006	-	22,632	3,206,638
Prepaid items	187,442	-	9,810	197,252
Cash and cash equivalents - restricted	620,773	1,122,838	1,531,136	3,274,747
Due from other funds	26,512	-	-	26,512
Total assets	\$ 22,675,580	\$ 1,154,698	\$ 1,563,578	\$ 25,393,856
Liabilities				
Accounts payable	\$ 806,254	\$ 90,589	\$ 14,179	\$ 911,022
Accrued payroll and benefits	447,989	-	13,713	461,702
Due to other funds	55,498	-	26,512	82,010
Unearned revenue	1,530,121	-	-	1,530,121
Total liabilities	2,839,862	90,589	54,404	2,984,855
Deferred inflows of resources				
Property taxes levied for subsequent year	1,581,006	-	-	1,581,006
Total deferred inflows of resources	1,581,006	-	-	1,581,006
Fund balance				
Nonspendable	187,442	-	9,810	197,252
Restricted for				
Capital improvements	-	1,064,109	-	1,064,109
Library	6,808	-	-	6,808
Public protection	481,619	-	553,512	1,035,131
Infrastructure maintenance	132,346	-	945,852	1,078,198
Committed	907,040	-	-	907,040
Assigned	343,487	-	-	343,487
Unassigned	16,195,970	-	-	16,195,970
Total fund balance	18,254,712	1,064,109	1,509,174	20,827,995
Total liabilities, deferred inflows of resources and fund balance	\$ 22,675,580	\$ 1,154,698	\$ 1,563,578	\$ 25,393,856

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, 2021

Total fund balances - governmental funds \$ 20,827,995

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	71,368,543	
Less accumulated depreciation	<u>(27,434,392)</u>	43,934,151

Receivables related to incentive agreements are not current financial resources until collected and, therefore, are not recognized as assets in the governmental funds balance sheet.

1,566,877

Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid.

(605,669)

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	(34,714,200)	
Warrant discounts and premiums	(1,531,015)	
Capital lease obligations	(1,705,897)	
Deferred outflow of resources for deferred charges	112,982	
Deferred outflows of resources for pensions	3,092,208	
Deferred outflows of resources for OPEB	602,080	
Deferred inflows related to pensions	(519,062)	
Deferred inflows related to OPEB	(722,174)	
Compensated absences	(2,260,960)	
Net pension liability	(11,722,558)	
Net OPEB liability	<u>(105,035)</u>	<u>(49,473,631)</u>

Total net position - governmental activities \$ 16,249,723

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, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes				
Sales and use	\$ 13,703,372	\$ -	\$ -	\$ 13,703,372
Property tax	1,422,021	-	-	1,422,021
Other	6,170,771	-	-	6,170,771
Licenses and permits	2,493,055	-	-	2,493,055
Intergovernmental	78,990	127,523	556,412	762,925
Charges for services	1,004,637	-	-	1,004,637
Fines and forfeitures	337,473	-	86,230	423,703
Interest	877	17	-	894
Other	1,596,305	-	3,500	1,599,805
Total revenue	<u>26,807,501</u>	<u>127,540</u>	<u>646,142</u>	<u>27,581,183</u>
Expenditures				
General government	4,169,438	203,874	322,824	4,696,136
Public protection	7,287,860	-	692,151	7,980,011
Public ways and facilities	3,071,627	-	28,004	3,099,631
Library	607,519	-	-	607,519
Senior citizens	209,866	-	-	209,866
Payments to other governments	51,661	-	-	51,661
Capital outlay	-	906,229	-	906,229
Debt service				
Principal retirement	3,101,732	-	-	3,101,732
Interest and fees	1,403,119	-	-	1,403,119
Total expenditures	<u>19,902,822</u>	<u>1,110,103</u>	<u>1,042,979</u>	<u>22,055,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,904,679</u>	<u>(982,563)</u>	<u>(396,837)</u>	<u>5,525,279</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	35,086	-	-	35,086
Issuance of capital leases	977,537	-	-	977,537
Transfers in	68,917	1,222,187	716,760	2,007,864
Transfers out	(2,044,118)	(372,294)	-	(2,416,412)
Total other financing sources (uses)	<u>(962,578)</u>	<u>849,893</u>	<u>716,760</u>	<u>604,075</u>
Net change in fund balance	5,942,101	(132,670)	319,923	6,129,354
Fund balance - beginning of year	<u>12,312,611</u>	<u>1,196,779</u>	<u>1,189,251</u>	<u>14,698,641</u>
Fund balance - end of year	<u>\$ 18,254,712</u>	<u>\$ 1,064,109</u>	<u>\$ 1,509,174</u>	<u>\$ 20,827,995</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, 2021

Net changes in fund balances - governmental funds \$ 6,129,354

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	906,229	
Less depreciation expense	<u>(2,075,415)</u>	(1,169,186)

The proceeds from the sale of capital assets (\$35,086) are reported as other
 financing sources in the governmental funds. However, the net book value of
 the capital assets (\$31,775) is removed from the capital assets account in the
 statement of net position and offsets against the sales proceeds resulting in a
 gain in the statement of activities of \$3,311. (31,775)

Contributions of capital assets do not provide current financial resources and are not
 recorded in governmental funds. However, donations of capital assets increase
 net position. 15,251

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	3,101,732	
Issuance of capital lease	(977,537)	
Warrant discount amortization expense	<u>294,320</u>	2,418,515

Collections on economic development accounts receivable not recognized as an
 asset in the governmental fund balance sheet. (210,881)

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.

Net increase in accrued compensated absences	(185,867)	
Net increase in pension expense	(664,419)	
Net decrease in post-employment benefit payable	26,174	
Increase in accrued interest	<u>15,486</u>	<u>(808,626)</u>

Change in net position - governmental activities \$ 6,342,652

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, 2021

	Business-type Activities - Enterprise Funds Water
Assets	
Current assets	
Cash and cash equivalents	\$ 2,238,824
Receivables, net	208,018
Prepaid expenses and supplies	372,258
Due from other funds	55,498
Cash and cash equivalents - restricted	264,539
Total current assets	3,139,137
Noncurrent assets	
Nondepreciable capital assets	71,034
Depreciable capital assets, net	5,100,040
Net OPEB asset	709
Total noncurrent assets	5,171,783
Total assets	8,310,920
Deferred outflows of resources	
Deferred outflows related to pensions	159,639
Deferred outflows related to OPEB	37,987
Total deferred outflows of resources	197,626
Liabilities	
Current liabilities	
Accounts payable	92,202
Accrued payroll and benefits	16,950
Accrued interest	81,681
Meter deposits	263,792
Current maturities of long-term liabilities	
Warrants payable	284,601
Compensated absences	29,599
Total current liabilities	768,825
Noncurrent liabilities	
Warrants payable, net	4,613,715
Compensated absences	29,599
Net pension liability	733,877
Total noncurrent liabilities	5,377,191
Total liabilities	6,146,016
Deferred inflows of resources	
Deferred inflows related to pensions	26,255
Deferred inflows related to OPEB	47,384
Total deferred inflows of resources	73,639
Net position	
Net investment in capital assets	273,467
Unrestricted	2,015,424
Total net position	\$ 2,288,891

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, 2021

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water</u>
Operating revenues	
Charges for services	\$ 2,369,350
Other	80,407
Total operating revenues	<u>2,449,757</u>
Operating expenses	
Administration, operations, and maintenance	1,377,946
Depreciation and amortization	382,550
Total operating expenses	<u>1,760,496</u>
Operating income	<u>689,261</u>
Nonoperating expenses	
Interest expense	(184,228)
Loss on disposal of assets	(57,540)
Total nonoperating expenses	<u>(241,768)</u>
Income before transfers	447,493
Transfers in	<u>408,548</u>
Change in net position	856,041
Net position, beginning of year	<u>1,432,850</u>
Net position, end of year	<u>\$ 2,288,891</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, 2021

	Business-type Activities - Enterprise Funds
	Water
Cash flows from operating activities	
Cash received from customers	\$ 2,475,666
Cash paid to suppliers for goods and services	(726,527)
Cash paid to employees	(833,397)
Net cash provided by operating activities	915,742
Cash flows from noncapital financing activities	
Transfers from other funds	408,548
Net cash provided by noncapital financing activities	408,548
Cash flows from capital and related financing activities	
Purchase of property, plant, and equipment	(261,418)
Principal payments on debt	(278,500)
Interest payments on debt	(182,261)
Net cash used by capital and related financing activities	(722,179)
Net increase in cash and cash equivalents	602,111
Cash and cash equivalents at beginning of year	1,901,252
Cash and cash equivalents at end of year	\$ 2,503,363
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 689,261
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation	382,550
Decrease (increase) in	
Accounts receivable	16,452
Prepaid expenses	(209,058)
(Decrease) increase in	
Accounts payable	(39,385)
Accrued payroll and related liabilities	66,465
Meter deposits	9,457
Net cash provided by operating activities	\$ 915,742
Reconciliation of cash and cash equivalents	
Cash and cash equivalents	\$ 2,238,824
Cash and cash equivalents - restricted	264,539
Total cash and cash equivalents at end of year	\$ 2,503,363

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

CITY OF IRONDALE, ALABAMA
Statement of Net Position
Fiduciary Funds
September 30, 2021

	OPEB Trust Fund	Deferred Compensation Trust	Total
Assets			
Current assets			
Cash and invested assets	\$ 1,095,765	\$ 5,384,380	\$ 6,480,145
Loans receivable	-	43,006	43,006
Cash value of life insurance	-	6,316	6,316
Total current assets	1,095,765	5,433,702	6,529,467
Net position			
Unrestricted	1,095,765	5,433,702	6,529,467
Total net position	\$ 1,095,765	\$ 5,433,702	\$ 6,529,467

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

CITY OF IRONDALE, ALABAMA
Statement of Changes in Net Position - Fiduciary Funds
September 30, 2021

	OPEB Trust Fund	Deferred Compensation Trust	Total
Additions			
Investment earnings	\$ 96,564	\$ 555,849	\$ 652,413
Interest income	53,290	-	53,290
Employee contributions	-	198,970	198,970
Total additions	149,854	754,819	904,673
Deductions			
Employee withdrawals	-	538,088	538,088
Administrative fees	6,522	1,953	8,475
Total deductions	6,522	540,041	546,563
Change in net position	143,332	214,778	358,110
Net position, beginning of year	952,433	5,218,924	6,171,357
Net position, end of year	\$ 1,095,765	\$ 5,433,702	\$ 6,529,467

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021

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 March 31, 2022, 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. The City has no blended component units.

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.

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.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-Wide and Fund Financial Statements - Continued

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.

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.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting - Continued

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, 2021
(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.

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, 2021
(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.

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, 2021
(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 “Interfund 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.

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 8, and (3) deferred outflow items related to the City’s other post-employment benefits, which are described further in Note 9.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. 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.

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 9).

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 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.

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 three items that qualify for reporting in this category: (1) deferred amount on property tax levy (2) deferred inflow items related to the City's pension plan, which are described further in Note 8, and (3) deferred inflow items related to the City's other post-employment benefits, which are described further in Note 9.

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.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 the 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.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(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. At year end, the government did not have any investment balances.

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, 2021 were insured.

NOTE 3 - RECEIVABLES

Receivables consisted of the following at September 30, 2021:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Taxes	\$ 3,236,638	\$ -	\$ 3,236,638
Customers	-	233,018	233,018
Gross receivables	3,236,638	233,018	3,469,656
Less: allowance for uncollectible accounts	(30,000)	(25,000)	(55,000)
Net receivables	<u>\$ 3,206,638</u>	<u>\$ 208,018</u>	<u>\$ 3,414,656</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 \$210,881 for the year ended September 30, 2021.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities consisted of the following for the year ended September 30, 2021:

	Governmental Activities				September 30,
	October 1,	Additions	Disposals	Transfers	
	2020				
Depreciable assets					
Buildings and improvements	\$ 13,072,559	\$ 134,971	\$ -	\$ -	\$ 13,207,530
Equipment	9,864,996	716,180	116,934	51,223	10,515,465
Infrastructure	38,228,487	-	-	-	38,228,487
	<u>61,166,042</u>	<u>851,151</u>	<u>116,934</u>	<u>51,223</u>	<u>61,951,482</u>
Less accumulated depreciation					
Buildings and improvements	6,346,436	411,350	-	-	6,757,786
Equipment	6,123,898	776,544	113,825	51,223	6,837,840
Infrastructure	12,951,245	887,521	-	-	13,838,766
	<u>25,421,579</u>	<u>2,075,415</u>	<u>113,825</u>	<u>51,223</u>	<u>27,434,392</u>
	<u>35,744,463</u>	<u>(1,224,264)</u>	<u>3,109</u>	<u>-</u>	<u>34,517,090</u>
Non-depreciable assets					
Land and improvements	9,346,732	-	-	-	9,346,732
Construction in progress	28,666	70,329	28,666	-	70,329
	<u>9,375,398</u>	<u>70,329</u>	<u>28,666</u>	<u>-</u>	<u>9,417,061</u>
	<u>\$ 45,119,861</u>	<u>\$ (1,153,935)</u>	<u>\$ 31,775</u>	<u>\$ -</u>	<u>\$ 43,934,151</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 4 - CAPITAL ASSETS - Continued

Capital asset activity for business-type activities consisted of the following for the year ended September 30, 2021:

	Business-type Activities				
	October 1, 2020	Additions	Disposals	Transfers	September 30, 2021
Depreciable assets					
Buildings and improvements	\$ 38,332	\$ -	\$ -	\$ -	\$ 38,332
Equipment	813,831	45,834	-	(51,523)	808,142
Infrastructure	11,866,176	183,329	231,566	-	11,817,939
	<u>12,718,339</u>	<u>229,163</u>	<u>231,566</u>	<u>(51,523)</u>	<u>12,664,413</u>
Less accumulated depreciation					
Buildings and improvements	38,332	-	-	-	38,332
Equipment	582,302	48,166	-	(51,523)	578,945
Infrastructure	6,786,738	334,384	174,026	-	6,947,096
	<u>7,407,372</u>	<u>382,550</u>	<u>174,026</u>	<u>(51,523)</u>	<u>7,564,373</u>
	5,310,967	(153,387)	57,540	-	5,100,040
Non-depreciable assets					
Land and improvements	38,779	-	-	-	38,779
Construction in progress	-	32,255	-	-	32,255
	<u>38,779</u>	<u>32,255</u>	<u>-</u>	<u>-</u>	<u>71,034</u>
	<u>\$ 5,349,746</u>	<u>\$ (121,132)</u>	<u>\$ 57,540</u>	<u>\$ -</u>	<u>\$ 5,171,074</u>

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

General government	\$ 1,064,956
Police	134,682
Fire	426,811
Parks and recreation	67,956
Public works	342,016
Library	15,624
Senior citizens' center	23,370
	<u>\$ 2,075,415</u>

Business-type activities

Water	<u>\$ 382,550</u>
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CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 4 - CAPITAL ASSETS - Continued

Capital asset activity for the discretely presented component unit, CDA, consisted of the following for the year ended September 30, 2021:

	Component Unit Activities				
	October 1, 2020	Additions	Disposals	Transfers	September 30, 2021
Depreciable assets					
Buildings and improvements	\$ 2,304,579	\$ -	\$ -	\$ -	\$ 2,304,579
Less accumulated depreciation					
Buildings and improvements	691,374	46,092	-	-	737,466
	1,613,205	(46,092)	-	-	1,567,113
Non-depreciable assets					
Land and improvements	142,100	-	-	-	142,100
	\$ 1,755,305	\$ (46,092)	\$ -	\$ -	\$ 1,709,213

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, 2021.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund payables and receivables consisted of the following at September 30, 2021:

	Interfund Receivables (Payables)
General Fund	\$ (28,986)
Drug Forfeiture Fund	(26,512)
Water Fund	55,498
	\$ -

Interfund payables and receivables resulted from reimbursements made by the General Fund to the Drug Forfeiture Fund and Water Fund for various operating expenses.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

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

Transfers Out	Transfers In				Total transfer out
	General	Capital Projects	Other Governmental	Water	
General	\$ -	\$ 1,222,187	\$ 716,760	\$ 105,171	\$ 2,044,118
Capital Projects	68,917	-	-	303,377	372,294
Total transfer in	\$ 68,917	\$ 1,222,187	\$ 716,760	\$ 408,548	\$ 2,416,412

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.

NOTE 6 - 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 5 to 20 years.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

The general obligation warrants payable for governmental activities consisted of the following at September 30, 2021:

	Governmental Activities
Series 2013-B General Obligation Warrants, dated April 6, 2014, due in semi-annual payments through October 1, 2022, bearing interest rates of 0.50% to 2.90%	\$ 1,420,000
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%	7,495,000
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%	7,160,000
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%	2,144,200
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%	4,180,000
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%	300,000
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%	12,015,000
Total warrants payable	34,714,200
Deferred amounts for	
Unamortized premiums	1,543,607
Unamortized discounts	(12,592)
Total warrants payable, net	\$ 36,245,215

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

The general obligation warrants payable for business-type activities consisted of the following at September 30, 2021:

	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%	\$ 3,995,000
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%	875,800
Total warrants payable	4,870,800
Deferred amounts for	
Unamortized premiums	40,131
Unamortized discounts	(12,615)
Total warrants payable, net	\$ 4,898,316

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:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 2,653,600	\$ 1,276,954	\$ 281,400	\$ 175,508
2023	2,727,150	1,196,852	292,850	167,908
2024	2,190,700	1,110,494	299,300	159,518
2025	2,265,700	1,021,662	314,300	150,245
2026	2,357,800	930,418	317,200	140,116
2027-2031	12,669,350	3,182,298	1,780,650	513,418
2032-2036	9,849,900	719,245	1,585,100	134,051
	\$ 34,714,200	\$ 9,437,923	\$ 4,870,800	\$ 1,440,764

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

The notes payable for the discretely presented component unit, CDA, consisted of the following at September 30, 2021:

	Component Unit Activities
Jefferson County Commission, dated September 2011, due in monthly payments of \$4,305 through August 10, 2026, bearing an interest rate of 2.44%	\$ 232,594

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

	Component Unit Activities	
	Principal	Interest
2022	\$ 46,625	\$ 5,035
2023	47,776	3,885
2024	48,954	2,706
2025	50,162	1,498
2026	39,077	317
	\$ 232,594	\$ 13,441

Changes in long-term liabilities for governmental activities consisted of the following at September 30, 2021:

Governmental Activities	October 1, 2020	Additions	Retirements	September 30, 2021	Due Within One Year
Warrants payable					
General obligation warrants	\$ 37,365,700	\$ -	\$ 2,651,500	\$ 34,714,200	\$ 2,653,600
Less: discounts and premiums, net	1,771,804	-	240,789	1,531,015	228,973
Total warrants payable	39,137,504	-	2,892,289	36,245,215	2,882,573
Capital leases payable	1,178,592	977,537	450,232	1,705,897	377,008
Compensated absences	3,112,640	60,857	912,537	2,260,960	1,130,480
	\$ 43,428,736	\$ 1,038,394	\$ 4,255,058	\$ 40,212,072	\$ 4,390,061

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 6 - LONG-TERM DEBT - Continued

Changes in long-term liabilities for business-type activities consisted of the following at September 30, 2021:

<u>Business-type Activities</u>	<u>October 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2021</u>	<u>Due Within One Year</u>
Warrants payable					
General obligation warrants	\$ 5,149,300	\$ -	\$ 278,500	\$ 4,870,800	\$ 281,400
Less: discounts and premiums, net	30,882	-	3,366	27,516	3,201
Total warrants payable	5,180,182	-	281,866	4,898,316	284,601
Compensated absences	39,383	53,335	33,520	59,198	29,599
	<u>\$ 5,219,565</u>	<u>\$ 53,335</u>	<u>\$ 315,386</u>	<u>\$ 4,957,514</u>	<u>\$ 314,200</u>

Changes in long-term liabilities for component units consisted of the following at September 30, 2021:

<u>Component Unit Activities</u>	<u>October 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2021</u>	<u>Due Within One Year</u>
Notes payable	\$ 278,096	\$ -	\$ 45,502	\$ 232,594	\$ 46,625

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. At September 30, 2021, all defeased bonds and warrants have been retired.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 7 - CAPITAL LEASE OBLIGATIONS

The City has entered into five lease agreements to finance the purchases of various equipment and vehicles. These lease agreements are treated as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates in the basic financial statements. Amortization of assets under capital leases is included in depreciation expense. As of September 30, 2021, the future minimum lease payments under the capital lease agreements are as follows for the fiscal years ending:

	Governmental Activities
2022	\$ 423,449
2023	275,943
2024	269,268
2025	268,661
2026	268,661
Thereafter	384,302
Future minimum lease payments	1,890,284
Less: amounts representing interest	(184,387)
Present value of minimum lease payments	1,705,897
Less: current portion	(377,008)
Long-term capital lease obligation	\$ 1,328,889

As of September 30, 2021, the governmental activities lease had capitalized costs totaling \$3,187,814 and accumulated depreciation of \$1,890,376, and a net book value of \$1,297,438. Interest expense paid under the capital lease agreement totaled \$38,829 during the year ended September 30, 2021.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 8 - 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 valuation took into account amendments to the ERS effective through the valuation date. The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsaal.gov.

The ERS Board of Control consists of 13 trustees as follows:

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 8 - PENSION PLAN - Continued

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.

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

Act 2019-132 allowed local employers that participate in the ERS to elect to provide Tier 1 retirement benefits to their Tier 2 employees, upon approval by the Board of Control, and is reflected in the valuations prepared for the individual employers. The City of Irondale elected to provide Tier 1 benefits to Tier 2, effective October 1, 2020. The benefits provided to Tier 2 employees are the same as those provided to Tier 1 employees.

Members are eligible for disability retirement if they have 10 years of creditable 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.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 8 - PENSION PLAN - Continued

The ERS serves approximately 907 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	28,672
Terminated employees entitled to but not yet receiving benefits	1,974
Terminated employees not entitled to a benefit	14,133
Active members	56,369
Post-DROP participants who are still in active service	97
	101,245

The City's membership as of the measurement date of September 30, 2020 consisted of:

Retired members or their beneficiaries currently receiving benefits	76
Vested inactive members	6
Non-vested inactive members	15
Active members	139
Post-DROP participants who are still in active service	-
	236

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. ERS local participating employers are not required by statute to increase contribution rates for their members. City of Irondale did not elect to increase contribution rates for its members.

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.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 8 - PENSION PLAN - Continued

In accordance with the provisions of Act 2019-132, the City's Tier 2 covered members of the ERS contribute 7.5% of earnable compensation to the ERS. The City's Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.5% of earnable compensation.

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 September 30, 2021, the City's active employee contribution rate was 5.78% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 11.67% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2021 was 13.86% of pensionable pay for Tier 1 employees, and 10.52% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2018, 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 \$887,583 for the year ended September 30, 2021.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 8 - PENSION PLAN - Continued

Net Pension Liability

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

	Expected	Actual Before Act 2019-132	Actual After Act 2019-132
(a) Total pension liability as of September 30, 2019	\$ 37,876,011	\$ 37,540,019	\$ 37,751,901
(b) Discount rate	7.70%	7.70%	7.70%
(c) Entry age normal cost for the period October 1, 2019 - September 30, 2020	652,501	652,501	697,837
(d) Transfers among employers:	-	(25,284)	(25,284)
(e) Actual benefit payments and refunds for the period October 1, 2019 - September 30, 2020	(2,134,695)	(2,134,695)	(2,134,695)
(f) Total pension liability as of September 30, 2020 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	\$ 39,228,084	\$ 38,840,937	\$ 39,117,701
(g) Difference between expected and actual:		\$ (387,147)	
(h) Less liability transferred for immediate recognition:		(25,284)	
(i) Experience (gain)/loss = (g) - (h)		\$ (361,863)	
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/Loss			276,764

Actuarial Assumptions

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

1. An investment rate of return of 7.70% (net of pension plan investment expense), including inflation at 2.75%, per annum compounded annually on the investment of present and future assets.
2. Projected salary increases, based on age ranging from 3.25% to 5.00%.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 8 - PENSION PLAN - Continued

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

The actuarial assumptions used in the actuarial valuation as of September 30, 2018, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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	17.0%	4.4%
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%	10.1%
Real estate	10.0%	7.5%
Cash equivalents	3.0%	1.5%
	100.0%	

*Includes assumed rate of inflation of 2.50%.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 8 - PENSION PLAN - Continued

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current 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 (Asset) (a) - (b)
Balances at September 30, 2019	\$ 37,876,011	\$ 26,030,240	\$ 11,845,771
Changes for the year			
Service cost	652,501	-	652,501
Interest	2,834,267	-	2,834,267
Changes of assumptions	276,764	-	276,764
Difference between expected and actual experience	(361,863)	-	(361,863)
Contributions - employer	-	887,583	(887,583)
Contributions - employee	-	439,771	(439,771)
Net investment income	-	1,463,651	(1,463,651)
Benefits of payments, including refunds of employee contributions	(2,134,695)	(2,134,695)	-
Transfers among employers	(25,284)	(25,284)	-
Net changes	1,241,690	631,026	610,664
Balances at September 30, 2020	<u>\$ 39,117,701</u>	<u>\$ 26,661,266</u>	<u>\$ 12,456,435</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 8 - 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 7.70%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage-point higher (8.70%) than the current rate (dollar amounts in thousands):

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Plan’s net pension liability	\$ 16,708,867	\$ 12,456,435	\$ 8,844,819

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor’s report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes 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, 2021
(Continued)

NOTE 8 - PENSION PLAN - Continued

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

For the year ended September 30, 2021, the City recognized pension expense of \$1,779,127. At September 30, 2021, 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	\$ 916,062	\$ 545,317
Changes of assumptions	435,711	-
Net difference between projected and actual earnings on pension plan investments	829,165	-
Employer contributions subsequent to the measurement date	1,070,909	-
	\$ 3,251,847	\$ 545,317

The \$1,070,909 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, 2021. 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
2022	\$ 531,095
2023	679,580
2024	459,358
2025	(7,609)
2026	(26,803)
Thereafter	-

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

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 Plan is vested in the 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.

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). Employees hired on and after January 1, 2013 (called “Tier II” members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service.

Contributions

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

Plan Membership

At September 30, 2021, the Plan’s membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	115
	117
	117

Total OPEB Liability

The City’s total OPEB liability of September 30, 2021 was measured as of September 30, 2021 and was determined by an actuarial valuation as of that date.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 9 - 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, 2021:

Asset Class	Allocation
Equity	55.00%
Fixed income	29.00%
Alternative investment	16.00%
Cash	0.00%

Concentrations

The Trust has over 5% invested in the following funds: Diamond Hill Large Cap Fund, 7.41%, Loomis Sayles Growth Fund, 9.39%, Vanguard 500 Index Fund, 16.43%, and BMO Intermediate Tax-Free Fund, 29.37%.

Rate of Return

For the year ended September 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 7.84%. 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, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	4.00% including inflation
Discount rate	7.00% annually (beginning of year)
	7.00% annually (as of end of year measurement date)
Healthcare cost trend rates	0.00% annually

Mortality rates were based on the RPH-2014 Table with projection to MP-2018.

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2021.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Actuarial Assumptions and Other Inputs - Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	6.00%
Corporate bonds	5.00%
Certificates of deposit	1.00%
Cash	0.00%

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at September 30, 2020	\$ 212,702
Changes for the year	
Service cost	23,974
Interest	80,810
Difference between expected and actual experience	(48,426)
Net investment income	(143,332)
Benefit payments and net transfers	(21,402)
Net changes	(108,376)
Balances at September 30, 2021	\$ 104,326

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0%. 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 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.

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 (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan’s total OPEB liability	\$ 316,286	\$ 104,326	\$ (72,582)

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

Zero trend has been assumed because of frozen employer contribution rates.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 9 - 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, 2021, the City recognized OPEB expense totaling \$24,083. At September 30, 2021, 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	\$ 21,374	\$ 226,080
Changes of assumptions	618,693	543,478
	\$ 640,067	\$ 769,558

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
2021	\$ (45,015)
2022	(42,768)
2023	(44,651)
2024	(44,319)
2025	(8,489)
Thereafter	55,756

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 10 - 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, 2021 consisted of the following:

Funds available for claims, October 1, 2020	\$ 157,402
Premiums received	51,431
Claim payables	<u>(30,408)</u>
Funds available for claims, September 30, 2021	<u><u>\$ 178,425</u></u>

NOTE 11 - ECONOMIC DEPENDENCY

The City is economically dependent on a small number of principal taxpayers. Sales and use tax revenue accounted for 51.12% of total governmental fund-type revenues for the year ended September 30, 2021.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 12 - 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, 2021, the City abated taxes totaling \$1,001,580 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
To bring Mercedes to Irondale	Sales	9%	\$ 861,333
To bring GDM to Irondale	Sales	19%	113,091
To bring Simply 10 to Irondale	Sales	28%	27,156
			<u>\$ 1,001,580</u>

NOTE 13 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS

The GASB has issued the following statements and implementation guides:

The GASB issued Statement No. 87, *Leases* to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022. The City is currently evaluating the impact GASB 87 may have on its financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB 89 will take effect for financial statements starting with the fiscal year that ends December 31, 2021. The City is currently evaluating the impact GASB 89 may have on its financial statements.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 13 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS - Continued

The GASB issued Statement No. 91, *Conduit Debt Obligations* to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of GASB 91 will take effect for financial statements starting with the fiscal year that ends December 31, 2022. The City is currently evaluating the impact GASB 91 may have on its financial statements.

The GASB issued Statement No. 92, *Omnibus 2020* to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of GASB 92 will take effect for financial statements starting with the fiscal year that ends June 30, 2022. The City is currently evaluating the impact GASB 92 may have on its financial statements.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirement in paragraph 11b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 will take effect for financial statements starting with the fiscal year that ends June 30, 2022. The City is currently evaluating the impact GASB 93 may have on its financial statements.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of GASB 94 will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The City is currently evaluating the impact GASB 94 may have on its financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of GASB 96 will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The City is currently evaluating the impact GASB 96 may have on its financial statements.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 13 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS - Continued

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform, (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. There was no financial statement impact as a result of the implementation of paragraph 4 & 5 of the Statement. All other requirements of GASB 97 will take effect for financial statements starting with the fiscal year that ends June 30, 2022. The City is currently evaluating the impact those requirements of GASB 97 may have on its financial statements.

The GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, to establish the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 15, 2021. The City is currently evaluating the impact GASB 98 may have on its financial statements.

The GASB issued Implementation Guide No. 2019-3, *Leases*, to provide guidance for reporting of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2022. The City is currently evaluating the impact the implementation guide may have on its financial statements.

The GASB issued Implementation Guide No. 2020-1, *Implementation Guidance Update - 2020*, to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide will take effect as follows: a. Questions 4.1–4.5, 4.18, and 5.3 for financial statements starting with the fiscal year that ends June 30, 2022, b. Questions 4.6–4.17 for financial statements starting with the fiscal year that ends December 31, 2022, and all reporting periods thereafter, c. Questions 4.19–4.21 for financial statements starting with the fiscal year that ends December 31, 2022, d. Questions 5.1, 5.2, 5.4, and 5.5 for financial statements starting with the fiscal year that ends June 30, 2022 and e. The provisions of paragraph 6 are effective immediately. The City is currently evaluating the impact the implementation guide may have on its financial statements.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2021
(Continued)

NOTE 13 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS - Continued

The GASB issued Implementation Guide No. 2021-1, *Implementation Guidance Update - 2021*, to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide will take effect as follows: a. Questions 4.1–4.3, 4.23, and 5.2–5.4 and the supersession of Questions Z.51.4–Z.51.7 in Implementation Guide 2015-1 for financial statements starting with the fiscal year that ends June 30, 2023, b. Questions 4.4–4.21 for financial statements starting with the fiscal year that ends June 30, 2023, and all reporting periods thereafter, c. Question 4.22 for financial statements starting with the fiscal year that ends June 30, 2022, and d. Question 5.1 for financial statements starting with the fiscal year that ends June 30, 2024. The City is currently evaluating the impact the implementation guide may have on its financial statements.

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

NOTE 14 - UNCERTAINTIES

A novel strain of coronavirus, COVID-19, emerged in the United States in early 2020. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of any additional outbreaks, impact on its citizens, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the City's financial condition or results of operations in the near term is uncertain.

NOTE 15 - SUBSEQUENT EVENTS

On October 6, 2021, the City issued Series 2021 Limited Obligation Warrants in the amount of \$8,600,000. The City is to pay the holder, a developer, principal amounts, without interest, in annual installments from tax revenues on deposit within the warrant fund, as referenced in the authorizing resolution and agreement. The warrants were issued to incentivize the holder to develop retail space within the City.

On December 28, 2021, the City issued Taxable General Obligation Warrants, Series 2021 A and B, in the amount of \$10,635,000 and \$6,675,000, respectively. Interest rates range from 1.14% to 2.56% for the Series A warrants and 1.14% to 2.46% for the Series B warrants. The Series A warrants mature on October 1, 2035 and B warrants mature on October 1, 2034. The warrants were issued to advance refund principal on previously issued warrants.

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, 2021

	<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	\$ 10,642,132	\$ 10,642,132	\$ 13,703,372	\$ 3,061,240
Property tax	1,351,731	1,351,731	1,422,021	70,290
Other	5,975,261	5,975,261	6,170,771	195,510
Licenses and permits	2,439,134	2,439,134	2,493,055	53,921
Intergovernmental	53,357	53,357	78,990	25,633
Charges for services	996,391	996,391	1,004,637	8,246
Fines and forfeitures	325,033	325,033	337,473	12,440
Interest	12,000	12,000	877	(11,123)
Other	1,265,072	1,265,072	1,596,275	331,203
Total revenue	<u>23,060,111</u>	<u>23,060,111</u>	<u>26,807,471</u>	<u>3,747,360</u>
Expenditures, current				
General government	3,574,270	3,574,270	4,169,438	(595,168)
Public safety	8,024,099	8,024,099	7,287,860	736,239
Parks and recreation	267,870	267,870	233,371	34,499
Public works	3,524,735	3,524,735	2,838,256	686,479
Library	555,463	555,463	607,519	(52,056)
Senior citizens' center	217,750	217,750	209,866	7,884
Payments to other governments	-	-	51,661	(51,661)
Debt service				
Principal retirement	2,372,700	2,372,700	3,101,732	(729,032)
Interest and fees	1,509,544	1,509,544	1,385,094	124,450
Paying agent fees	-	-	18,025	(18,025)
Total expenditures	<u>20,046,431</u>	<u>20,046,431</u>	<u>19,902,822</u>	<u>143,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,013,680</u>	<u>3,013,680</u>	<u>6,904,649</u>	<u>(3,603,751)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	35,086	(35,086)
Issuance of capital leases	-	-	977,567	(977,567)
Transfers in	-	-	68,917	(68,917)
Transfers out	(1,000,000)	(1,000,000)	(2,044,118)	1,044,118
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(962,548)</u>	<u>(37,452)</u>
Net change in fund balance	<u>\$ 2,013,680</u>	<u>\$ 2,013,680</u>	<u>\$ 5,942,101</u>	<u>\$ (3,641,203)</u>

See notes to required supplementary information.

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 652,501	\$ 656,764	\$ 726,564	\$ 749,157	\$ 664,894	\$ 653,499	\$ 628,940
Interest	2,834,267	2,766,131	2,679,655	2,435,923	2,254,708	2,179,436	2,090,325
Changes in benefit terms	276,764	-	-	-	-	-	-
Differences between expected and actual experience	(361,863)	(296,633)	(74,720)	1,825,665	710,775	(169,238)	-
Changes of assumptions	-	-	188,612	-	1,322,317	-	-
Benefit payments, including refunds of employee contributions	(2,134,695)	(2,158,182)	(2,047,458)	(1,821,642)	(1,721,873)	(1,723,725)	(1,487,028)
Transfers among employees	(25,284)	(94,934)	(69,707)	68,733	66,472	-	-
Net change in total pension liability	1,241,690	873,146	1,402,946	3,257,836	3,297,293	939,972	1,232,237
Total pension liability - beginning	37,876,011	37,002,865	35,599,919	32,342,083	29,044,790	28,104,818	26,872,581
Total pension liability - ending (a)	\$39,117,701	\$37,876,011	\$37,002,865	\$35,599,919	\$32,342,083	\$29,044,790	\$28,104,818
Plan fiduciary net position							
Contributions - employer	\$ 887,583	\$ 824,294	\$ 760,911	\$ 800,419	\$ 885,341	\$ 764,327	\$ 729,456
Contributions - member	439,771	419,444	427,522	458,129	458,375	451,105	389,541
Net investment income	1,463,651	664,308	2,273,528	2,869,198	2,108,430	246,666	2,263,366
Benefit payments, including refunds of employee contributions	(2,134,695)	(2,158,182)	(2,047,458)	(1,821,642)	(1,721,873)	(1,723,725)	(1,487,028)
Transfers among employers	(25,284)	(94,934)	(69,707)	68,733	66,472	149,732	55,760
Net change in plan fiduciary net position	631,026	(345,070)	1,344,796	2,374,837	1,796,745	(111,895)	1,951,095
Plan net position - beginning	26,030,240	26,375,310	25,030,514	22,655,677	20,858,932	20,970,827	19,019,732
Plan net position - ending (b)	\$26,661,266	\$26,030,240	\$26,375,310	\$25,030,514	\$22,655,677	\$20,858,932	\$20,970,827
Net pension liability (a) - (b)	\$ 12,456,435	\$ 11,845,771	\$ 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	68.16%	68.72%	71.28%	70.31%	70.05%	71.82%	74.62%
Covered-employee payroll	\$ 7,606,816	\$ 7,135,808	\$ 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	163.75%	166.00%	142.63%	132.87%	117.15%	112.59%	111.75%

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 - Pension
Last Seven Years Ended September 30,

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,070,909	\$ 887,583	\$ 825,550	\$ 784,554	\$ 971,187	\$ 898,985	\$ 786,685
Contributions in relation to the actuarially determined contributions	1,070,909	887,583	825,550	784,554	971,187	898,985	786,685
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 8,109,632	\$ 7,606,816	\$ 7,135,808	\$ 7,451,164	\$ 7,954,796	\$ 8,268,573	\$ 7,270,205
Contributions as a percentage of covered-employee payroll	13.21%	11.67%	11.57%	10.53%	12.21%	10.87%	10.82%

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 Four Years Ended September 30,

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 23,974	\$ 24,530	\$ 51,110	\$ 51,879
Interest	80,810	83,365	126,847	62,445
Differences between expected and actual experience	(48,426)	(120,225)	(53,303)	24,011
Changes of assumptions	-	(2,761)	(704,129)	843,673
Benefit payments and net transfers	(21,402)	(21,402)	(61,983)	(61,983)
Net change in total OPEB liability	34,956	(36,493)	(641,458)	920,025
Total OPEB liability - beginning	1,165,135	1,201,628	1,843,086	923,061
Total OPEB liability - ending	\$ 1,200,091	\$ 1,165,135	\$ 1,201,628	\$ 1,843,086
Plan Fiduciary Net Position				
Contributions - employer	\$ -	\$ 79,000	\$ -	\$ 118,000
Net investment income	143,332	63,862	46,893	56,825
Administrative expense	-	-	(4,464)	-
Net change in plan fiduciary net position	143,332	142,862	42,429	174,825
Plan net position - beginning	952,433	809,571	767,142	592,317
Plan net position - ending	\$ 1,095,765	\$ 952,433	\$ 809,571	\$ 767,142
Net OPEB liability - ending	\$ 104,326	\$ 212,702	\$ 392,057	\$ 1,075,944
Plan fiduciary net position as a percentage of the total OPEB liability	91.31%	81.74%	67.37%	41.62%
Covered-employee payroll	\$ 6,163,630	\$ 5,926,567	\$ 6,183,891	\$ 5,946,049
Net OPEB liability as a percentage of covered-employee payroll	1.69%	3.59%	6.34%	18.10%

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, 2021

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 requests 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.

CITY OF IRONDALE, ALABAMA
Notes to the Required Supplementary Information
September 30, 2021
(Continued)

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

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

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	27.4 years
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

NOTE 3 - SUMMARY OF SIGNIFICANT OPEB PLAN PRACTICES

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

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.50%
Healthcare trend	Zero trend because of frozen employer contribution rates
Salary increases	4.00%, including inflation
Discount rate	7.00% annually
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; employees hired on or after January 1, 2013 may not retire before age 62.
Mortality	RPH-2000 Combined Mortality Table
Turnover	Age specific table with an average of 5% when applied to the active census

SUPPLEMENTARY INFORMATION

CITY OF IRONDALE, ALABAMA
Combining Balance Sheets
Nonmajor Governmental Funds
September 30, 2021

	<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>Corrections</u>	<u>Police Forfeiture</u>	
Assets						
Current assets						
Cash and cash equivalents						
- restricted	\$ 98,303	\$ 469,134	\$ 457,064	\$ 38,182	\$ 468,453	\$ 1,531,136
Receivables, net	-	10,490	12,142	-	-	22,632
Prepaid expenses	9,810	-	-	-	-	9,810
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 108,113</u>	<u>\$ 479,624</u>	<u>\$ 469,206</u>	<u>\$ 38,182</u>	<u>\$ 468,453</u>	<u>\$ 1,563,578</u>
Liabilities and fund balance						
Current liabilities						
Accounts payable	\$ 6,934	\$ 2,095	\$ 883	\$ 4,267	\$ -	\$ 14,179
Accrued payroll and benefits	10,089	-	-	3,624	-	13,713
Due to other funds	-	-	-	-	26,512	26,512
Total liabilities	<u>17,023</u>	<u>2,095</u>	<u>883</u>	<u>7,891</u>	<u>26,512</u>	<u>54,404</u>
Fund balance						
Nonspendable	9,810	-	-	-	-	9,810
Restricted for						
Public protection	81,280	-	-	30,291	441,941	553,512
Infrastructure maintenance	-	477,529	468,323	-	-	945,852
Total fund balance	<u>91,090</u>	<u>477,529</u>	<u>468,323</u>	<u>30,291</u>	<u>441,941</u>	<u>1,509,174</u>
Total liabilities and fund balance	<u>\$ 108,113</u>	<u>\$ 479,624</u>	<u>\$ 469,206</u>	<u>\$ 38,182</u>	<u>\$ 468,453</u>	<u>\$ 1,563,578</u>

CITY OF IRONDALE, ALABAMA
Combining Statements of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Special Revenue					Total Nonmajor Governmental Funds
	E-911	4 & 5 Cent Gas Tax	7 Cent Gas Tax	Corrections	Police Forfeiture	
Revenues						
Intergovernmental	\$ 314,159	\$ 113,573	\$ 128,680	\$ -	\$ -	\$ 556,412
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	51,066	35,164	86,230
Miscellaneous	-	-	-	-	3,500	3,500
Total revenues	<u>314,159</u>	<u>113,573</u>	<u>128,680</u>	<u>51,066</u>	<u>38,664</u>	<u>646,142</u>
Expenditures, current						
General government	-	-	-	322,824	-	322,824
Public protection	649,784	-	-	-	42,367	692,151
Public ways and facilities	-	15,829	12,175	-	-	28,004
Capital outlay	-	-	-	-	-	-
	<u>649,784</u>	<u>15,829</u>	<u>12,175</u>	<u>322,824</u>	<u>42,367</u>	<u>1,042,979</u>
Other financing (uses) sources						
Transfers in	411,806	414	-	304,540	-	716,760
Transfers out	-	-	-	-	-	-
	<u>411,806</u>	<u>414</u>	<u>-</u>	<u>304,540</u>	<u>-</u>	<u>716,760</u>
Net change in fund balance	76,181	98,158	116,505	32,782	(3,703)	319,923
Fund balance - beginning of year	<u>14,909</u>	<u>379,371</u>	<u>351,818</u>	<u>(2,491)</u>	<u>445,644</u>	<u>1,189,251</u>
Fund balance - end of year	<u>\$ 91,090</u>	<u>\$ 477,529</u>	<u>\$ 468,323</u>	<u>\$ 30,291</u>	<u>\$ 441,941</u>	<u>\$ 1,509,174</u>

CITY OF IRONDALE, ALABAMA
Combining Balance Sheets - Component Units
September 30, 2021

	Industrial Development Board	Commercial Development Authority	Total Component Units
Assets			
Current assets			
Cash and cash equivalents	\$ 36,391	\$ 464,972	\$ 501,363
Receivables, net	-	232,594	232,594
Total current assets	<u>36,391</u>	<u>697,566</u>	<u>733,957</u>
Noncurrent assets			
Nondepreciable capital assets	-	142,100	142,100
Depreciable capital assets, net	-	1,567,113	1,567,113
Total noncurrent assets	<u>-</u>	<u>1,709,213</u>	<u>1,709,213</u>
Total assets	<u>36,391</u>	<u>2,406,779</u>	<u>2,443,170</u>
Liabilities			
Current liabilities			
Current maturities of long-term liabilities			
Notes payable	-	46,625	46,625
Noncurrent liabilities			
Notes payable, net	<u>-</u>	<u>185,969</u>	<u>185,969</u>
Total liabilities	<u>-</u>	<u>232,594</u>	<u>232,594</u>
Net position			
Net investment in capital assets	-	1,476,619	1,476,619
Unrestricted	<u>36,391</u>	<u>697,566</u>	<u>733,957</u>
Total net position	<u>\$ 36,391</u>	<u>\$ 2,174,185</u>	<u>\$ 2,210,576</u>

CITY OF IRONDALE, ALABAMA

Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Component Units
For the Year Ended September 30, 2021

	Industrial Development Board	Commercial Development Authority	Total Component Units
Operating revenues			
Charges for services	\$ -	\$ 127,755	\$ 127,755
Payments from other governments	-	51,661	51,661
Total operating revenues	<u>-</u>	<u>179,416</u>	<u>179,416</u>
Operating expenses			
Administration, operations, and maintenance	-	88,413	88,413
Depreciation and amortization	-	46,092	46,092
Total operating expenses	<u>-</u>	<u>134,505</u>	<u>134,505</u>
Operating income	<u>-</u>	<u>44,911</u>	<u>44,911</u>
Non-operating revenues (expenses)			
Interest income	-	591	591
Miscellaneous	-	1,267	1,267
Interest expense	-	(6,159)	(6,159)
Total non-operating revenues (expenses)	<u>-</u>	<u>(4,301)</u>	<u>(4,301)</u>
Income before transfers	-	40,610	40,610
Transfers in	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	-	40,610	40,610
Net position, beginning of year	<u>36,391</u>	<u>2,133,575</u>	<u>2,169,966</u>
Net position, end of year	<u>\$ 36,391</u>	<u>\$ 2,174,185</u>	<u>\$ 2,210,576</u>