

**CITY OF ANNISTON, ALABAMA**

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2023



**CERTIFIED PUBLIC ACCOUNTANTS**

# CITY OF ANNISTON, ALABAMA

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SEPTEMBER 30, 2023

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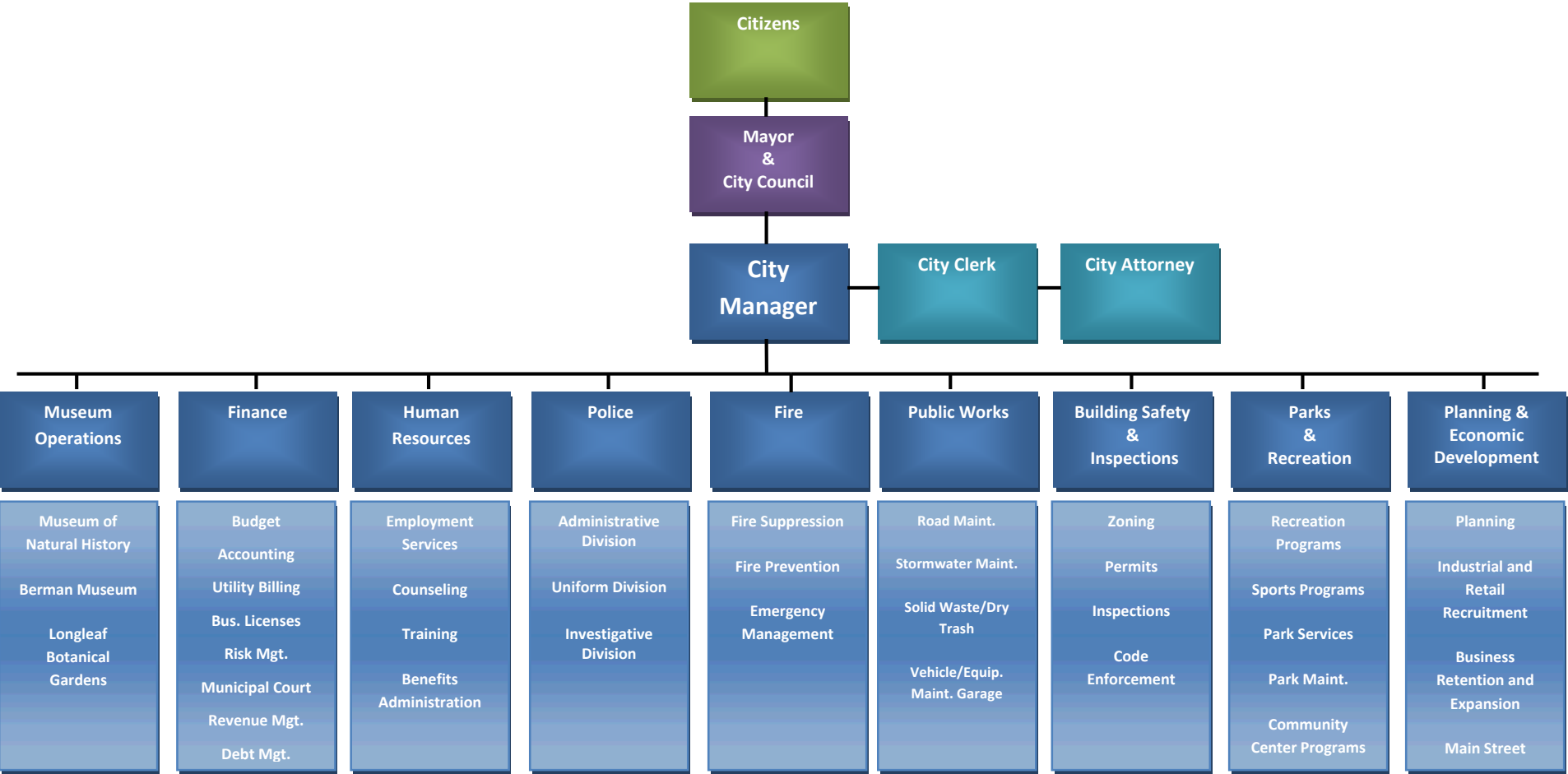
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## **INTRODUCTORY SECTION**

# CITY OF ANNISTON, ALABAMA ORGANIZATION CHART



FOR THE YEAR END SEPTEMBER 30, 2023

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**City Council**

Jack Draper – Mayor

Millie Harris

Jay W. Jenkins

Demetric D. Roberts

Ciara Smith

**City Manager**

Steven D. Folks

**Finance Director**

Jessica Leonard

**Other City Officials**

City Attorney

Bruce J. Downey IV

City Clerk

Skyler Bass

City Judge

James Sims

Fire

Jeff Waldrep, Chief

Human Resources

Bersheba Austin, Director

Museum Operations

Alan Robison, Director

Parks & Recreation

Frazier Burroughs, Director

Economic Development

Toby Bennington, Director

Police

Nick Bowles, Chief

Public Works

David Arnett, Director

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor  
and Members of the City Council  
City of Anniston, Alabama

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, budgetary comparison for the General Fund, and the aggregate remaining fund information of City of Anniston, Alabama (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Public Library of Anniston/Calhoun County which represents 4%, 33%, and 2%, respectively, of the assets and deferred outflows of resources, net position, and revenue of the discretely presented component units. We also did not audit the City of Anniston Board of Education which represents 92%, 45%, and 98%, respectively, of the assets and deferred outflows of resources, net position, and revenue of the discretely presented component units. We also did not audit Anniston Museum Endowment Corporation, Inc. which represents 4%, 22%, and 1%, respectively, of the assets and deferred outflows of resources, net position, and revenue of the discretely presented component units. The financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Public Library of Anniston/Calhoun County, City of Anniston Board of Education, and Anniston Museum Endowment Corporation, Inc. are based solely on the reports of the other auditors.



## ***Basis for Opinions***

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

## ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages v through xiii of the Financial Section and the required supplementary information on pages B-1 through B-11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining nonmajor fund financial schedules included as other supplementary information and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedules included as other supplementary information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cleveland, Tennessee  
August 23, 2024

*Henderson Hutcherson  
& McCullough, PLLC*

**FOR THE YEAR END SEPTEMBER 30, 2023**

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This section of the City of Anniston, Alabama's (the City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2023. As management of the City, we encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and other supplementary information, which follow this narrative.

**Financial Highlights**

- The assets and deferred outflows of resources of the City (primary government) exceeded its liabilities and deferred inflows of resources by \$17.3 million for the year ended September 30, 2023. Of the \$17.3 million in primary government net position, unrestricted net position had a deficit of \$38.6 million.
- The City's total net position increased by \$9 million in fiscal year 2023 primarily as a result of an increase in property tax revenue. The City's property tax revenue was \$6.3 million, which is up from \$5.1 million in fiscal year 2022.
- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$26.6 million. The combined governmental funds fund balance decreased by \$1.3 million compared with the prior year. Of the \$26.6 million in fund balance, \$20.1 million is available for spending at the government's discretion (unassigned fund balance).
- The General Fund ended the current year with a fund balance of \$20.2 million, up \$6.6 million from \$13.6 million in 2022. The 2023 ending fund balance of the General Fund represents 48.09 percent of total General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1. Government-wide financial statements, 2. Fund financial statements and 3. Notes to the financial statements (see figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

**Government-wide Financial Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide financial statements of the City are divided into three categories:

*Governmental Activities* – Most of the City's basic services are included here such as the police, fire, public works, parks and recreation, and general administration. Sales use and property taxes; charges for services; and state and federal grants finance most of these activities. The *Governmental Activities* include *Blended Component units*.

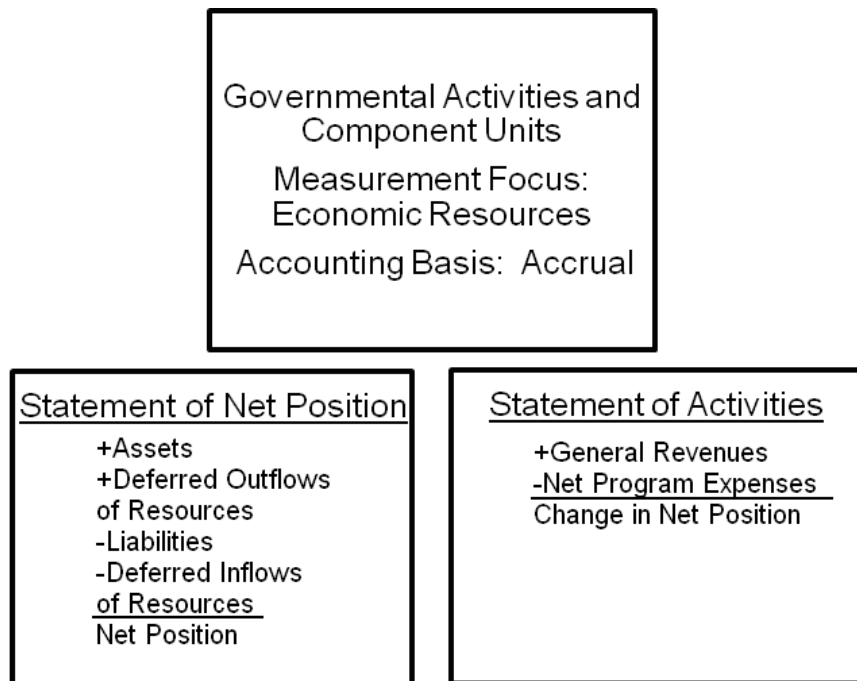
**FOR THE YEAR END SEPTEMBER 30, 2023**

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*Business-type Activities* – The City charges a fee to customers to help it cover the cost of certain services it provides. The City’s store at the Anniston Museum of Natural History, stormwater activities, and the activities related to the fire training center are reported here.

*Component Units* – The City is required to include other legally separate entities in its report including the Anniston City Board of Education, Public Library of Anniston and Calhoun County and Anniston Museum Endowment Corporation. These entities are discretely presented component units, and the City is financially accountable for these entities. The City provides administrative services for the following blended component units: The Public Building Authority, Anniston Downtown Development Authority and Industrial Development Authority.

**Government-wide Financial Statements**



The statement of net position includes all of the government’s assets and deferred outflows of resources and liabilities and deferred inflows of resources except fiduciary funds. The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the City’s most significant funds – not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by federal or state law while some are required by grant agreements. Other funds are established to control and manage City resources designated for specific purposes.

**FOR THE YEAR END SEPTEMBER 30, 2023**

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The City uses three types of funds:

***Governmental Funds*** – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow into and out of the funds and (2) the balances left at year-end that are available for spending. Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

***Proprietary Funds*** – The City charges customers for certain services it provides, whether to outside customers or to other divisions within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City maintains two types of proprietary funds: enterprise and internal service funds. The City has three enterprise funds (Museum Store, Stormwater Fees, and Fire Training) to record services for which external customers are charged a fee. Internal service funds are used to record services for which internal customers are charged a fee. The City has three of these fund types: Liability Insurance, Health Insurance, and Workers' Compensation.

***Fiduciary Funds*** – The fiduciary fund statement reflects the financial relationship with the Policemen's and Firemen's Retirement Fund which provides benefits exclusively for certain public safety employees. The City also uses a Municipal Court fiduciary fund to account for monies that is collected on behalf of outside agencies. These funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance operations.

**Notes to the Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information that should be considered in the evaluation of the City's financial position.

**Government-wide Financial Analysis****Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17.3 million at the close of the most recent fiscal year. Net position related to governmental activities is \$13.3 million, and business-type activities make up \$4 million of the total net position.

**FOR THE YEAR END SEPTEMBER 30, 2023**

In a condensed format, the table below shows a comparison of the net position as of the current date to the prior year:

**Condensed Statement of Net Position  
As of September 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 40,613,999	\$ 42,042,322	\$ 802,438	\$ 2,820,400	\$ 41,416,437	\$ 44,862,722
Capital assets, net of accumulated depreciation	87,385,487	83,329,940	4,079,447	1,013,395	91,464,934	84,343,335
<b>Total assets</b>	<b>127,999,486</b>	<b>125,372,262</b>	<b>4,881,885</b>	<b>3,833,795</b>	<b>132,881,371</b>	<b>129,206,057</b>
Deferred outflow of resources	11,358,839	10,548,645	-	-	11,358,839	10,548,645
Current and other liabilities	19,872,696	20,883,688	838,102	2,054,793	20,710,798	22,938,481
Long-term liabilities, net of current portion	101,824,876	101,375,205	-	91,039	101,824,876	101,466,244
<b>Total liabilities</b>	<b>121,697,572</b>	<b>122,258,893</b>	<b>838,102</b>	<b>2,145,832</b>	<b>122,535,674</b>	<b>124,404,725</b>
Deferred inflows of resources	4,359,795	7,627,813	-	-	4,359,795	7,627,813
<b>Net position:</b>						
Net investment in capital	45,752,327	41,696,780	4,079,447	869,374	49,831,774	42,566,154
Restricted	6,155,254	14,462,781	-	-	6,155,254	14,462,781
Unrestricted	(38,606,623)	(50,125,360)	(35,664)	818,589	(38,642,287)	(49,306,771)
<b>Total net position</b>	<b>\$ 13,300,958</b>	<b>\$ 6,034,201</b>	<b>\$ 4,043,783</b>	<b>\$ 1,687,963</b>	<b>\$ 17,344,741</b>	<b>\$ 7,722,164</b>

The City's investment in capital assets less any related debt still outstanding that was issued to acquire those assets is \$49.8 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Additionally, \$6.2 million represents the balance of total net position that is subject to external restrictions on how they may be used.

**FOR THE YEAR END SEPTEMBER 30, 2023****Changes in Net Position**

The following table shows the changes in net position for fiscal year 2023:

	<b>Condensed Statement of Activities</b>					
	<b>For the Years Ended September 30, 2023 and 2022</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>						
Program Revenue:						
Charges for services	\$ 8,505,096	\$ 7,486,620	\$ 650,896	\$ 641,423	\$ 9,155,992	\$ 8,128,043
Operating grants and contributions	7,008,956	9,393,456	-	-	7,008,956	9,393,456
Capital grants and contributions	-	-	1,866,576	-	1,866,576	-
General Revenue:						
Taxes	40,379,513	38,842,967	-	-	40,379,513	38,842,967
Licenses and permits	5,452,490	5,270,985	-	-	5,452,490	5,270,985
Interest earnings	724,168	47,714	-	-	724,168	47,714
Other revenues	350,876	184,011	-	-	350,876	184,011
<b>Total revenue</b>	<b>62,421,099</b>	<b>61,225,753</b>	<b>2,517,472</b>	<b>641,423</b>	<b>64,938,571</b>	<b>61,867,176</b>
<b>Expenses</b>						
General government	18,168,028	16,099,116	-	-	18,168,028	16,099,116
Judicial	437,582	432,670	-	-	437,582	432,670
Public safety	7,611,691	3,232,055	-	-	7,611,691	3,232,055
Public works	17,730,406	16,451,512	-	-	17,730,406	16,451,512
Economic development	298,217	464,777	-	-	298,217	464,777
Culture and recreation	6,949,910	6,477,214	-	-	6,949,910	6,477,214
Housing and development	2,377,978	2,769,311	-	-	2,377,978	2,769,311
Interest	2,031,349	1,394,341	-	-	2,031,349	1,394,341
Museum store	-	-	92,455	85,769	92,455	85,769
Stormwater	-	-	172,874	470,627	172,874	470,627
Fire Training School	-	-	91,939	73,877	91,939	73,877
<b>Total expenses</b>	<b>55,605,161</b>	<b>47,320,996</b>	<b>357,268</b>	<b>630,273</b>	<b>55,962,429</b>	<b>47,951,269</b>
Transfers	(369,207)	17,200	369,207	(17,200)	-	-
Gain/(Loss) on sale of assets	26,472	(48,839)	-	-	26,472	(48,839)
<b>Change in net position</b>	<b>\$ 6,473,203</b>	<b>\$ 13,873,118</b>	<b>\$ 2,529,411</b>	<b>\$ (6,050)</b>	<b>\$ 9,002,614</b>	<b>\$ 13,867,068</b>

**Governmental Activities**

Revenues for governmental activities totaled \$62.4 million in FY 2023, which represents an increase of 2% over FY 2022. Taxes account for \$40.4 million or 64.7% of total revenue in 2023 and reported an increase of \$1.5 million compared to FY 2022. Licenses and permits account for \$5.5 million or 8.8% of total revenue. Charges for services accounted for \$8.5 million or 13.6% of total revenue in FY 2023.

Expenses for governmental activities totaled \$55.6 million in FY 2023, which represents an increase of \$8.3 million, or 17.5%, compared to FY 2022.



**FOR THE YEAR END SEPTEMBER 30, 2023**

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**Business-type Activities**

Revenues for business-type activities were \$2,517,472, which represents an increase of 292.5% over FY 2022. Expenses for business-type activities totaled \$357,268 in FY 2023, which represents a decrease of 42.6% compared to FY 2022. The decrease in expenses from FY 2022 is related to capital projects that occurred during FY 2022.

**Financial Analysis of the City’s 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 usable resources. Such information is useful in assessing the City’s financing requirements. Specifically, unassigned fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$19.9 million, compared with \$12.2 million at the end of FY 2022. As a measure of the General Fund’s liquidity, the unassigned fund balance represents 42.1% of total General Fund expenditures (including transfers out) at the end of FY 2023.

**General Fund-Fund Balances  
For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Nonspendable	\$ 340,231	\$ 292,129	\$ 48,102
Assigned	-	-	-
Unassigned	19,872,965	12,229,670	7,643,295
<b>Total Fund Balances</b>	<b><u>\$ 20,213,196</u></b>	<b><u>\$ 12,521,799</u></b>	<b><u>\$ 7,691,397</u></b>

**FOR THE YEAR END SEPTEMBER 30, 2023**

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**Proprietary Funds**

The City’s proprietary funds are made up of enterprise funds and internal service funds. The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has three enterprise funds, the Museum Store, Stormwater Fee Fund, and the Fire Training Fund. The net position of the enterprise funds was \$4 million, an increase of \$2.4 million from FY 2022.

**Business Activities-Net Position  
For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Net Investment in Capital Assets	\$ 4,079,447	\$ 869,374	\$ 3,210,073
Unrestricted	(35,664)	818,589	(854,253)
<b>Total Net Position</b>	<b>\$ 4,043,783</b>	<b>\$ 1,687,963</b>	<b>\$ 2,355,820</b>

In FY 2015, the City established internal service funds to accumulate and pay the costs of workers’ compensation insurance, health insurance and general liability insurance. The net position of the internal service funds was negative \$355,048 in FY 2023, which represents a decrease of \$770,686 from FY 2022.

**Internal Service Funds-Net Position  
For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Restricted	\$ -	\$ -	\$ -
Unrestricted	(355,048)	415,638	(770,686)
<b>Total Net Position</b>	<b>\$ (355,048)</b>	<b>\$ 415,638</b>	<b>\$ (770,686)</b>

**FOR THE YEAR END SEPTEMBER 30, 2023**

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**General Fund Budgetary Highlights**

The City adopts an annual appropriated budget for its general fund and other funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**General Fund Budget  
For the Years Ended September 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance From Final Budget</b>
Revenues	\$ 41,464,750	\$ 44,272,640	\$ 48,878,084	\$ 4,605,444
Expenditures	38,868,732	41,404,748	41,301,664	103,084
Other Sources (Uses)	<u>(3,860,492)</u>	<u>(4,380,498)</u>	<u>(979,541)</u>	<u>3,400,957</u>
<b>Total</b>	<u>\$ (1,264,474)</u>	<u>\$ (1,512,606)</u>	<u>\$ 6,596,879</u>	<u>\$ 8,109,485</u>

**Capital Asset and Debt Administration**

**Capital Assets:** The City’s investment in capital assets for its governmental activities as of September 30, 2023, totals \$45.8 million (net of accumulated depreciation) and for its business-type activities as of September 30, 2023, totals \$4.1 million (net of accumulated depreciation). These assets include infrastructure, buildings, land, machinery and equipment, facilities, and vehicles, as well as the collection at the Anniston Museum of Natural History.

Additional information about the City’s capital assets can be found in Note 6 beginning on page A-35.

**Long-term Debt:** The long-term debt at September 30, 2023 totaled \$44.2 million. All of this amount relates to governmental activities. Overall, the City’s long-term debt decreased from FY 2022 by \$2.2 million.

Additional information about the City’s long-term debt can be found in Note 7 beginning on page A-37.

**FOR THE YEAR END SEPTEMBER 30, 2023**

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**Economic Factors and Next Year's Budget**

On June 28th of 2021, the City publicly kicked off its comprehensive planning process. This Comprehensive Plan will serve as a policy instrument for our government for future decisions on regulations, funding allocations, and the management of our environment. Comprehensive plans establish long-range goals for the community. This plan will guide decisions on recreation, economic development, and more for years to come.

As we approach a new fiscal year, we continue to be conservative in our overall revenue estimates. We continue to monitor annual fluctuations in revenues such as business tax and City Court fines.

In preparing the FY 2024 budget, the City considered outside factors that affect funding decisions such as state and local economic conditions, federal and state mandates, political and social environment, citizen concerns, and outside agency considerations. The following are a few factors considered in the FY 2024 budget:

- expenses for the New City Market operations
- continuous improvement of airport operations
- annual improvement of landscaping to Quintard Avenue
- operations at the new Dr Satcher/St Michael Health Clinic and Learning Center
- operations at the new Noble Street Park

**Questions or Comments**

This financial report is designed to provide a general overview of the finances for the City.

Any questions or comments about this document should be addressed to Jessica Leonard, Finance Director, email: [jleonard@anniston.al.gov](mailto:jleonard@anniston.al.gov) or P. O. Box 2168, Anniston, Alabama 36202.

**CITY OF ANNISTON, ALABAMA**

**STATEMENT OF NET POSITION**

**September 30, 2023**

	Primary Government			
	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,816,090	\$ 31,111	\$ 9,847,201	\$ 13,144,666
Investments	24,480,010	540,000	25,020,010	2,125,987
Receivables, net of allowance for uncollectibles	4,252,077	20,939	4,273,016	3,630,689
Internal balances	(184,292)	184,292	-	-
Inventories	302,852	26,096	328,948	84,260
Other assets	47,243	-	47,243	64,330
Net pension asset	-	-	-	23,544
Restricted assets:				
Cash and cash equivalents	1,900,019	-	1,900,019	2,388,907
Capital assets:				
Land and other nondepreciable assets	25,462,046	-	25,462,046	5,959,748
Capital assets, net of accumulated depreciation	61,923,441	4,079,447	66,002,888	8,294,815
Total assets	<u>127,999,486</u>	<u>4,881,885</u>	<u>132,881,371</u>	<u>35,716,946</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension outflows	8,294,517	-	8,294,517	9,210,337
Deferred OPEB outflows	1,866,729	-	1,866,729	3,047,181
Deferred bond insurance cost	77,389	-	77,389	-
Deferred charges on refunding	1,120,204	-	1,120,204	-
Total deferred outflows of resources	<u>11,358,839</u>	<u>-</u>	<u>11,358,839</u>	<u>12,257,518</u>
<b>LIABILITIES</b>				
Accounts payable	2,581,031	704,678	3,285,709	245,957
Accrued and other payables	1,275,021	-	1,275,021	1,469,847
Unearned revenues	10,459,920	133,424	10,593,344	17,939
Long-term liabilities, due within one year	5,556,724	-	5,556,724	26,450
Long-term liabilities, due in more than one year	38,680,651	-	38,680,651	82,473
OPEB obligation	6,725,681	-	6,725,681	2,865,987
Net pension liability	56,418,544	-	56,418,544	22,697,000
Total liabilities	<u>121,697,572</u>	<u>838,102</u>	<u>122,535,674</u>	<u>27,405,653</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension inflows	1,036,324	-	1,036,324	3,817,833
Deferred OPEB inflows	2,839,781	-	2,839,781	12,043,066
Deferred revenue	483,690	-	483,690	-
Total deferred inflows of resources	<u>4,359,795</u>	<u>-</u>	<u>4,359,795</u>	<u>15,860,899</u>
<b>NET POSITION</b>				
Net investment in capital assets	45,752,327	4,079,447	49,831,774	14,105,200
Restricted for:				
Capital projects	200,968	-	200,968	2,388,907
Debt service	2,490,147	-	2,490,147	-
Judicial	274,409	-	274,409	-
Public safety	2,261,124	-	2,261,124	-
Road improvements	12,231	-	12,231	-
Culture and recreation	849,025	-	849,025	28,462
Economic and industrial development	67,350	-	67,350	-
Endowment fund	-	-	-	2,220,709
Unrestricted net position (deficit)	<u>(38,606,623)</u>	<u>(35,664)</u>	<u>(38,642,287)</u>	<u>(14,035,366)</u>
Total net position	<u>\$ 13,300,958</u>	<u>\$ 4,043,783</u>	<u>\$ 17,344,741</u>	<u>\$ 4,707,912</u>

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

**CITY OF ANNISTON, ALABAMA**

**STATEMENT OF ACTIVITIES**

**Year ended September 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities -				
General government	\$ 18,168,028	\$ 6,534,353	\$ 3,522,278	\$ -
Judicial	437,582	212,446	-	-
Public safety	7,611,691	68,620	1,410,218	-
Public works	17,730,406	10,190	234,125	-
Economic development	298,217	-	388,032	-
Culture and recreation	6,949,910	1,679,487	304,785	-
Housing and development	2,377,978	-	1,149,518	-
Interest on debt and other expenses	2,031,349	-	-	-
Total governmental activities	<u>55,605,161</u>	<u>8,505,096</u>	<u>7,008,956</u>	<u>-</u>
Business-type activities -				
Museum store	92,455	122,084	-	-
Stormwater fees	172,874	414,475	-	-
Fire training school	91,939	114,337	-	1,866,576
Total business-type activities	<u>357,268</u>	<u>650,896</u>	<u>-</u>	<u>1,866,576</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 55,962,429</u>	<u>\$ 9,155,992</u>	<u>\$ 7,008,956</u>	<u>\$ 1,866,576</u>
Component units	<u>\$ 30,261,743</u>	<u>\$ 3,620,826</u>	<u>\$ 26,388,933</u>	<u>\$ 2,513,747</u>

General revenues:

- Sales tax
- Property taxes
- Gasoline taxes
- Other taxes
- Licenses and permits
- City and county appropriations
- Unrestricted investment earnings
- Pension income
- Restricted investment earnings
- Grants and contributions not restricted for specific programs
- Miscellaneous
- Gain (Loss) on disposal of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning (as previously stated)

Prior period adjustments

Net position, beginning (restated)

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (8,111,397)	\$ -	\$ (8,111,397)	\$ -
(225,136)	-	(225,136)	-
(6,132,853)	-	(6,132,853)	-
(17,486,091)	-	(17,486,091)	-
89,815	-	89,815	-
(4,965,638)	-	(4,965,638)	-
(1,228,460)	-	(1,228,460)	-
(2,031,349)	-	(2,031,349)	-
<u>(40,091,109)</u>	<u>-</u>	<u>(40,091,109)</u>	<u>-</u>
-	29,629	29,629	-
-	241,601	241,601	-
-	1,888,974	1,888,974	-
-	2,160,204	2,160,204	-
<u>(40,091,109)</u>	<u>2,160,204</u>	<u>(37,930,905)</u>	<u>-</u>
-	-	-	2,261,763
29,319,737	-	29,319,737	2,407,416
6,278,184	-	6,278,184	6,174,514
716,502	-	716,502	-
4,065,090	-	4,065,090	118,789
5,452,490	-	5,452,490	-
-	-	-	657,065
724,168	-	724,168	14,643
-	-	-	37,418
-	-	-	11,312
-	-	-	452,016
350,876	-	350,876	478,639
26,472	-	26,472	319,227
<u>(369,207)</u>	<u>369,207</u>	<u>-</u>	<u>-</u>
<u>46,564,312</u>	<u>369,207</u>	<u>46,933,519</u>	<u>10,671,039</u>
6,473,203	2,529,411	9,002,614	12,932,802
6,034,201	1,687,963	7,722,164	(8,224,890)
793,554	(173,591)	619,963	-
<u>6,827,755</u>	<u>1,514,372</u>	<u>8,342,127</u>	<u>(8,224,890)</u>
<u>\$ 13,300,958</u>	<u>\$ 4,043,783</u>	<u>\$ 17,344,741</u>	<u>\$ 4,707,912</u>

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

**CITY OF ANNISTON, ALABAMA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**September 30, 2023**

	General	Debt Service
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,554,815	\$ 5,841,519
Investments	20,809,576	-
Receivables, net of allowance for uncollectibles:		
Taxes	2,734,913	-
Accounts receivables	72,028	-
Notes	-	-
Due from other funds	6,121,074	-
Due from other governments	169,228	-
Prepaid expenses	37,379	-
Inventories	302,852	-
Restricted cash	-	-
Total assets	\$ 32,801,865	\$ 5,841,519
<b>LIABILITIES</b>		
Accounts payable	\$ 1,134,474	\$ 3,643
Accrued liabilities	769,784	-
Other payables	32,290	-
Due to other funds	10,099,477	5,247,748
Unearned revenue	552,644	-
Total liabilities	12,588,669	5,251,391
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue, loans	-	-
Total deferred inflows of resources	-	-
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid expenses	37,379	-
Inventories	302,852	-
Restricted for:		
Capital projects	-	-
Debt service	-	590,128
Judicial	-	-
Public safety	-	-
Road improvements	-	-
Culture and recreation	-	-
Economic and industrial development	-	-
Unassigned	19,872,965	-
Total fund balances	20,213,196	590,128
Total liabilities, deferred inflows of resources, fund balances	\$ 32,801,865	\$ 5,841,519

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



American Rescue Plan Act	Capital Improvement Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,419,774	\$ 9,816,108
-	-	3,670,434	24,480,010
-	-	-	2,734,913
-	-	11,952	83,980
-	-	483,690	483,690
9,726,250	340,865	387,927	16,576,116
-	-	780,266	949,494
-	-	9,864	47,243
-	-	-	302,852
-	-	1,900,019	1,900,019
<u>\$ 9,726,250</u>	<u>\$ 340,865</u>	<u>\$ 8,663,926</u>	<u>\$ 57,374,425</u>
\$ 11,246	\$ 769,121	\$ 307,500	\$ 2,225,984
-	-	-	769,784
-	-	30,805	63,095
-	-	1,413,184	16,760,409
9,715,004	-	192,272	10,459,920
<u>9,726,250</u>	<u>769,121</u>	<u>1,943,761</u>	<u>30,279,192</u>
-	-	483,690	483,690
-	-	483,690	483,690
-	-	9,864	47,243
-	-	-	302,852
-	-	200,968	200,968
-	-	1,900,019	2,490,147
-	-	274,409	274,409
-	-	2,261,124	2,261,124
-	-	12,231	12,231
-	-	849,025	849,025
-	-	67,350	67,350
-	(428,256)	661,485	20,106,194
-	(428,256)	6,236,475	26,611,543
<u>\$ 9,726,250</u>	<u>\$ 340,865</u>	<u>\$ 8,663,926</u>	<u>\$ 57,374,425</u>

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

**CITY OF ANNISTON, ALABAMA**

**RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

**September 30, 2023**

Differences in amounts reported for governmental activities in the statement of net position on page A-1:

Fund balances – total governmental funds		\$ 26,611,543
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		87,385,487
The internal service fund is used by management to charge the costs of fleet management and risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(355,048)
Contributions to pension plans made after the measurement date are recorded as expenditures in governmental funds but must be deferred in the statement of net position. In addition, certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.		
Contribution to pension plans - ERS	\$ 1,104,329	
Experience loss - pension plans - ERS	(49,758)	
Assumption change loss - pension plans - ERS	547,797	
Earnings variance - pension plans - ERS	<u>2,778,223</u>	4,380,591
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.		
Experience gain - pension plans - P&F	45,704	
Assumption change gain - pension plans - P&F	444,980	
Earnings variance - pension plans - P&F	<u>2,386,918</u>	2,877,602
Certain amounts related to other post employment benefits are deferred and amortized over time. These are not reported in the funds.		
Experience difference between expected and actual - OPEB		(973,052)
The City's other post-employment benefit plan has not been fully funded. This OPEB obligation is considered a long-term obligation and is not reported in the funds.		(6,725,681)
Net pension liabilities are not due and payable in the current period and are not reported in the funds:		
General pension	(12,413,458)	
Police and fire pension	<u>(44,005,086)</u>	(56,418,544)
Long-term liabilities are not due and payable in the current period and are not reported in the funds. All liabilities, both due in one year and due in more than one year, are reported in the statement of net position. These consist of:		
General obligation bonds	(38,805,000)	
Unamortized issue discounts (premium)	(1,497,799)	
Add deferred bond insurance cost	77,373	
Add deferred charges on refunding	1,120,204	
Notes payable	(821,787)	
Compensated absences	(3,112,789)	
Accrued interest payable	<u>(442,142)</u>	<u>(43,481,940)</u>
Net position of governmental activities		<u>\$ 13,300,958</u>

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

**CITY OF ANNISTON, ALABAMA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS**

**Year ended September 30, 2023**

	General	Debt Service
REVENUES		
Taxes	\$ 38,887,149	\$ -
Licenses and permits	5,461,772	-
Intergovernmental	301,995	-
Charges for services	2,885,966	-
Fines and forfeitures	679,368	-
Contributions and donations	110,450	-
Investment income	343,238	294,825
Other revenue	208,146	-
Total revenues	48,878,084	294,825
EXPENDITURES		
Current:		
General government	12,692,054	-
Judicial	437,582	-
Public safety	16,145,559	-
Public works	6,903,958	-
Economic development	583,560	-
Culture and recreation	4,538,951	-
Housing and development	-	-
Capital outlay	-	-
Debt service:		
Principal	-	1,851,221
Interest and fiscal charges	-	941,656
Total expenditures	41,301,664	2,792,877
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,576,420	(2,498,052)
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of assets	92,217	-
Transfers in	4,799,200	-
Transfers out	(5,870,958)	(3,961,289)
Total financing sources (uses)	(979,541)	(3,961,289)
NET CHANGE IN FUND BALANCES	6,596,879	(6,459,341)
FUND BALANCE		
Beginning, as previously stated	12,521,799	10,404,092
Prior period adjustment	1,094,518	(3,354,623)
Beginning, as restated	13,616,317	7,049,469
Ending	\$ 20,213,196	\$ 590,128

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

American Rescue Plan Act	Capital Improvement Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,492,364	\$ 40,379,513
-	-	-	5,461,772
1,936,153	-	3,988,760	6,226,908
-	-	329,544	3,215,510
-	-	30,947	710,315
-	-	67,072	177,522
-	-	86,105	724,168
-	-	220,254	428,400
<u>1,936,153</u>	<u>-</u>	<u>6,215,046</u>	<u>57,324,108</u>
-	-	-	12,692,054
-	-	-	437,582
-	-	2,205,631	18,351,190
1,936,153	-	347,843	9,187,954
-	-	47,473	631,033
-	-	1,847,213	6,386,164
-	-	1,132,824	1,132,824
-	5,457,931	-	5,457,931
-	-	-	1,851,221
-	-	1,288,937	2,230,593
<u>1,936,153</u>	<u>5,457,931</u>	<u>6,869,921</u>	<u>58,358,546</u>
<u>-</u>	<u>(5,457,931)</u>	<u>(654,875)</u>	<u>(1,034,438)</u>
-	-	-	92,217
-	5,457,930	667,322	10,924,452
-	(645,500)	(815,912)	(11,293,659)
<u>-</u>	<u>4,812,430</u>	<u>(148,590)</u>	<u>(276,990)</u>
-	(645,501)	(803,465)	(1,311,428)
-	49,585	3,264,237	26,239,713
-	167,660	3,775,703	1,683,258
<u>-</u>	<u>217,245</u>	<u>7,039,940</u>	<u>27,922,971</u>
<u>\$ -</u>	<u>\$ (428,256)</u>	<u>\$ 6,236,475</u>	<u>\$ 26,611,543</u>

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

**CITY OF ANNISTON, ALABAMA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**Year ended September 30, 2023**

Differences in amounts reported for governmental activities in the statement of activities on pages A-2 and A-3:

Net change in fund balances – total governmental funds \$ (1,311,428)

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

Capital outlay reported as expenditures in the governmental funds, that meet the capitalization threshold are shown as capital assets in the statement of net position. 10,203,496

The net effect of various transactions involving capital assets to decrease net position. (78,563)

Depreciation expense on governmental capital assets are included in the statement of activities. (6,069,386)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Net deferred refunding	\$ (61,035)	
Principal repayments	2,537,166	
Notes issued	(530,793)	
Amortization	<u>96,503</u>	2,041,841

Net income of the internal service fund are reported with governmental activities. 119,018

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of:

Change in compensated absences	110,502	
Change in net pension liability and related deferrals - P&F	1,321,369	
Change in net pension liability and related deferrals - ERS	(264,736)	
Change in OPEB liability and related deferrals	<u>401,090</u>	<u>1,568,225</u>

Change in net position of governmental activities \$ 6,473,203

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

**CITY OF ANNISTON, ALABAMA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**Year ended September 30, 2023**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 34,410,000	\$ 35,373,200	\$ 38,887,149	\$ 3,513,949
Licenses and permits	5,282,300	5,336,100	5,461,772	125,672
Intergovernmental	202,100	171,000	301,995	130,995
Charges for services	1,101,100	2,477,453	2,885,966	408,513
Fines and forfeitures	283,000	704,587	679,368	(25,219)
Contributions and donations	139,000	104,300	110,450	6,150
Investment income	6,000	56,000	343,238	287,238
Other revenue	41,250	50,000	208,146	158,146
Total revenues	<u>41,464,750</u>	<u>44,272,640</u>	<u>48,878,084</u>	<u>4,605,444</u>
<b>EXPENDITURES</b>				
General Government				
Finance	880,600	940,600	922,230	18,370
General division	607,200	616,520	637,203	(20,683)
City Council	224,200	199,200	159,026	40,174
Non-departmental	7,340,500	8,334,675	8,015,182	319,493
Outside agencies	2,467,500	2,861,800	2,958,413	(96,613)
	<u>11,520,000</u>	<u>12,952,795</u>	<u>12,692,054</u>	<u>260,741</u>
Judicial				
Municipal court	408,800	414,100	437,582	(23,482)
Public Safety				
Police administration	8,012,400	8,753,021	8,814,485	(61,464)
Selective traffic enforcement	105,500	114,600	108,089	6,511
Community traffic safety	45,500	102,000	90,514	11,486
Police detention	85,000	91,500	77,733	13,767
Fire	6,702,650	6,920,500	7,054,738	(134,238)
	<u>14,951,050</u>	<u>15,981,621</u>	<u>16,145,559</u>	<u>(163,938)</u>

(Continued on next page)

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

**CITY OF ANNISTON, ALABAMA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**Year ended September 30, 2023**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
(Continued from previous page)				
Public Works				
Administration	\$ 242,000	\$ 240,700	\$ 241,984	\$ (1,284)
Cemetery	61,300	55,700	53,414	2,286
Engineering	238,050	178,214	140,318	37,896
Garage	298,300	273,000	278,967	(5,967)
Environmental services	1,234,500	1,630,500	1,593,916	36,584
Street	2,786,500	2,589,800	2,657,077	(67,277)
Anniston metro airport	102,800	132,500	127,566	4,934
Building maintenance	1,284,550	1,395,450	1,389,397	6,053
Code enforcement	540,800	537,200	421,319	115,881
	<u>6,788,800</u>	<u>7,033,064</u>	<u>6,903,958</u>	<u>129,106</u>
Economic development	<u>548,225</u>	<u>568,605</u>	<u>583,560</u>	<u>(14,955)</u>
Culture and Recreation				
Administration	334,600	359,536	365,652	(6,116)
Publicity	10,000	3,500	3,207	293
Senior adult	326,050	335,159	349,032	(13,873)
Special events	30,500	27,523	23,361	4,162
Youth services	112,800	96,550	62,369	34,181
PARD Carver Community	135,100	132,250	125,305	6,945
PARD City Meeting	-	2,250	2,250	-
PARD Hodges Community	137,250	117,050	124,233	(7,183)
PARD South Highland	124,350	114,900	112,011	2,889
PARD Wiggins Community	154,950	158,200	159,780	(1,580)
PARD Carver Pool	2,000	2,000	2,070	(70)
PARD Washington Pool	9,500	9,500	11,164	(1,664)
PARD Good Choices	10,000	23,845	22,700	1,145
PARD The Hill Golf Club	174,850	151,150	161,015	(9,865)
PARD Motor Pool	8,000	9,000	5,821	3,179
PARD Cane Creek	236,082	192,150	201,380	(9,230)
PARD Course Maintenance	986,600	958,650	980,934	(22,284)
PARD Aquatics Center	744,900	682,950	672,830	10,120

(Continued on next page)

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

**CITY OF ANNISTON, ALABAMA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**Year ended September 30, 2023**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
(Continued from previous page)				
Culture and Recreation (Continued)				
Youth Sports Complex	\$ 358,200	\$ 333,600	\$ 366,458	\$ (32,858)
Parks	669,625	658,100	697,313	(39,213)
Baseball	12,500	10,595	10,494	101
Basketball	21,000	20,390	23,165	(2,775)
Soccer	41,500	41,700	39,925	1,775
Flag Football	2,000	2,000	-	2,000
Football	9,500	12,015	11,887	128
Cheerleading	-	-	4,595	(4,595)
	<u>4,651,857</u>	<u>4,454,563</u>	<u>4,538,951</u>	<u>(84,388)</u>
Total expenditures	<u>38,868,732</u>	<u>41,404,748</u>	<u>41,301,664</u>	<u>103,084</u>
Excess of revenues over expenditures	<u>2,596,018</u>	<u>2,867,892</u>	<u>7,576,420</u>	<u>4,708,528</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	92,217	92,217
Transfers in	1,010,000	1,369,648	4,799,200	3,429,552
Transfers out	<u>(4,870,492)</u>	<u>(5,750,146)</u>	<u>(5,870,958)</u>	<u>(120,812)</u>
Total financing sources (uses)	<u>(3,860,492)</u>	<u>(4,380,498)</u>	<u>(979,541)</u>	<u>3,400,957</u>
Net change in fund balances	<u>\$ (1,264,474)</u>	<u>\$ (1,512,606)</u>	6,596,879	<u>\$ 8,109,485</u>
FUND BALANCE				
Beginning, as previously stated			12,521,799	
Prior period adjustment			<u>1,094,518</u>	
Beginning, restated			<u>13,616,317</u>	
Ending			<u>\$ 20,213,196</u>	

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



**CITY OF ANNISTON, ALABAMA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
AMERICAN RESCUE PLAN ACT FUND**

**Year ended September 30, 2023**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 9,864,510	\$ 11,651,158	\$ 1,936,153	\$ (9,715,005)
Total revenues	<u>9,864,510</u>	<u>11,651,158</u>	<u>1,936,153</u>	<u>(9,715,005)</u>
<b>EXPENDITURES</b>				
Public works	9,864,510	11,151,158	1,936,153	9,215,005
Total expenditures	<u>9,864,510</u>	<u>11,151,158</u>	<u>1,936,153</u>	<u>9,215,005</u>
Excess of revenues over expenditures	-	500,000	-	(500,000)
Net change in fund balances	<u>\$ -</u>	<u>\$ 500,000</u>	-	<u>\$ (500,000)</u>
<b>FUND BALANCE</b>				
Beginning, as previously stated			-	
Prior period adjustment			-	
Beginning, as restated			-	
Ending			<u>\$ -</u>	

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

**CITY OF ANNISTON, ALABAMA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**September 30, 2023**

	Business-type Activities - Enterprise Funds				Governmental
	Museum Store	Stormwater Fees	Fire Training School	Total	Internal Service Fund
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 500	\$ 13,411	\$ 17,200	\$ 31,111	\$ -
Investments	-	540,000	-	540,000	-
Accounts receivable	1,691	-	-	1,691	-
Inventories	26,096	-	-	26,096	-
Due from other funds	-	-	206,292	206,292	-
Due from other governments	-	228	19,020	19,248	-
Total current assets	<u>28,287</u>	<u>553,639</u>	<u>242,512</u>	<u>824,438</u>	<u>-</u>
Noncurrent assets:					
Property and equipment	-	600,324	3,893,114	4,493,438	-
Less accumulated depreciation	-	(344,909)	(69,082)	(413,991)	-
Net capital assets	<u>-</u>	<u>255,415</u>	<u>3,824,032</u>	<u>4,079,447</u>	<u>-</u>
Total assets	<u>28,287</u>	<u>809,054</u>	<u>4,066,544</u>	<u>4,903,885</u>	<u>-</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	5,086	491	699,101	704,678	355,048
Due to other funds	3,345	18,655	-	22,000	-
Deferred revenue	-	-	133,424	133,424	-
Total liabilities	<u>8,431</u>	<u>19,146</u>	<u>832,525</u>	<u>860,102</u>	<u>355,048</u>
<b>NET POSITION</b>					
Net investment in capital assets	-	255,415	3,824,032	4,079,447	-
Unrestricted	<u>19,856</u>	<u>534,493</u>	<u>(590,013)</u>	<u>(35,664)</u>	<u>(355,048)</u>
Total net position	<u>\$ 19,856</u>	<u>\$ 789,908</u>	<u>\$ 3,234,019</u>	<u>\$ 4,043,783</u>	<u>\$ (355,048)</u>

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

**CITY OF ANNISTON, ALABAMA**

**STATEMENT REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

**Year ended September 30, 2023**

	Business-type Activities - Enterprise Funds				Governmental
	Museum Store	Stormwater Fees	Fire Training School	Total	Internal Service Fund
<b>OPERATING REVENUES</b>					
Charges for goods and services:					
Sales	\$ 121,202	\$ -	\$ -	\$ 121,202	\$ -
Stormwater fees	-	414,475	-	414,475	-
Fire training school fees	-	-	109,337	109,337	-
Other services	-	-	-	-	5,075,000
Intergovernmental	-	-	1,866,576	1,866,576	-
Other	882	-	5,000	5,882	24,976
Total operating revenues	122,084	414,475	1,980,913	2,517,472	5,099,976
<b>OPERATING EXPENSES</b>					
Salaries and wages	30,660	-	-	30,660	-
Professional and contractual services	-	107,755	55,410	163,165	101,287
Supplies and purchased goods	61,795	334	17,869	79,998	-
Insurance	-	-	-	-	4,879,671
Depreciation	-	52,486	18,371	70,857	-
Other	-	-	289	289	-
Total operating expenses	92,455	160,575	91,939	344,969	4,980,958
OPERATING INCOME	29,629	253,900	1,888,974	2,172,503	119,018
<b>NONOPERATING (REVENUE) EXPENSES</b>					
Interest expense	-	12,299	-	12,299	-
Total nonoperating (revenue) expenses	-	12,299	-	12,299	-
INCOME BEFORE TRANSFERS	29,629	241,601	1,888,974	2,160,204	119,018
Transfers in	-	-	645,500	645,500	-
Transfers out	(48,000)	-	(228,293)	(276,293)	-
CHANGE IN NET POSITION	(18,371)	241,601	2,306,181	2,529,411	119,018
<b>NET POSITION</b>					
Beginning, as previously stated	194,369	736,542	757,052	1,687,963	415,638
Prior period adjustment	(156,142)	(188,235)	170,786	(173,591)	(889,704)
Beginning, as restated	38,227	548,307	927,838	1,514,372	(474,066)
Ending	\$ 19,856	\$ 789,908	\$ 3,234,019	\$ 4,043,783	\$ (355,048)

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

CITY OF ANNISTON, ALABAMA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

Year ended September 30, 2023

	Business-type Activities - Enterprise Funds				Governmental
	Museum Store	Stormwater Fees	Fire Training School	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 120,526	\$ 429,240	\$ 1,469,431	\$ 2,019,197	\$ 4,930,710
Payments to employees	(30,660)	-	-	(30,660)	-
Payments for goods and services	(305,318)	(109,314)	(70,713)	(485,345)	(4,934,149)
Net cash from operating activities	(215,452)	319,926	1,398,718	1,503,192	(3,439)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out to other funds	(48,000)	-	(228,293)	(276,293)	-
Net cash from noncapital financing activities	(48,000)	-	417,207	369,207	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on notes payable obligations	-	(144,021)	-	(144,021)	-
Interest paid on notes payable obligations	-	(12,299)	-	(12,299)	-
Transfer of equipment	48,000	-	-	48,000	-
Acquisition of capital assets	-	(35,184)	(1,815,925)	(1,851,109)	-
Net cash flows used on capital and related financing activities	48,000	(191,504)	(1,815,925)	(1,959,429)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	(540,000)	-	(540,000)	-
Net cash from investing activities	-	(540,000)	-	(540,000)	-
Net increase (decrease) in cash and cash equivalents	(215,452)	(411,578)	-	(627,030)	(3,439)
Cash and cash equivalents, beginning of year	215,952	424,989	17,200	658,141	3,439
Cash and cash equivalents, end of year	\$ 500	\$ 13,411	\$ 17,200	\$ 31,111	\$ -

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

CITY OF ANNISTON, ALABAMA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

Year ended September 30, 2023

	Business-type Activities - Enterprise Funds				Governmental
	Museum Store	Stormwater Fees	Fire Training School	Total	Activities Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
OPERATING INCOME (LOSS)	\$ 29,629	\$ 253,900	\$ 1,888,974	\$ 2,172,503	\$ 119,018
ADJUSTMENTS NOT AFFECTING CASH					
Depreciation expense	-	52,486	18,371	70,857	-
(Increase) decrease in:					
Accounts receivable	(1,558)	-	-	(1,558)	-
Inventories	(4,815)	-	-	(4,815)	-
Due from other funds	-	184,200	1,824,133	2,008,333	1,071,418
Due from other governments	-	145	(2,176)	(2,031)	-
Increase (decrease) in:					
Accounts payable	5,086	(1,225)	2,855	6,716	46,809
Deferred revenue	-	-	133,424	133,424	-
Due to other funds	(243,794)	(169,580)	(2,466,863)	(2,880,237)	(1,240,684)
Total adjustments	<u>(245,081)</u>	<u>66,026</u>	<u>(490,256)</u>	<u>(669,311)</u>	<u>(122,457)</u>
Net cash from operating activities	<u>\$ (215,452)</u>	<u>\$ 319,926</u>	<u>\$ 1,398,718</u>	<u>\$ 1,503,192</u>	<u>\$ (3,439)</u>

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

**CITY OF ANNISTON, ALABAMA**

**STATEMENT OF NET POSITION  
FIDUCIARY FUNDS**

**September 30, 2023**

	Custodial Fund	
	<u>Municipal Court</u>	<u>Policemen's and Fireman's Retirement Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,111	\$ 1,030,116
Receivables		
Contribution receivable	-	297,457
Accounts receivable	-	61,491
Investments at fair value:		
U.S. Government obligations	140,000	5,596,151
Municipal obligations	-	198,914
Corporate bonds	-	3,315,903
International obligations	-	34,436
Domestic equity securities	-	16,117,802
International equity securities	-	320,369
Collective investment fund	-	7,230,422
Farmland	-	2,325,189
Real estate	-	1,940,479
Total assets	<u>154,111</u>	<u>38,468,729</u>
<b>LIABILITIES</b>		
Accounts payable	37,780	53,851
Due to other governments	<u>116,331</u>	<u>-</u>
Total liabilities	<u>154,111</u>	<u>53,851</u>
<b>NET POSITION</b>		
Net position restricted for pension benefits	<u>\$ -</u>	<u>\$ 38,414,878</u>

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

**CITY OF ANNISTON, ALABAMA**

**STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUND**

**Year ended September 30, 2023**

	Custodial Fund		Policeman's and Fireman's Retirement fund
	Municipal Court		
<b>ADDITIONS</b>			
Contributions:			
Employer contributions	\$ -	\$	4,772,326
Employee contributions	-		1,320,947
Total contributions	<u>-</u>		<u>6,093,273</u>
Investment earnings:			
Interest	-		348,789
Dividends	-		284,798
Miscellaneous	-		87,263
Net appreciation (depreciation) in fair value of investments	-		3,402,647
Less: investment expenses	-		(208,752)
Net investment earnings	<u>-</u>		<u>3,914,745</u>
Total additions	<u>-</u>		<u>10,008,018</u>
<b>DEDUCTIONS</b>			
Administrative expenses	-		218,985
Benefits paid directly to participants	-		6,558,383
Total deductions	<u>-</u>		<u>6,777,368</u>
NET DECREASE IN NET POSITION	<u>-</u>		<u>3,230,650</u>
Net position, beginning	<u>-</u>		<u>35,184,228</u>
Net position, ending	<u>\$ -</u>	<u>\$</u>	<u>38,414,878</u>

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

**CITY OF ANNISTON, ALABAMA**

**COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS**

**September 30, 2023**

	Public Library of Anniston/ Calhoun County	Anniston City Board of Education	Anniston Museum Endowment Corporation	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 688,106	\$ 12,369,793	\$ 86,767	\$ 13,144,666
Investments	116,203	-	2,009,784	2,125,987
Receivables, net of allowance for uncollectibles	52,426	3,578,263	-	3,630,689
Inventories	-	84,260	-	84,260
Other assets	4,718	49,162	10,450	64,330
Net pension asset	23,544	-	-	23,544
Restricted assets:				
Cash and cash equivalents	-	2,388,907	-	2,388,907
Capital assets:				
Land and other nondepreciable assets	32,207	5,927,541	-	5,959,748
Capital assets, net of accumulated depreciation	510,697	7,784,118	-	8,294,815
Total assets	<u>1,427,901</u>	<u>32,182,044</u>	<u>2,107,001</u>	<u>35,716,946</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension outflows	427,951	8,782,386	-	9,210,337
Deferred OPEB outflows	-	3,047,181	-	3,047,181
Total deferred outflows of resources	<u>427,951</u>	<u>11,829,567</u>	<u>-</u>	<u>12,257,518</u>
<b>LIABILITIES</b>				
Accounts payable	47,904	195,558	2,495	245,957
Accrued and other payables	-	1,469,847	-	1,469,847
Unearned revenues	-	17,939	-	17,939
Long-term liabilities, due within one year	5,233	21,217	-	26,450
Long-term liabilities, due in more than one year	82,473	-	-	82,473
OPEB obligation	-	2,865,987	-	2,865,987
Net pension liability	-	22,697,000	-	22,697,000
Total liabilities	<u>135,610</u>	<u>27,267,548</u>	<u>2,495</u>	<u>27,405,653</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension inflows	152,833	3,665,000	-	3,817,833
Deferred OPEB inflows	-	12,043,066	-	12,043,066
Total deferred inflows of resources	<u>152,833</u>	<u>15,708,066</u>	<u>-</u>	<u>15,860,899</u>
<b>NET POSITION</b>				
Net investment in capital assets	414,758	13,690,442	-	14,105,200
Restricted for:				
Capital projects	-	2,388,907	-	2,388,907
Culture and recreation	28,462	-	-	28,462
Endowment fund	116,203	-	2,104,506	2,220,709
Unrestricted net position (deficit)	<u>1,007,986</u>	<u>(15,043,352)</u>	<u>-</u>	<u>(14,035,366)</u>
Total net position	<u>\$ 1,567,409</u>	<u>\$ 1,035,997</u>	<u>\$ 2,104,506</u>	<u>\$ 4,707,912</u>

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



CITY OF ANNISTON, ALABAMA

COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS

Year ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Public Library of Anniston and Calhoun County	Anniston City Board of Education	Anniston Museum Endowment Corporation	
Public library	\$ 1,340,667	\$ 35,244	\$ 241,854	\$ 301,750	\$ (761,819)	\$ -	\$ -	\$ (761,819)
Anniston City Board of Education	28,834,118	3,585,582	25,918,749	2,211,997	-	2,882,210	-	2,882,210
Museum endowment	86,958	-	228,330	-	-	-	141,372	141,372
<b>TOTAL COMPONENT UNITS</b>	<u>\$ 30,261,743</u>	<u>\$ 3,620,826</u>	<u>\$ 26,388,933</u>	<u>\$ 2,513,747</u>	<u>(761,819)</u>	<u>2,882,210</u>	<u>141,372</u>	<u>2,261,763</u>
General revenues:								
Sales tax					-	2,407,416	-	2,407,416
Property taxes					-	6,174,514	-	6,174,514
Other taxes					-	118,789	-	118,789
City and county appropriations					657,065	-	-	657,065
Unrestricted investment earnings					14,643	-	-	14,643
Pension income					37,418	-	-	37,418
Restricted investment earnings					11,312	-	-	11,312
Grants and contributions not restricted for specific programs					-	452,016	-	452,016
Miscellaneous					18,850	459,789	-	478,639
Gain on disposal of assets					-	319,227	-	319,227
Total general revenues and transfers					<u>739,288</u>	<u>9,931,751</u>	<u>-</u>	<u>10,671,039</u>
Change in net position					(22,531)	12,813,961	141,372	12,932,802
Net position, beginning					<u>1,589,940</u>	<u>(11,777,964)</u>	<u>1,963,134</u>	<u>(8,224,890)</u>
Net position, ending					<u>\$ 1,567,409</u>	<u>\$ 1,035,997</u>	<u>\$ 2,104,506</u>	<u>\$ 4,707,912</u>

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

# CITY OF ANNISTON, ALABAMA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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# CITY OF ANNISTON, ALABAMA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **The Reporting Entity**

The City of Anniston, Alabama (the City) was incorporated in 1883 under Alabama law. The City is governed under the Council / Manager form of government with a City Council consisting of five council members elected for concurrent terms of four years. One council member is elected at large by the qualified voters of the City and has the title of Mayor. The City Manager is appointed by the Council and has full administrative authority for the operations of the City. The City provides services to its citizens including police and fire protection, public works, parks and recreation facilities, and general administrative services.

As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements include all the funds and the account groups relevant to the operations of the City.

#### **Discretely Presented Component Units**

The Public Library of Anniston and Calhoun County

The Public Library of Anniston and Calhoun County (Library) receives a substantial amount of financial support from the City; however, they do not approve the Library's operations and capital budgets. The members of the governing board are appointed by the City of Anniston and Calhoun County Commission. These audited financial statements are located at Anniston City Hall.

The Anniston City Board of Education

The Anniston City Board of Education (Board) is the governing board for the City School System. Eligible voters in the City elect the members of the Board. The City schools are fiscally dependent upon the City since the Board cannot issue bonded debt directly. The bonded debt must be issued through the City which the Council must approve. These audited financial statements are located at Anniston City Hall.

The Anniston Museum Endowment Corporation

The Anniston Museum Endowment Corporation (Corporation) exists due to its relationship with the Anniston Museum of Natural History, which is a department of the City; however, the City does not fiscally support its operations or capital budgets. The entity's year end is June 30, 2023. The Corporation's sole mission is to support the Anniston Museum of Natural History. These audited financial statements are located at Anniston City Hall.

(Continued)

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Blended Component Units**

#### The Anniston Public Building Authority

The Anniston Public Building Authority was established to account for the construction and ongoing maintenance of City buildings. The Anniston Public Building Authority is fiscally dependent upon the City since the Anniston Public Building Authority cannot issue bonded debt directly. The bonded debt must be issued through the City which the Council must approve. Separate financial statements are not prepared, as the blended component unit is recorded as a special revenue fund.

#### The Anniston Downtown Development Authority

The Anniston Downtown Development Authority was established to promote the economic development of the City's downtown area. The Anniston Downtown Development Authority's Board of Directors is appointed by the City Council. The City provides administrative services for the Anniston Downtown Development Authority. Separate financial statements are not prepared, as the blended component unit is recorded as a special revenue fund.

#### The Industrial Development Authority

The Industrial Development Authority was established to assist the City in promoting economic development for the City. The Industrial Development Authority's Board of Directors is appointed by the City Council. The City provides administrative services for the Industrial Development Authority. Separate financial statements are not prepared, as the blended component unit is recorded as a special revenue fund.

### **Basic Financial Statements**

**The Basic Financial Statements** consist of the following:

- 1) Government-wide financial statements;
- 2) Fund financial statements;
- 3) Notes to the basic financial statements.

#### **Government-wide Financial Statements**

The Government-wide Financial Statements consist of the statement of net position and the statement of activities and report information on all of the non-fiduciary activities of the Primary Government (governmental activities and business-type activities). The City reports capital assets in the government-wide statement of net position and reports depreciation expense – the cost of “using up” capital assets – in the statement of activities.

Governmental activities are normally supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, judicial, public safety (police and fire), public works, economic development, culture and recreation, housing and development and general administrative support services.

(Continued)

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Government-wide Financial Statements (Continued)

The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions, e.g., public safety, public works, etc. The expense of individual functions is compared to the revenue generated directly by the function. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three specific categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

### Fund Financial Statements

The fund financial statements provide information about the government's funds, including its blended component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the repayment of principal and interest on the City's outstanding bond issues and other debt obligations of the City.

The *American Rescue Plan Act Fund* accounts for grant funds provided to aid in public transportation.

The *Capital Improvement Projects Fund* accounts for the acquisition and construction of major facilities funded by City operations.

Additionally, the City reports the following other fund types:

*Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purpose.

*Enterprise Funds* account for the activities of business-type activities where charges for services are collected and expected to cover the related operational expenses of the fund.

The City reports the following major enterprise funds:

The *Museum Store Fund* is used to account for funds received and spent related to the museum store operations.

The *Stormwater Fees Fund* is used to account for funds received and spent related to stormwater operations.

(Continued)

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fund Financial Statements (Continued)

The *Fire Training School Fund* is used to account for the City's fire training school operations.

The *Internal Service Fund* is used to account for the City's insurance costs, including employee health, worker's compensation, and general liability.

Fiduciary Fund Type:

The *Agency Fund* is used to account for the collection and disbursement of monies by the City Municipal Court, such as traffic fines.

The *Policemen's and Firemen's Retirement Fund* accounts for assets held by the City as an agent or trustee to be invested and expended in accordance with the conditions of the trustee capacity. The City uses this fund to account for the assets of the defined benefit plan.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in internal balances in the governmental activities' column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

*Government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, although the agency fund (municipal court fund) has no measurement focus. Under the accrual basis, revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to claims and judgments are recognized only when payment is due.

(Continued)

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation** (Continued)

Property taxes, state and local sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current fiscal period are considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the City.

*Proprietary, agency, and the pension trust funds* are reported using the economic resources measurements focus and the accrual basis of accounting.

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 the proprietary funds' principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **Use of Estimates in the Preparation of Financial Statements**

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

### **Budgets and Budgetary Accounting**

Formal budgets are adopted by the Mayor and City Council as a management control device during the year for the general fund. Other governmental funds contain restricted resources, which are mandated by third parties. Therefore, management has not established formal budgets for the special revenue and capital projects funds.

Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary integration is employed as a management tool during the fiscal year, and the budget is amended, as necessary, to meet changing needs. Council approves departmental budgets. Transfers between departments and any revisions in the total appropriation must be approved by the Mayor and City Council. Unused appropriations for any of the annual fund's lapse at the end of the year.

### **Cash and Cash Equivalents**

For purposes of reporting cash flows, the City considers demand deposits and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### **Internal Balances**

Residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

(Continued)

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories reported in the governmental funds are equally offset by a fund balance reserve, which indicates that they do not constitute “available, spendable resources” even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future reporting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### **Capital Assets**

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., primary, and secondary roads, drainage) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than two years. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following useful lives:

	<b>Useful Life</b>
Buildings and improvements	20-40 years
Improvements other than buildings	25-40 years
Machinery and equipment	5-10 years
Infrastructure	25-75 years

Museum collections are held, cared for and used for public exhibition and scholarly study only. Museum staff are specially trained to protect and care for these objects. If any museum collection items are sold or disposed of, proceeds from the sale are restricted to replacing collection items. Using proceeds outside the restricted purposes is prohibited.

(Continued)



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow or resources (as either an expense or expenditure) until that period. The City has the following deferred outflows to report. Deferred charges on refunding's reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred contributions for the pension plan were made during the fiscal year but are after the measurement date of the actuarial report. These amounts will be recognized during the next measurement period. Deferred contributions for the pension plans were made during the fiscal year but are after the measurement date of the actuarial report. These amounts will be recognized during the next measurement period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has program income and other income earned in future periods.

The City also has deferred inflows and/or outflows of resources related to pension amounts based on GASB Statement No. 68 guidelines. Differences between projected and actual earnings on pension plan investments are deferred and amortized over five years. Changes in pension plan assumptions and difference between expected and actual investment experience are deferred and amortized over the expected remaining service lives of employees.

The City also has deferred inflows and/or outflows of resources related to other post-employment benefit amounts based on GASB Statement No. 75 guidelines. Differences between actual and expected experience related to other-post-employment benefits are deferred and amortized over ten years.

### **Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report for each category of fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(Continued)

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Net Position**

The government-wide financial statements and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

*Net Investment in Capital Assets* is intended to reflect the position of net assets which are associated with non-liquid capital assets less outstanding capital asset related debt.

*Restricted Net Position* represents net position that has third-party (statutory, bond covenant or granting agency) limitations on their use.

*Unrestricted Net Position* represents net position that is not restricted for any project or other purpose. While management may have categorized and segmented portions for various purposes, the City has the unrestricted authority to revisit or alter these managerial decisions.

### **Fund Balance**

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

*Nonspendable Fund Balance* – represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaid) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted Fund Balance* – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

*Committed Fund Balance* – represents amounts that can only be used for specific purposes as pursuant to official action by City Council prior to the end of the reporting period. Committed resources cannot be used for any other purposes unless the City Council removes or changes the specified use by resolution.

*Assigned Fund Balance* – represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. Assignment of amounts to a specific purpose as part of the annual budget ordinance may be made by resolution or motion of the City Council.

*Unassigned Fund Balance* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

### **Compensated Absences**

A portion of accumulated sick pay benefits has not been recorded as a liability. Upon leaving, employees who have sick leave or frozen sick leave are entitled to 50% of the value up to 600 hours of wages along with 100% of accumulated annual leave, PTO and comp time.

Governmental funds report the compensated absence liability at the fund reporting level only “when due.”

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities statement of net position. Similarly, long-term debt and other obligations of the City are recorded as liabilities in the appropriate fund. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Property Tax Information**

Property taxes are assessed by the Calhoun County Tax Assessor and collected by the Calhoun County Tax Collector. The Calhoun County property tax calendar specifies the following action on the following dates:

Levy (assessment date)	September 30
Lien date	September 30
Due date	October 1
Collection dates	October 1 to December 31
Delinquent date	January 1

Property taxes are recognized when they become available. Available includes those property taxes receivable, which are expected to be collected within 60 days after year-end.

**Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.”

(Continued)

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Pensions**

The City's employees (except policemen and firemen) participate in an agent multiple-employer plan administered by the Retirement Systems of Alabama. The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report. Net pension liability represents the portion of the present value of projected benefit payments attributed to past periods of service to be provided through the Pension Plan to current active and inactive employees less the fiduciary net position of the Pension Plan. It represents the City's total pension liability minus the fiduciary net position available to pay that liability. Investments that comprise the fiduciary net position are reported at fair value. The City is required to measure and disclose amounts relating to net pension liability, deferred outflows of resources and deferred inflows of resources, pension expense, and the fiduciary net position of the Pension Plan. Actuarially determined periodic contributions are made by the City in order to maintain sufficient assets to pay benefits when due.

The City's policemen and firemen participate in the Policemen's and Firemen's Retirement Fund, a Pension Trust Fund for the City of Anniston, Alabama (Fund). Participants should refer to Act No. 2002-298, 2002 Regular Session and its amendments for a more complete description of the Fund's provisions. The Fund was substantially amended by the State of Alabama with Act No. 2012-484, effective October 1, 2012. Effective October 1, 2012, the number of trustees was increased from 3 trustees to 5 trustees.

## **NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **Compliance with Finance Related Legal and Contractual Provisions**

The City incurred no material violations of finance related legal and contractual provisions.

## **NOTE 3 – CASH DEPOSITS AND INVESTMENTS**

### **Interest Rate Risk**

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, all investments are reviewed on a monthly basis for interest rate fluctuations and appropriate actions are taken to minimize this risk. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

(Continued)

## NOTE 3 – CASH DEPOSITS AND INVESTMENTS (Continued)

### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The City is restricted by State statute to investments in U.S. Government Treasury and Agency securities, certificates of deposit and money market accounts, repurchase agreements and reverse repurchase agreements, banker's acceptances and commercial paper. Each of the banks holding the City's deposits, as well as those of the component units, 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. Cash deposits and savings held at local banks are insured by the FDIC or collateralized by assets administered by the state treasurer's office in accordance with the SAFE program.

At September 30, 2023, all of the deposits of the City were fully collateralized in accordance with the state statutes.

As of September 30, 2023, the primary government's investments consisted of money market accounts which totaled \$24,480,010.

### **Police and Fire Trust Fund Investments**

The Fund is managed by a separate pension Board with long-term objectives that include maximizing total investment earnings. State statutes and City policies allow the Pension Trust and Other Postemployment Benefit Trust Funds a broader range of investments than other City investments. The City's Pension Trust funds have no investments in any one issuer that represent 5 percent or more of plan net position. The credit risk of investments of the Permanent, Pension Trust and Other Postemployment Benefit Trust Funds is summarized as follows:

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

(Continued)

**NOTE 3 – CASH DEPOSITS AND INVESTMENTS (Continued)**

**Police and Fire Trust Fund Investments (Continued)**

The fair value and classification of the investments at September 30, 2023, is as follows:

	Fair Value	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Police and Fire Pension Trust Fund:				
Equities	\$16,438,171	\$16,438,171	\$ -	\$ -
U.S. Government Securities	5,596,151	-	5,596,151	-
Municipal bonds	198,914	-	198,914	-
Corporate bonds and debentures	3,315,903	-	3,315,903	-
Foreign bonds and debentures	34,436	-	34,436	-
Collective investment pools	7,230,422	-	7,230,422	-
Real estate	1,940,479	-	-	1,940,479
Farmland	<u>2,325,189</u>	<u>-</u>	<u>-</u>	<u>2,325,189</u>
Total	<u>\$ 37,079,665</u>	<u>\$16,438,171</u>	<u>\$16,375,826</u>	<u>\$ 4,265,668</u>

**NOTE 4 – RECEIVABLES**

Receivables at September 30, 2023, consist of the following:

Governmental Activities Funds

	General	Nonmajor Governmental Funds	Total
Taxes	\$ 2,734,913	\$ -	\$ 2,734,913
Accounts	840,595	11,952	852,547
Notes	-	483,690	483,690
Intergovernmental	<u>169,228</u>	<u>780,266</u>	<u>949,494</u>
Gross receivables	3,744,736	1,275,908	5,020,644
Less: Allowance for Uncollectible	<u>(768,567)</u>	<u>-</u>	<u>(768,567)</u>
Net receivables	<u>\$ 2,976,169</u>	<u>\$ 1,275,908</u>	<u>\$ 4,252,077</u>

Business-Type Activities

	Museum Store	Stormwater Fees	Fire Training School	Total
Accounts	\$ 1,691	\$ -	\$ -	\$ 1,691
Intergovernmental	<u>-</u>	<u>228</u>	<u>19,020</u>	<u>19,248</u>
Gross receivables	1,691	228	19,020	20,939
Less: Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 1,691</u>	<u>\$ 228</u>	<u>\$ 19,020</u>	<u>\$ 20,939</u>

**NOTE 5 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances**

Interfund balances are a result of the timing difference between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made. The following is the schedule of interfund payables/receivables by fund at September 30, 2023:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 5,247,748
General Fund	Non-Major Funds	851,326
General Fund	Proprietary Funds	22,000
American Rescue Plan Act Fund	General Fund	9,726,250
Capital Improvement Projects	General Fund	340,865
Non-Major Funds	General Fund	32,361
Non-Major Funds	Non-Major Funds	355,566
Proprietary Funds	Non-Major Funds	<u>206,292</u>
		<u>\$ 16,782,408</u>

**Interfund Transfers**

Transfers within the City are substantially for the purpose of subsidizing operating functions and transferring cash receipt collections on utility accounts. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs. Interfund transfers are transactions between transferring funds out of one fund to support the operations of another fund. The following is a schedule of transfers between funds for the year ended September 30, 2023:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Capital Improvement Projects	\$ 5,457,930
General Fund	Non-Major Funds	413,028
Debt Service Fund	General Fund	3,961,289
Capital Improvement Projects	Proprietary Funds	645,500
Non-Major Funds	General Fund	815,912
Proprietary Funds	General Fund	21,999
Proprietary Funds	Non-Major Funds	<u>254,294</u>
		<u>\$ 11,569,952</u>

## NOTE 6 – CAPITAL ASSETS

The following is a summary of changes in capital assets and accumulated depreciation:

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
<b>Governmental Activities</b>				
Non-depreciable capital assets:				
Land	\$ 10,353,578	\$ -	\$ -	\$ 10,353,578
Collections	8,430,077	86,000	-	8,516,077
Construction in progress	<u>5,778,481</u>	<u>813,910</u>	<u>-</u>	<u>6,592,391</u>
Total non-depreciable assets	<u>24,562,136</u>	<u>899,910</u>	<u>-</u>	<u>25,462,046</u>
Depreciable capital assets:				
Buildings and improvements	66,515,224	4,243,056	-	70,758,280
Machinery and equipment	18,371,568	2,434,403	854,389	19,951,582
Improvements other than buildings	5,723,156	959,411	-	6,682,567
Infrastructure	<u>108,428,007</u>	<u>1,666,716</u>	<u>-</u>	<u>110,094,723</u>
	<u>199,037,955</u>	<u>9,303,586</u>	<u>854,389</u>	<u>207,487,152</u>
Less accumulated depreciation:				
Buildings and improvements	32,639,887	1,631,308	-	34,271,195
Machinery and equipment	13,569,257	1,429,518	775,826	14,222,949
Improvements other than buildings	2,720,813	319,573	-	3,040,386
Infrastructure	<u>91,340,194</u>	<u>2,688,987</u>	<u>-</u>	<u>94,029,181</u>
	<u>140,270,151</u>	<u>6,069,386</u>	<u>775,826</u>	<u>145,563,711</u>
Total depreciable assets, net	<u>58,767,804</u>	<u>3,234,200</u>	<u>78,563</u>	<u>61,923,441</u>
Total capital assets, net	<u>\$ 83,329,940</u>	<u>\$ 4,134,110</u>	<u>\$ 78,563</u>	<u>\$ 87,385,487</u>

Depreciation expense was charged to functions of the governmental activities of the primary government as follows:

General government	\$ 415,851
Public safety	737,366
Public works	3,123,895
Housing and development	1,245,082
Culture and recreation	<u>547,192</u>
Total	<u>\$ 6,069,386</u>

(Continued)



**NOTE 6 – CAPITAL ASSETS (Continued)**

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
<b>Business-type Activities</b>				
Non-depreciable capital assets:				
Collections	<u>\$ 48,000</u>	<u>\$ -</u>	<u>\$ 48,000</u>	<u>\$ -</u>
Total non-depreciable assets	<u>48,000</u>	<u>-</u>	<u>48,000</u>	<u>-</u>
Depreciable capital assets:				
Buildings and improvements	1,372,491	2,315,927	-	3,688,418
Furniture, fixtures, and equipment	<u>573,687</u>	<u>231,333</u>	<u>-</u>	<u>805,020</u>
	<u>1,946,178</u>	<u>2,547,260</u>	<u>-</u>	<u>4,493,438</u>
Less accumulated depreciation:				
Buildings and improvements	50,568	18,371	-	68,939
Furniture, fixtures, and equipment	<u>292,566</u>	<u>52,486</u>	<u>-</u>	<u>345,052</u>
	<u>343,134</u>	<u>70,857</u>	<u>-</u>	<u>413,991</u>
Total depreciable assets, net	<u>1,603,044</u>	<u>2,476,403</u>	<u>-</u>	<u>4,079,447</u>
Total capital assets, net	<u>\$ 1,651,044</u>	<u>\$ 2,476,403</u>	<u>\$ 48,000</u>	<u>\$ 4,079,447</u>

(Continued)

**NOTE 6 – CAPITAL ASSETS (Continued)**

<b>Component Units</b>	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
<b>Non-depreciable capital assets:</b>				
Land	\$ 1,404,063	\$ -	\$ 17,000	\$ 1,387,063
CIP	-	4,540,478	-	4,540,478
Collections	<u>32,207</u>	<u>-</u>	<u>-</u>	<u>32,207</u>
Total non-depreciable assets	<u>1,436,270</u>	<u>4,540,478</u>	<u>17,000</u>	<u>5,959,748</u>
<b>Depreciable capital assets:</b>				
Collections	1,305,042	72,224	-	1,377,266
Bookmobile	129,262	-	-	129,262
Buildings	17,048,132	-	888,216	16,159,916
Building improvements	15,910,187	970,561	253,106	16,627,642
Vehicles	844,132	17,893	-	862,025
Machinery & equipment	2,469,105	118,107	94,966	2,492,246
Right to use asset	<u>-</u>	<u>80,242</u>	<u>-</u>	<u>80,242</u>
	<u>37,705,860</u>	<u>1,259,027</u>	<u>1,236,288</u>	<u>37,728,599</u>
<b>Less accumulated depreciation:</b>				
Collections	1,106,738	66,808	-	1,173,546
Bookmobile	129,262	-	-	129,262
Buildings	14,069,515	235,720	711,013	13,594,222
Building improvements	11,574,961	513,610	172,074	11,916,497
Vehicles	721,217	16,284	-	737,501
Machinery & equipment	1,903,061	69,123	89,428	1,882,756
Right to use asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>29,504,754</u>	<u>901,545</u>	<u>972,515</u>	<u>29,433,784</u>
Total depreciable assets, net	<u>8,201,106</u>	<u>357,482</u>	<u>263,773</u>	<u>8,294,815</u>
Total capital assets, net	<u>\$ 9,637,376</u>	<u>\$ 4,897,960</u>	<u>\$ 280,773</u>	<u>\$14,254,563</u>

**NOTE 7 – LONG-TERM LIABILITIES**

**Governmental Activities**

Debt related to governmental activities at September 30, 2023, consisted of the following:

**General Obligation Bonds and Warrants**

The City periodically issues general obligation bonds for the acquisition and construction of major capital facilities. These bonds are direct obligations and are backed by the full faith and credit of the City. Certain bonds are subject to federal arbitrage regulations. These bonds are generally issued as 15 to 20-year serial bonds.

(Continued)

## NOTE 7 – LONG-TERM LIABILITIES (Continued)

### General Obligation Bonds and Warrants (Continued)

General obligation bonds are summarized by issue as follows:

Series	Original Principal	Interest Rates	Final Maturity	Principal Sept. 30, 2023
Building Revenue Bonds, Series 2011	\$ 16,170,000	2.00% - 5.50%	05/01/33	\$ 9,815,000
General Obligation Warrants, Series 2016	9,200,000	4.00%	03/01/43	8,820,000
General Obligation Warrants, Series 2020A	9,715,000	2.20% - 5.00%	03/01/35	7,730,000
General Obligation Warrants, Series 2020B	6,010,000	.449% - 2.23%	03/01/35	4,900,000
General Obligation Warrants, Series 2022	<u>7,540,000</u>	3.00% - 4.00%	03/01/42	<u>7,540,000</u>
Total	<u>\$ 48,635,000</u>			<u>\$ 38,805,000</u>

### Financed Purchases

On August 15, 2020, the City entered into an agreement with Wells Fargo Financial Leasing, Inc. to purchase and refinance various equipment. The City is obligated under the agreement to repay the lease in installments consisting of principal repayments and interest payable monthly for a 5-year term in certain amounts and on certain dates as specified in the agreement. The economic substance of the agreement is that the City is financing the equipment through the finance purchase in the amount of \$266,990 at an interest rate of 4.00% maturing on August 15, 2025. As of September 30, 2023, the outstanding balance on the finance purchase was \$103,780.

On February 4, 2019, the City entered into an agreement with Musco Finance, LLC to purchase and refinance various equipment. The City is obligated under the agreement to repay the lease in installments consisting of principal repayments and interest payable yearly for a 5-year term in certain amounts and on certain dates as specified in the agreement. The economic substance of the agreement is that the City is financing the equipment through the finance purchase in the amount of \$172,670 at an interest rate of 3.95% maturing on February 4, 2024. As of September 30, 2023, the outstanding balance on the finance purchase was \$37,310.

On October 1, 2021, the City entered into an agreement with Government Capital Corporation to purchase and refinance various equipment. The City is obligated under the agreement to repay the finance purchase in installments consisting of principal repayments and interest payable yearly for a 5-year term in certain amounts and on certain dates as specified in the agreement. The economic substance of the agreement is that the City is financing the equipment through the finance purchase in the amount of \$520,000 at an interest rate of 2.47% maturing on October 1, 2026. As of September 30, 2023, the outstanding balance on the finance purchase was \$319,190.

On December 10, 2022, the City entered into a finance purchase agreement with Lease Servicing Center to purchase and finance equipment. Under the agreement the City is required to pay annual payments of \$192,906 with an interest rate of 4.45% through December 10, 2024. As of September 30, 2023, the outstanding balance on the finance purchase was \$361,507.

(Continued)

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

Debt service requirements of general long-term liabilities are as follows:

For the Year Ending September 30,	<u>Bonds and Warrants</u>		<u>Notes Payable</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,640,000	\$ 1,259,595	\$ 373,934	\$ 28,604	\$ 5,013,934	\$ 1,288,199
2025	4,585,000	1,201,867	339,513	14,416	4,924,513	1,216,283
2026	5,110,000	1,136,031	108,340	2,676	5,218,340	1,138,707
2027	1,650,000	1,066,940	-	-	1,650,000	1,066,940
2028	1,675,000	994,455	-	-	1,675,000	994,455
2029-2033	7,750,000	3,656,517	-	-	7,750,000	3,656,517
2034-2038	6,960,000	1,642,444	-	-	6,960,000	1,642,444
2039-2043	6,435,000	489,375	-	-	6,435,000	489,375
	<u>\$38,805,000</u>	<u>\$11,447,224</u>	<u>\$ 821,787</u>	<u>\$ 45,696</u>	<u>\$39,626,787</u>	<u>\$11,492,920</u>

**Discretely-Presented Component Unit – Anniston City Board of Education**

**Warrants Payable**

In 1994, the City issued Series 1994 General Obligation Warrants which defeased the Series 1989 General Obligation School Warrants. The special 5 mill ad valorem tax was again pledged for payment of these warrants but is subordinated by the pledge in the Series 1968 and Series 1992 warrants. The pledge of this revenue source for payment of the Series 1994 General Obligation Warrants began in 2006.

In November 1992, the City issued Series 1992 General Obligation Refund Warrants which defeased the Series 1986 General Obligation School Refunding Warrants. The special 5 mill ad valorem tax is pledged for payment of the school part of the 1992 warrants subordinated by the pledge for the Series 1968 warrants. These bonds are considered an obligation of the City of Anniston.

On September 17, 1996, the City issued General Obligation School Warrants of \$3,700,000 dated September 1, 1996 for the purpose of making necessary improvements to the Board’s physical properties. The warrants constitute a general obligation of the City and are not an obligation of the Board. The City pledged one-half cent of the four cent sales tax for payment of the Series 1992 and 1994 General Obligation Warrants.

In 2003, the foregoing warrants were defeased by the issuance of the 2003 Series General Obligation Warrants in the amount of \$6,415,000. The special 5 mill ad valorem tax continues to be pledged for payment of the school part of these warrants. The warrants constitute a general obligation of the City and are not an obligation of the Board.

In March 2012, the PSCA issued the Series 2012-A Pool Refunding Bonds to refund, on a current basis, the outstanding 2003 Capital Improvement Pool Bonds. The principal and interest payments are payable by an irrevocable pledge of revenues from the special 5 mill ad valorem tax on the school part of these warrants (pledged revenues). The bonds bear interest rates from 3% to 5%. The Board recognized a bond premium on refunding on issuance of the 2012-A bonds in the amount of \$110,481. Amortization of the bond premium for the year ended September 30, 2023, was \$9,402.

(Continued)

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

**Discretely-Presented Component Unit – Anniston City Board of Education** (Continued)

Maturities on the 2012-A Pool Bond until maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ <u>18,861</u>	\$ <u>2,229</u>	\$ <u>21,090</u>
	\$ <u>18,861</u>	\$ <u>2,229</u>	\$ <u>21,090</u>

Pledged revenues recognized for the year ended September 30, 2023, were \$19,028 while total debt service was \$19,028.

**Discretely-Presented Component Unit – Public Library of Anniston and Calhoun County**

**Financed Purchases**

The Library entered into a financed purchase with ABS Business Systems in the amount of \$24,866 on February 28, 2020. The interest rate is imputed at 1% per annum with 60 monthly payments of \$450. The outstanding principal balance at September 30, 2023 is \$7,465.

Future maturities related to the financed purchases are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 5,233	\$ 167	\$ 5,400
2025	<u>2,232</u>	<u>18</u>	<u>2,250</u>
	\$ <u>7,465</u>	\$ <u>185</u>	\$ <u>7,650</u>

(Continued)

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

**Changes in Long-Term Liabilities**

Changes in long-term liabilities for the fiscal year ended September 30, 2023, were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
<b>Primary Government</b>					
Governmental Activities:					
Bonds and warrants	\$ 40,820,000	\$ -	\$ 2,015,000	\$ 38,805,000	\$ 2,070,000
(Discount) Premium	<u>1,594,302</u>	<u>-</u>	<u>96,503</u>	<u>1,497,799</u>	<u>-</u>
Total bonds and warrants	42,414,302	-	2,111,503	40,302,799	2,070,000
Notes payable	813,160	530,793	522,166	821,787	373,935
Compensated absences	<u>3,223,291</u>	<u>-</u>	<u>110,502</u>	<u>3,112,789</u>	<u>3,112,789</u>
	<u>\$ 46,450,753</u>	<u>\$ 530,793</u>	<u>\$ 2,744,171</u>	<u>\$ 44,237,375</u>	<u>\$ 5,556,724</u>
Business-type Activities:					
Notes payable	<u>\$ 144,021</u>	<u>\$ -</u>	<u>\$ 144,021</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Discretely-Presented Component Units</b>					
Anniston City Board of Education:					
2012-A Pool Bonds	\$ 36,874	\$ -	\$ 18,013	\$ 18,861	\$ 18,861
(Discount) Premium	<u>11,758</u>	<u>-</u>	<u>9,402</u>	<u>2,356</u>	<u>2,356</u>
	<u>\$ 48,632</u>	<u>\$ -</u>	<u>\$ 27,415</u>	<u>\$ 21,217</u>	<u>\$ 21,217</u>
Public Library of Anniston and Calhoun County:					
Financed Purchase	\$ 12,529	\$ -	\$ 5,065	\$ 7,464	\$ 5,233
SBITA payable	<u>-</u>	<u>80,242</u>	<u>-</u>	<u>80,242</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 80,242</u>	<u>\$ -</u>	<u>\$ 87,706</u>	<u>\$ 5,233</u>

## NOTE 8 – EMPLOYEE BENEFIT PLANS

### Employees' Retirement System of Alabama (ERS) – Anniston, Alabama City Employees

#### General Information about the Pension Plan

*Plan description.* The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The responsibility for the general administration and operation of the ERS is vested in its Board of Control which consists of 15 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.rsa-al.gov](http://www.rsa-al.gov).

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

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

(Continued)

## NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

### Employees' Retirement System of Alabama (ERS) – Anniston, Alabama City Employees (Continued)

#### General Information about the 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.

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

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.50% of earnable compensation for regular employees and 8.50% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

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

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants.

(Continued)



**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Employees’ Retirement System of Alabama (ERS) – Anniston, Alabama City Employees (Continued)**

**General Information about the Pension Plan (Continued)**

As of September 30, 2022, membership consisted of:

	<b>Anniston</b>	<b>State</b>
Retirees and beneficiaries currently receiving benefits	132	29,727
Terminated employees entitled to but not yet receiving benefits	6	2,130
Terminated employees not entitled to a benefit	55	16,415
Active members	154	57,278
Post-DROP Participants who are still in active service	<u>-</u>	<u>39</u>
	<u>347</u>	<u>105,589</u>

*Contributions.* Covered members of the ERS contributed 5.00% 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 6.00% 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 10.00% of earnable compensation.

ERS local participating employers are not required by statute to increase contribution rates for their 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 7.00% of earnable compensation. Tier 2 State Police members of the ERS contribute 10.00% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2023, the City’s active employee contribution rate was 8.30% of covered employee payroll, and the City’s average contribution rate to fund the normal and accrued liability costs was 128.60% percent of pensionable payroll.

City’s contractually required contribution rate for the year ended September 30, 2023 was 7.71% of pensionable pay for Tier 1 employees, and 7.72% of pensionable pay for Tier 2 employees.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Employees’ Retirement System of Alabama (ERS) – Anniston, Alabama City Employees (Continued)**

**General Information about the Pension Plan (Continued)**

These required contribution rates are based upon the actuarial valuation dated September 30, 2022, 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 System were \$1,104,329 for the year ended September 30, 2023.

*Net Pension Liability.* The City’s net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2021 rolled forward to September 30, 2022 using standard roll-forward techniques as shown in the following table:

(a) Total Pension Liability as of September 30, 2021	\$ 34,547,110
(b) Entry Age Normal Cost for the period October 1, 2021 – September 30, 2022	518,795
Transfers Among Employers	-
(c) Actual Benefit Payments for the period October 1, 2021 – September 30, 2022	(2,639,446)
Total Pension Liability as of September 30, 2022 = [(a) x (1.0745)] + (b) - [(c) x (1.03725)]	\$ 34,901,899
Difference between Expected and Actual	\$ 261,272
Less: Liability transferred	\$ (137,427)
Experience (Gain)/Loss	\$ 398,699
Benefit Change (Gain)/Loss	\$ 56,526

*Actuarial assumptions.* The total pension liability as of September 30, 2022, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary increases	3.25% - 6.00% for State and Local Employees 4.00% - 7.75% for State Police, including inflation
Investment rate of return	7.45% (net of pension plan investment expense), including inflation

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Employees’ Retirement System of Alabama (ERS) – Anniston, Alabama City Employees (Continued)**

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:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Target Allocation</u>
Fixed Income	2.8%	15.0%
U.S. Large Stocks	8.0%	32.0%
U.S. Mid Stocks	10.0%	9.0%
U.S. Small Stocks	11.0%	4.0%
International Developed Market Stocks	9.5%	12.0%
International Emerging Market Stocks	11.0%	3.0%
Alternatives	9.0%	10.0%
Real Estate	6.5%	10.0%
Cash Equivalents	1.5%	<u>5.0%</u>
		100.0%

\*Includes assumed rate of inflation of 2.00%

*Discount rate.* The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan’s fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Employees’ Retirement System of Alabama (ERS) – Anniston, Alabama City Employees (Continued)**

Changes on Net Pension Liability

	<u>Increase (Decrease)</u>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at 9/30/2021	\$ 34,547,110	\$ 28,053,925	\$ 6,493,185
Changes for the year:			
Service cost	518,795	-	518,795
Interest	2,475,440	-	2,475,440
Change of benefit terms	56,526	-	56,526
Change of assumptions	-	-	-
Differences between expected and actual experience	398,699	-	398,699
Contributions – employer	-	559,319	(559,319)
Contributions – employees	-	444,274	(444,274)
Net investment income	-	(3,474,406)	3,474,406
Benefits payments, including refunds of employee contributions	(2,639,446)	(2,639,446)	-
Transfers among employers	(137,427)	(137,427)	-
Net changes	<u>672,587</u>	<u>(5,247,686)</u>	<u>5,920,273</u>
Balances at 9/30/2022	<u>\$ 35,219,697</u>	<u>\$ 22,806,239</u>	<u>\$ 12,413,458</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following table presents the City’s net pension liability calculated using the discount rate of 7.45%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Net pension liability	<u>\$ 16,108,243</u>	<u>\$ 12,413,458</u>	<u>\$ 9,278,675</u>

*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, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor’s report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Employees’ Retirement System of Alabama (ERS) – Anniston, Alabama City Employees (Continued)**

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended September 30, 2023, the City recognized pension expense of \$1,345,120. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 518,452	\$ 568,210
Changes in assumptions	547,797	-
Net difference between projected and actual earnings on pension plan investments	2,778,223	-
Contributions subsequent to the measurement date of September 30, 2022	<u>1,104,329</u>	<u>-</u>
Total	<u>\$ 4,948,801</u>	<u>\$ 568,210</u>

\$1,104,329 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2024	\$ 959,236
2025	680,079
2026	501,027
2027	<u>1,135,920</u>
	<u>\$ 3,276,262</u>

**Anniston’s Policemen’s and Firemen’s Retirement Plan**

Organization - The Plan is a single-employer benefit pension plan established by the State of Alabama and administered by a board of trustees. The Plan provides retirement, disability, and death benefits to police and firefighters of the City of Anniston, Alabama, and their beneficiaries.

Plan Administrator and Board Composition - The Board of Trustees administers the plan. The Board is composed of five members. One member is elected by the retirees and surviving spouses of retirees of the Plan. One member is a member of the City of Anniston Fire Department elected by members of the Fire Department. One member is a member of the City of Anniston Police Department elected by members of the Police Department. One member is the City of Anniston Finance Director. One member is appointed by the City Council of the City of Anniston who is a qualified elector in the City of Anniston, who is not a member, or the spouse, child, parent, sibling, or in-law of a member currently represented on the Board of Trustees.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

Funding Requirements - Employer contributions are actuarially determined. Employee contributions are as described below and may be amended by ordinance.

Effective Date - The Plan was established in 1951 through the enactment of Act No. 608 of the Alabama Legislature. The Plan was amended and restated effective October 1, 2012 with Act No. 2012-484.

Amendment One was adopted August 1, 2013. Upon the amendment and restatement effective October 1, 2012, a participant’s monthly benefit was defined to not exceed 75% of “monthly compensation” provided if the Accrued Benefit equals or exceeds 75% of “monthly compensation” as of October 1, 2012, the monthly benefit cannot exceed the Participant’s Accrued Benefit calculated as of the end of the first full year of continuous service beginning on or after October 1, 2012. Amendment One clarified that “monthly compensation” for this purpose means the average of the Participant’s monthly compensation for the last three years preceding retirement (i.e., Average Monthly Compensation).

The Plan was amended and restated effective as of October 1, 2015 to incorporate an amendment revising benefits payable for hires on and after January 1, 2016.

Amendment One was adopted May 4, 2017 to amend Section 13(e) to add language stating that for a member who dies while performing qualified military service the member’s beneficiary is entitled to benefits as if the member has resumed employment then terminated due to death.

Amendment Two was adopted August 2, 2018 effective January 1, 2018 to clarify that although the “Normal Retirement Age” is age 65 for retirements on and after October 1, 2012, early retirement reductions still apply at age 65 and older if at least 10 years are not earned at retirement.

Plan Year - The 12-month period from October 1st to the following September 30th.

Participant - An individual becomes a Participant immediately upon hire by the City as a sworn police officer or a sworn firefighter.

Credited Service - The continuous period beginning on the first day of employment as a sworn police officer or sworn firefighter and ending on the earliest of the date of retirement, termination, or death. Credited Service is computed in completed years. No credit is given for partial years. Participants who terminate prior to becoming eligible to retire lose the service credited under the Plan.

Continuous service is credited in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) for a Participant who is an employee immediately prior to the commencement of qualified military service (and who gives advance written notice of the qualified military service) for a period of not more than five years (consecutive or individual years) has separated from qualified military service under conditions other than a disqualifying or dishonorable discharge, and returns to work or applies for reemployment within the period specified below, if Employee Contributions are made for the period of absence.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

<u>Military Service</u>	<u>Return to Work after Discharge</u>
< 31 days	One day
< 30 and < 181 days	14 days
>180 days	90 days

If a participant is hospitalized for or recovering from an illness or injury that was incurred or aggravated during qualified military service, USERRA requires the Participant return to work or apply for reemployment upon recovery (recovery being no more 2 years).

Vesting - Prior to October 1, 2012, 100% upon the earlier of earning 20 years of Credited Service and age 60.

Effective October 1, 2012, the retirement benefit earned by a Participant is fully vested no later than retirement eligibility. Benefits of affected Participants also shall become vested, to the extent funded, upon the termination or partial termination of the Trust or the complete discontinuance of contributions to the Trust.

Compensation – For participants hired prior to January 1, 2016, compensation includes regular salary, including accumulated vacation pay, overtime pay, longevity pay, comp pay, and any differential wage payment as defined in Code Section 3401(h)(2), generally relating to military pay. Bonuses and paid accumulated sick leave, expense allowances, and other non-regular forms of compensation are excluded.

For participants hired on or after January 1, 2016, Compensation only includes regular salary. Accumulated vacation pay, overtime pay, longevity pay, comp pay, any differential wage payment as defined in Code Section 3401(h)(2) (generally relating to military pay), bonuses and paid accumulated sick leave, expenses allowances, and other non-regular forms of compensation are all excluded.

Employee Contributions - Prior to October 1, 2012, 10% of Compensation was contributed by Participants (on a pre-tax basis effective October 1, 2002). Effective on and after October 1, 2012, 14% of Compensation is contributed by Participants on a pre-tax basis.

Employee contributions made for a period of qualified military service are made either in a lump sum payment or over a period equal to the lesser of (1) 3 x qualified military service for (2) 5 years.

A member who terminates non-vested, or before becoming eligible for a benefit from the Plan, is entitled to a refund of accumulated employee contributions without interest and has no further claim to benefits from this Plan. Non-vested terminations who subsequently return to employment are treated as a new employee and accrual of benefits begin as of the date of reemployment.

Other Contributions - Prior to October 1, 2012, the City contributed 10% of compensation. Effective on and after October 1, 2012, the City contributes amounts that are sufficient to meet the normal cost of the Plan and to amortize the Plan’s unfunded liability over 30 years.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

In addition, prior to October 1, 2012, each public utility, qualified to do business under the laws of Alabama and selling electricity, electric current, natural gas, intra-city bus transportation, local exchange telephone service, or telegraph service in Anniston, annually paid into the fund a sum equal to 0.5% of gross revenues of such utilities into the fund. Effective October 1, 2012, public utilities no longer contribute to the Plan.

Also, effective October 1, 2012, if the City of Anniston’s contributions equal or exceed three times or are less than two times the employee contributions, the board may amend or modify employee contributions, the City of Anniston’s contribution, or both. Benefits may also be revised by board resolution.

Average Monthly Compensation - For members hired prior to January 1, 2016, the average of monthly compensation for the last three years preceding retirement. For members hired on or after January 1, 2016, the average of monthly compensation for the last five years preceding retirement.

Normal Retirement Eligibility - Prior to October 1, 2012, normal retirement eligibility was defined as the earlier of age 60 regardless of credited service, or the following credited service requirements regardless of age:

	Service Required For Normal <u>Retirement</u>
<u>Hire Date</u>	
< 5/29/1979	20 years
> = 5/29/1979	25 years

Effective October 1, 2012, normal retirement eligibility is defined as having earned 25 years credited service. However, participants actively employed on September 30, 2012 who reach age 60 prior to earning 20 years of credited service are eligible for normal retirement at age 60. While section 15 of the Plan document refers to age 65 normal retirement, a member becomes eligible to retire at age 65 and is fully vested, but early retirement reduction applies if at least 10 years are not earned at retirement. This is the normal retirement eligibility applicable to participants hired prior to January 1, 2016.

For participants hired on and after January 1, 2016, normal retirement eligibility is defined as the earlier of age 60 with ten years of service and age 56 with 25 years of credited service. While section 15 of the Plan document defines normal retirement at age 65, a member becomes eligible to retire at age 65 and is fully vested, but early retirement reductions applies if at least 10 years are not earned at retirement.

(Continued)



**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

Normal Retirement Benefit - Prior to October 1, 2012, the benefit payable upon reaching normal retirement eligibility was the following:

3% x 3-year average monthly compensation x credited service not more than 30 years

Effective October 1, 2012, the normal retirement benefit for members hired on and after May 29, 1979 and hired prior to January 1, 2016 is calculated in accordance with the following formula where total credited service may not exceed 30 years:

2.5% x 3-year average monthly compensation x full years beginning on or after October 1, 2012 plus  
3.0% x 3-year average monthly compensation x years of service at 3.0% multiplier\*

\*The years of service at the 3.0% multiplier equal completed years of service at retirement minus full years of service beginning on or after October 1, 2012.

Note all active members as of October 1, 2012, were hired after May 29, 1979.

However, the normal retirement benefit for participants actively employed on September 30, 2012 who reach age 60 prior to earning 20 years of credited service is as follows where total credited service may not exceed 30 years:

2.5% x 3-year average monthly compensation x credited service on or after age 60 plus 3.0% x 3-year average monthly compensation x credited service before age 60

Note only one active member as of October 1, 2012, reached age 60 prior to earning 20 years of credited service. This individual retired May 30, 2013. No other member will have benefits payable under this benefit definition in the future.

Effective October 1, 2012, the monthly benefit payable may not exceed 75% of 3-year average monthly compensation except for those where the accrued benefit exceeds 75% of 3-year average monthly compensation as of October 1, 2012. For these members, the monthly benefit payable may not exceed the participant’s accrued benefit calculated as of the end of the first full year of continuous service beginning on or after October 1, 2012.

For participants hired on or after January 1, 2016 the normal retirement benefit is calculated as the following:

2.5% x 5-year average monthly compensation x credited service not more than 30 years

The normal form of payment is an unreduced 50% joint & survivor annuity.

Early Retirement Eligibility - Participants hired before January 1, 2016 become eligible for Early Retirement upon earning at least 20 years of Credited Service, regardless of age. They are also eligible for early retirement upon reaching age 65, regardless of service.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

For participants hired on and after January 1, 2016, Early Retirement Eligibility is defined as the earlier of age 55 with 10 years of Credited Service and age 50 with 25 years of Credited Service. They are also eligible for early retirement upon reaching age 65, regardless of service.

Early Retirement Benefit - For participants hired before January 1, 2016, the Normal Retirement Benefit reduced by 4% for each year Credited Service is less than 25 years, even if you are age 65 at retirement. Prior to October 1, 2012, the Normal Retirement Benefit was not reduced for Credited Service less than 25 years for Participants who were age 60 at retirement. Effective October 1, 2012, the Normal Retirement benefit is not reduced for Credited Service less than 25 years. In addition, the Normal Retirement Benefit is not reduced for Participants who were actively employed on September 30, 2012 and reach age 60 prior to earning 20 years of Credited Service.

For participants hired on and after January 1, 2016, the Normal Retirement benefit is reduced actuarially using assumptions as adopted by the Board of Trustees for each full month of age at retirement earlier than Normal Retirement Eligibility for members who have earned at least 10 years of service. For members who have less than 10 years of service but are at least age 65, the early retirement reduction is 4% for each year service is less than 10 years.

Line-of-Duty Disability Benefits - Prior to October 1, 2012, participants became eligible for line-of-duty disability benefits immediately upon hire. Participants who became permanently physically or mentally disabled as a result of injuries received in the line-of-duty were entitled to a monthly Disability Benefit as if 30 years of Credited Service had been worked, as follows:

$$3\% \times 3\text{-year average monthly compensation} \times 30 \text{ years of credited service} \times \text{disability percentage}$$

For participants who had less than 3 years of service, average monthly compensation is the average of compensation over the entire period of employment.

For participants hired before July 1, 2002, the disability percentage is 100%. For participants hired on or after July 1, 2002, if the participant is determined to be 50% or more physically disabled, the disability percentage is 100%. If the participant is deemed to be less than 50% disabled, the disability percentage is the percent of physical disability as described below.

Effective October 1, 2012, participants continue to become eligible for line-of-duty disability benefits immediately upon hire. A participant who becomes physically or mentally disabled as a result of bodily injury, disease, or mental disorder received in the line-of-duty, which renders the participant incapable of continuing employment as a sworn police officer or sworn firefighter performing the same duties and having the same responsibilities as those immediately prior to the time of the disability, is entitled to receive a monthly disability benefit equal to the greater of:

$$40\% \times \text{monthly compensation at disability or } 100\% \text{ of the accrued benefit at disability (disregarding } 20\text{-year eligibility requirement)}$$

In lieu of this monthly benefit a participant may elect instead to receive employee contributions without interest.

(Continued)

## NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

### Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)

Off-Duty Disability Benefits - Prior to October 1, 2012, effective July 1, 2002 participants became eligible for off-duty disability benefits after completion of at least 5 years of credited service. Once the participant had been physically or mentally disabled from any cause other than from injuries received in the line-of-duty for at least 3 months, a monthly disability benefit was payable if 25 years of credited service have been worked, as follows:

$3\% \times 3\text{-year average monthly compensation} \times 25 \text{ years of credited service} \times \text{disability percentage}$

Effective October 1, 2012, the plan does not provide a disability benefit to a participant who becomes physically or mentally disabled, other than as a result of injuries received in the line-of-duty. However, the participant may make a request to the retirement board for the payment of employee contributions without interest.

Disability Percentage - The participant may be sent to a physician selected by the retirement board for examination to determine the extent of the participant’s disability. The American Medical Association’s guidelines for the evaluation of permanent impairment is used to determine the percentage of disability suffered by the participant. If the retirement board determines that the participant is no longer disabled to the degree previously approved for, the retirement board shall order that the benefits to the participant be adjusted or discontinued as applicable.

Life Insurance - Prior to October 1, 2012, if any participant dies and left a surviving spouse, a \$1,500 single lump sum life insurance benefit was payable. If there was no surviving spouse, \$1,500 was split amongst any surviving children under the age of 18 years old. No life insurance is payable to any participant after October 1, 2012.

Line-Of-Duty Survivor Benefits - Prior to October 1, 2012, the surviving spouse of a participant who died as a result of injuries received in the line-of-duty was entitled to a monthly survivor benefit which was the actuarial equivalent 100% joint & survivor form payable based on a monthly benefit calculated as if 30 years of credited service had been worked, as follows:

$3\% \times 3\text{-year average monthly compensation} \times 30 \text{ years of credited service}$

If there was no surviving spouse or if the surviving spouse was to die, 50% of this amount is split amongst any surviving children under the age of 18 years. In the event an active participant died without having a surviving spouse or surviving children under the age of 18 years, an amount equal to the accumulated employee contributions without interest was payable.

Effective October 1, 2012, the surviving spouse of a participant who dies as a result of injuries received in the line-of-duty is entitled to a monthly survivor benefit equal to 62.5% of the participant’s monthly accrued benefit calculated as if 25 years of credited service had been worked. This monthly benefit is discontinued upon the remarriage of the surviving spouse. If there is no surviving spouse or if the surviving spouse should die, this benefit is split amongst any surviving children under the age of 18 years. In the event an active participant dies without having a surviving spouse or surviving children under the age of 18 years, an amount equal to the accumulated employee contributions without interest is payable.

The surviving spouse of a participant who retired prior to January 1, 1989 receives 50% of the monthly amount that was in payment to the participant at the time of death. If there is no surviving spouse, 25% of the monthly amount that was in payment is split amongst any surviving children under the age of 18 years.

(Continued)

## **NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

### **Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

Off-Duty Survivor Benefit - Prior to October 1, 2012, the surviving spouse of a participant who earned at least 20 years of credited service and who died not as a result of injuries received in the line-of-duty was entitled to a monthly survivor benefit which is the actuarially equivalent 100% joint & survivor form of the benefit defined for normal retirement, unreduced for commencement prior to normal retirement eligibility. If there was no surviving spouse or if the surviving spouse should die, 50% of this amount was split amongst any surviving children under the age of 18 years.

In the event an active participant died without having a surviving spouse or surviving children under the age of 18 years, an amount equal to the accumulated employee contributions without interest is payable. The survivor of a participant who died off-duty with less than 20 years of credited service is due a refund of employee contributions without interest.

Effective October 1, 2012, the plan does not provide a survivor benefit for deaths not as a result of injuries received in the line-of-duty. However, the surviving spouse or children under the age of 18 years may make a request to the retirement board for the payment of employee contributions without interest. The surviving spouse of a participant who retired prior to January 1, 1989, receives 50% of the monthly amount that was in payment to the participant at the time of death. If there is no surviving spouse, 25% of the monthly amount that was in payment is split amongst any surviving children under the age of 18 years.

Optional Forms of Benefit - Members entitled to a normal retirement benefit, or an early retirement benefit may elect to receive a 50% joint & survivor annuity (option A), an actuarially equivalent 100% joint & survivor annuity (option B) or an actuarially equivalent life only annuity (option C).

A participant having elected a 50% Joint & Survivor Annuity (option A) will receive the benefit described under normal retirement or early retirement. Upon the death of such participant who leaves a surviving spouse, 50% of the amount being paid to the participant at the time of death is payable to the surviving spouse. If the participant does not leave a surviving spouse but leaves surviving children under the age of 18, 25% of the monthly amount that was in payment is split amongst any surviving children under the age of 18 years. Effective for retirements occurring on and after October 1, 2012, if the deceased participant’s spouse remarries, monthly pension benefits cease.

A participant having elected a 100% Joint & Survivor Annuity (option B) will receive a monthly benefit in an amount which is the actuarial equivalent which would have been payable had the participant elected option A. This monthly amount is payable to the participant during his or her lifetime and then upon his or her death to the spouse, without reduction. Upon the death of the surviving spouse, 50% of the monthly amount that was in payment is split amongst any surviving children under the age of 18 years. Effective for retirements occurring on and after October 1, 2012, if the deceased participant’s spouse remarries, monthly pension benefits cease.

A participant having elected a Life Only Annuity (option C) will receive a monthly benefit which is the actuarial equivalent of the amount which would have been paid if the participant had elected option A. No death benefits are payable to any survivor or dependents of the participant who selects this form of payment.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

Actuarial Equivalence - Based on the 1971 group annuity mortality table and an interest rate of 7%. In practice, participant mortality is as under the 1971 group annuity mortality table for males and spouse mortality is as under the 1971 group annuity mortality for males set forward 7 years. The computation of the life only annuity for unmarried members assumes an actuarial increase from the normal 50% joint & survivor form assuming a spouse who is three years younger.

Partial Lump Sum Option - Prior to October 1, 2012, participants were allowed to elect to receive a monthly retirement benefit on a reduced basis in return for the payment of a lump sum amount, in cash, at the time the monthly retirement benefit is first payable. The participant could elect to receive the lump sum, based on the monthly normal or early retirement benefit payable as a life only annuity.

The monthly life only retirement benefit after deducting for the partial lump sum payment is monthly life only retirement benefit prior to reduction times the reduction factor. The monthly retirement benefit after deducting for the partial lump sum payment is then reduced appropriately for optional forms which provide survivor benefit continuance.

Effective October 1, 2012, the plan does not provide a partial lump sum option.

Thirteenth Checks - When the actuary certifies that the necessary funds are available, the board may increase the benefits provided retirees by passing a resolution which declares that the monthly benefit paid to each retiree, surviving spouse, or other beneficiary of the retiree shall be increased by a flat dollar amount per month, increased by a flat dollar amount per year of active service per month, or be increased to a minimum monthly amount. Additionally, the board may pass a resolution to issue 13th checks.

Actuarial Assumptions and Methods - Assumed Rate of Investment Return: 7.8% per year (net of investment and administrative expenses)

Plan Expenses: The normal cost in this October 1, 2023 valuation includes a load of the administrative expenses from the fiscal year ending September 30, 2023. No normal cost load was included in the prior valuation as both administrative and investment expenses were assumed to be paid through the investment return.

Inflation: 2.0% per year

Salary Increase – Total Payroll: 2.0% per year.

Salary Increase – Individual: 5.5% per year. In addition, three-year final average earnings are increased 2.1% for hires before January 1, 2016 to account for accrued leave payouts at retirement. There is no load for accrued leave payouts for hires after January 1, 2016 since their benefit is based solely on base pay.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

Mortality: The mortality assumption is the following sex distinct tables with fully generational mortality improvements using sex distinct Scale MP-2019.

Active:	Male, PubS.H-2010 male employee; Female, PubS.H-2010 female employee
Healthy Retiree:	Male, PubS.H-2010 male healthy retiree; Female, PubS.H-2010 female healthy retiree
Beneficiaries:	Male, PubS.H-2010 male healthy retiree; Female, PubS.H-2010 female healthy retiree
Disabled Retiree:	Male, PubS.H-2010 male disabled retiree; Female, PubS.H-2010 female disable retiree

Juvenile rates are used for ages 15-17. The active tables reference the healthy retiree rates, above, at ages 81+. The healthy retiree tables reference the active mortality rates, above, before age 44.

Retirement: For participants hired prior to January 1, 2016, unisex rates of retirement are as follows:

Age	Service					
	< 20	20	21 - 24	25	26 - 29	>=30
<=39	0%	0%	0%	0%	0%	0%
40 - 64	0%	25%	10%	50%	10%	100%
>=65	100%	100%	100%	100%	100%	100%

For participants hired on and after January 1, 2016, retirement is assumed at a rate of 100% at the earlier of age 65 regardless of service, age 60 with 10 years of Credited Service, and age 56 with 25 years of Credited Service. We have assumed that the basis for actuarial reduction of the monthly benefit for early retirement at the earlier of age 55 with 10 years of Credited Service and age 50 with 25 years of Credited Service are the valuation assumptions.

Termination: Unisex rates of termination are as follows:

<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>
0-4	15%	8	7%	12	3%
5	10%	9	6%	13-19	2%
6	9%	10	5%	20+	0%
7	8%	11	4%		

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

Disability: Unisex rates, as follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
<=19	0.0000%	31	0.2318%	43	0.5866%	55	2.0178%
20	0.1204%	32	0.2448%	44	0.6488%	56	2.2266%
21	0.1312%	33	0.2594%	45	0.7190%	57	2.4534%
22	0.1416%	34	0.2760%	46	0.7974%	58	2.6996%
23	0.1516%	35	0.2948%	47	0.8852%	59	2.9660%
24	0.1614%	36	0.3166%	48	0.9830%	60	3.2538%
25	0.1708%	37	0.3414%	49	1.0916%	61	3.5640%
26	0.1802%	38	0.3700%	50	1.2118%	62	3.8980%
27	0.1896%	39	0.4028%	51	1.3446%	63	4.2570%
28	0.1992%	40	0.4402%	52	1.4906%	64	4.6420%
29	0.2092%	41	0.4830%	53	1.6508%	65+	0.0000%
30	0.2200%	42	0.5316%	54	1.8262%		

50% of disabilities are assumed to be service connected.

Marital Assumption: Husbands are assumed to be three years older than wives. 75% of active service-related deaths are assumed to be married.

Post-Decrement Mortality Assumptions: 5% of active death is assumed in the line of duty. 95% of active death is assumed not in the line of duty.

Funding Method: Entry Age (level percent of salary).

Actuarial Value of Assets: The market value of assets is adjusted to recognize gains and losses over a five-year period. The Actuarial Value of Assets shall not be more than 120% or less than 80% of the market value of assets.

**Plan Membership Statistics**

Valuation as of October 1, 2023

Inactive currently receiving benefits	200
Active members	<u>151</u>
	<u><u>351</u></u>

**Net Pension Liability**

The total pension liability under GASB 67 and 68 is based on the October 1, 2023 actuarial valuation which used the following actuarial assumptions applied to all periods included in the measurement.

Salary increases	5.50%
Single discount rate	7.80%
Mortality	PubS.H-2010 with fully generational mortality improvement using Scale MP-2019

Other assumptions are based on the assumptions used by the prior actuary supplemented with changed retirement expectations resulting from Plan changes that became effective October 1, 2012 and January 1, 2016.

(Continued)

## NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

### Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)

The discount rate was 7.80% as of September 30, 2023. Further information regarding the calculation of the discount rate is found in the following section entitled “Calculation of the Discount Rate”.

The components of the net pension liability at September 30, 2023, were as follows:

Total pension liability	\$82,419,964
Plan fiduciary net position	<u>(38,414,878)</u>
Net pension liability	<u>\$44,005,086</u>

Plan fiduciary net position as a percentage of the total pension liability 46.61 %

Sensitivity of the net position liability to changes in the discount rate is as follows:

	1% Decrease <u>(6.80%)</u>	Current Discount Rate <u>(7.80%)</u>	1% Increase <u>(8.80%)</u>
Net pension liability (asset)	<u>\$52,997,525</u>	<u>\$44,005,086</u>	<u>\$36,479,113</u>

### Calculation of the Discount Rate

The long-term expected net rate of return on investments was determined using a building-block method. Best-estimate ranges of expected future real rates of return (expected returns net of investment and administrative expenses and inflation) are developed for each major asset class. The long-term expected net rate of return on investments is the best-estimate ranges weighted by the asset allocation plus expected inflation. Best estimates of arithmetic real rates of return for each major asset class as provided by the investment monitor are shown in the following table:

Investment Category	Allocation	Long-Term Real Annualized Return*	Weighted by Target Allocation
All Cap	10%	8.6%	0.9%
Large Cap	25	8.5	2.1
Mid Cap	17	8.7	1.5
International Equity	8	5.3	0.4
Real Assets	10	5.0	0.5
Fixed Income	<u>30</u>	<u>0.3</u>	<u>0.1</u>
	<u>100%</u>		<u>5.5%</u>

\*For illustrative purposes, historical long-term average returns have been used as a reasonable expectation of returns by the investment monitor. The expected rate of inflation is 2.6%. The long term real annualized return weighted by target allocation plus the expected rate of inflation is 8.1%.

Note, however, that long-term expected net rates of return for actuarial valuations should be compared to geometric returns.

(Continued)



**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

The funding valuation of the Plan assumes the plan will earn 7.8% per year (net of investment and administrative expenses but including inflation). The discount rate used to measure the total pension liability was 7.8%. This is the single rate that reflects the long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits. A projection of cash flows used to determine the discount rate assumed the plan member contributions are made at the current contribution rate and that the City contributions will be made equal to the difference between the actuarially determined contribution and the member contributions. Based on those assumptions, the pension plan’s fiduciary net position is 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 is applied to all periods of projected benefit payments to determine the total pension liability. For purposes of this determination, we understand pension plan assets are expected to be invested using a strategy to achieve the discount rate.

**Changes on Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at 9/30/2022	\$ 81,314,349	\$ 35,190,493	\$ 46,123,856
Changes for the year:			
Service cost	1,158,004	-	1,158,004
Interest expense	6,127,581	-	6,127,581
Differences between expected and actual experience	378,413	-	378,413
Contributions – employer	-	4,772,326	(4,772,326)
Contributions – employees	-	1,320,947	(1,320,947)
Net investment income	-	3,914,745	(3,914,745)
Benefits payments, including refunds of employee contributions	(6,558,383)	(6,558,383)	-
Administrative expenses	-	(218,985)	218,985
Other changes	-	(6,265)	6,265
Net changes	<u>1,105,615</u>	<u>3,224,385</u>	<u>(2,118,770)</u>
Balances at 9/30/2023	<u>\$ 82,419,964</u>	<u>\$ 38,414,878</u>	<u>\$ 44,005,086</u>

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Anniston’s Policemen’s and Firemen’s Retirement Plan (Continued)**

**Pension Expense and Deferred Outflows and Inflows of Resources**

For the year ended September 30, 2023, the City recognized pension expense of \$3,450,957. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 485,593	\$ 439,889
Changes in assumptions	473,205	28,225
Net difference between projected and actual earnings on pension plan investments	<u>2,386,918</u>	<u>-</u>
Total	<u>\$ 3,345,716</u>	<u>\$ 468,114</u>

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

Year Ended September 30:	
2024	\$ 916,483
2025	602,745
2026	1,534,668
2027	(176,294)
2028	<u>-</u>
	<u>\$ 2,877,602</u>

**Discretely-Presented Component Unit - Anniston City Board of Education Retirement Plan**

**Plan Description**

The Teachers’ Retirement System of Alabama (TRS), a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the Code of Alabama 1975, Title 16, Chapter 25 (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operating of TRS is vested in its Board of Control which consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The Code of Alabama 1975, Title 16, Chapter 25 grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

(Continued)

## **NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

### **Discretely-Presented Component Unit - Anniston City Board of Education Retirement Plan (Continued)**

#### **Plan Membership and Benefits**

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS employees who retire after age 60 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. 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 TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

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 TRS members are eligible for retirement after age 62 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 TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS and ERS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS or ERS on or after October 1, 2019.

A TRS or ERS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

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

#### **Contributions**

Covered Tier 1 members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the TRS were required by a statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 8.25% 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 TRS were required by statute to contribute 8.50% of earnable compensation.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Discretely-Presented Component Unit - Anniston City Board of Education Retirement Plan (Continued)**

**Contributions (Continued)**

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters’ contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute.

Participating employers’ contractually required contribution rate for the year ended September 30, 2023 was 12.59% of annual pay for Tier 1 members and 11.44% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, 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 Board were \$1,468,386 for the year ended September 30, 2023.

**Pension Liabilities, Pension Expense, and Deferred Outflows & Inflows of Resources Related to Pensions**

At September 30, 2023, the Board reported a liability of \$22,697,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021. The Board’s proportion of the collective net pension liability was based on the employers’ shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2022, the System’s proportion was 0.146046%, which was a decrease of 0.010599% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the Board recognized pension expense (benefit) of (\$383,119). At September 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 499,000	\$ 551,000
Changes in assumptions	1,030,000	-
Net difference between projected and actual earnings on pension plan investments	4,554,000	-
Changes in proportion and differences between employers contributions and proportionate share of contributions	1,231,000	3,114,000
Employer contributions subsequent to the measurement date	<u>1,468,386</u>	<u>-</u>
Total	<u>\$ 8,782,386</u>	<u>\$ 3,665,000</u>

\$1,468,386 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Discretely-Presented Component Unit - Anniston City Board of Education Retirement Plan**  
(Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows & Inflows of Resources Related to Pensions (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2024	\$ 1,425,000
2025	204,000
2026	416,000
2027	1,604,000
2028	-
Thereafter	-
	<u>\$ 3,649,000</u>

*Actuarial assumptions.* The total pension liability as of September 30, 2022 was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% - 5.00%
Investment rate of return*	7.45%

\*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2021, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021, which became effective at the beginning of fiscal year 2019.

Mortality rates for TRS were based on the White-Collar Mortality Table projected to 2020 using Scale BB and adjusted 115% for males and 112% for females 78 and older.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Discretely-Presented Component Unit - Anniston City Board of Education Retirement Plan  
(Continued)**

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:

	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Fixed Income	2.80%	15.00%
U.S. Large Stocks	8.00%	32.00%
U.S. Mid Stocks	10.00%	9.00%
U.S. Small Stocks	11.00%	4.00%
International Developed Market Stocks	9.50%	12.00%
International Emerging Market Stocks	11.00%	3.00%
Alternatives	9.00%	10.00%
Real Estate	6.50%	10.00%
Cash	2.50%	<u>5.00%</u>
		100.00%

\*Includes assumed rate of inflation of 2.50%

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

**Changes in Net Pension Liability and Sensitivity to Changes in Discount Rate:**

The following table presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1% Decrease <u>(6.45%)</u>	Current Discount Rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
Board’s net pension liability	<u>\$ 29,369,000</u>	<u>\$ 22,697,000</u>	<u>\$ 17,077,000</u>

(Continued)

## NOTE 8 -RETIREMENT PLAN (Continued)

### **Discretely-Presented Component Unit - Anniston City Board of Education Retirement Plan (Continued)**

*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, 2022. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2022. The auditors' report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsaal.gov/index.php/employers/financial-reports/gasb-68-reports/>.

### **Discretely-Presented Component Unit – Public Library of Anniston and Calhoun County Pension Plan**

#### **General Information about the Pension Plan**

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

#### **Plan Description**

The ERS, an agent multiple employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control effective October 1, 2021. 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.rsa-al.gov](http://www.rsa-al.gov).

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Discretely-Presented Component Unit – Public Library of Anniston and Calhoun County Pension Plan (Continued)**

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

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

**Pension Benefits**

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 Tier 1 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, Tier 1 members of the ERS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

(Continued)



**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Discretely-Presented Component Unit – Public Library of Anniston and Calhoun County Pension Plan (Continued)**

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 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 are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State police are allowed 2.375% for each year of State Police service in computing the formula method.

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

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

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

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants.

As of September 30, 2022, the Library's membership consisted of:

Retired Members or their beneficiaries currently receiving benefits	10
Non-vested Inactive Members	8
Active Members	<u>18</u>
Total	36

**Member and Employer 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.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Discretely-Presented Component Unit – Public Library of Anniston and Calhoun County Pension Plan (Continued)**

**Member and Employer Contributions (Continued)**

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. These contribution rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2022, the Library's active employee contribution rate was 6% of covered payroll, and the Library's average contribution rate to fund the normal and accrued liability costs was .32% of pensionable payroll.

The Library's contractually required contribution rate for the year ended September 30, 2023 was .37% of pensionable pay for Tier 1 employees, and .37% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, 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 System were \$1,705 for the year ended September 30, 2023.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Discretely-Presented Component Unit – Public Library of Anniston and Calhoun County Pension Plan (Continued)**

**Net Pension Liability**

The Library’s net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2021 rolled forward to September 30, 2022 using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual Before Plan Changes</u>	<u>Actual After Plan Changes</u>
(a) TPL as of 9/30/21	\$ 2,724,256	\$ 2,742,704	\$ 2,743,267
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2021 – September 30, 2022	34,203	34,203	34,592
(d) Transfers Among Employers	-	-	-
(e) Actual Benefit Payments and Refunds for October 1, 2021 – September 30, 2022	<u>(212,273)</u>	<u>(212,273)</u>	<u>(212,273)</u>
(f) Total Pension Liability as of 9/30/22 =[(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 2,741,236</u>	<u>\$ 2,761,058</u>	<u>\$ 2,762,052</u>
(g) Difference between Expected and Actual		\$ 19,822	
(h) Less Liability Transferred for Immediate Recognition:		<u>-</u>	
(i) Experience (Gain)/Loss		<u>\$ 19,822</u>	
(j) Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss		\$994	

**Actuarial Assumptions**

The total pension liability as of September 30, 2022 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

Inflation	2.75%
Projected salary increases	3.25% - 5.00%
Investment rate of return*	7.7%, including inflation

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Discretely-Presented Component Unit – Public Library of Anniston and Calhoun County Pension Plan (Continued)**

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

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

	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Fixed Income	2.80%	15.00%
U.S. Large Stocks	8.00%	32.00%
U.S. Mid Stocks	10.00%	9.00%
U.S. Small Stocks	11.00%	4.00%
International Developed Market Stocks	9.50%	12.00%
International Emerging Market Stocks	11.00%	3.00%
Alternatives	9.00%	10.00%
Real Estate	6.50%	10.00%
Cash	1.50%	<u>5.00%</u>
		100.00%

\*Includes assumed rate of inflation of 2.00%.

**Discount Rate**

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan’s fiduciary net position were projected to be available to make all projected benefit payments of current plan member. 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.

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Discretely-Presented Component Unit – Public Library of Anniston and Calhoun County Pension Plan (Continued)**

**Changes in Net Pension Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) – (b)</u>
Balances at 9/30/2021	\$ 2,724,256	\$ 3,387,890	\$ (663,634)
Changes for the year:			
Service cost	34,203	-	34,203
Interest expense	195,050	-	195,050
Changes in assumptions	994	-	994
Differences between expected and actual experience	19,822	-	19,822
Contributions – employer	-	7,272	(7,272)
Contributions – employees	-	24,436	(24,436)
Net investment income	-	(421,729)	421,729
Benefits payments, including refunds of employee contributions	<u>(212,273)</u>	<u>(212,273)</u>	<u>-</u>
Net changes	<u>37,796</u>	<u>(602,294)</u>	<u>640,090</u>
Balances at 9/30/2022	<u>\$ 2,762,052</u>	<u>\$ 2,785,596</u>	<u>\$ (23,544)</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the Library’s net pension liability calculated using the discount rate of 7.45%, as well as what the Library’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
Library’s net pension liability (asset)	\$ <u>207,828</u>	\$ <u>(23,544)</u>	\$ <u>(223,310)</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor’s report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

(Continued)

**NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)**

**Discretely-Presented Component Unit – Public Library of Anniston and Calhoun County Pension Plan (Continued)**

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

For the year ended September 30, 2023, the Library recognized pension revenue of \$37,418. At September 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,417	\$ 152,833
Changes in assumptions	72,085	-
Net difference between projected and actual earnings on pension plan investments	338,744	-
Employer contributions subsequent to the measurement date	<u>1,705</u>	<u>-</u>
Total	<u>\$ 427,951</u>	<u>\$ 152,833</u>

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

Year Ended September 30:	
2024	\$ 30,473
2025	27,023
2026	67,042
2027	147,675
2028	1,200
Thereafter	<u>-</u>
	<u>\$ 273,413</u>

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS**

**City of Anniston OPEB Health Care Plan – Primary Government**

**General Information about the OPEB Plan**

*Plan description.* The City, through its substantive commitment to provide other postemployment benefits (OPEB), maintains a single employer defined benefit plan to provide certain postretirement healthcare benefits to all former employees.

The City pays for postemployment healthcare benefits on a pay-as-you-go basis. The City is studying the establishment of trusts that would be used to accumulate and invest assets necessary to pay for the accumulated liability. These financial statements assume that pay-as-you-go funding will continue.

(Continued)

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**City of Anniston OPEB Health Care Plan – Primary Government (Continued)**

**General Information about the OPEB Plan (Continued)**

*Benefits provided.* Former employees who have 25 years of continuous service, regardless of age, or who have 10 years of continuous service and are age 60. Such benefits are available to spouses or dependents of retiree until the spouse and / or other dependent attains Medicare eligibility.

*Employees covered by benefit terms.* At the measurement date of September 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	141
Active employees	<u>338</u>
	<u>479</u>

*Contributions.* The City contributed \$720,236 to the OPEB Health Care Plan in fiscal year 2023. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Commission. The Council establishes and may amend the funding policy for the OPEB Health Care Plan.

**Total OPEB Liability**

The City's total OPEB liability of \$6,725,681 was measured as of September 30, 2023, and was determined by an actuarial valuation as of October 1, 2022.

*Actuarial assumptions and other inputs.* The total OPEB liability as of September 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent annually
Salary increases	3.50 percent annually
Discount rate	4.00 percent
Healthcare cost trend rates	5.00 percent
Retirees' share of benefit related costs	80 percent of projected health insurance premiums for retirees up to \$375 per month and up to \$296 per month for retirees' spouse. Retirees are eligible with 25 years of creditable service or at age 60 with 10 years of service until they are Medicare eligible.

The discount rate was based on the S&P 500 Taxable Municipal Bond Index.

Mortality rates are from the RPU-2014 Blue Collar without projection.

(Continued)

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**City of Anniston OPEB Health Care Plan – Primary Government (Continued)**

**Changes in Total OPEB Liability**

	Total OPEB Liability <u>(a)</u>
Balances at September 30, 2022	\$ 7,898,582
Changes for the year:	
Service cost	197,530
Interest	259,268
Differences between expected and actual experience	(785,535)
Benefits payments,	<u>(844,164)</u>
Net changes	<u>(1,172,901)</u>
Balances at September 30, 2023	<u>\$ 6,725,681</u>

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City calculated using the discount rate of 4.0 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current rate:

	1% Decrease <u>(3.0%)</u>	Discount Rate <u>(4.0%)</u>	1% Increase <u>(5.0%)</u>
Total OPEB liability	<u>\$ 7,274,913</u>	<u>\$ 6,725,681</u>	<u>\$ 6,209,282</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the City calculated using the healthcare cost trend rate of 5.0 percent, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.0 percent) or 1-percentage-point higher (6.0 percent) than the current healthcare cost trend rates:

	1% Decrease <u>(4.0%)</u>	Healthcare Cost Trend Rates <u>(5.0%)</u>	1% Increase <u>(6.0%)</u>
Total OPEB liability	<u>\$ 5,932,315</u>	<u>\$ 6,725,681</u>	<u>\$ 7,628,688</u>

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

*OPEB Expense.* For the year ended September 30, 2023, the City recognized OPEB expense of \$443,074.

(Continued)



**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**City of Anniston OPEB Health Care Plan – Primary Government (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

*Deferred outflows of resources and deferred inflows of resources.* At September 30, 2023, The City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 1,866,729	\$ (2,839,781)
Total	<u>\$ 1,866,729</u>	<u>\$ (2,839,781)</u>

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

Year Ended September 30:	
2024	\$ (88,377)
2025	(88,377)
2026	(88,377)
2027	(88,377)
2028	(88,377)
Thereafter	<u>(531,167)</u>
	<u>\$ (973,052)</u>

\*In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

**Payable to the OPEB Plan**

At September 30, 2023, no amounts were payable to the OPEB plan by the City.

## **NOTE 10 – TAX ABATEMENTS**

The City and the City of Anniston Industrial Development Authority offers abatements of certain state, county, and municipal ad-valorem taxes (non-educational portion), sales and use taxes (non-educational portion), and mortgage and recording taxes with respect to projects pursuant to the provisions of Act No. 92-599 enacted during the 1992 Regular Session of the Legislature of Alabama and now codified as Chapter 9B of Title 40 of the Code of Alabama (1975) (herein called the “Tax Abatement Act”).

To qualify for these abatements, an entity must commit to a new project or major addition to an existing facility that equals the lesser of \$2 million or 30% of the original cost and only certain NAICS codes qualify. The recipients of the tax abatements agree to take various development actions, including establishing and operating an industrial enterprise, installing, and operating various machinery and personal property, and creating jobs. Property taxes are abated by applying a reduced millage rate to the assessed value to determine the adjusted property tax due. Sales and use taxes are abated by applying reduced sales and use tax rate to the materials and/or equipment purchased. The City abates 5% of general sales and use taxes and 0.5% of machinery in manufacturing sales and use taxes.

The City’s property tax revenues were reduced by \$220,560 and sales and use tax revenues were not reduced during the reporting period.

In addition to the above program, the City utilizes Amendment 772 to the Constitution of Alabama of 1901 to offer economic incentives to entities that are bringing new businesses to the City or expanding current ones. During the reporting period, the City rebated sales and use taxes totaling \$882,035. The City’s sales and use tax revenues were not reduced by this amount because the rebates were recorded as expenditures. The amount of sales and use taxes rebated depends on the scope of the project.

## **NOTE 11 – RESTRICTIONS AND CONTINGENCIES**

### **Grant Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

### **Other Contingencies**

The City is a defendant in various litigations of which legal counsel and City management are of the opinion that none will have a material adverse effect on the financial statements of the City. These actions include both asserted and unasserted claims. The City’s legal counsel has advised that damages on any asserted claims, should an unfavorable judgment be reached, will be within the limits of the City’s insurance coverage and therefore should not impact upon municipal assets. The City’s maximum liability is estimated to be from \$10,000 up to \$100,000 insurance deductible for claims. No accrual has been included in these financial statements for this matter.

## **NOTE 12 – RISK MANAGEMENT AND LITIGATION**

The City is exposed to various risks of loss related to torts, theft, errors and omissions, job-related illnesses and injuries, and natural disasters. Risk management is the process of managing the City’s activities to minimize the adverse effects of certain types of losses and to obtain finances to provide for or restore the economic damages of those losses. The liability, if any, for this contingency is measured in accordance with Financial Accounting Standards Boards (FASB) Statement No. 5. Expenses are recognized when incurred and offsetting revenues are recorded as a reduction against the applicable expenditure. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### **NOTE 13 – DEFERRED COMPENSATION PLAN**

Employees are also eligible to participate in the PEIRAF Deferred Compensation Plan of the Retirement Systems of Alabama. Employees may defer a portion of their pre-tax compensation into this plan and are eligible to remove the proceeds at retirement. The City does not contribute to this plan.

### **NOTE 14 – PRIOR PERIOD ADJUSTMENTS**

During the year ended September 30, 2023, the City discovered capital assets that were not previously recorded on the proprietary fund statements for the fire training school fund. As such, a prior period adjustment has been recorded on the proprietary fund statements to reflect the capital assets owned by the City. The effect on the proprietary fund financial statements resulted in an increase in the net position by \$637,649 and an increase in depreciable capital assets by this amount.

During the year ended September 30, 2023, the City discovered interfund transfers that should have been recorded in the prior that had not been. As such, a prior period adjustment has been recorded on the government-wide financial statements. The effect on the government-wide financial statements resulted in an increase in net position and decreased in transfers of \$793,554 for the governmental activities and a decrease in net position and increase in transfers of \$811,240 on the business-type activities.

### **NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated events and transactions subsequent to the balance sheet date through August 23, 2024 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF ANNISTON, ALABAMA

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY  
AND REALTED RATIOS  
EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA  
Last 10 Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>									
Service cost	\$ 518,795	\$ 500,904	\$ 533,144	\$ 548,512	\$ 604,304	\$ 601,019	\$ 620,626	\$ 644,393	\$ 645,593
Interest	2,475,440	2,533,371	2,424,983	2,363,578	2,352,725	2,382,153	2,435,109	2,203,091	2,129,802
Changes of benefit terms	56,526	-	-	-	-	-	-	-	-
Differences between expected and actual experience	398,699	(941,568)	581,601	(16,384)	(172,561)	(1,387,885)	(1,521,044)	1,980,336	-
Changes of assumptions	-	913,645	-	-	163,213	-	634,226	-	-
Benefit payments, including refund of member contributions	(2,639,446)	(2,357,721)	(2,124,378)	(2,078,502)	(2,188,123)	(1,832,157)	(1,918,926)	(1,936,258)	(1,782,300)
Transfers among employers	(137,427)	(181,299)	108,959	3,194	(476,287)	35,139	5,214	-	-
<b>Net change in total pension liability</b>	<b>672,587</b>	<b>467,332</b>	<b>1,524,309</b>	<b>820,398</b>	<b>283,271</b>	<b>(201,731)</b>	<b>255,205</b>	<b>2,891,562</b>	<b>993,095</b>
<b>Total pension liability - beginning</b>	<b>34,547,110</b>	<b>34,079,778</b>	<b>32,555,469</b>	<b>31,735,071</b>	<b>31,451,800</b>	<b>31,653,531</b>	<b>31,398,326</b>	<b>28,506,764</b>	<b>27,513,669</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 35,219,697</b>	<b>\$ 34,547,110</b>	<b>\$ 34,079,778</b>	<b>\$ 32,555,469</b>	<b>\$ 31,735,071</b>	<b>\$ 31,451,800</b>	<b>\$ 31,653,531</b>	<b>\$ 31,398,326</b>	<b>\$ 28,506,764</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 559,319	\$ 529,850	\$ 485,268	\$ 591,130	\$ 575,719	\$ 611,421	\$ 532,219	\$ 517,085	\$ 541,741
Contributions - member	444,274	444,224	460,694	493,128	495,292	527,129	515,557	538,724	564,320
Net investment income	(3,474,406)	5,239,955	1,346,682	615,797	2,140,873	2,753,534	2,058,134	250,689	2,377,530
Benefit payments, including refund of member contributions	(2,639,446)	(2,357,721)	(2,124,378)	(2,078,502)	(2,188,123)	(1,832,157)	(1,918,926)	(1,936,258)	(1,782,300)
Transfers among employers	(137,427)	(181,299)	108,959	3,194	(476,287)	35,139	5,214	(597,870)	30,637
<b>Net change in plan fiduciary net position</b>	<b>(5,247,686)</b>	<b>3,675,009</b>	<b>277,225</b>	<b>(375,253)</b>	<b>547,474</b>	<b>2,095,066</b>	<b>1,192,198</b>	<b>(1,227,630)</b>	<b>1,731,928</b>
<b>Plan fiduciary net position - beginning</b>	<b>28,053,925</b>	<b>24,378,916</b>	<b>24,101,691</b>	<b>24,476,944</b>	<b>23,929,470</b>	<b>21,834,404</b>	<b>20,642,206</b>	<b>21,869,836</b>	<b>20,137,908</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 22,806,239</b>	<b>\$ 28,053,925</b>	<b>\$ 24,378,916</b>	<b>\$ 24,101,691</b>	<b>\$ 24,476,944</b>	<b>\$ 23,929,470</b>	<b>\$ 21,834,404</b>	<b>\$ 20,642,206</b>	<b>\$ 21,869,836</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 12,413,458</b>	<b>\$ 6,493,185</b>	<b>\$ 9,700,862</b>	<b>\$ 8,453,778</b>	<b>\$ 7,258,127</b>	<b>\$ 7,522,330</b>	<b>\$ 9,819,127</b>	<b>\$ 10,756,120</b>	<b>\$ 6,636,928</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>64.75%</b>	<b>81.20%</b>	<b>71.53%</b>	<b>74.03%</b>	<b>77.13%</b>	<b>76.08%</b>	<b>68.98%</b>	<b>65.74%</b>	<b>76.72%</b>
<b>Covered employee payroll</b>	<b>\$ 7,031,133</b>	<b>\$ 6,974,763</b>	<b>\$ 6,413,606</b>	<b>\$ 7,096,189</b>	<b>\$ 7,029,793</b>	<b>\$ 7,431,288</b>	<b>\$ 7,482,303</b>	<b>\$ 7,258,581</b>	<b>\$ 7,231,287</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>176.55%</b>	<b>93.10%</b>	<b>151.25%</b>	<b>119.13%</b>	<b>103.25%</b>	<b>101.23%</b>	<b>131.23%</b>	<b>148.18%</b>	<b>91.78%</b>

This schedule will present 10 years as information is available.

See independent auditor's report.

**CITY OF ANNISTON, ALABAMA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA  
Last 10 Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 1,104,329	\$ 583,264	\$ 553,728	\$ 494,659	\$ 615,120	\$ 601,725	\$ 638,906	\$ 558,928	\$ 542,490
Contributions in relation to the actuarially determined contribution	<u>1,104,329</u>	<u>583,264</u>	<u>553,728</u>	<u>494,659</u>	<u>615,120</u>	<u>601,725</u>	<u>638,906</u>	<u>558,928</u>	<u>542,490</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 7,221,490	\$ 7,031,133	\$ 6,974,763	\$ 6,413,606	\$ 7,096,189	\$ 7,029,793	\$ 7,431,288	\$ 7,482,303	\$ 7,258,581
Contributions as a percentage of covered-employee payroll	15.29%	8.30%	7.94%	7.71%	8.67%	8.56%	8.60%	7.47%	7.47%

**Notes to Schedule:**

Valuation date:

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.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	26.7 years
Asset valuation method	Five year smoothed market
Inflation	2.750%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

This schedule will present 10 years as information is available.

See independent auditor's report.

CITY OF ANNISTON, ALABAMA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY  
AND REALTED RATIOS

POLICEMEN AND FIREMEN'S RETIREMENT FUND

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 1,062,293	\$ 1,126,875	\$ 1,229,659	\$ 2,346,623	\$ 2,595,590	\$ 3,112,523	\$ 2,886,593	\$ 2,864,088	\$ 1,105,270
Interest	6,127,057	5,910,193	5,942,117	4,917,971	4,436,023	3,851,444	4,081,057	4,037,240	5,054,431
Changes of benefit terms	-	-	-	-	-	-	-	51,201	131,764
Differences between expected and actual experience	(617,528)	584,620	(1,280,637)	1,840,755	200,597	1,268,849	(295,284)	769,346	248,886
Changes of assumptions	-	1,487,214	(310,481)	(36,736,139)	(5,125,733)	(11,618,958)	7,957,056	2,091,185	43,617,061
Benefit payments, including refund of member contributions	(6,303,594)	(6,491,619)	(6,021,780)	(5,923,325)	(5,733,012)	(5,243,975)	(5,091,540)	(4,688,577)	(4,428,334)
<b>Net change in total pension liability</b>	<u>268,228</u>	<u>2,617,283</u>	<u>(441,122)</u>	<u>(33,554,115)</u>	<u>(3,626,535)</u>	<u>(8,630,117)</u>	<u>9,537,882</u>	<u>5,124,483</u>	<u>45,729,078</u>
<b>Total pension liability - beginning</b>	<u>81,046,121</u>	<u>78,428,838</u>	<u>78,869,960</u>	<u>112,424,075</u>	<u>116,050,610</u>	<u>124,680,727</u>	<u>115,142,845</u>	<u>110,018,362</u>	<u>64,289,284</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 81,314,349</u>	<u>\$ 81,046,121</u>	<u>\$ 78,428,838</u>	<u>\$ 78,869,960</u>	<u>\$ 112,424,075</u>	<u>\$ 116,050,610</u>	<u>\$ 124,680,727</u>	<u>\$ 115,142,845</u>	<u>\$ 110,018,362</u>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 4,647,601	\$ 4,288,349	\$ 4,290,280	\$ 4,101,272	\$ 3,936,409	\$ 3,821,164	\$ 3,431,035	\$ 3,332,850	\$ 3,067,464
Contributions - member	1,034,158	1,076,399	1,030,127	1,085,496	1,116,605	1,058,117	1,048,607	1,063,270	1,122,594
Net investment income	(5,422,199)	7,896,427	1,903,887	1,017,730	3,404,855	3,591,276	2,551,226	564,957	2,720,956
Benefit payments, including refund of member contributions	(6,303,594)	(6,491,619)	(6,021,780)	(5,923,325)	(5,733,012)	(5,243,975)	(5,091,540)	(4,688,577)	(4,428,334)
Administrative expense	(224,957)	(205,292)	(181,745)	(193,629)	(222,341)	-	(199,247)	(195,238)	(132,727)
Other	-	-	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>(6,268,991)</u>	<u>6,564,264</u>	<u>1,020,769</u>	<u>87,544</u>	<u>2,502,516</u>	<u>3,226,582</u>	<u>1,740,081</u>	<u>77,262</u>	<u>2,349,953</u>
<b>Plan fiduciary net position - beginning</b>	<u>41,459,484</u>	<u>34,895,220</u>	<u>33,874,451</u>	<u>33,786,907</u>	<u>31,284,391</u>	<u>28,057,809</u>	<u>26,317,728</u>	<u>26,240,466</u>	<u>23,890,513</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 35,190,493</u>	<u>\$ 41,459,484</u>	<u>\$ 34,895,220</u>	<u>\$ 33,874,451</u>	<u>\$ 33,786,907</u>	<u>\$ 31,284,391</u>	<u>\$ 28,057,809</u>	<u>\$ 26,317,728</u>	<u>\$ 26,240,466</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 46,123,856</u>	<u>\$ 39,586,637</u>	<u>\$ 43,533,618</u>	<u>\$ 44,995,509</u>	<u>\$ 78,637,168</u>	<u>\$ 84,766,219</u>	<u>\$ 96,622,918</u>	<u>\$ 88,825,117</u>	<u>\$ 83,777,896</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	43.3%	51.2%	44.5%	42.9%	30.1%	27.0%	22.5%	22.9%	23.9%
<b>Covered employee payroll</b>	\$ 7,386,843	\$ 7,688,564	\$ 7,358,050	\$ 7,753,543	\$ 7,975,750	\$ 7,557,979	\$ 7,490,050	\$ 7,594,786	\$ 8,018,529
<b>Net pension liability as a percentage of covered employee payroll</b>	624.4%	514.9%	591.6%	580.3%	986.0%	1121.5%	1290.0%	1169.6%	1044.8%

Notes to Schedule:

The total pension liability is determined using PubS.H-2010 with fully generational mortality improvements using Scale MP-2019 effective October 1, 2021 and using RP-00 blue collar mortality with fully generational mortality improvements using Scale AA effective October 1, 2018. Prior to that the total pension liability included mortality improvements to the valuation year. Effective October 1, 2021, the total pension liability is determined based on a discount rate assumed to be net of investment expenses. Prior to that the discount rate was assumed net of investment and administrative expenses. Effective October 1, 2017 a load was applied to final average salary to approximate the effect of accrued leave payouts at retirement.

This schedule will present 10 years as information is available.

See independent auditor's report.

CITY OF ANNISTON, ALABAMA

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICEMEN AND FIREMEN'S RETIREMENT FUND  
Last 10 Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 7,603,193	\$ 8,062,966	\$ 8,245,921	\$ 8,750,826	\$ 9,026,029	\$ 9,291,821	\$ 9,572,933	\$ 9,641,839	\$ 9,811,904	\$ 9,930,690
Contributions in relation to the actuarially determined contribution	4,772,326	4,647,601	4,288,349	4,290,280	4,101,272	3,936,409	3,821,164	3,431,035	3,332,850	3,067,464
Contribution deficiency (excess)	\$ 2,830,867	\$ 3,415,365	\$ 3,957,572	\$ 4,460,546	\$ 4,924,757	\$ 5,355,412	\$ 5,751,769	\$ 6,210,804	\$ 6,479,054	\$ 6,863,226
Covered employee payroll	\$ 7,977,843	\$ 7,386,843	\$ 7,688,564	\$ 7,358,050	\$ 7,753,543	\$ 7,975,750	\$ 7,557,979	\$ 7,490,050	\$ 7,594,786	\$ 8,018,529
Actuarially determined contribution as a percentage of covered-employee payroll	95.3%	109.2%	107.2%	118.9%	116.4%	116.5%	126.7%	128.7%	129.2%	123.8%
Actual Contributions as a percentage of covered-employee payroll	59.8%	62.9%	55.8%	58.3%	52.9%	49.4%	50.6%	45.8%	43.9%	38.3%

**Notes to Schedule:**

The actuarially determined contribution includes the total funding deficiency in each year. Each year's contribution deficiency includes the non-payment of deficiency in prior years.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Effective October 1, 2016, a level percent of payroll assuming 2% annual total payroll increases. An assumption of 2.5% was used as October 1, 2015 and an assumption 3.0% was used as of October 1, 2014.
Remaining amortization period	Effective October 1, 2016, 25 years for each new base. Prior to this change a 30-year amortization period was used.
Asset valuation method	5-year smoothed market
Inflation	2.0%
Salary increases	5.5%, including inflation
Investment rate of return	Effective October 1, 2021, 7.8% net of investment and administrative expenses, including inflation. Effective October 1, 2019, 7.8% net of investment and administrative expenses, including inflation. Effective October 1, 2017 7.9% net of investment and administrative expenses, including inflation. Prior to October 1, 2017, 8.0% net of investment and administrative expenses, including inflation.
Retirement age	See "Description of Assumptions and Methods" for the assumed retirement age assumption
Mortality	Effective October 1, 2021 the mortality assumption uses sex distinct tables with fully generational mortality improvements using sex distinct Scale MP-2019. Effective October 1, 2018, mortality is assumed under the RP 2000 Blue Collar Mortality Table (set forward 10 years for disabled members) with fully generational mort improvements assumed using Scale AA. Effective October 1, 2017, mortality improvements were projected from 2000 to the valuation year.

See independent auditor's report.



**CITY OF ANNISTON, ALABAMA**

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
DISCRETELY PRESENTED COMPONENT UNIT - BOARD OF EDUCATION  
TEACHERS' RETIREMENT SYSTEM OF ALABAMA  
Last 10 Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability	14.604600%	0.156645%	0.168700%	0.199384%	0.143676%	0.179862%	0.182958%	0.189580%	0.187659%
Employer's proportionate share of the net pension liability	\$ 22,697,000	\$ 14,756,000	\$ 20,868,000	\$ 22,046,000	\$ 14,285,000	\$ 17,678,000	\$ 19,807,000	\$ 19,841,000	\$ 17,048,000
Employer's covered payroll*	\$ 11,188,566	\$ 11,504,808	\$ 12,033,938	\$ 11,415,280	\$ 11,436,176	\$ 11,887,371	\$ 11,647,132	\$ 12,012,218	\$ 11,933,131
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	202.86%	128.26%	173.41%	193.13%	124.91%	148.71%	170.06%	165.17%	142.86%
Plan fiduciary net position as a percentage of the total collective pension liability	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

\*Employer's covered payroll during the measurement period is the total payroll on which contributions to the pension plan are based. For FY 2023, the measurement period is October 1, 2021 through September 30, 2022.

**Notes to Schedule:**

Note 1: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the Board is presenting information for only the years for which information is available.

This schedule will present 10 years as information is available.

See independent auditor's report.

CITY OF ANNISTON, ALABAMA

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
DISCRETELY PRESENTED COMPONENT UNIT - BOARD OF EDUCATION  
TEACHERS' RETIREMENT SYSTEM OF ALABAMA  
Last 10 Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 1,468,386	\$ 1,345,882	\$ 1,379,768	\$ 1,462,215	\$ 1,385,551	\$ 1,382,000	\$ 1,402,090	\$ 1,375,608	\$ 1,398,408
Contributions in relation to the actuarially determined contribution	1,468,386	1,345,882	1,379,768	1,462,215	1,385,551	1,382,000	1,402,090	1,375,608	1,398,408
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 12,042,198	\$ 11,188,966	\$ 11,504,809	\$ 12,033,937	\$ 11,415,281	\$ 11,436,176	\$ 11,887,371	\$ 11,647,132	\$ 12,012,219
Contributions as a percentage of covered-employee payroll	12.19%	12.03%	11.99%	12.15%	12.14%	12.08%	11.79%	11.81%	11.64%

**Notes to Schedule:**

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	25 Years
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.00%
Ultimate Trend Rate:	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.01%
Year of Ultimate Trend Rate	2022 for Pre-Medicare Eligible; 2018 for Medicare Eligible
Investment rate of return	7.45%, including inflation

This schedule will present 10 years as information is available.

See independent auditor's report.

CITY OF ANNISTON, ALABAMA

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
DISCRETELY PRESENTED COMPONENT UNIT  
PUBLIC LIBRARY OF ANNISTON AND CALHOUN COUNTY  
Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 34,203	\$ 30,328	\$ 27,927	\$ 36,337	\$ 35,136	\$ 29,239	\$ 29,896	\$ 30,894	\$ 30,011
Interest	195,050	195,475	209,723	217,864	216,252	219,095	197,670	196,677	189,872
Changes of benefit terms	994	-	-	-	-	-	-	-	-
Differences between expected and actual experience	19,822	(30,257)	(219,845)	(153,342)	(9,061)	(108,288)	(57,177)	(73,090)	-
Changes of assumptions	-	103,409	-	-	11,190	-	336,116	-	-
Benefit payments, including refund of member contributions	(212,273)	(226,681)	(176,586)	(236,583)	(192,344)	(165,915)	(143,030)	(141,109)	(128,509)
Transfers among employers	-	-	(1,202)	-	-	2,395	4,120	-	-
<b>Net change in total pension liability</b>	<b>37,796</b>	<b>72,274</b>	<b>(159,983)</b>	<b>(135,724)</b>	<b>61,173</b>	<b>(23,474)</b>	<b>367,595</b>	<b>13,372</b>	<b>91,374</b>
<b>Total pension liability - beginning</b>	<b>2,724,256</b>	<b>2,651,982</b>	<b>2,811,965</b>	<b>2,947,689</b>	<b>2,886,516</b>	<b>2,909,990</b>	<b>2,542,395</b>	<b>2,529,023</b>	<b>2,437,649</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 2,762,052</b>	<b>\$ 2,724,256</b>	<b>\$ 2,651,982</b>	<b>\$ 2,811,965</b>	<b>\$ 2,947,689</b>	<b>\$ 2,886,516</b>	<b>\$ 2,909,990</b>	<b>\$ 2,542,395</b>	<b>\$ 2,529,023</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 7,272	\$ -	\$ 1,203	\$ -	\$ 1	\$ 1,500	\$ 6,106	\$ 11,037	\$ 11,549
Contributions - member	24,436	24,181	23,608	23,668	23,974	24,992	23,360	22,581	22,642
Net investment income	(421,729)	634,023	163,937	76,404	268,194	346,265	261,348	31,360	293,995
Benefit payments, including refund of member contributions	(212,273)	(226,681)	(176,586)	(236,583)	(192,344)	(165,915)	(143,030)	(141,109)	(128,509)
Transfers among employers	-	-	(1,202)	-	-	2,395	4,120	-	-
<b>Net change in plan fiduciary net position</b>	<b>(602,294)</b>	<b>431,523</b>	<b>10,960</b>	<b>(136,511)</b>	<b>99,825</b>	<b>209,237</b>	<b>151,904</b>	<b>(76,131)</b>	<b>199,677</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,387,890</b>	<b>2,956,367</b>	<b>2,945,407</b>	<b>3,081,918</b>	<b>2,982,093</b>	<b>2,772,856</b>	<b>2,620,952</b>	<b>2,697,083</b>	<b>2,497,406</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,785,596</b>	<b>\$ 3,387,890</b>	<b>\$ 2,956,367</b>	<b>\$ 2,945,407</b>	<b>\$ 3,081,918</b>	<b>\$ 2,982,093</b>	<b>\$ 2,772,856</b>	<b>\$ 2,620,952</b>	<b>\$ 2,697,083</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ (23,544)</b>	<b>\$ (663,634)</b>	<b>\$ (304,385)</b>	<b>\$ (133,442)</b>	<b>\$ (134,229)</b>	<b>\$ (95,577)</b>	<b>\$ 137,134</b>	<b>\$ (78,557)</b>	<b>\$ (168,060)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	100.85%	124.36%	111.48%	104.75%	104.55%	103.31%	95.29%	103.09%	106.65%
<b>Covered employee payroll</b>	\$ 529,628	\$ 489,764	\$ 479,627	\$ 479,627	\$ 440,011	\$ 440,011	\$ 440,011	\$ 440,011	\$ 459,102
<b>Net pension liability as a percentage of covered employee payroll</b>	-4.45%	-135.50%	-63.46%	-27.82%	-30.51%	-21.72%	31.17%	-17.85%	-36.61%

This schedule will present 10 years as information is available.

See independent auditor's report.

**CITY OF ANNISTON, ALABAMA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
DISCRETELY PRESENTED COMPONENT UNIT - PUBLIC LIBRARY OF ANNISTON/CALHOUN COUNTY  
PUBLIC LIBRARY OF ANNISTON AND CALHOUN COUNTY  
Last 10 Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 1,705	\$ 1,573	\$ 1,661	\$ 2,895	\$ 1	\$ 1	\$ 1,500	\$ 6,106	\$ 11,037
Contributions in relation to the actuarially determined contribution	1,705	1,573	1,661	2,895	1	1	1,500	6,106	11,037
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 529,628	\$ 489,764	\$ 490,088	\$ 479,627	\$ 440,011	\$ 440,011	\$ 440,011	\$ 440,011	\$ 440,011
Contributions as a percentage of covered-employee payroll	0.32%	0.32%	0.34%	0.60%	0.00%	0.00%	0.34%	1.39%	2.51%

**Notes to Schedule:**

Valuation date:

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.

Methods and assumptions used to determine contribution rates:

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

This schedule will present 10 years as information is available.

See independent auditor's report.

**CITY OF ANNISTON, ALABAMA**

**SCHEDULE OF CHANGES IN CITY OF ANNISTON'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS**

**Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 197,530	\$ 224,143	\$ 216,132	\$ 174,744	\$ 201,813	\$ 166,827
Interest	259,268	305,766	396,703	351,142	340,177	312,630
Differences between actual and expected experience	(785,535)	(2,258,297)	1,135,708	240,385	1,026,112	35,291
Benefit payments, including refunds of employee contributions	<u>(844,164)</u>	<u>(491,328)</u>	<u>(598,220)</u>	<u>(656,864)</u>	<u>(633,760)</u>	<u>(474,259)</u>
Net change in total OPEB liability	(1,172,901)	(2,219,716)	1,150,323	109,407	934,342	40,489
Total OPEB liability - beginning	<u>7,898,582</u>	<u>10,118,298</u>	<u>8,967,975</u>	<u>8,858,568</u>	<u>7,924,226</u>	<u>7,883,737</u>
Total OPEB liability - ending (a)	<u>\$ 6,725,681</u>	<u>\$ 7,898,582</u>	<u>\$ 10,118,298</u>	<u>\$ 8,967,975</u>	<u>\$ 8,858,568</u>	<u>\$ 7,924,226</u>

\*\*GASB 75 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 75. The information in this schedule is not required to be presented retroactively prior to the implementation date.

See independent auditor's report.

**CITY OF ANNISTON, ALABAMA**

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
DISCRETELY PRESENTED COMPONENT UNIT - BOARD OF EDUCATION  
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST**

**Last 10 Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Employer's proportion of the collective net OPEB liability	0.164480%	0.166811%	0.185064%	0.204507%	0.205070%	0.208873%
Employer's proportionate share of the collective net OPEB liability	\$ 2,865,987	\$ 8,618,813	\$ 12,010,396	\$ 7,715,574	\$ 16,854,142	\$ 15,513,893
Employer's covered-employee payroll during the measurement period*	\$ 11,188,566	\$ 11,504,808	\$ 12,033,938	\$ 11,415,280	\$ 11,436,176	\$ 11,887,371
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	390.39%	133.48%	100.20%	147.95%	67.85%	76.62%
Plan fiduciary net position as a percentage of the total collective OPEB liability	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

**Notes to Schedule:**

Valuation date:

\*Employer's covered payroll during the measurement period is the total payroll on which contributions to the pension plan are based. For FY 2023, the measurement period is October 1, 2021 through September 30, 2022.

**Note 1:** Schedule is intended to show information for 10 years. Additional years will be presented as the information becomes available.

**Note 2:** For years following the valuation date (when no new valuation is performed), covered payroll has been set to equal the covered payroll from the most recent valuation.

See independent auditor's report.

**CITY OF ANNISTON, ALABAMA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
DISCRETELY PRESENTED COMPONENT UNIT - BOARD OF EDUCATION  
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST**

**Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 230,603	\$ 316,030	\$ 285,589	\$ 362,800	\$ 579,220	\$ 500,040
Contributions in relation to the actuarially determined contribution	<u>230,603</u>	<u>316,030</u>	<u>285,589</u>	<u>362,800</u>	<u>579,220</u>	<u>500,040</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 12,042,198	\$ 11,188,966	\$ 11,504,809	\$ 12,033,937	\$ 11,451,281	\$ 11,436,176
Contributions as a percentage of covered-employee payroll	1.91%	2.82%	2.48%	3.01%	5.06%	4.37%

**Notes to Schedule:**

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	25 Years
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.00%
Ultimate Trend Rate:	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.01%
Year of Ultimate Trend Rate	2022 for Pre-Medicare Eligible; 2018 for Medicare Eligible
Investment rate of return	7.45%, including inflation

This schedule will present 10 years as information is available.

See independent auditor's report.

## **OTHER SUPPLEMENTARY INFORMATION**



CITY OF ANNISTON, ALABAMA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

September 30, 2023

	Special Revenue						
	Anniston Museum of Natural History	Berman Museum of World History	Longleaf Botanical Gardens	Corrections	Fire Tax District	Federal Seized Assets	State Seized Assets
<b>ASSETS</b>							
Cash and cash equivalents	\$ 13,594	\$ 300	\$ -	\$ 18,077	\$ 3,205	\$ 37,674	\$ 1,781
Investments	950,000	-	-	240,000	2,260,434	-	-
Receivables, net of allowance:							
Accounts receivables	5,247	849	154	3,876	-	-	-
Notes	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	3,052	-
Due from other governments	-	-	-	-	15,694	-	-
Prepaid expenses	-	-	-	-	9,864	-	-
Total assets	<u>\$ 968,841</u>	<u>\$ 1,149</u>	<u>\$ 154</u>	<u>\$ 261,953</u>	<u>\$ 2,289,197</u>	<u>\$ 40,726</u>	<u>\$ 1,781</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 17,245	\$ 7,230	\$ 4,295	\$ -	\$ 125,097	\$ -	\$ -
Other payables	-	-	-	-	-	-	-
Due to other funds	102,571	-	-	-	461,292	-	-
Due to other governments	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>119,816</u>	<u>7,230</u>	<u>4,295</u>	<u>-</u>	<u>586,389</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - loans	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Restricted for:							
Capital projects	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-
Public safety	-	-	-	-	1,692,944	40,726	-
Road improvements	-	-	-	-	-	-	-
Culture and recreation	849,025	-	-	-	-	-	-
Economic and industrial development	-	-	-	-	-	-	-
Unassigned	-	(6,081)	(4,141)	261,953	-	-	1,781
Total fund balances	<u>849,025</u>	<u>(6,081)</u>	<u>(4,141)</u>	<u>261,953</u>	<u>1,702,808</u>	<u>40,726</u>	<u>1,781</u>
Total liabilities, deferred inflows of resources, fund balances	<u>\$ 968,841</u>	<u>\$ 1,149</u>	<u>\$ 154</u>	<u>\$ 261,953</u>	<u>\$ 2,289,197</u>	<u>\$ 40,726</u>	<u>\$ 1,781</u>

See independent auditor's report.

Special Revenue

Alabama Trust Fund	Chief of Police Fee	Bulletproof Vest Grant	Airport Grants	Gasoline Tax	Seven Cents Gasoline Tax	McClellan Compact Construction	Multiple Grants
\$ 200,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	133	-	-	-	-	-	-
-	29,310	-	-	-	-	-	-
-	-	3,145	-	5,415	6,816	-	324,685
-	-	-	-	-	-	-	-
<u>\$ 200,968</u>	<u>\$ 29,443</u>	<u>\$ 3,145</u>	<u>\$ -</u>	<u>\$ 5,415</u>	<u>\$ 6,816</u>	<u>\$ -</u>	<u>\$ 324,685</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,505
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	46,505
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
200,968	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	29,443	-	-	-	-	-	-
-	-	-	-	5,415	6,816	-	-
-	-	-	-	-	-	-	-
-	-	3,145	-	-	-	-	278,180
<u>200,968</u>	<u>29,443</u>	<u>3,145</u>	<u>-</u>	<u>5,415</u>	<u>6,816</u>	<u>-</u>	<u>278,180</u>
<u>\$ 200,968</u>	<u>\$ 29,443</u>	<u>\$ 3,145</u>	<u>\$ -</u>	<u>\$ 5,415</u>	<u>\$ 6,816</u>	<u>\$ -</u>	<u>\$ 324,685</u>

CITY OF ANNISTON, ALABAMA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

September 30, 2023

	Special Revenue							HOME-ARP
	HOME	JAG 2015 Grant	JAG 2016 Grant	City Court Operations	Rebuild AL Gas Tax	Special Drug Task Force	Special Drug Task Force Office	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 35,689	\$ -	\$ 33,632	\$ 54,977	\$ 13,088	\$ -	\$ 720,028	\$ -
Investments	-	-	-	-	220,000	-	-	-
Receivables, net of allowance	-	-	-	-	-	-	-	-
Accounts receivables	-	-	-	1,693	-	-	-	-
Notes	393,063	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	355,565	-	-
Due from other governments	60,933	-	-	-	15,456	198,620	-	16,947
Restricted cash	-	-	-	-	-	-	-	-
Total assets	<u>\$ 489,685</u>	<u>\$ -</u>	<u>\$ 33,632</u>	<u>\$ 56,670</u>	<u>\$ 248,544</u>	<u>\$ 554,185</u>	<u>\$ 720,028</u>	<u>\$ 16,947</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 44,819	\$ -	\$ -	\$ -	\$ -	\$ 56,174	\$ -	\$ -
Other payables	-	-	-	30,805	-	-	-	-
Due to other funds	74,628	-	-	-	-	-	355,565	16,947
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>119,447</u>	<u>-</u>	<u>-</u>	<u>30,805</u>	<u>-</u>	<u>56,174</u>	<u>355,565</u>	<u>16,947</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - loans	393,063	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>393,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>								
Restricted for:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Judicial	-	-	-	25,865	248,544	-	-	-
Public safety	-	-	-	-	-	498,011	-	-
Road improvements	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Economic and industrial development	-	-	-	-	-	-	-	-
Unassigned	(22,825)	-	33,632	-	-	-	364,463	-
Total fund balances	<u>(22,825)</u>	<u>-</u>	<u>33,632</u>	<u>25,865</u>	<u>248,544</u>	<u>498,011</u>	<u>364,463</u>	<u>-</u>
Total liabilities, deferred inflows of resources, fund balances	<u>\$ 489,685</u>	<u>\$ -</u>	<u>\$ 33,632</u>	<u>\$ 56,670</u>	<u>\$ 248,544</u>	<u>\$ 554,185</u>	<u>\$ 720,028</u>	<u>\$ 16,947</u>

Special Revenue					
Strategies in Police Innovation Grant	Community Development Block Grant	Public Building Authority	Anniston Industrial Development Authority	Anniston Downtown Development Authority	Total
\$ -	\$ 219,411	\$ -	\$ 14,818	\$ 52,532	\$ 1,419,774
-	-	-	-	-	3,670,434
-	-	-	-	-	11,952
-	90,627	-	-	-	483,690
-	-	-	-	-	387,927
-	132,555	-	-	-	780,266
-	-	1,900,019	-	-	1,900,019
<u>\$ -</u>	<u>\$ 442,593</u>	<u>\$ 1,900,019</u>	<u>\$ 14,818</u>	<u>\$ 52,532</u>	<u>\$ 8,663,926</u>
\$ -	\$ 6,135	\$ -	\$ -	\$ -	\$ 307,500
-	-	-	-	-	30,805
-	402,181	-	-	-	1,413,184
-	192,272	-	-	-	192,272
-	600,588	-	-	-	1,943,761
-	90,627	-	-	-	483,690
-	90,627	-	-	-	483,690
-	-	-	-	-	200,968
-	-	1,900,019	-	-	1,900,019
-	-	-	-	-	274,409
-	-	-	-	-	2,261,124
-	-	-	-	-	12,231
-	-	-	-	-	849,025
-	-	-	14,818	52,532	67,350
-	(248,622)	-	-	-	661,485
-	(248,622)	1,900,019	14,818	52,532	6,236,475
<u>\$ -</u>	<u>\$ 442,593</u>	<u>\$ 1,900,019</u>	<u>\$ 14,818</u>	<u>\$ 52,532</u>	<u>\$ 8,663,926</u>

CITY OF ANNISTON, ALABAMA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

Year ended September 30, 2023

	Special Revenue					
	Anniston Museum of Natural History	Berman Museum of World History	Longleaf Botanical Gardens	Corrections	Fire Tax District	Federal Seized Assets
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,194,742	\$ -
Intergovernmental	51,413	13,965	-	155,107	95,364	13,743
Charges for services	210,607	83,007	25,740	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Contributions and donations	35,550	16,304	15,218	-	-	-
Investment income	2,010	-	-	-	4,955	-
Other revenue	85,778	20,133	43,145	-	53,410	-
Total revenues	<u>385,358</u>	<u>133,409</u>	<u>84,103</u>	<u>155,107</u>	<u>1,348,471</u>	<u>13,743</u>
<b>EXPENDITURES</b>						
Current						
Public safety	-	-	-	-	1,330,296	-
Public works	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	1,377,393	236,815	232,421	-	-	-
Housing and development	-	-	-	-	-	-
Debt service -						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>1,377,393</u>	<u>236,815</u>	<u>232,421</u>	<u>-</u>	<u>1,330,296</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(992,035)</u>	<u>(103,406)</u>	<u>(148,318)</u>	<u>155,107</u>	<u>18,175</u>	<u>13,743</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	48,000	-	-	-	246,957	-
Transfers out	-	-	-	-	-	-
Total financing sources (uses)	<u>48,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,957</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(944,035)</u>	<u>(103,406)</u>	<u>(148,318)</u>	<u>155,107</u>	<u>265,132</u>	<u>13,743</u>
<b>FUND BALNCE</b>						
Beginning, as previously stated	322,717	45,093	146,371	48,097	898,238	19,201
Prior period adjustment	1,470,343	52,232	(2,194)	58,749	539,438	7,782
Beginning, as restated	<u>1,793,060</u>	<u>97,325</u>	<u>144,177</u>	<u>106,846</u>	<u>1,437,676</u>	<u>26,983</u>
Ending	<u>\$ 849,025</u>	<u>\$ (6,081)</u>	<u>\$ (4,141)</u>	<u>\$ 261,953</u>	<u>\$ 1,702,808</u>	<u>\$ 40,726</u>

Special Revenue

State Seized Assets	Alabama Trust Fund	Chief of Police Fee	Bulletproof Vest Grant	Airport Grants	Gasoline Tax	Seven Cents Gasoline Tax	McClellan Compact Construction	Multiple Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,345	\$ 64,834	\$ -	\$ -
-	200,077	3,504	6,894	34,048	-	-	-	288,032
-	-	-	-	-	-	10,190	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	200,077	3,504	6,894	34,048	59,345	75,024	-	288,032
-	-	-	15,097	-	-	-	-	-
-	-	-	-	-	-	-	-	347,843
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	15,097	-	-	-	-	347,843
-	200,077	3,504	(8,203)	34,048	59,345	75,024	-	(59,811)
-	-	-	2,491	-	-	-	-	278,990
-	(299,000)	-	-	-	(69,000)	(80,000)	-	-
-	(299,000)	-	2,491	-	(69,000)	(80,000)	-	278,990
-	(98,923)	3,504	(5,712)	34,048	(9,655)	(4,976)	-	219,179
(17,451)	324,330	25,939	(10,431)	(275,978)	12,515	15,496	20,386	(181,753)
19,232	(24,439)	-	19,288	241,930	2,555	(3,704)	(20,386)	240,754
1,781	299,891	25,939	8,857	(34,048)	15,070	11,792	-	59,001
\$ 1,781	\$ 200,968	\$ 29,443	\$ 3,145	\$ -	\$ 5,415	\$ 6,816	\$ -	\$ 278,180

See independent auditor's report.

CITY OF ANNISTON, ALABAMA

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES

Year ended September 30, 2023

	Special Revenue					
	HOME	JAG 2015 Grant	JAG 2016 Grant	City Court Operations	Rebuild AL Gas Tax	Special Drug Task Force
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 173,443	\$ -
Intergovernmental	477,068	52,991	-	-	-	201,140
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	30,947	-	-
Contributions and donations	-	-	-	-	-	-
Investment income	1,022	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>478,090</u>	<u>52,991</u>	<u>-</u>	<u>30,947</u>	<u>173,443</u>	<u>201,140</u>
EXPENDITURES						
Current						
Judicial	-	-	-	-	-	-
Public safety	-	52,991	-	-	-	644,185
Public works	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Housing and development	460,958	-	-	-	-	-
Debt service -						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>460,958</u>	<u>52,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644,185</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>17,132</u>	<u>-</u>	<u>-</u>	<u>30,947</u>	<u>173,443</u>	<u>(443,045)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	90,884
Transfers out	-	-	-	(70,000)	(290,000)	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>	<u>(290,000)</u>	<u>90,884</u>
NET CHANGE IN FUND BALANCES	17,132	-	-	(39,053)	(116,557)	(352,161)
FUND BALANCE						
Beginning, as previously stated	(150,962)	40,607	-	71,844	280,464	35,426
Prior period adjustment	111,005	(40,607)	33,632	(6,926)	84,637	814,746
Beginning, as restated	<u>(39,957)</u>	<u>-</u>	<u>33,632</u>	<u>64,918</u>	<u>365,101</u>	<u>850,172</u>
Ending	<u>\$ (22,825)</u>	<u>\$ -</u>	<u>\$ 33,632</u>	<u>\$ 25,865</u>	<u>\$ 248,544</u>	<u>\$ 498,011</u>

Special Revenue							
Special Drug Task Force Office	HOME-ARP	Strategies in Police Innovation Grant	Community Development Block Grant	Public Building Authority	Anniston Industrial Development Authority	Anniston Downtown Development Authority	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,492,364
416,511	22,176	36,855	650,274	1,169,598	-	100,000	3,988,760
-	-	-	-	-	-	-	329,544
-	-	-	-	-	-	-	30,947
-	-	-	-	-	-	-	67,072
1,869	-	-	1,056	75,188	-	5	86,105
12,818	-	-	4,970	-	-	-	220,254
<u>431,198</u>	<u>22,176</u>	<u>36,855</u>	<u>656,300</u>	<u>1,244,786</u>	<u>-</u>	<u>100,005</u>	<u>6,215,046</u>
-	-	-	-	-	-	-	-
128,062	-	35,000	-	-	-	-	2,205,631
-	-	-	-	-	-	-	347,843
-	-	-	-	-	-	47,473	47,473
-	-	-	584	-	-	-	1,847,213
-	22,176	-	649,690	-	-	-	1,132,824
-	-	-	-	<u>1,288,937</u>	-	-	<u>1,288,937</u>
<u>128,062</u>	<u>22,176</u>	<u>35,000</u>	<u>650,274</u>	<u>1,288,937</u>	<u>-</u>	<u>47,473</u>	<u>6,869,921</u>
<u>303,136</u>	<u>-</u>	<u>1,855</u>	<u>6,026</u>	<u>(44,151)</u>	<u>-</u>	<u>52,532</u>	<u>(654,875)</u>
-	-	-	-	-	-	-	667,322
(7,912)	-	-	-	-	-	-	(815,912)
(7,912)	-	-	-	-	-	-	(148,590)
295,224	-	1,855	6,026	(44,151)	-	52,532	(803,465)
(158,407)	-	7,673	(50,085)	1,780,089	14,818	-	3,264,237
<u>227,646</u>	<u>-</u>	<u>(9,528)</u>	<u>(204,563)</u>	<u>164,081</u>	<u>-</u>	<u>-</u>	<u>3,775,703</u>
<u>69,239</u>	<u>-</u>	<u>(1,855)</u>	<u>(254,648)</u>	<u>1,944,170</u>	<u>14,818</u>	<u>-</u>	<u>7,039,940</u>
<u>\$ 364,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (248,622)</u>	<u>\$ 1,900,019</u>	<u>\$ 14,818</u>	<u>\$ 52,532</u>	<u>\$ 6,236,475</u>

See independent auditor's report.



## **COMPLIANCE SECTION**

**CITY OF ANNISTON, ALABAMA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended September 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Amount Passed-through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
CDBG-Entitlement Grants Cluster				
Community Development Block Grant	14.218	N/A	\$ -	\$ 623,289
Community Development Block Grant Covid	14.218	N/A	-	26,986
Total CDBG-Entitlement Grants Cluster			-	650,275
HOME Investment Partnerships Program	14.239	N/A	-	460,959
HOME ARP Program	14.239	N/A	-	22,176
Total U.S. Department of Housing and Urban Development			-	1,133,410
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Bulletproof Vest Partnership Program	16.607	N/A	-	7,548
Passed through the Bureau of Justice Assistance:				
BJA FY 19 Strategies for Policing Innovation	16.738	2019WYBX0007	-	36,855
BJA FY 20 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020DJBX0478	-	1,496
BJA FY 21 Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA21GG01119JAGX	-	7,038
BJA FY 22 Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA22GG02400JAGX	-	44,456
Total U.S. Department of Justice			-	97,393
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
FY 2022 Assistance to Firefighters Grants	97.044	N/A	-	95,354
FY 2020 Staffing for Adequate Fire and Emergency Response	97.083	N/A	-	127,799
Total U.S. Department of Homeland Security			-	223,153
<b>U.S. DEPARTMENT OF TREASURY</b>				
American Rescue Plan Act	21.027	N/A	-	1,936,153
Total U.S. Department of Treasury			-	1,936,153
<b>U.S. DEPARTMENT OF THE INTERIOR</b>				
2022 HPF AACR - City of Anniston	15.904	N/A	-	36,117
Total U.S. Department of the Interior			-	36,117
Total Expenditures of Federal Awards			\$ -	\$ 3,426,226

## **CITY OF ANNISTON, ALABAMA**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended September 30, 2023**

#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Anniston, Alabama (the "City") under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

#### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3. Indirect Cost Rate**

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of the City of Anniston, Alabama (the City), as of and for the year ended September 30, 2023, the respective budgetary comparison for the General Fund, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 23, 2024. Our report includes a reference to other auditors who audited the financial statements of the Public Library of Anniston and Calhoun County, Anniston Museum Endowment Corporation, and Anniston City Board of Education, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Report on Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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

Cleveland, Tennessee  
August 23, 2024

Henderson Hutcherson  
& McCullough, PLLC



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Anniston, Alabama’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2023. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City’s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, On a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cleveland, Tennessee

August 23, 2024

*Henderson Hutcherson  
is McCullough, PLLC*



**CITY OF ANNISTON, ALABAMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended September 30, 2023**

**SECTION 1 – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified:  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weaknesses identified:  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed under the Uniform Guidance?  yes  no

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	U.S. Department of Treasury American Rescue Plan Act

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

**CITY OF ANNISTON, ALABAMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended September 30, 2023**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**CITY OF ANNISTON, ALABAMA**

**SECTION IV - SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year ended September 30, 2023**

See attached summary of prior audit findings prepared by the City.

### **Summary of Prior Audit Findings**

The City of Anniston, Alabama (the City) respectfully submits the following summary of prior year findings for the year ended September 30, 2023.

Independent public accounting firm:  
Henderson, Hutcherson & McCullough, PLLC  
266 Inman Street E  
Cleveland, Tennessee 37311

Responsible officials for all findings noted below:

Jessica Leonard, Finance Director

#### **Finding 2022-001**

**Condition:** The City did not submit required grant reports within the required timeframe.

**Current Status:** Resolved.