

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 30, 2024

Rating: S&P: AA (stable outlook)

See "RATING" herein

NEW ISSUES – BOOK-ENTRY ONLY

In the opinion of Bond Counsel to the City, assuming continuing compliance by the City with certain covenants set forth in the proceedings under which the Series 2024 Warrants are issued with respect to certain conditions imposed by Section 103 of the Internal Revenue Code of 1986, as amended, the interest income on the Series 2024 Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes, and will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" herein for certain other federal tax consequences to the recipients of the interest income on the Series 2024 Warrants. Bond Counsel to the City is further of the opinion that the interest income on the Series 2024 Warrants is, under existing statutes and regulations, exempt from Alabama income taxation.

CITY OF IRONDALE, ALABAMA

\$17,010,000*

General Obligation Warrants Series 2024

Dated: date of delivery

Due as shown on inside cover

The above-referenced General Obligation Warrants, Series 2024 (the "Series 2024 Warrants") constitute general obligations of the City of Irondale, Alabama (the "City") for the payment of which the full faith and credit of the City are irrevocably pledged. The principal of the Series 2024 Warrants will be payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "Bank"), at maturity or redemption.

Interest on the Series 2024 Warrants will be payable on April 1, 2025, and semiannually thereafter on each October 1 and April 1. Certain of the Series 2024 Warrants are subject to redemption as more fully described herein. The Series 2024 Warrants are general obligations of the City for which the full faith and credit of the City are irrevocably pledged. See "THE SERIES 2024 WARRANTS – Security."

The Series 2024 Warrants are initially issuable as fully registered warrants without coupons in denominations of \$5,000 and any integral multiple thereof pursuant to a book-entry only system to be administered by The Depository Trust Company, New York, New York, or any successor or assign thereof or substitute therefor as such securities depository (the "Securities Depository") and, when issued, will be registered in the name of and held by Cede & Co., as nominee. During the period in which the book-entry only system is in effect for the Series 2024 Warrants, purchases and transfers of ownership of beneficial interests in the Series 2024 Warrants will be evidenced by book-entry only and all payments of principal of, premium (if any) and interest on the Series 2024 Warrants will be made by the Bank, as paying agent, to the Securities Depository for disbursement thereby to the Direct Participants and for subsequent disbursement by the Direct Participants (and, where appropriate, by the Indirect Participants) to the owners of beneficial interests in the Series 2024 Warrants, as more particularly provided in the 2024 Ordinance and described herein. In the event the said book-entry system for the Series 2024 Warrants is discontinued, Series 2024 Warrants in certificated form will be distributed to the owners of beneficial interests in the Series 2024 Warrants and the principal of the Series 2024 Warrants shall be payable only upon presentation and surrender of the Series 2024 Warrants at the designated corporate trust office of the Bank, and interest will be remitted to the registered owners of the Series 2024 Warrants by the Bank at the respective addresses of said owners shown on the registration books of the Bank pertaining to the Series 2024 Warrants.

The Series 2024 Warrants are offered when, as and if received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of the validity thereof by Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel to the City, and certain other conditions. Delivery of the Series 2024 Warrants through DTC is expected to occur on or about [_____, 2024].

RAYMOND JAMES

* Preliminary; subject to change.

CITY OF IRONDALE

\$17,010,000*
General Obligation Warrants
Series 2024

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> *	<u>Interest</u> <u>Rate</u>	<u>Price/</u> <u>Yield</u>	<u>CUSIP</u> ⁽¹⁾
2034	\$525,000			
2035	555,000			
2036	580,000			
2037	610,000			
2038	640,000			
2039	675,000			
2040	710,000			
2041	740,000			
2042	775,000			
2043	805,000			
2044	845,000			
2045	880,000			
2046	920,000			
2047	965,000			
2048	1,010,000			
2049	1,055,000			
2050	1,100,000			
2051	1,155,000			
2052	1,205,000			
2053	1,260,000			

* Preliminary; subject to change.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the registered owners of the Series 2024 Warrants. The City and the Underwriter are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the City on the Series 2024 Warrants and by the Underwriter on the Series 2024 Warrants or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024 Warrants as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2024 Warrants.

CITY OF IRONDALE, ALABAMA

MAYOR

James D. Stewart, Jr.

CITY COUNCIL

John London, District 1
David Spivey, District 2
Cindy Cuellar, District 3
Robert Box, District 4
Aaron Sims, District 5

CITY CLERK

Leigh Ann Allison

CITY ATTORNEY

Wallace, Jordan, Ratliff & Brandt, LLC
Birmingham, Alabama

FINANCIAL ADVISOR

Terminus Municipal Advisors, LLC
Atlanta, Georgia

PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Birmingham, Alabama

UNDERWRITER

Raymond James & Associates, Inc.
Birmingham, Alabama

BOND COUNSEL TO THE CITY

Bradley Arant Boult Cummings LLP
Birmingham, Alabama

Certain information contained or incorporated by reference in this Official Statement has been obtained by the City from DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the Underwriter or the City. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Underwriter. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, broker, salesperson or any other person has been authorized by the City or the Underwriter to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Series 2024 Warrants.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City's beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2024 WARRANTS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2024 WARRANTS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2024 WARRANTS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE SERIES 2024 WARRANTS ARE RELEASED FOR SALE, AND THE SERIES 2024 WARRANTS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SERIES 2024 WARRANTS INTO INVESTMENT ACCOUNTS.

TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
SPECIAL QUALIFICATIONS	1
THE SERIES 2024 WARRANTS	2
General Description	2
Security	2
Authority for Issuance	2
Purpose	2
Estimated Debt Service on Series 2024 Warrants	3
Redemption.....	3
Book-Entry Only System.....	4
Discontinuation of Book-Entry Only System.....	6
ESTIMATED SOURCES AND USES OF FUNDS.....	7
THE CITY; CERTAIN FINANCIAL, DEMOGRAPHIC AND OTHER INFORMATION	7
TORT LIABILITY	7
TAX MATTERS.....	7
General.....	7
Certain Collateral Federal Tax Consequences.....	8
Original Issue Discount	8
Original Issue Premium	9
Current and Future Tax Legislation.....	9
Post-Issuance Compliance.....	9
Series 2024 Warrants are not Bank Qualified	10
No Mandatory Redemption due to Event of Taxability	10
LITIGATION	10
FEDERAL BANKRUPTCY CODE.....	10
APPROVAL OF LEGAL MATTERS	11
CERTAIN INVESTMENT CONSIDERATIONS	11
AUDITED FINANCIAL STATEMENTS	11
RATING.....	12
FINANCIAL ADVISOR.....	12
UNDERWRITING.....	12
CONTINUING DISCLOSURE	12
General.....	12
Compliance with Prior Undertakings	12
FORWARD-LOOKING STATEMENTS.....	13
MISCELLANEOUS.....	14

APPENDIX A - CERTAIN FINANCIAL, DEMOGRAPHIC AND OTHER INFORMATION REGARDING THE CITY

APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

APPENDIX C - PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CITY

APPENDIX D - SUMMARY OF CONTINUING DISCLOSURE AGREEMENT

OFFICIAL STATEMENT

\$17,010,000* **General Obligation Warrants** **Series 2024**

INTRODUCTION

This Official Statement of the City of Irondale, Alabama (the "City"), including the cover page and appendices, is furnished in connection with the offering of the City's above-described General Obligation Warrants, Series 2024 (the "Series 2024 Warrants"). The Series 2024 Warrants are issued by the City under the authority of the Constitution and laws of the State of Alabama and pursuant to an ordinance duly adopted by the governing body of the City (the "2024 Ordinance"). The Series 2024 Warrants are general obligations of the City for which the full faith and credit of the City are pledged.

The Series 2024 Warrants are being issued for the purposes of providing funds to pay the costs to design, develop, construct, equip and install certain public improvements in the City, including, without limitation, (i) improvements to Ruffner Park, dog park improvements, and other public capital improvements, equipment and assets for City use, and (ii) a new fire station and/or facilities for the public works and water department operations of the City (the "2024 Improvements"). Proceed of the Series 2024 Warrants will also be used to pay the costs of issuing the Series 2024 Warrants.

An investment in the Series 2024 Warrants involves certain risks which should be carefully considered by investors. Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Series 2024 Warrants are an appropriate investment for them. The sufficiency of general fund revenues and taxes to pay debt service on the Series 2024 Warrants may be affected by events and conditions relating generally to, among other things, the volume and value of retail and other sales in the City, population trends, and general economic developments, the exact nature of which are not presently determinable. The City is cognizant that the City is subject to impairment or invasion of its information technology systems by various means. The City maintains the cybersecurity of its information systems but cannot represent or make any assurance that the occurrence of an impairment or invasion of such systems would not create a pecuniary liability, or otherwise have a material and adverse effect on the financial condition, of the City.

SPECIAL QUALIFICATIONS

So far as any statements are made in this Official Statement involving matters of opinion, projection or estimates, whether or not expressly so stated, they are set forth as such, made in good faith and not as representations of fact, and no representation is made, nor assurance given, that any such projections or estimates will be realized.

The information contained in this Official Statement does not purport to be comprehensive or definitive. All references to the Constitution and laws of the State of Alabama and to portions of the 2024 Ordinance, the Series 2024 Warrants, and certain other contracts, documents, or official acts are qualified by the exact terms of such Constitution, laws, 2024 Ordinance, Series 2024 Warrants, contracts, documents and acts, each being an item of public record.

Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered owners of the Series 2024 Warrants.

* Preliminary; subject to change.

THE SERIES 2024 WARRANTS

General Description

The Series 2024 Warrants will be issued in fully registered form, without coupons, payable to the respective registered owners or registered assigns in the denomination of \$5,000 or any integral multiple thereof for each maturity. The Series 2024 Warrants are dated their date of issuance and will bear interest from that date at the applicable per annum rates, and will mature on dates and in amounts, as set forth on the inside cover page of this Official Statement. The principal of the Series 2024 Warrants will be payable at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "Bank"), at maturity or redemption.

Interest on the Series 2024 Warrants will be payable on April 1, 2025, and semiannually thereafter on each October 1 and April 1.

Payment of interest due on each interest payment date will be made in accordance with the procedures of the Book-Entry System on each interest payment date to the persons who were registered holders of the Series 2024 Warrants on September 15 or March 15, as the case may be, next preceding such interest payment date for the Series 2024 Warrants (each such date, a "2024 Record Date").

The Series 2024 Warrants are initially issued pursuant to a book-entry only system to be administered by The Depository Trust Company, New York, New York ("DTC") and registered in the name of and held by Cede & Co., as nominee of DTC. During the period in which Cede & Co. is the registered owner of the Series 2024 Warrants, purchases and transfers of ownership of beneficial interests in the Series 2024 Warrants will be evidenced by book-entry only and all payments of principal of, premium (if any) and interest on the Series 2024 Warrants will be made by the Bank to Cede & Co. (as registered owner) for DTC for disbursement by DTC to the Direct Participants of DTC and for subsequent disbursement by the Direct Participants (and, where appropriate, by the Indirect Participants) to the owners of beneficial interests in the Series 2024 Warrants, as more particularly provided in the 2024 Ordinance and described herein under "Book-Entry Only System." In the event the book-entry only system for the Series 2024 Warrants is discontinued, Series 2024 Warrants in certificated form in authorized denominations will be physically distributed to the owners of the beneficial interests in the Series 2024 Warrants, the Series 2024 Warrants will be registered in the names of the owners thereof on the Series 2024 Warrant Register, the Bank shall make payments of principal of, premium (if any) and interest on the Series 2024 Warrants to the registered owners thereof as provided in the Series 2024 Warrants and the 2024 Ordinance, and the provisions of the Series 2024 Warrants and of the 2024 Ordinance with respect to registration, transfer and exchange of Series 2024 Warrants by the registered owners thereof shall apply, as described herein under "Discontinuation of Book-Entry System; Transfer, Exchange and Registration."

Security

The Series 2024 Warrants are general obligations of the City for which the full faith and credit of the City are irrevocably pledged.

Authority for Issuance

The Series 2024 Warrants are issued by the City under authority of the Constitution and laws of the State of Alabama, including particularly Section 11-47-2 and Section 11-81-4 of the Code of Alabama 1975, as amended, and pursuant to the 2024 Ordinance.

Purpose

The Series 2024 Warrants are being issued for the purposes of providing funds to (i) design, develop, construct, equip and install the 2024 Improvements, and (ii) pay the costs of issuing the Series 2024 Warrants. Upon issuance of the Series 2024 Warrants, proceeds (other than those to be used for payment of issuance expenses) will be deposited into a special account of the City for payment of the 2024 Improvements.

Estimated Debt Service on Series 2024 Warrants

The following schedule presents the estimated debt service requirements, on a fiscal year basis, for the proposed Series 2024 Warrants:

Fiscal Year Ending (September 30,)	Principal*	Interest*	Total*
2024	--	--	--
2025	--	\$459,980	\$459,980
2026	--	777,431	777,431
2027	--	777,431	777,431
2028	--	777,431	777,431
2029	--	777,431	777,431
2030	--	777,431	777,431
2031	--	777,431	777,431
2032	--	777,431	777,431
2033	--	777,431	777,431
2034	--	777,431	777,431
2035	\$525,000	764,306	1,289,306
2036	555,000	737,306	1,292,306
2037	580,000	708,931	1,288,931
2038	610,000	679,181	1,289,181
2039	640,000	647,931	1,287,931
2040	675,000	615,056	1,290,056
2041	710,000	582,650	1,292,650
2042	740,000	550,931	1,290,931
2043	775,000	517,791	1,292,791
2044	805,000	483,228	1,288,228
2045	845,000	447,134	1,292,134
2046	880,000	409,400	1,289,400
2047	920,000	369,450	1,289,450
2048	965,000	327,038	1,292,038
2049	1,010,000	282,600	1,292,600
2050	1,055,000	236,138	1,291,138
2051	1,100,000	187,650	1,287,650
2052	1,155,000	136,913	1,291,913
2053	1,205,000	83,813	1,288,813
2054	1,260,000	28,350	1,288,350

* Preliminary; subject to change.

Redemption

Optional Redemption. The Series 2024 Warrants will be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in such maturities as the City in its discretion shall designate, and if less than all Series 2024 Warrants of a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), on _____, and on any date thereafter, at a redemption price equal to the face amount of Series 2024 Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium or penalty.

[Mandatory Redemption. Those of the Series 2024 Warrants maturing in ____ and ____ (the "Series 2024 Term Warrants") shall be redeemed, at a redemption price equal to the face amount of Series 2024 Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption, on the dates and in the principal amounts as follows:

**Series 2024 Term Warrants Maturing in _____
Year Principal Amount
(October 1) to be Redeemed**

**Series 2024 Term Warrants Maturing in _____
Year Principal Amount
(October 1) to be Redeemed**

In the event the City shall have partially redeemed the Series 2024 Term Warrants or shall have provided for a partial redemption of the Series 2024 Term Warrants in such a manner that the Series 2024 Term Warrants for the redemption of which provision is made are considered as fully paid, the City may elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such Series 2024 Term Warrants so redeemed or to be redeemed to the reduction of the principal amount of Series 2024 Term Warrants required to be redeemed pursuant to the schedules set forth immediately above on any October 1 coterminous with or subsequent to the date such optional redemption actually occurs.]

Partial Redemption of Series 2024 Warrants

If less than all Series 2024 Warrants are to be redeemed, the principal amount of Series 2024 Warrants of each maturity to be redeemed may be specified by the City by written notice to the Bank, or, in the absence of timely receipt by the Bank of such notice, shall be selected by the Bank by lot or by such other method as the Bank shall deem fair and appropriate; provided, however, that the principal amount of Series 2024 Warrants of each maturity to be redeemed must be a multiple of the smallest authorized denomination of the Series 2024 Warrants. If less than all Series 2024 Warrants of the same maturity are to be redeemed, the particular Series 2024 Warrants of such maturity to be redeemed shall be selected by the Bank by lot or by such other method as the Bank shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the smallest authorized denomination of the Series 2024 Warrants, or a multiple thereof) of the principal amount of Series 2024 Warrants of such maturity of a denomination larger than the smallest authorized denomination.

Manner, Notice and Effect of Redemption

Notice of any redemption of the Series 2024 Warrants shall be given to the affected holder thereof not less than 30 days before the date fixed for redemption. If the book-entry system is in effect, such notice of redemption shall be given to DTC and shall be forwarded by DTC to the affected holders of Series 2024 Warrants through methods established by the rules and operational arrangements of DTC. If the book-entry system is not in effect, notice of redemption shall be given to the holders of Series 2024 Warrants being redeemed by registered or certified mail. No further interest will accrue, after the date fixed for redemption, on the principal of any Series 2024 Warrants called for redemption if notice has been duly given and payment therefor has been duly provided, and in such event any Series 2024 Warrants called for redemption will no longer be protected by the provisions of the 2024 Ordinance.

Book-Entry Only System

Portions of the following information concerning The Depository Trust Company ("DTC") and DTC's book-entry only system have been obtained from DTC. The City and the Underwriter make no representation as to the accuracy of such information.

Initially, DTC will act as securities depository for the Series 2024 Warrants. The Series 2024 Warrants initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Initially, one fully-registered warrant certificate for each maturity will be issued for the Series 2024 Warrants, in the aggregate principal amount of the Series 2024 Warrants of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. So long as the Series 2024 Warrants are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Series 2024 Warrants.

Purchases of the Series 2024 Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Warrants on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Warrants are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Warrants, except in the event that use of the book-entry system for the Series 2024 Warrants is discontinued.

To facilitate subsequent transfers, all the Series 2024 Warrants deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2024 Warrants with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Warrants; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Warrants are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

As long as the book-entry system is used for the Series 2024 Warrants, redemption notices will be sent to DTC. If less than all of the Series 2024 Warrants within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

As long as the book-entry system is used for the Series 2024 Warrants, principal, premium, if any, and interest payments on the Series 2024 Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bank, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bank or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal,

premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Bank, and disbursement of such payments to the Participants or the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Warrants are credited on the record date (identified in a listing attached to the Omnibus Proxy).

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Warrants at any time by giving reasonable notice to the City or the Bank. In addition, the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The City and the Bank will have no responsibility or obligation to any securities depository, any Participants in the book-entry system, or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the securities depository or any Participant; (ii) the payment by the securities depository or by any Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal amount or redemption or purchase price of, or interest on, any of the Series 2024 Warrants; (iii) the delivery of any notice by the securities depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2024 Warrants; or (v) any other action taken by the securities depository or any Participant.

Discontinuation of Book-Entry Only System

DTC may determine to discontinue providing its services with respect to the Series 2024 Warrants at any time by giving notice to the City and the Bank and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the book-entry only system for the Series 2024 Warrants will be discontinued unless a successor securities depository is appointed by the City. In addition, the City may discontinue the book-entry only system for the Series 2024 Warrants at any time by giving reasonable notice to DTC.

In the event that the book-entry only system for the Series 2024 Warrants is discontinued, the following provisions would apply, subject to the further conditions set forth in the 2024 Ordinance.

The principal of and premium, if any, on the Series 2024 Warrants will be payable when due upon their presentation and surrender at the office of the Bank in Birmingham, Alabama. Interest payments on the Series 2024 Warrants will be made to the persons who are the registered owners by check or draft mailed to such owners at their addresses as they appear on the registration books of the Bank.

The Series 2024 Warrants are transferable only upon presentation to the Bank with written power to transfer signed by the registered owner thereof in person or by duly authorized attorney. Upon the request of the owner of any Series 2024 Warrant, the City will execute and the Bank will authenticate and deliver, upon surrender to the Bank of such Series 2024 Warrant and in exchange therefor, as may be requested by the person surrendering such Series 2024 Warrant, other Series 2024 Warrants in different authorized denominations (\$5,000 or any integral multiple thereof) of like tenor and together aggregating the same principal amount as the then outstanding unpaid principal amount of Series 2024 Warrant so surrendered. The Bank will not be required to register or transfer any Series 2024 Warrant during the period beginning September 15 or March 15 next preceding any interest payment date with respect thereto. If any such Series 2024 Warrant is called for redemption, the Bank will not be required to register, transfer or exchange such Series 2024 Warrant during the period beginning 45 days next preceding the redemption date with respect thereto.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be derived from the sale of the Series 2024 Warrants (less accrued interest, if any) are expected to be used by the City as set forth below:

Sources

Principal Amount
[Plus/Less] [Net] Original Issue [Premium/Discount]
Total

Uses

2024 Improvements
Issuance Expenses (including underwriting, rating fees,
legal, printing and other costs of issuance)
Total

THE CITY; CERTAIN FINANCIAL, DEMOGRAPHIC AND OTHER INFORMATION

Appendix A contains certain information concerning the City, along with financial, demographic and other information concerning the City. See APPENDIX A hereto.

TORT LIABILITY

The Supreme Court of Alabama has, in several related decisions, overruled a long-standing series of cases holding that political subdivisions of the State were not liable in tort for damages resulting from the performance by them of governmental functions. As a result of these decisions, municipalities in Alabama may now be liable for damages for injuries to persons and property resulting from their negligence in the performance of governmental functions.

The Legislature of Alabama during its 1977 Regular Session enacted Act No. 673 (Sections 11-93-1 et seq. of the Code of Alabama 1975, as amended) which prescribed and established monetary limits payable on claims and judgments based on tort liability, filed or obtained against governmental entities, including municipalities. This act limits recovery of damages from a governmental entity to \$100,000 for bodily injury or death for one person in any single occurrence and \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence. This Act also limits recovery of damages to \$100,000 for damage or loss of property arising out of any single occurrence. Bond Counsel to the City expresses no opinion as to the validity or constitutionality of said Act or whether any recovery against the City would be limited by the amounts set forth in the Act. Additionally, Act No. 673 most probably does not apply to actions brought under Section 1983 of Title 42 of the United States Code, pursuant to the provisions of which local governments nationwide have been increasingly subject to lawsuits for alleged denials of civil rights.

It should be realized that the ability of governmental bodies to obtain insurance protection is becoming increasingly difficult and expensive and that such insurance may not be commercially available to the City in the future.

TAX MATTERS

General

In the opinion of Bond Counsel to the City, under the Internal Revenue Code of 1986, as amended (the "Code"), as presently construed and administered, and assuming compliance by the City with its covenants pertaining to certain requirements of federal tax law that are described herein and set forth in the 2024 Ordinance and in the Tax Compliance Agreement and Certificate executed by the City in connection with the issuance of the Series 2024 Warrants, the interest on the Series 2024 Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code. Interest on the Series 2024 Warrants is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code; however, in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on "applicable

corporations" (as defined in Section 59(k) of the Code), interest on the Warrants is not excluded from the determination of adjusted financial statement income. In rendering its opinion, Bond Counsel to the City has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Series 2024 Warrants, and Bond Counsel to the City has assumed compliance with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2024 Warrants from gross income under Section 103 of the Code.

Bond Counsel to the City expresses no opinion regarding any other federal or any state tax consequences with respect to the Series 2024 Warrants. Bond Counsel to the City renders its opinion under existing statutes and court decisions as of the issue date and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the City expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2024 Warrants.

Bond Counsel to the City is also of the opinion that interest on the Series 2024 Warrants is exempt from present state income taxation under the laws of the State of Alabama as enacted and construed on the date of issuance of the Series 2024 Warrants.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2024 Warrants. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Series 2024 Warrant. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2024 Warrants.

Prospective owners of the Series 2024 Warrants should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Series 2024 Warrants may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

The initial public offering price to be paid for certain of the Series 2024 Warrants (the "Original Issue Discount Warrants") is less than the principal amount thereof. Under existing law, the difference between (i) the amount payable at the maturity of each Original Issue Discount Warrant, and (ii) the initial offering price to the public of such Original Issue Discount Warrant, constitutes original issue discount with respect to such Original Issue Discount Warrant in the hands of any owner who has purchased such Original Issue Discount Warrant in the initial public offering of the Series 2024 Warrants. Such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Warrant equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Warrant continues to be owned by such owner. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Warrant prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Warrant in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Warrant was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Warrant is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary date of the Series 2024 Warrants and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Warrant for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other taxable disposition thereof. The amount (if any) to be added to basis for each accrual period is equal to (a) the sum of the

issue price and the amount of original issue discount accrued in prior periods (if any) multiplied by the yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Series 2024 Warrants.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Warrants which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Warrants should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Warrants and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Discount Warrants.

Original Issue Premium

The initial public offering price to be paid for certain of the Series 2024 Warrants (the "Original Issue Premium Warrants") is greater than the principal amount thereof. Under existing law, any owner who has purchased an Original Issue Premium Warrant in the initial public offering of the Series 2024 Warrants is required to reduce his basis in such Original Issue Premium Warrant by the amount of premium allocable to periods during which he holds such Original Issue Premium Warrant, and the amount of premium allocable to each accrual period will be applied to reduce the amount of interest received by the owner during each such period. All owners of Original Issue Premium Warrants should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Premium Warrant and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Premium Warrant.

Current and Future Tax Legislation

The Inflation Reduction Act of 2022, Pub. L. No. 117-169, which became law on August 16, 2022, imposes a minimum tax of 15 percent of the "adjusted financial statement income" (as defined and as determined under Section 56A of the Code) of "applicable corporations" (as defined in Section 59(k) of the Code). Such adjusted financial statement income does not exclude interest income from tax-exempt obligations. The minimum tax applies to taxable years beginning after December 31, 2022. Prospective purchasers of the Series 2024 Warrants that could be "applicable corporations" should consult their own tax advisors with respect to the potential consequences of ownership of the Warrants. See "TAX MATTERS – Opinion of Bond Counsel" above and the form of approving opinion of bond counsel to the City attached as Appendix C.

There can be no assurance that additional legislation will not be introduced or enacted after issuance and delivery of the Series 2024 Warrants so as to cause interest on the Series 2024 Warrants to be or become included in gross income for purposes of federal income taxation or to impose additional requirements as a condition to the exclusion of such interest from gross income, nor that the introduction or enactment of any such legislation will not adversely affect the marketability of the Series 2024 Warrants.

Post-Issuance Compliance

The tax-exempt status of the Series 2024 Warrants could be affected by post-issuance events. Various requirements of the Code must be observed or satisfied after the issuance of the Series 2024 Warrants in order for such interest to remain excludable from gross income of the holders thereof. These requirements include restrictions on use of the proceeds of the Series 2024 Warrants, use of the facilities financed by the Series 2024 Warrants, investment of proceeds of the Series 2024 Warrants, and the rebate of so-called excess arbitrage earnings. The City is primarily responsible for such compliance, and a failure to comply could result in the inclusion of interest on the Series 2024 Warrants in gross income retroactive to the date of issuance of the Series 2024 Warrants.

Likewise, the Internal Revenue Service (the "IRS") conducts an audit program to examine compliance with the requirements applicable to tax-exempt obligations. If the Series 2024 Warrants become the subject of an audit, under current IRS procedures, the City would be treated as the taxpayer in the initial stages of the audit, and the owners of the Series 2024 Warrants would have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2024 Warrants could adversely affect the market value and liquidity of the Series 2024

Warrants, even though no final determination about the tax-exempt status would have been made. If an audit were to result in a final determination that the Series 2024 Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2024 Warrants.

Series 2024 Warrants are not Bank Qualified

The Series 2024 Warrants have not been designated as "qualified tax-exempt obligations" under Section 265 of the Code.

No Mandatory Redemption due to Event of Taxability

The 2024 Ordinance does not provide for mandatory redemption of the Series 2024 Warrants or payment of any additional interest or penalty if a determination is made that the Series 2024 Warrants do not comply with the existing requirements of the Code or if a subsequent change in law adversely affects the tax-exempt status of the Series 2024 Warrants or the economic benefit of investing in the Series 2024 Warrants.

LITIGATION

There is not now pending or threatened any litigation restraining, enjoining or in any manner questioning or affecting the creation, organization or existence of the City; the title of the present members of the City Council or other officers of the City to their respective offices; the validity of the Series 2024 Warrants; or the proceedings and authority under which the Series 2024 Warrants are issued. The City is a party to various legal proceedings which normally occur in governmental operations and in the opinion of City officials and its attorneys, the results of these proceedings are not likely to have a materially adverse impact on the City's financial condition.

The immunity from tort liability formerly enjoyed by local governmental units in Alabama has been largely eroded by recent court decisions. While Chapter 93 of Title 11 of the Code of Alabama 1975, as amended, now prescribes certain maximum limits on the liability of Alabama local governmental units (such as the City) for bodily injury, sickness, disease or death sustained by a person and for injury or destruction of tangible property, the constitutional validity of Chapter 93 has not been definitively determined. Additionally, Chapter 93 has no applicability to causes of action under Section 1983 or Section 1985 of Title 42 of the United States Code. Local governments throughout the country have been increasingly subjected to lawsuits - many of which seek substantial damages - for alleged denials of civil rights under the provisions of Section 1983 and Section 1985.

FEDERAL BANKRUPTCY CODE

Under certain conditions, Title 11 of the United States Code, 11 U.S.C. 101, et seq. (the "Bankruptcy Code") permits a municipality to file a petition for relief in federal bankruptcy court to adjust debts under Chapter 9 of the Bankruptcy Code. Debt adjustment may include restructuring, reduction or other impairment of debt, subject to various conditions and limitations set forth in the Bankruptcy Code. Section 101 of the Bankruptcy Code defines "municipality" to mean a political subdivision, public agency or instrumentality of a State. To be eligible to file a Chapter 9 bankruptcy petition under section 109 of the Bankruptcy Code, a municipality must be "specifically authorized, in its capacity as a municipality or by name, to be a debtor under [Chapter 9], or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under [Chapter 9]." Section 109 of the Bankruptcy Code imposes additional requirements for a municipality to be eligible to file bankruptcy. Without limitation, the municipality must (a) be insolvent (either unable to pay debts as they come due or generally not paying debts as they come due); (b) desire to effect a debt adjustment plan; and (c) meet certain requirements regarding negotiations with creditors (or certain exceptions to such requirements). Alabama law authorizes municipalities, counties and certain public authorities to file petitions under the Bankruptcy Code. The other conditions to eligibility are fact-specific to the time of filing the petition.

Section 922(d) of Chapter 9 of the Bankruptcy Code provides that a bankruptcy petition does not operate as a stay of "application of pledged special revenues" to the payment of indebtedness secured by such revenues in a manner consistent with other provisions of the Bankruptcy Code. Without limitation, section 928 of the Bankruptcy Code provides that special revenues acquired by the debtor after commencement of a chapter 9 case remain subject to any lien resulting from any security agreement entered into by the debtor before commencement of the case, but

further provides that any such lien on special revenues (other than municipal betterment assessments) derived from a project or system shall be subject to "the necessary operating expenses of such project or system."

The approving legal opinions of Bond Counsel will contain the customary reservation that the rights of the holders of the Series 2024 Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases. See "TAX MATTERS" below and the proposed form of approval opinion of Bond Counsel to the City set forth in APPENDIX C.

APPROVAL OF LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2024 Warrants are subject to the approval of Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel to the City, whose approving legal opinion will be delivered at the time of delivery of the Series 2024 Warrants. The proposed form of such opinion is included in this Official Statement as APPENDIX C.

The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Warrants express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

INVESTMENT CONSIDERATIONS

An investment in the Series 2024 Warrants involves certain risks which should be carefully considered by investors. The sufficiency of revenues of the City to pay debt service on the Series 2024 Warrants may be affected by events and conditions relating to, among other things, population and employment trends and economic conditions in the City, the nature and extent of which are not presently determinable.

For example, despite the implementation of network security measures by the City, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. State and local governments have recently been subject to such attacks. The foregoing events or issues could lead to the inadvertent disclosure of confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the City's ability to provide municipal services or to collect taxes and fees. Any breach or cyberattack that compromises data could result in negative press and substantial fines or penalties for violation of state privacy laws. Despite efforts of the City, no assurances can be given that the City's measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the City.

Holders of the Series 2024 Warrants should also be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases, including the law-imposed requirement that the City may first use its taxes and other revenues to pay the expenses of providing necessary governmental services before paying debt service on the Series 2024 Warrants.

AUDITED FINANCIAL STATEMENTS

The Appendices to this Official Statement contain information concerning the City and the Series 2024 Warrants. Such Appendices are an integral part of this Official Statement and should be read in their entirety.

The financial statements included as APPENDIX B to this Official Statement have been examined to the extent set forth in the March 29, 2024, report by BMSS, LLC ("BMSS"), for fiscal year ending September 30, 2023. Bond Counsel to the City has not been engaged, and therefore has not undertaken, to review or determine, and consequently will express no opinion as to, the accuracy of such financial statements.

BMSS has not been engaged to perform, and has not performed, since the date of said report, any procedures on the financial statements addressed in the report hereinabove described. BMSS also has not reviewed or performed

any procedures or other work relating to this Official Statement or any of the financial data contained herein.

RATING

S&P Global Ratings, a division of the McGraw-Hill Companies, Inc. ("S&P"), has assigned an underlying rating of "AA" to the Series 2024 Warrants. Any explanation of the significance of such ratings may be obtained from S&P. The rating is not a recommendation to buy, sell or hold Series 2024 Warrants and should be evaluated independently. Such credit rating reflects only the view of S&P and an explanation of the significance of such credit rating may be obtained only from S&P. There is no assurance that this credit rating will remain in effect for any given period of time or that such credit rating may not be lowered or withdrawn entirely if, in the judgment of S&P, circumstances should warrant such action. Any such downward revision or withdrawal of any credit rating assigned to the Series 2024 Warrants may have an adverse effect on the market price of the Series 2024 Warrants.

FINANCIAL ADVISOR

Terminus Municipal Advisors, LLC, Atlanta, Georgia, is serving as financial advisor (the "Financial Advisor") to the City with respect to the Series 2024 Warrants. The Financial Advisor assisted in matters relating to the planning, structuring and issuance of the Warrants and provided other related advice. Although the Financial Advisor assisted in the preparation of this Official Statement, the Financial Advisor was not and is not obligated to undertake, and has not undertaken to make, an independent verification of, and assumes no responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement.

UNDERWRITING

The Series 2024 Warrants are being purchased by Raymond James & Associates, Inc. (the "Underwriter") at a price equal to \$[] (which price reflects the initial par amount of the Series 2024 Warrants, [plus/less] [net] original issue [premium/discount] of \$[], and less an underwriting discount of \$[]). The Series 2024 Warrants may be sold and offered to certain dealers (including dealers depositing such warrants into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

General

In order to comply with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), on or before issuance of the Series 2024 Warrants, the City will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement") pursuant to which it will covenant for the benefit of beneficial owners of the Series 2024 Warrants to provide annually certain financial information and operating data relating to the City for the preceding fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events in compliance with the Rule. The Annual Report and event notices will be filed with the Electronic Municipal Market Access system ("EMMA") established by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of events and other provisions of the Disclosure Agreement are set forth in the summary of Continuing Disclosure Agreement attached as APPENDIX D hereto. A failure by the City to comply with the Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2024 Warrants in the secondary market.

Compliance with Prior Undertakings

In connection with issuance of various series of prior warrants, the City entered into continuing disclosure agreements for the benefit of the beneficial owners of such prior warrants (together, the "Prior Undertakings"). Pursuant to the Prior Undertakings, the City agreed to file with EMMA certain annual financial information substantially similar to the Annual Report and notices of certain events enumerated in the Prior Undertakings.

During the preceding five years, the City failed to comply with the Prior Undertakings as follows:

- the City did not post its audited financial statements for fiscal years 2020 and 2022 to EMMA on or before the due date required for each such fiscal year;
- the City did not timely post its unaudited financial statements for fiscal year 2020 to EMMA when the audited financial statements for such fiscal years were not available by the due date required therefore;
- the City did not timely post, or post on a timely basis, certain financial and operating data for the fiscal year 2020; and
- the City did not timely post notice of its call for redemption and defeasance of its Tax-Exempt General Obligation Warrants, Series 2014-C, dated June 17, 2014, Taxable General Obligation Warrants, Series 2015-A, , dated November 5, 2015, Taxable General Obligation Warrants, Series 2015-B, dated November 5, 2015, Taxable General Obligation Warrants, Series 2015-C, dated November 5, 2015, and Taxable General Obligation Warrants, Series 2015-D, dated November 5, 2015.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Official Statement including, without limitation, statements containing the words "estimates," "believes," "anticipates," "expects," and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the City or other entities to which the forward-looking statements relate to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The City and the Underwriter disclaims any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments.

MISCELLANEOUS

The summaries, descriptions or references of provisions of the 2024 Ordinance and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

CITY OF IRONDALE, ALABAMA

By: _____ /s/ James D. Stewart, Jr.
Mayor

APPENDIX A
Certain Financial, Demographic and Other Information Regarding the City

APPENDIX A
CERTAIN FINANCIAL, DEMOGRAPHIC AND OTHER INFORMATION REGARDING THE CITY

CITY OF IRONDALE - GENERAL

Governmental Organization and Administration

The City is a municipal corporation incorporated under the Constitution and laws of the State of Alabama. The City is governed by a Mayor-Council form of government consisting of the Mayor as chief executive officer and a five-member Council presided over by a President. The Mayor and Council members are elected from districts.

The Mayor is the chief administrative officer of the City and makes all personnel appointments and removals subject to the civil service law. Members of the City Council serve part time and are responsible for adopting all legislative ordinances and setting financial policies of the City, including the appropriation of money. The Council exercises the legislative powers of the City and makes appointments to most of the independent and quasi-independent boards and agencies with respect to which the City has appointive power.

Name and Office	Position	End of Current Term
James D. Stewart, Jr.	Mayor	November 2025
David Spivey	Council President	November 2025
John London	Council President Pro Tempore	November 2025
Cindy Cuellar	Council Member	November 2025
Robert Box	Council Member	November 2025
Aaron Sims	Council Member	November 2025

Personnel

The City provides, among other things, police protection, fire protection, sanitation services, street services, public safety, park and recreational, public library and cultural services to its citizens and employs approximately 176 people (163 are employed on a full-time basis, and 13 on a part-time basis).

No employees of the City are represented by labor unions or similar employee organizations. The City does not bargain collectively with any labor union or employee organization.

Pension Plan

City employees are included in a retirement plan covered by the Employee's Retirement System of Alabama. The Employee's Retirement System of Alabama was created in 1945 pursuant to an act of the Alabama Legislature. The Employees' Retirement System is administered on behalf of the State of Alabama and certain local governmental units in Alabama by Retirement Systems of Alabama, an agency of the State of Alabama. More than 40,000 employees of the State of Alabama and certain local governmental units in Alabama are active members of the Employees' Retirement System.

Contributions by the City are made on the basis of certain actuarial calculations of amounts which, together with the employees' contributions, are projected to provide at the time of retirement the benefits contemplated by the retirement program. The City has been informed by the independent actuary employed by Retirement Systems of Alabama that total employer contributions will, together with employee contributions at the statutory rate, cover, when due and payable, the normal contribution and administrative charge. Additional actuarial evaluations of the accrued liability respecting the local governmental units which participate in the Employees' Retirement System, including the City, will be prepared in the future to reflect revised actuarial assumptions. Consequently, the contribution rates set forth above may be adjusted either upward or downward.

The Employees' Retirement System does not undertake to fund the retirement plans of participating local governmental units. The Employees' Retirement System acts only in an administrative capacity, and then only upon the election of the local governmental units. The statute permitting such election provides that "The retirement system shall not be liable for the payment of any pension or benefits on account of the employees or pensioners of any

employers under this section, for which reserves have not been previously created from funds contributed by such employer or its employees for such benefit." The statute further provides that the agreement of the City to contribute to the Employees' Retirement System on account of its employees is irrevocable, but should it become financially unable to make the normal contribution, administrative charge and accrued liability contribution, the City would be deemed to be in default under the Employees' Retirement System.

See "NOTE 9 – PENSION PLAN" of the audited financial statements of the City attached hereto as APPENDIX B for a more complete discussion of the City's pension obligations governed by the Employees' Retirement System. See also "NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS" of the audited financial statements of the City attached hereto as APPENDIX B for other post-employment benefits provided by the City.

General Financial Information

The City operates on a fiscal year beginning October 1 and ending September 30. The City prepares a detailed budget for each fiscal year that is approved by the City Council prior to the beginning of the fiscal year. There is no constitutional requirement that the budget be balanced each year, but the City has, as a matter of policy, required a balanced budget.

The significant accounting practices for City finances are summarized in the audited financial statements attached to this Official Statement as APPENDIX B. All revenues and expenditures of the City are accounted for in a series of funds which are described in the financial statements attached hereto.

The City maintains a financial reporting system providing timely and accurate reports of receipts and expenditures. The City's financial statements are audited annually, as required by law, by independent certified public accountants. The report of such accountants with respect to the City's financial statements for the fiscal year ended September 30, 2023, are included in APPENDIX B of this Official Statement.

INDEBTEDNESS; DEBT SERVICE REQUIREMENTS

Outstanding Indebtedness of the City

Obligations Issued Contemporaneously with the Series 2024 Warrants. At the time of issuance of the Series 2024 Warrants, The Public Building Authority of the City of Irondale (the "PBA") will be issuing its limited obligation Lease Revenue Bonds, Series 2024, in a preliminary aggregate principal amount of approximately \$42,975,000 (the "Series 2024 PBA Bonds") to finance the costs of a new city administration building, a new city civic center, and a new public library, all to be owned by the PBA and made available for use by the City under a lease agreement (the "PBA Lease") between the City and the PBA. Under the PBA Lease, the City has the right to lease such facilities from the PBA on a year-to-year basis. For any fiscal year while the PBA Lease is in effect, payments under the lease by the City are made solely out of current revenues of the City (*i.e.*, revenues received by the City during such fiscal year and lawfully available for such purpose). City payments under the PBA Lease represent the sole collateral and payment source for the Series 2024 PBA Bonds.

Anticipated Debt Obligations. In addition, the City anticipates that it will seek financing within the next 12 to 18 months to pay the costs of other public buildings in the City in the currently estimated amount of approximately \$15,000,000. Such financing or financings could be in the form of bonds issued by the PBA and payable by the City under a lease agreement similar to the PBA Lease, general obligation warrants of the City (*i.e.*, obligations of the City for the payment of which the City would pledge its full faith and credit), or a combination of the two.

Long-Term Indebtedness. The following table presents the outstanding general obligation indebtedness of the City after issuance of the proposed Series 2024 Warrants and the proposed Series 2024 PBA Bonds (together, the "2024 Obligations"):

<u>Description</u>	<u>Principal Amount Outstanding</u>
Tax-Exempt General Obligation Warrants, Series 2014-C	\$2,250,000
Taxable General Obligation Warrants, Series 2015-A	2,220,000
Taxable General Obligation Warrants, Series 2015-B	530,000
Tax-Exempt General Obligation Warrants, Series 2015-C	725,000
Taxable General Obligation Warrants, Series 2015-D	255,000
General Obligation Warrants, Series 2016-A	120,000
General Obligation Warrants, Series 2019	9,525,000
Taxable General Obligation Warrants, Series 2021-A	10,635,000
Taxable General Obligation Warrants, Series 2021-B	6,675,000
General Obligation Warrants, Series 2022-A	6,780,000
Taxable General Obligation Warrants, Series 2022-B	6,420,000
Series 2024 Warrants	17,010,000*
Series 2024 PBA Bonds	42,975,000*
Total	<u>\$106,120,000*</u>

* Preliminary; subject to change.

Short-Term Indebtedness. In addition to the foregoing long-term general indebtedness, the City has various capital lease and similar short-term obligations. The majority of these leases are for vehicles (including, without limitation, police vehicles, trucks, tractors and other service vehicles used in connection with utility services by the City, and fire truck and emergency service vehicles and related equipment). The total principal balance remaining on these capital leases and short-term obligations is not more than approximately \$5,728,000.

Estimated Annual Debt Service of the City

Provided below is a schedule showing, on a fiscal year basis, the estimated debt service obligations of the City on its outstanding long-term indebtedness, including the proposed 2024 Obligations:

Fiscal Year Ending (September 30,)	Outstanding Obligations⁽¹⁾	Series 2024 Warrants*	Series 2024 PBA Bonds⁽²⁾	Grand Total*
2024	\$ 4,518,487	--	--	\$ 4,518,487
2025	4,655,926	\$459,980	\$1,177,287	6,293,193
2026	4,760,494	777,431	1,989,781	7,527,706
2027	4,700,318	777,431	1,989,781	7,467,531
2028	4,703,056	777,431	1,989,781	7,470,267
2029	4,606,812	777,431	1,989,781	7,374,024
2030	4,607,153	777,431	1,989,781	7,374,365
2031	4,606,130	777,431	1,989,781	7,373,342
2032	4,622,790	777,431	1,989,781	7,390,003
2033	4,616,333	777,431	1,989,781	7,383,545
2034	4,161,250	777,431	2,448,031	7,386,712
2035	2,690,830	1,289,306	3,248,406	7,228,542
2036	1,288,530	1,292,306	3,246,031	5,826,867
2037	1,028,794	1,288,931	3,245,281	5,563,006
2038	1,026,488	1,289,181	3,245,906	5,561,575
2039	1,027,353	1,287,931	3,247,656	5,562,941
2040	1,026,225	1,290,056	3,245,406	5,561,688
2041	1,027,975	1,292,650	3,246,878	5,567,503
2042	1,026,825	1,290,931	3,246,375	5,564,131
2043	1,027,613	1,292,791	3,246,475	5,566,878
2044	--	1,288,228	3,246,816	4,535,044
2045	--	1,292,134	3,247,128	4,539,263
2046	--	1,289,400	3,250,541	4,539,941
2047	--	1,289,450	3,246,709	4,536,159

2048	--	1,292,038	3,248,022	4,540,059
2049	--	1,292,600	3,249,131	4,541,731
2050	--	1,291,138	3,249,806	4,540,944
2051	--	1,287,650	3,249,816	4,537,466
2052	--	1,291,913	3,248,928	4,540,841
2053	--	1,288,813	3,246,913	4,535,725
2054	--	1,288,350	3,248,422	4,536,772

* Preliminary; subject to change.

⁽¹⁾ Includes annual debt service on the obligations listed above under "INDEBTEDNESS; DEBT SERVICE REQUIREMENTS – Outstanding Indebtedness of the City – Long-Term Indebtedness", excluding the proposed 2024 Obligations.

⁽²⁾ Assumes annual renewal by the City of the PBA Lease respecting the Series 2024 PBA Bonds through final maturity of the Series 2024 PBA Bonds.

Economic Development Incentive Obligations

The City is actively involved in economic development and recruitment, and has entered into agreements in recent years with other entities for economic development purposes. Pursuant to these agreements, the City is committed to make payments for the development of various commercial enterprises and projects that the City has determined will promote economic development and the expansion of its tax base and/or employment. The City generally expects, based upon information provided to it and upon certain assumptions, that these other agreements will result in greater tax revenues for the City than the City is obligated to pay under such agreements. A summary of the City's payment obligations under the currently outstanding economic development agreements (collectively, the "Economic Development Agreements") is as follows:

Mercedes Project. The City entered that certain Project Development, Funding and Cooperation Agreement dated January 5, 2016 (the "JJA/BIJ Agreement"), with JJA Properties AL, LLC ("JJA") and BIJ Motors AL, LLC ("BIJ") in connection with the location and development of a Mercedes-Benz automobile dealership in the City (the "Mercedes Dealership"). The JJA/BIJ Agreement was amended by a First Amendment to Project Development, Funding and Cooperation Agreement dated May 12, 2016, and a Second Amendment to Project Development, Funding and Cooperation Agreement dated June 4, 2021. Pursuant to the JJA/BIF Agreement and its amendments, the City committed, among other things, to make payments totaling up to \$10,000,000 to JJA and BIJ, collectively as the developer, to offset certain costs of JJA and BIJ in locating and developing the Mercedes Dealership within the City. Payments by the City are limited obligations payable from 2/3 of all taxes collected by the City and attributable to the sale or lease of any new or used automobile or automobile parts by the Mercedes Dealership. The City is obligated to make these payments over a long-term basis of up to 20 years or by such date as the City has paid JJA and BIJ the sum of \$10,000,000, whichever occurs first. Through March 2024, the City has paid JJA approximately \$5,257,068 of such sales taxes under the JJA/BIJ Agreement.

GDM, Inc. Project. The City entered that certain Project Development, Funding and Cooperation Agreement on May 1, 2018 (the "GDM Agreement") with GDM, Inc. ("GDM") in connection with the location and development of a retail center within the City (the "Retail Center"). Pursuant to the GDM Agreement, the City committed, among other things, to make payments totaling up to \$600,000 to GDM. Payments by the City are limited obligations payable from 1/2 of all sales taxes paid to the City and attributable to sales at the Retail Center until the first to occur of 10 years from the opening of the Retail Center or payment of \$600,000. Through March 2024, the City has paid GDM approximately \$419,792 of such taxes under the GDM Agreement.

DC Oil Project. The City entered into an agreement in May 2020 (the "DC Oil Agreement") with DC Oil ("DC Oil") for the location of a gas station and Taco Bell in the City (the "DC Facility"). Under the DC Oil Agreement, the City is obligated to make payments to DC Oil totaling \$260,000 for locating and opening the DC Facility in the City. Payments made under the DC Oil Agreement are payable from 1/2 of the total sales and use taxes paid to the City and attributable to the DC Facility. Through March 2024, the City has paid DC Oil approximately \$136,513 of such taxes under the DC Oil Agreement.

Grocery Store Project. The City entered a Third Amended and Restated Project Development, Funding and Cooperation Agreement on October 28, 2021 (the "Grocery Store Agreement") with HEPLEEDS, LLC (the "Company") for the location of a Publix grocery store and associated development in the City (the "Grocery Store"). Under the Grocery Store Agreement, the City is obligated to make payments to the Company totaling up to \$8,600,000, over a period of up to 20 years or by such date as the City has paid the Company the sum of \$8,600,000, whichever is first, for locating and opening the Grocery Store in the City. Payments under the Grocery Store Agreement are limited to 50% of the total City sales tax revenues collected from the Grocery Store development during the term of the agreement and shall not exceed the annual cap of \$430,000. Development of the Grocery Store has been completed and it is in operation. Through March 2024, the City has paid the Company approximately \$105,062 under the Grocery Store Agreement.

The City's obligations under these agreements are incurred pursuant to Amendment No. 772 of the Constitution of Alabama of 1901, as amended. See "Applicable Debt Limitations under the Constitution of Alabama of 1901, as Amended" below.

No Derivatives Transactions

The City has not entered into any interest rate swap or other derivatives transactions and has no present expectation to enter into any such swap or derivatives transaction. The City does, however, have authority to enter into such agreements or transactions from time to time in its discretion and in accordance with applicable laws of the State of Alabama.

Applicable Debt Limitations under the Constitution of Alabama of 1901, as Amended

General Constitutional Debt Limitation for Government Purposes under Section 225. Under Section 225 of the Constitution of Alabama of 1901, as amended, the City's present constitutional debt limit is an amount equal to twenty percent (20%) of the assessed value of the property therein. The following, among other types of indebtedness, are, however, under existing law, not chargeable against the City's constitutional debt limit: obligations issued for the purpose of acquiring, providing or constructing schools, water works or sewers; obligations incurred for street or sidewalk improvements where the costs thereof, in whole or in part, are to be assessed against the property abutting such improvements; subject to certain conditions, tax anticipation notes; certain lease obligations subject to unilateral termination by the City at the end of each fiscal year, without recourse; and revenue securities issued for the purpose of extending, enlarging or improving water, electric, gas or sewer systems and payable solely from the revenues of one or more of such systems.

Special Constitutional Debt Limitation for Economic Development under Amendment No. 772. Amendment No. 772 to the Constitution of Alabama authorizes the counties and municipalities within the State, such as the City, to use public funds for certain purposes intended to further the economic development thereof. Amendment No. 772 authorizes any county or municipality to (i) acquire real property, buildings, plants, factories, facilities, machinery and equipment of any kind and to improve and develop such properties for use as sites for industry of any kind or as industrial parks; (ii) lease, sell, grant, exchange or otherwise convey all or any part of any real property, buildings, plants, factories, facilities, machinery and equipment or any industrial park project to any individual, firm, corporation or other entity, public or private, for the purpose of constructing developing, equipping and operating industrial, commercial, research or service facilities of any kind; or (iii) lend its credit to, or grant public funds and things of value for the benefit of, any individual, firm, corporation or other entity, public or private, for the purpose of promoting the economic and industrial development of such political subdivision.

Amendment No. 772 also authorizes counties and municipalities to issue bonds, warrants, notes and other evidences of indebtedness secured by the full faith and credit of the issuer or limited as to source of payment, and to use the proceeds thereof in furtherance of the authority and powers set forth in Amendment No. 772.

The bonds, warrants, notes, and other evidences of indebtedness issued pursuant to Amendment No. 772 (a) are not subject to, and are exempt from, the City's twenty percent constitutional debt limit discussed above under

"General Constitutional Debt Limitation for Government Purposes under Section 225"; and (b) are subject to, and chargeable against, the constitutional debt limit of the City under Amendment No. 772.

The debt limit of the City under Amendment No. 772 is fifty percent (50%) of the assessed value of the taxable property therein.

The City's Taxable General Obligation Warrants, Series 2015-B, Taxable General Obligation Warrants, Series 2015-D and Taxable General Obligation Warrants, Series 2021-B (collectively, the "Economic Development Warrants"), were issued under Amendment 772. Likewise, the Economic Development Agreements and the City's payment obligations thereunder were authorized and incurred under Amendment 772. Accordingly, all such obligations (i) are exempt from the general constitutional debt limit of the City described under "General Constitutional Debt Limitation for Government Purposes under Section 225" above, and (ii) are subject to, and are less than, the special constitutional debt limit of the City under Amendment No. 772.

Computation of Legal Debt Margin

The following statement reflects the City's estimated legal debt margin after the issuance of the proposed 2024 Obligations:

Net Assessed Value of Taxable Property	\$320,604,400
Debt limit (20% of assessed value)	\$64,120,880
Total outstanding principal ⁽¹⁾	\$111,848,000*
Total exempt ⁽²⁾	\$66,323,590*
Total chargeable	\$45,524,410*
Constitutional Debt Margin	<u>\$18,596,470*</u>

⁽¹⁾ Includes outstanding amounts listed above under "INDEBTEDNESS; DEBT SERVICE REQUIREMENTS – Outstanding Indebtedness of the City – Long-Term Indebtedness" and "INDEBTEDNESS; DEBT SERVICE REQUIREMENTS – Outstanding Indebtedness of the City – Short-Term Indebtedness."

⁽²⁾ Includes (i) the Economic Development Warrants (issued under Amendment 772) and the obligations of the City owed pursuant to the Economic Development Agreements, (ii) the City's General Obligation Warrants, Series 2014-C (issued for waterworks and sewer improvements), (iii) 44.5% of the City's General Obligation Warrants, Series 2015-C (issued to refinance obligations issued, in part, for waterworks and sewer improvements), (iv) 77.5% of the City's General Obligation Warrants, Series 2019 (issued to refinance indebtedness issued for waterworks and sewer improvements), (v) 53.4% of the Series 2021-A Warrants (issued to refinance obligations issued, in part, for waterworks and sewer improvements), and (vi) all obligations of the City respecting the proposed Series 2024 PBA Bonds.

Overlapping Long-Term Indebtedness

Jefferson County reports \$80,200,000 of outstanding long-term general obligation indebtedness as of May 1, 2024. Of this amount, 2.18% is referable to the City; such percentage having been computed based on the total assessed value of all property (other than motor vehicles) within the City of \$286,601,000 against the total assessed value of all property (other than motor vehicles) within Jefferson County of \$13,136,679,500.

Outstanding Debt and Related Ratios

Net Assessed Value of Taxable Property in the City	\$320,604,400
Population of the City (Estimated 2022)	13,366
Outstanding Direct Debt	\$111,848,000*
Outstanding Overlapping Debt	\$1,748,360
Outstanding Direct Debt and Overlapping Debt	\$113,596,360*
Outstanding Direct Debt Per Capita	\$8,368*
Outstanding Direct Debt and Overlapping Debt Per Capita	\$8,499*
Outstanding Direct Debt to Assessed Value Ratio	34.89%*
Outstanding Direct and Overlapping Debt to Assessed Value Ratio	35.43%*

* Preliminary; subject to change.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE

The following table sets forth the audited Combined Statement of Revenues, Expenditures and Changes in the General Fund Balance of the City for the fiscal years ended September 30, 2019 through and including September 30, 2023, such information extracted from the City's audited financial statements for such years:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues					
Taxes	\$13,954,496	\$14,692,027	\$21,296,164	\$23,892,613	\$26,269,301
Licenses and permits	3,434,722	3,677,371	2,493,055	3,039,003	2,878,132
Intergovernmental	1,727,462	1,999,732	78,990	101,908	100,734
Changes for services	1,025,812	1,072,455	1,004,637	1,451,918	1,813,987
Fines and forfeitures	269,648	248,724	337,473	235,645	214,701
Interest	65,972	63,211	877	83	10,459
Other	<u>875,891</u>	<u>1,092,007</u>	<u>1,596,305</u>	<u>1,347,185</u>	<u>1,241,604</u>
Total Revenues	21,354,003	22,845,527	26,807,501	30,038,355	32,528,918
Expenditures					
Current expenditures:					
General government	2,652,810	3,160,110	4,169,438	5,937,941	6,446,131
Public safety/protection	6,923,861	6,759,814	7,287,860	8,496,069	10,228,332
Public ways and facilities	2,756,520	2,773,408	3,071,627	3,525,960	3,822,425
Library	503,638	525,109	607,519	625,250	599,067
Senior citizens	401,205	201,792	209,866	277,581	301,256
Payments to other governments	--	--	51,661	51,661	51,661
Civic Center	--	--	--	--	286,287
Public Relations	--	--	--	--	--
Total Current Operations	<u>13,238,034</u>	<u>13,420,233</u>	<u>15,397,971</u>	<u>18,914,462</u>	<u>21,735,159</u>
Capital Outlays	6,777	--	--	--	--
Debt service:					
Principal	2,331,398	2,711,906	3,101,732	8,090,608	4,254,446
Interest and fiscal charges	1,378,139	1,491,652	1,403,119	1,604,249	1,459,713
Paying agent fees	<u>9,896</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	16,964,244	17,623,791	19,902,822	28,609,319	27,449,318
Excess (deficiency) revenues over expenditures	4,389,759	5,221,736	6,904,679	1,429,036	5,079,600
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	--	41,008	35,086	31,423	865,395
Issuance of Notes or Leases	--	--	--	4,697,397	1,013,085
Issuance of Warrants	--	--	--	32,246,882	--
Premiums from issuance of warrants	--	1,650,032	--	(83,547)	--
Payments to escrow agents	--	(80,443)	--	--	--
Payments to refund warrant	--	(11,586,736)	--	(13,475,567)	--
Operating transfers in	146,747	235,161	68,917	119,504	100,609
Operating transfers (out)	(1,081,566)	(5,253,323)	(2,044,118)	(24,573,007)	(9,646,304)
Issuance of capital leases	--	--	977,537	--	--
Proceeds from financing	--	<u>12,670,000</u>	--	--	--
Total Other Sources (Uses)	(934,819)	2,324,301	(962,578)	(936,915)	(7,667,215)
Revenues & other sources over (under) expenditures and other uses	3,454,940	2,897,435	5,942,101	492,121	(2,587,615)
Fund balance, beginning	<u>5,960,236</u>	<u>9,415,176</u>	<u>12,312,611</u>	<u>18,245,712</u>	<u>18,746,833</u>
Fund balance, ending	<u>\$9,415,176</u>	<u>\$12,312,611</u>	<u>\$18,254,712</u>	<u>\$18,746,833</u>	<u>\$16,159,218</u>

PRIMARY SOURCES OF REVENUES

The following summarizes the taxes and revenues that provide the primary sources of funding for the City.

Ad Valorem Taxes

The City levies an ad valorem tax of 6.5 mills (sixty-five cents on each \$100 of taxable property) for general fund purposes (the "6.5 Mill Ad Valorem Tax"). The following table shows collections from the 6.5 Mill Ad Valorem Tax for the fiscal years indicated:

Fiscal Year	Collections
2023	\$1,661,155
2022	1,522,306
2021	1,422,021
2020	1,353,571
2019	1,168,085

The City levies an additional ad valorem tax of 6 mills (sixty cents on each \$100 of taxable property) for general municipal purposes (the "6 Mill Ad Valorem Tax"). The 6 Mill Ad Valorem Tax was first levied by the City for the tax year beginning October 1, 2023, and will continue to be levied through and including the tax year ending September 30, 2029, at which time the 6 Mill Ad Valorem Tax will expire. Because the 6 Mill Ad Valorem Tax was first levied for the tax year beginning October 1, 2023, the collections numbers shown above do not include any collections of the 6 Mill Ad Valorem Tax.

Information describing property taxes more fully is set forth under the heading "AD VALOREM TAXES" below.

Sales and Use Tax

The City levies by ordinance special privilege license and excise taxes (often referred to as sales and use taxes) at a rate of 4.0% (said rate being the basic rate, with certain transactions being taxed at lower rates) against persons, firms or corporations engaged or continuing in the City in the business of selling at retail tangible personal property, or the business of operating places of amusement or entertainment and on storing, using or otherwise consuming tangible personal property within the corporate limits of the City. The remittances received by the City referable to the collections by the revenue department of such privilege license and excise taxes levied by the City for the fiscal years indicated are as follows:

Fiscal Year	Collections
2023	\$18,081,191
2022	15,690,798
2021	13,703,372
2020	10,366,995
2019	9,666,495

General License Taxes

The City levies, under general authority granted by the Legislature of Alabama, license taxes on the privilege of engaging in certain businesses and professions within the corporate limits of the City and its "police jurisdiction". Businesses and professions are usually taxed on the basis of their annual gross receipts. There are certain limitations with respect to the rates at which certain businesses located within the corporate limits of the City, including banks and insurance companies, and all businesses and professions located outside of the corporate limits of the City but within its "police jurisdiction" are taxed; however, there is no statutory minimum or maximum rate applicable to the general license taxes. The general license taxes are collected in the office of the City Clerk. Under applicable court decisions, neither the privilege license and excise taxes (commonly called sales and use taxes) nor the general license taxes may be levied at rates that are confiscatory or "unreasonable" nor may the rate of any such taxes in the "police jurisdiction" of the City be fixed at a rate that will produce revenues to the City in excess of the cost of furnishing police, fire protection and other essential services to the residents of the said police jurisdiction of the City.

Occupational Tax

The City enacted a license fee (an "Occupational License Fee") commencing with the fiscal year ended September 30, 2018, at a rate of 1% on any person engaged in a trade, occupation or profession, within the City limits. It is the employer's responsibility to collect and remit this fee to the City. In light of the City's focus on economic development, and in response to comments from the local business community regarding the impact of the Occupational License Fee on considerations to remain within or locate to the City, the City Council adopted Ordinance No. 2022-14 on July 19, 2022, which reduced the Occupational License Fee by 0.25%, so that the Occupational License Fee was levied at a rate of 0.75% beginning October 1, 2022. In furtherance of economic development, the City Council, on July 2, 2024, adopted Ordinance No. 2024-12, which reduced the Occupational License Fee to 0.50%, effective on October 1, 2024.

Collections from the Occupational License Fee have been as follows for the fiscal years shown:

Fiscal Year	Collections
2023	\$3,797,592
2022	4,291,804
2021	3,931,331
2020	3,738,306
2019	3,511,866

AD VALOREM TAXATION

General

The levy and collection of ad valorem taxes in Alabama are subject to the Alabama Constitution, which, among other things, fixes the percentages of market value at which property can be assessed for taxation, limits the tax rates that can be levied against property and places a ceiling on the aggregate ad valorem taxes that can be levied by all taxing authorities on any property in any tax year. The amount of an ad valorem tax in Alabama is computed by multiplying the applicable tax rate by the assessed value of the taxable property. The assessed value of taxable property is a specified percentage (the "assessment ratio") of its fair and reasonable market value or, in certain circumstances, its current use value. Ad valorem tax rates are stated in terms of mills per dollar of assessed value. Each mill represents a tax equal to one-tenth of one percent of the assessed value of such property.

Classification of Taxable Property

Amendment No. 373 to the Alabama Constitution divides all taxable property into the following four classes valued for taxation according to the assessment ratios shown below:

Class I	All property owned by utilities	30%
Class II	All property not otherwise classified	20%
Class III	All agricultural, forest and single-family, owner-occupied residential property and historic buildings and sites	10%
Class IV	Private passenger automobiles and pickup trucks owned and operated by an individual for personal or private use	15%

Amendment No. 373 permits the owner of Class III property to elect to have such property appraised at its "current use value" rather than its "fair and reasonable market value." "Current use value" has been defined statutorily as the value of such property based on the use being made of it on December 1 of the preceding year, without taking into consideration the prospective value such property might have if it were put to some other possible use.

Assessment Ratio Adjustment

The Alabama Legislature has no power to adjust assessment ratios pertaining to local (as distinguished from state) taxes but does have the power to approve or disapprove an adjustment proposed by a local taxing authority. The governing body of any county, municipality or other local taxing authority may increase or decrease the assessment ratio with respect to any class of property subject to the following conditions: (i) the governing body of such county, municipality or other taxing authority must hold a public hearing on the proposed adjustment before authorizing the adjustment, (ii) the Legislature must adopt an act approving the adjustment, and (iii) a majority of the electors of such county, municipality or other taxing authority must approve the adjustment in a special election. In addition, the Legislature has placed the following restrictions on the adjustment of assessment ratios:

(1) If the total assessed value of all property of a single class located within a taxing authority's jurisdiction exceeds 50% of the total assessed value of all taxable property located within the jurisdiction of such authority, then the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class;

(2) If the total assessed value of all properties of a single class located within the jurisdiction of a local taxing authority is less than 20% of the total assessed value of all taxable property located within such jurisdiction, then the assessment ratio with respect to that class of property may be increased by no more than 5% from the ratio otherwise prescribed for such class; and

(3) If the total assessed value of all property of a single class located within the jurisdiction of a local taxing authority exceeds 75% of the total assessed value of all taxable property located within such jurisdiction, then (i) the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class, and (ii) the prospective assessment ratio for all other classes of property may be increased by no more than 5% from the ratio otherwise prescribed for such classes.

The governing body of the City has not sought to adjust the assessment ratio applicable to any class of taxable property nor does the City have any present plan for any such adjustment.

Rate Adjustments

Amendment No. 373 authorizes any county, municipality or other local taxing authority to decrease any ad valorem tax at any time, provided that such decrease does not jeopardize the payment of any bonded indebtedness secured by such tax. Amendment No. 373 also permits a county, municipality or other local taxing authority to increase the rate at which any ad valorem tax is levied, but only if (i) the governing body of such county, municipality or other taxing authority holds a public hearing on the proposed increase before authorizing the increase, (ii) the Legislature adopts an act approving the increase, and (iii) a majority of the electors of such county, municipality or other taxing authority subsequently approves the increase in a special election.

Ceiling on Ad Valorem Taxes

Amendment No. 373 also limits the total amount of state, county, municipal and other ad valorem taxes that may be imposed on any class of property in any one tax year. This limitation is expressed in terms of a specific percentage of the fair and reasonable market value of such property. The applicable percentages to the four classes of property are as follows:

Class I	-	2%
Class II	-	12%
Class III	-	1%
Class IV	-	13%

If the total amount of tax otherwise payable with respect to a class of property would exceed the maximum tax limit, the millage rate of each separate tax to which such property is subject must be reduced in the same proportion that the millage levied by or for the benefit of each taxing authority bears to the total millage levied by or for the benefit of all applicable taxing authorities. This provision becomes operative as to the several classes of property only if the total tax rate exceeds the following:

Class I	-	66 mills
Class II	-	75 mills
Class III	-	100 mills
Class IV	-	83 mills

Ad Valorem Tax Rates

According to the Jefferson County Revenue Commissioner, ad valorem taxes on real and personal property in the jurisdiction of the City are currently levied at the following rates:

State of Alabama	6.5 mills
City of Irondale	12 mills
Jefferson County:	
General	5.6 mills
Bridges and Public Buildings	5.1 mills
Road	2.1 mills
Sewer	0.7 mills
School:	
County-wide	8.2 mills
District	21.9 mills

Homestead Matters

Prior to 1982, Alabama law did not provide a homestead exemption which reduced the assessed valuation of owner-occupied, single family residential property for purposes of municipal taxation, except in the case of persons who were totally disabled or who were 65 years of age or older and had an annual taxable income of \$7,500 or less. Reacting to the increase in ad valorem taxes which was anticipated to result from the statewide property reappraisal program referred to below, the Alabama Legislature in 1982 enacted a law which authorized the governing body of any municipality, county or other local taxing authority to grant by resolution or ordinance a homestead exemption which, when added to any other homestead exemption applicable to the same ad valorem tax levy, will not exceed \$4,000 in assessed value or 160 acres in area. Since no other homestead exemptions for purposes of municipal taxation are provided by existing law except in the special cases of persons who are totally disabled or who are 65 years of age or older, the effect of this new law is to empower the governing body of any municipality to reduce at any time the assessed value of owner-occupied single family residential property located in such municipality by up to \$4,000 per housing unit. The City has yet to take any action pursuant to the said act of the Alabama Legislature.

Assessment and Collection

Ad valorem taxes on taxable properties, except motor vehicles and public utility properties, are assessed and collected by the Jefferson County Revenue Commissioner. The Jefferson County Commissioner of Licenses assesses and collects ad valorem taxes on motor vehicles, and ad valorem taxes on public utility properties are assessed by the State Department of Revenue and collected by the Jefferson County Revenue Commissioner. County ad valorem taxes are collected in advance, rather than in arrears.

Property Classifications

The following classifications of taxable property and corresponding ratios of assessed value to fair and reasonable market value are established pursuant to the Alabama Constitution for all ad valorem taxation (state and local), subject to certain exceptions stated below:

- Class I - Property of utilities used in their business - 30%;
- Class II - Property not otherwise classified generally, business or commercial property, including railroad property) - 20%;
- Class III - Agricultural, forest and single-family, owner-occupied residential property and historical buildings and sites - 10%; and
- Class IV - Private passenger automobiles and small trucks ("pickups") for personal use - 15%.

Assessed Valuation of Taxable Property

The total net assessed valuations of taxable property in the City have been as follows for the periods indicated:

Fiscal Year Ended September 30	Assessed Value of Real Property	Assessed Value of Motor Vehicles	Total Assessed Value
2019	\$210,865,540	\$22,643,300	\$233,508,840
2020	217,190,160	23,249,060	240,439,220
2021	244,546,580	24,678,800	269,225,380
2022	250,224,860	25,015,340	275,240,200
2023	286,601,000	34,003,400	320,604,400

Source: Jefferson County Office of Revenue Commissioner; Jefferson County Commissioner of Licenses

Assessed Value by Property Classification

The following chart reflects, for the tax year that ended September 30, 2023 (that is, the year for which the taxes became due and payable on October 1, 2023, and delinquent on January 1, 2024), the appropriate division of net assessed valuation of property in the City by classification:

	Property Classification	Assessed Valuation
Class I	Utilities	\$ 6,058,100
Class II	All Property Not Otherwise Classified	243,242,740
Class III	All Agricultural, Forest and Single Family Owner Occupied Residential Property and Historic Building and Sites	91,552,060
Class IV	Private Passenger Automobiles and Trucks for Personal Use	<u>34,003,400</u>
	Less Exemptions	54,389,840
	Plus Penalties	137,940
	TOTAL	<u>\$320,604,400</u>

Largest Ad Valorem Taxpayers

The following table indicates the ten (10) largest ad valorem taxpayers in the City for the tax year for which taxes became due and payable on October 1, 2023:

<u>Taxpayer</u>	<u>Total Assessed Value</u>	<u>City Ad Valorem Taxes Paid</u>
Retreat at Mountain Brook LLC	\$14,253,040	\$178,163
Colonial Realty LTD Partnership	8,646,060	108,075
Norfolk Southern Combined Rail	8,901,820	86,136
SRE Alabama-2 LLC	6,164,000	77,050
Alabama Power Company	5,055,740	61,897
Grants Mills Equities LLC & Oaks Equities, LLC	3,552,840	44,410
JJA Properties AL LLC	3,268,300	40,853
S R E Alabama 5 LLC	2,943,740	36,796
Irondale Heights LLC	2,880,360	36,004
Wood Fruitticher Grocery Co.	5,559,860	31,400

Source: Jefferson County Office of Tax Assessor

Constitutional Limit on Ad Valorem Taxes and Certain Exemptions

The Constitution provides that all ad valorem taxes payable to the State and to all counties, municipalities and other taxing authorities with respect to any item of taxable property shall not exceed the following percentage of the fair and reasonable market value of such property in any single tax year: 2% in the case of Class I property; 1-1/2% in the case of Class II property; 1% in the case of Class III property; and 1-1/4% in the case of Class IV property. The limitations are not exceeded as to any class of property in the City.

Class III property (primarily agricultural, forest and single-family residential property) is permitted to be assessed, on application of the owner, on the basis of its current use value, with no consideration to be taken of prospective value if the property were put to some other possible use. The Constitution exempts from ad valorem taxation household and kitchen furniture, all farm tractors, all farming implements and all stocks of goods, wares and merchandise. It also provides certain exemptions of residences of persons over 65.

DEMOGRAPHIC INFORMATION

General Information

The City of Irondale is located in rapidly growing eastern area of Jefferson County, Alabama, contiguous to the Birmingham City limits and along Interstate 59, which provides direct access into downtown Birmingham. Many Irondale residents work in Birmingham and the surrounding areas. Schools in the City are provided by the Jefferson County Board of Education.

Population

The following table sets forth the population of the State of Alabama, the City of Irondale, Jefferson County and the Birmingham-Hoover MSA for the years shown:

Census Year	State of Alabama	City of Irondale	Jefferson County	Birmingham-Hoover MSA**
1970	3,444,165	3,166	644,991	833,075
1980	3,893,888	6,510	671,324	930,281
1990	4,040,587	9,454	651,525	956,844
2000	4,447,092	9,813	662,047	1,052,238

2010	4,779,736	12,349	658,466	1,061,024
2020	5,024,279	13,497	674,721	1,180,631
2022*	5,073,903	13,366	665,084	1,181,196

*Population estimates. As of July 1, 2022.

**The Birmingham-Hoover Metropolitan Statistical Area is comprised of Jefferson, Bibb, Blount, Chilton, Jefferson, St. Clair and Shelby Counties.

Source: U.S. Census Bureau, Population Division and Center for Business and Economic Research, The University of Alabama

Unemployment

Unemployment Rates. The following table sets forth the rates of unemployment for the United States, the State of Alabama, City of Irondale, Jefferson County and the Birmingham-Hoover Metropolitan Statistical Area for the years shown:

Year	United States	State of Alabama	City of Irondale	Jefferson County	Birmingham-Hoover MSA*
2019	3.7%	3.2%	5.3%	3.0%	2.9%
2020	8.1	6.4	9.1	6.7	5.9
2021	5.3	3.4	9.0	3.5	3.1
2022	3.6	2.5	9.3	2.5	2.3
2023	3.6	2.5	n/a	2.5	2.3
2024*	4.2	3.4	n/a	3.3	3.1

*Preliminary estimates. As of February 2024.

Source: Estimates prepared by the Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2023 benchmark. The City's source taken from U.S. Census Bureau, American Community Survey, 2022: 5-Year Estimates Data Profile.

Labor Force Estimates. The following tables set forth information respecting the civilian labor force for the City of Irondale, Jefferson County and the Birmingham-Hoover Metropolitan Statistical Area:

City of Irondale

Year	Total Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2019	6,615	6,262	353	5.3%
2020	6,828	6,209	619	9.1
2021	7,418	6,753	665	9.0
2022	7,416	6,724	692	9.3
2023	n/a	n/a	n/a	n/a
2024*	n/a	n/a	n/a	n/a

Source: U.S. Census Bureau, American Community Survey, 2022: 5-Year Estimates Data Profile.

Jefferson County

Year	Total Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2019	321,679	311,900	9,779	3.0%
2020	319,645	298,089	21,556	6.7
2021	318,929	307,640	11,289	3.5
2022	321,927	313,808	8,119	2.5
2023	325,388	317,407	7,981	2.5
2024*	327,594	316,635	10,959	3.3

*Preliminary estimates. As of February 2024.

Source: Estimates prepared by Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2023 benchmark.

Source: Estimates prepared by Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2021 benchmark.

Birmingham-Hoover MSA

Year	Total Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2019	561,197	545,007	16,190	2.9%
2020	557,403	524,328	33,075	5.9
2021	558,240	541,037	17,203	3.1
2022	564,829	551,745	13,084	2.3
2023	570,702	557,665	13,037	2.3
2024*	573,921	555,846	18,075	3.1

*Preliminary estimates. As of February 2024.

Source: Estimates prepared by Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2023 benchmark.

Largest Employers in Jefferson County and the Birmingham-Hoover MSA. The following table sets forth information respecting the largest employers in the Birmingham-Hoover Metropolitan Statistical Area:

Within Birmingham-Hoover MSA:

<u>Name of Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
University of Alabama at Birmingham (includes University of Alabama Health Services Foundation)	Education and Healthcare Services	23,000
Regions Financial Corporation	Financial Services (Banking)	9,000
Amazon	Distribution Center	5,800
St. Vincent’s Health System	Healthcare and Management Services	5,100
Children’s Health System/Children’s of Alabama	Healthcare and Management Services	5,000
AT&T	Information Services	4,517
Brookwood Baptist Health	Healthcare and Management Services	4,459
Jefferson County Board of Education	County Public Schools	4,400
City of Birmingham	City Government, City Administration	4,200
Blue Cross-Blue Shield of Alabama	Financial Services (Insurance)	3,100
Alabama Power Company	Utilities	3,092
Birmingham City Board of Education	City Public Schools	2,721
Jefferson County Commission	County Government, County Administration	2,500
Shelby County Board of Education	County Public Schools	2,491
Birmingham VA Medical Center	Healthcare and Management Services	2,440
BBVA Compass	Financial Services (Banking)	2,285
Grandview Medical Center	Healthcare Services	2,172
U.S. Postal Service	Government/ Mail Processing/Delivery	2,000
Wells Fargo	Financial Services (Banking)	1,978
Southern Company Services	Utility	1,881

Source: Birmingham Business Alliance ([Birmingham Regional Major Employers — Birmingham Business Alliance](#)) Website accessed April 4, 2024.

Income Levels

Per Capita Personal Income. The following presents historical comparative information regarding per capita personal income levels in the United States, the State of Alabama, Jefferson County and the Birmingham-Hoover Metropolitan Statistical Area:

Year	United States	State of Alabama	Jefferson County	Birmingham-Hoover MSA
2018	\$53,309	\$41,330	\$53,073	\$50,091
2019	55,547	43,004	54,565	51,901
2020	59,153	45,887	58,074	54,817
2021	64,460	50,059	64,006	60,157
2022	65,470	50,916	66,345	62,262

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Last updated November 16, 2023.

Median Family Income. The following presents historical comparative information regarding median family income levels in the United States, the State of Alabama, Jefferson County, City of Irondale and the Birmingham-Hoover Metropolitan Statistical Area:

Year	United States	State of Alabama	Jefferson County	City of Irondale	Birmingham-Hoover MSA
2019	\$75,500	\$63,500	\$74,400	\$73,513	\$74,400
2020	78,500	65,300	73,100	76,698	73,100
2021	79,900	66,700	78,000	79,210	78,000
2022	90,000	73,600	84,800	87,500	84,800
2023	96,200	79,600	90,400	n/a	90,400

Source: HUD Office of Economic Affairs, Economic and Market Analysis Division.

City of Irondale: U.S. Census Bureau, American Community Survey, 2019-2022 5-Year Estimates Detailed Tables

Poverty

The following table sets forth the number of poor and the poverty rate for the United States, the State of Alabama, the City of Irondale, Jefferson County and the Birmingham-Hoover MSA:

	United States	State of Alabama	City of Irondale	Jefferson County	Birmingham-Hoover MSA
Number of Poor	40,951,625	800,395	2,020	106,039	151,453
Poverty Rate	12.6%	16.2%	15.1%	16.4%	13.9%

Source: U.S. Census Bureau, 2022 American Community Survey, 1-Year Estimates Subject Tables; 5-Year Estimates Regarding the City.

Housing

Composition of Housing Units. The following tables set forth certain information concerning housing in the State of Alabama, the City of Irondale, Jefferson County and the Birmingham-Hoover MSA:

	State of Alabama	City of Irondale	Jefferson County	Birmingham-Hoover MSA
Occupied Housing Units				
Renter	600,115	2,478	100,789	135,545
Owner	<u>1,416,333</u>	<u>3,784</u>	<u>171,088</u>	<u>308,276</u>
Total	2,016,448	6,262	271,877	443,821
Unoccupied Housing Units	<u>323,134</u>	<u>509</u>	<u>38,801</u>	<u>53,305</u>
Total Housing Units	2,339,582	6,771	310,678	497,126

	State of Alabama	City of Irondale	Jefferson County	Birmingham- Hoover MSA
Family Households	1,308,988	3,248	166,224	289,428
Non-Family Households	<u>707,460</u>	<u>3,014</u>	<u>105,653</u>	<u>154,393</u>
Total Households	2,016,448	6,262	271,877	443,821
Mobile Home or Trailer	285,974	345	8,906	37,179

Source: U.S. Census Bureau, 2022 American Community Survey, 1-Year Estimates Subject Tables; 5-Year Estimates Regarding the City.

Average Value. The following table sets forth the average value of owner-occupied housing units in the State of Alabama, Jefferson County, City of Irondale and the Birmingham-Hoover Metropolitan Statistical Area:

	State of Alabama	City of Irondale	Jefferson County	Birmingham- Hoover MSA
Average Value	\$200,900	\$202,600	\$237,200	\$247,500

Source: U.S. Census Bureau, 2022 American Community Survey, 1-Year Estimates Subject Tables; 5-Year Estimates Regarding the City.

Utilities

Electric power is provided by Alabama Power Company, natural gas is supplied by Spire, and sanitary sewer service is provided by Jefferson County. Water is provided by the City.

APPENDIX B
Audited Financial Statements of the City for
the Fiscal Year Ended September 30, 2023

CITY OF IRONDALE, ALABAMA

Financial Statements

September 30, 2023

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

MAYOR

James D. Stewart, Jr.

CITY COUNCIL

Robert Box
Cindy Cuellar
John London
Aaron Sims
David Spivey

CITY CLERK

Leigh Allison

CITY ATTORNEYS

Wallace, Jordan, Ratliff & Brandt, LLC

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditors' Report	4
Management's Discussion and Analysis	7
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	20
Fund Financial Statements	
Balance Sheet - Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	25
Statement of Net Position - Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29
Statement of Net Position - Fiduciary Funds	31
Statement of Changes in Net Position - Fiduciary Funds	32
Notes to the Financial Statements	33
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual - General Fund	74
Schedule of Changes in the Net Pension Liability and Related Ratios	75
Schedule of Employer Contributions - Pension	77
Schedule of Changes in the Total OPEB Liability and Related Ratios	79
Schedule of Employer Contributions - OPEB	80
Notes to the Required Supplementary Information	81
SUPPLEMENTARY INFORMATION	
Combining Balance Sheets - Nonmajor Governmental Funds	84
Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	85
Combining Balance Sheets - Component Units	86
Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Component Units	87
COMPLIANCE SECTION	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	89
Schedule of Findings and Responses	91

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the fiduciary funds, each major fund, and the aggregate remaining fund information of the City of Irondale, Alabama (the City), as of and for the year ended September 30, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, the fiduciary funds, each major fund, and the aggregate remaining fund information of the City of Irondale, Alabama as of September 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-17 and 74-82 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BMSS, LLC

Birmingham, Alabama
March 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2023 by \$12.0 million. This indicates a solid financial position for the City.
- The City's scheduled debt service payments of \$3.8 million resulted in the retirement of the outstanding debt principal, which demonstrates the City's commitment to reducing debt and maintaining a healthy financial position. The City also maintains a strong bond rating of AA from Standard & Poor.
- At the close of the fiscal year, the City's and Water Fund's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$19.2 million, providing a cushion against unforeseen circumstances.
- Public protection expenses comprised 35.6% of total government expenses, indicating the City's commitment to public safety and security.
- The statement of activities showed total expenses of \$38.1 million and total revenue of \$35.8 million. Although expenses exceeded revenue, this was due to the purchase of hospital property (\$6.75 million), a strategic investment for the City.
- Total revenues increased by 7.8% from 2022, and sales tax revenue increased by an impressive \$2.4 million or 15.2%. This revenue growth is a testament to the City's robust economic activity.
- The Water Fund's net position increased by \$2.9 million in 2023, indicating the City's commitment to investing in infrastructure and providing high-quality services to its residents.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public protection, public ways and facilities, and intergovernmental functions. The intergovernmental functions of the City are those activities whereby the City provides financial resources to other governmental entities.

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

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

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

The City maintains seven individual governmental funds:

- The General Fund and the Capital Projects Fund are considered *major* funds, and information is presented separately in the *governmental funds balance sheet* and in the *governmental funds statement of revenues, expenditures, and changes in fund balances* for these funds.
- The five other governmental funds are considered *nonmajor* governmental funds and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements found on pages 84 and 85 of this report.

The basic governmental fund financial statements can be found on pages 22 through 25 of this report.

Proprietary Funds

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

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

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

The basic proprietary fund financial statements can be found on pages 26 through 30 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 31 through 32 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 33 through 72 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City of Irondale adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 74 through 82 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and component units are presented immediately following the required supplementary information. Combining fund statements can be found on pages 84 through 87 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a valuable indicator of a government's financial position. Overall, the City's assets exceeded liabilities by \$19.2 million at the close of the recent fiscal year. Of this figure, \$11.9 million represents the City's total investment in capital assets (i.e. land, buildings, improvements, infrastructure and other), less any related debt used to acquire those still outstanding assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending.

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

An additional portion of the City's net position, \$2.6 million, represents resources that are subject to restrictions as to how they may be used. These are restrictions that are being imposed by legal requirements other than those imposed by the City Council (i.e. state or federal law).

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

The following table reflects the condensed statement of net position:

City of Irondale Statement of Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 26,954	\$ 35,026	\$ 5,505	\$ 4,872	\$ 32,459	\$ 39,898
Long-term assets	59,292	55,025	7,785	6,114	67,077	61,139
Total assets	86,246	90,051	13,290	10,986	99,536	101,037
Deferred outflows of resources	8,008	5,153	641	529	8,649	5,682
Current liabilities	10,665	10,158	851	1,154	11,516	11,312
Long-term liabilities	66,536	62,908	5,841	5,909	72,377	68,817
Total liabilities	77,201	73,066	6,692	7,063	83,893	80,129
Deferred inflows	5,009	5,565	103	236	5,112	5,801
Net position						
Net investment in capital assets	9,043	9,169	2,829	1,114	11,872	10,283
Restricted	2,588	748	-	-	2,588	748
Unrestricted	413	6,656	4,307	3,102	4,720	9,758
Total net position	\$ 12,044	\$ 16,573	\$ 7,136	\$ 4,216	\$ 19,180	\$ 20,789

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

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

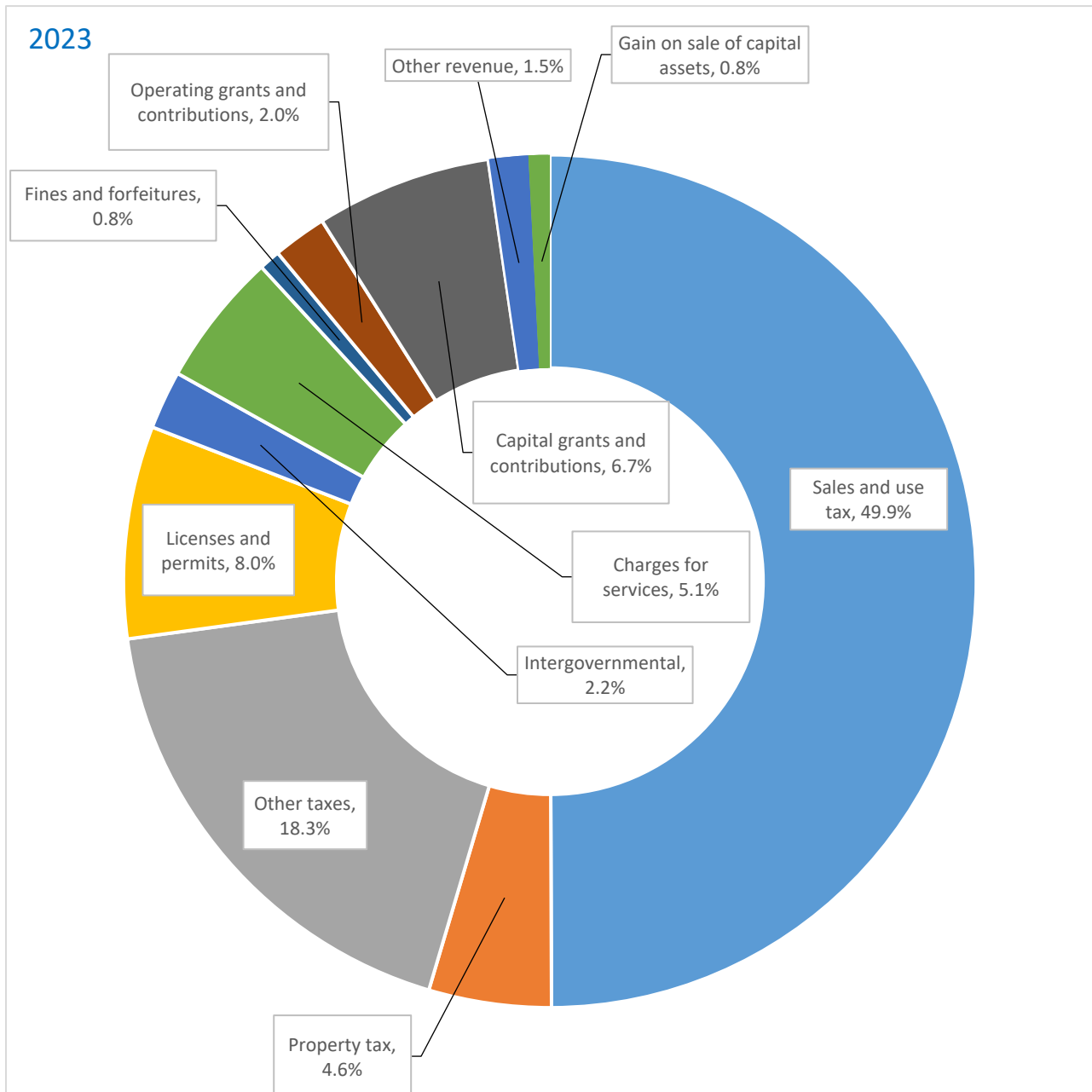
City of Irondale Statement of Activities (in thousands)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Fees, fines, and charges for services	\$ 5,014	\$ 4,892	\$ 3,130	\$ 3,193	\$ 8,144	\$ 8,085
Operating grants and contributions	1,489	1,303	-	-	1,489	1,303
Capital grants and contributions	2,382	-	1,179	-	3,561	-
General revenues						
Property taxes	1,661	1,522	-	-	1,661	1,522
Sales and use taxes	17,855	15,386	-	-	17,855	15,386
Other taxes	6,526	6,650	-	-	6,526	6,650
Interest	10	-	-	-	10	-
Gain on disposal of capital assets	287	30	12	-	299	30
Other revenue	530	872	-	-	530	872
Total revenues	35,754	30,655	4,321	3,193	40,075	33,848
Expenses						
General government	15,008	7,650	-	-	15,008	7,650
Police	5,929	5,115	-	-	5,929	5,115
Fire	7,667	7,053	-	-	7,667	7,053
Parks and recreation	272	172	-	-	272	172
Public works	6,161	6,515	-	-	6,161	6,515
Library	665	687	-	-	665	687
Senior citizens' center	361	321	-	-	361	321
Civic center	286	-	-	-	286	-
Payments to other governments	52	52	-	-	52	52
Interest and fiscal agent fees	1,742	1,382	-	-	1,742	1,382
Water Fund	-	-	3,541	2,650	3,541	2,650
Total expenses	38,143	28,947	3,541	2,650	41,684	31,597
Increase (decrease) in net position before transfers						
	(2,389)	1,708	780	543	(1,609)	2,251
Transfers	(2,140)	(1,384)	2,140	1,384	-	-
Change in net position	(4,529)	324	2,920	1,927	(1,609)	2,251
Net position - beginning of year	16,573	16,249	4,216	2,289	20,789	18,538
Net position - end of year	\$12,044	\$16,573	\$ 7,136	\$ 4,216	\$19,180	\$20,789

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

Governmental Activities

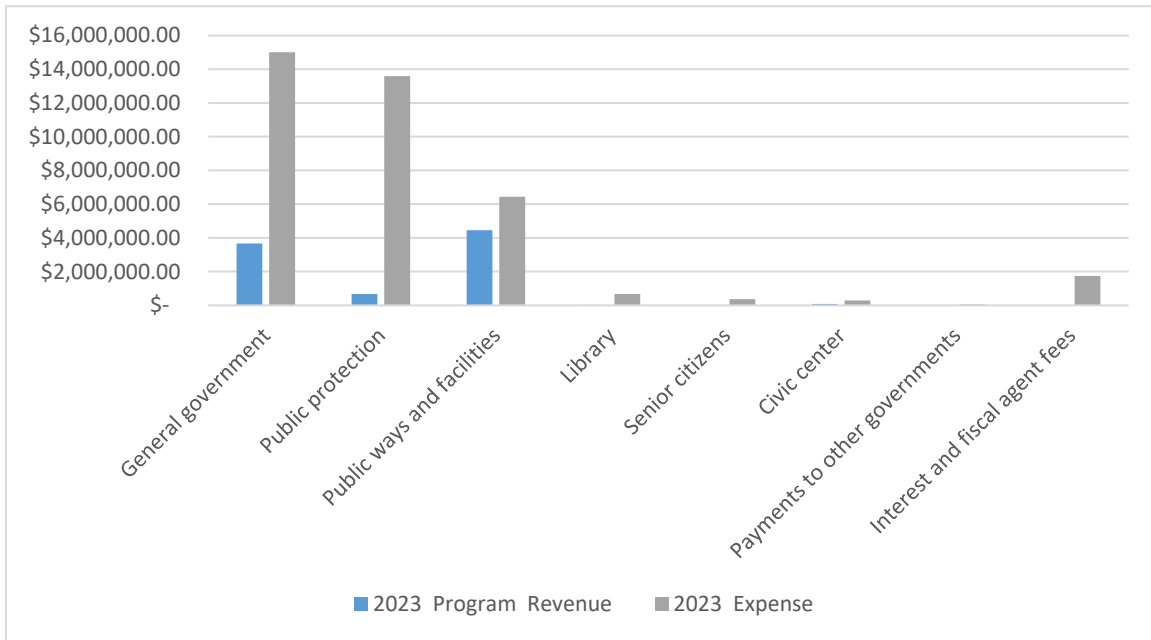
The City's governmental activities rely heavily on property taxes and sales taxes to support governmental operations. Property taxes provided 4.65% and sales and use taxes provided 49.94% of the City's total governmental revenues. Sales tax revenue increased by 16.0% from 2022. Program revenues covered 23.29% of government operating expenses and the government's taxpayers and the City's other general revenues covered 76.71% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

Revenue - Governmental Activities



Historically, the most significant governmental expense for the City is providing public protection services such as fire and police protection, which comprised 35.6% of the total governmental expenses. Public protection expenses increased by \$1.4 million, or 11.7%, from 2022. In 2023, most significant cost incurred by the City for governmental activities was general government expense, which is 39.35% of total governmental expenses. General governmental expenses increased by \$7.4 million, or 96.2%, from 2022. The total cost of all governmental activities increased by \$9.2 million, while revenues increased by \$5.1 million.

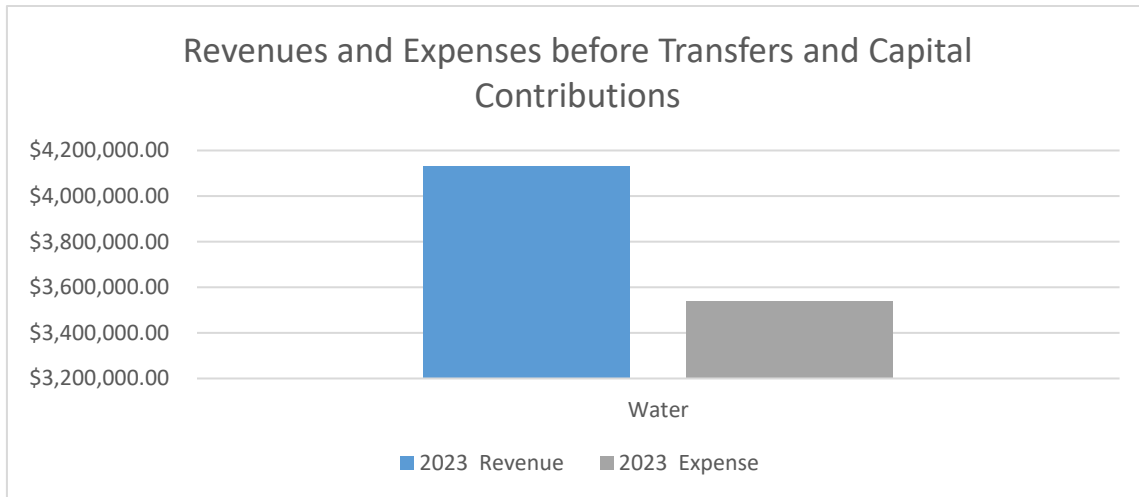
Program Revenues and Expenses - Governmental Activities



Business-Type Activities

The cost of all proprietary (business-type) activities was \$3.5 million, which is a \$891 thousand increase from 2022. The amount paid by users of the water services was \$3.1 million, which is consistent with 2022.

Program Revenues and Expenses - Business-Type Activities



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental Funds

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

The combined fund balance of the City’s governmental funds decreased \$10.2 million in 2023. The total combined fund balance of the City’s governmental funds, as of September 30, 2023, was \$18.5 million. Of this amount, \$14.2 million consisted of unassigned fund balance. Nonspendable fund balance totaled \$210 thousand. The committed fund balance, generally specified in council ordinances, totaled \$0. The assigned fund balance, generally authorized by the City Council or an official body for specific uses, totaled \$930 thousand. The remainder of the total fund balance totaled \$3.2 million, which was reserved to indicate that it was not available for new spending because it had already been committed to pay debt service and other purposes or must be spent for specific purposes in the future as required by legal constraints.

Total revenues were \$33.3 million, an increase of 7.8% from 2022. Sales tax revenue increased by \$2.4 million or 15.2%.

Looking at each major governmental fund individually, the fund balance for the General Fund at September 30, 2023 was \$16.2 million, a decrease of \$2.6 million from the prior year. This decrease in fund balance was primarily attributable to an increase in General Fund expenditures. The fund balance at September 30, 2023 for the Capital Projects Fund was \$651 thousand, a decrease of \$7.1 million.

Proprietary Funds

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

Net position of the Water Fund was \$7.1 million. The total growth in net position for the Water Fund was \$2.9 million. The increase in net position for the Water Fund was primarily attributable to an increase in revenues, \$2.1 million transferred from the General Fund, and \$1.2 million in contributed capital.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

In the financial statements for the General Fund, you can find the budget to actual statements and schedules on page 74. These statements show columns for the original adopted budget, final budget, actual revenues and expenditures, and variances between the final budget and actual revenues and expenditures.

As of September 30, 2023, actual revenues for the General Fund exceeded the final budgeted amounts by \$216 thousand or 0.7%.

As of September 30, 2023, actual expenditures for the General Fund were more than the final budgeted amounts by \$141 thousand or 0.5%.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of September 30, 2023, totaled \$66.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, infrastructure, right-of-use assets, water plant and equipment. For further information on capital assets see Note 5 in the notes to the financial statements. Major purchases for 2023 consisted of \$2.5 million in vehicles and equipment and \$839 thousand in land and buildings. The investments made by the City in its capital assets are a testament to its commitment to providing top-notch governmental and business-related services.

In 2023, the City made significant investments in purchasing. The City purchased these items to provide the best possible services to its residents by replacing some old vehicles with newer ones, which resulted in the disposal of these assets. Rest assured, the City is committed to making prudent investments that provide value to its residents. Most of the assets disposed of in the current year were old vehicles taken out of service and replaced with newer ones.

City of Irondale Capital Assets (in thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Buildings and improvements	\$ 18,317	\$ 17,434	\$ 38	\$ 38	\$ 18,355	\$ 17,472
Equipment	14,641	7,527	1,704	839	16,345	8,366
Right-of-use assets	132	6,322	250	665	382	6,987
Infrastructure	41,422	38,228	13,501	12,322	54,923	50,550
Land and improvements	13,656	11,495	464	39	14,120	11,534
Construction in progress	549	935	442	246	991	1,181
	88,717	81,941	16,399	14,149	105,116	96,090
Accumulated depreciation	(30,459)	(28,178)	(8,614)	(8,035)	(39,073)	(36,213)
Total	<u>\$ 58,258</u>	<u>\$ 53,763</u>	<u>\$ 7,785</u>	<u>\$ 6,114</u>	<u>\$ 66,043</u>	<u>\$ 59,877</u>

Long-Term Debt

General obligation warrants are secured by the full faith and credit of the City and payable from the proceeds of various taxes. The City continues to maintain a high bond rating from Standard & Poor's (AA). Refer to Note 7 to the financial statements for additional information on long-term debt. As of September 30, 2023, the governmental activities had outstanding warrants totaling \$45.2 million and business-type activities had outstanding warrants totaling \$4.7 million. As of September 30, 2023, governmental activities had notes payables totaling \$5.5 million and business-type activities had notes payables totaling \$251 thousand. As of September 30, 2023, governmental activities had lease payables totaling \$36 thousand and business-type activities had leases payables totaling \$177 thousand.

The City's total debt increased by \$3.9 million during the current fiscal year. This decrease was due to making scheduled payments.

City of Irondale Long-Term Debt (in thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
General Obligation Warrants	\$ 45,236	\$ 48,160	\$ 4,705	\$ 5,001	\$ 49,941	\$ 53,161
Notes payable	5,477	-	251	-	5,728	-
Lease obligations	36	6,026	177	558	213	6,584
Total	<u>\$ 50,749</u>	<u>\$ 54,186</u>	<u>\$ 5,133</u>	<u>\$ 5,559</u>	<u>\$ 55,882</u>	<u>\$ 59,745</u>

ECONOMIC CONDITIONS AFFECTING THE CITY

The City of Irondale has achieved remarkable growth in the fiscal year ending on September 30, 2023. The City has been actively focusing on developing its retail, industrial, and residential sectors, which has resulted in a significant boost to the local economy. In the past fiscal year, the City has witnessed the establishment of several new businesses across diverse industries, such as retail and industrial, contributing to the growth of the local economy.

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

The industrial sector has also experienced a positive trend, with many new factories and warehouses opening in the City. This expansion in the industrial sector has provided employment opportunities and helped develop the local supply chain, further boosting the local economy. The residential sector has also witnessed significant growth in the past fiscal year; with the construction of new housing developments and the renovation of existing ones, homes in the City have appreciated by 60 percent over the last five years, providing affordable housing options for the local community.

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

CONTACTING THE CITY

This financial report is designed to provide a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Irondale Finance Department, 101 20th Street South, Irondale, Alabama 35210 or by calling (205) 956-9200.

CITY OF IRONDALE, ALABAMA

Statement of Net Position

September 30, 2023

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		Total
Assets				
Current assets				
Cash and cash equivalents	\$ 13,716,627	\$ 4,374,638	\$ 18,091,265	\$ 164,955
Receivables, net	5,983,001	278,586	6,261,587	138,193
Investments	-	-	-	491,232
Prepaid expenses and supplies	210,231	551,385	761,616	-
Cash and cash equivalents - restricted	7,044,828	299,287	7,344,115	-
Total current assets	<u>26,954,687</u>	<u>5,503,896</u>	<u>32,458,583</u>	<u>794,380</u>
Noncurrent assets				
Nondepreciable capital assets	14,205,000	905,889	15,110,889	142,100
Depreciable capital assets, net	44,051,803	6,879,274	50,931,077	1,474,931
Receivables, net	1,034,822	-	1,034,822	-
Total noncurrent assets	<u>59,291,625</u>	<u>7,785,163</u>	<u>67,076,788</u>	<u>1,617,031</u>
Total assets	<u>86,246,312</u>	<u>13,289,059</u>	<u>99,535,371</u>	<u>2,411,411</u>
Deferred outflows of resources				
Deferred outflows related to pensions	6,291,575	317,912	6,609,487	-
Deferred outflows related to OPEB	781,418	53,577	834,995	-
Deferred charge on refunding	935,140	270,010	1,205,150	-
Total deferred outflows of resources	<u>8,008,133</u>	<u>641,499</u>	<u>8,649,632</u>	<u>-</u>
Liabilities				
Current liabilities				
Accounts payable	1,748,066	156,877	1,904,943	-
Accrued payroll and benefits	680,616	23,302	703,918	-
Accrued interest payable	843,947	52,864	896,811	-
Meter deposits	-	286,484	286,484	-
Due to (from) other funds	170,231	(133,840)	36,391	(36,391)
Unearned revenue	2,351,002	-	2,351,002	-
Current maturities of long-term liabilities				
Warrants and notes payable, net	3,492,508	383,383	3,875,891	48,954
Lease liability	35,573	49,053	84,626	-
Compensated absences	1,342,727	32,767	1,375,494	-
Total current liabilities	<u>10,664,670</u>	<u>850,890</u>	<u>11,515,560</u>	<u>12,563</u>

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

CITY OF IRONDALE, ALABAMA

Statement of Net Position

September 30, 2023

(Continued)

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		Total
	Activities	Activities		Total
Noncurrent liabilities				
Warrants and notes payable, net	\$ 47,220,478	\$ 4,572,928	\$ 51,793,406	\$ 89,239
Lease liability	-	127,997	127,997	-
Compensated absences	1,342,726	32,767	1,375,493	-
Net pension liability	15,678,874	933,793	16,612,667	-
Net OPEB liability	2,294,378	173,617	2,467,995	-
Total noncurrent liabilities	<u>66,536,456</u>	<u>5,841,102</u>	<u>72,377,558</u>	<u>89,239</u>
Total liabilities	<u>77,201,126</u>	<u>6,691,992</u>	<u>83,893,118</u>	<u>101,802</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	3,531,458	-	3,531,458	-
Deferred inflows related to pensions	589,193	41,285	630,478	-
Deferred inflows related to OPEB	888,558	61,461	950,019	-
Total deferred inflows of resources	<u>5,009,209</u>	<u>102,746</u>	<u>5,111,955</u>	<u>-</u>
Net position				
Net investment in capital assets	9,042,616	2,828,852	11,871,468	1,478,838
Restricted for				
Capital improvements	51,386	-	51,386	-
Library	9,470	-	9,470	-
Public protection	1,540,155	-	1,540,155	-
Infrastructure				
maintenance	987,569	-	987,569	-
Unrestricted	<u>412,914</u>	<u>4,306,968</u>	<u>4,719,882</u>	<u>830,771</u>
Total net position	<u>\$ 12,044,110</u>	<u>\$ 7,135,820</u>	<u>\$ 19,179,930</u>	<u>\$ 2,309,609</u>

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

CITY OF IRONDALE, ALABAMA
Statement of Activities
For the Year Ended September 30, 2023

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Total	Total
Primary government								
Governmental activities								
General government	\$ 15,007,654	\$ 2,972,431	\$ 688,335	\$ -	\$ (11,346,888)	\$ -	\$ (11,346,888)	\$ -
Police	5,928,559	212,763	317,600	-	(5,398,196)	-	(5,398,196)	-
Fire	7,666,894	17,040	121,220	-	(7,528,634)	-	(7,528,634)	-
Parks and recreation	271,756	1,720	-	-	(270,036)	-	(270,036)	-
Public works	6,161,228	1,714,061	350,520	2,381,885	(1,714,762)	-	(1,714,762)	-
Library	664,935	12,388	11,040	-	(641,507)	-	(641,507)	-
Senior citizens' center	361,327	2,399	-	-	(358,928)	-	(358,928)	-
Civic center	286,287	80,357	-	-	(205,930)	-	(205,930)	-
Payments to other governments	51,661	-	-	-	(51,661)	-	(51,661)	-
Interest on long-term debt	1,741,956	-	-	-	(1,741,956)	-	(1,741,956)	-
Total governmental activities	38,142,257	5,013,159	1,488,715	2,381,885	(29,258,498)	-	(29,258,498)	-
Business-type activities								
Water	3,541,343	3,131,175	-	1,179,020	-	768,852	768,852	-
Total business-type activities	3,541,343	3,131,175	-	1,179,020	-	768,852	768,852	-
Total primary government	\$ 41,683,600	\$ 8,144,334	\$ 1,488,715	\$ 3,560,905	(29,258,498)	768,852	(28,489,646)	-
Component units								
Community Development Authority	\$ 158,721	\$ 162,008	\$ -	\$ -	-	-	-	3,287

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

CITY OF IRONDALE, ALABAMA
Statement of Activities
For the Year Ended September 30, 2023
(Continued)

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
				Governmental Activities	Business-type Activities	Total	Total
General revenues and other items							
Taxes							
Sales and use				\$ 17,854,937	\$ -	\$ 17,854,937	\$ -
Property				1,661,155	-	1,661,155	-
Other				6,526,235	-	6,526,235	-
Interest earnings				10,461	-	10,461	-
Gain on disposal of capital assets				286,984	11,730	298,714	-
Other revenue				530,133	-	530,133	-
Payments from other governments				-	-	-	51,661
Transfers (out) in				(2,139,881)	2,139,881	-	-
				24,730,024	2,151,611	26,881,635	51,661
				(4,528,474)	2,920,463	(1,608,011)	54,948
				16,572,584	4,215,357	20,787,941	2,254,661
				\$ 12,044,110	\$ 7,135,820	\$ 19,179,930	\$ 2,309,609

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

CITY OF IRONDALE, ALABAMA

Balance Sheet
Governmental Funds
September 30, 2023

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 13,716,627	\$ -	\$ -	\$ 13,716,627
Taxes receivable, net	5,959,841	-	23,160	5,983,001
Prepaid items	204,015	-	6,216	210,231
Cash and cash equivalents - restricted	3,918,731	807,732	2,318,365	7,044,828
Due from other funds	-	-	33,089	33,089
Total assets	\$ 23,799,214	\$ 807,732	\$ 2,380,830	\$ 26,987,776
Liabilities				
Accounts payable	\$ 896,714	\$ 157,114	\$ 694,238	\$ 1,748,066
Accrued payroll and benefits	657,502	-	23,114	680,616
Due to other funds	203,320	-	-	203,320
Unearned revenue	2,351,002	-	-	2,351,002
Total liabilities	4,108,538	157,114	717,352	4,983,004
Deferred inflows of resources				
Property taxes levied for subsequent year	3,531,458	-	-	3,531,458
Total deferred inflows of resources	3,531,458	-	-	3,531,458
Fund balance				
Nonspendable	204,015	-	6,216	210,231
Restricted for				
Capital improvements	-	650,618	-	650,618
Library	9,470	-	-	9,470
Public protection	500,499	-	1,039,656	1,540,155
Infrastructure maintenance	329,065	-	658,504	987,569
Assigned	929,597	-	-	929,597
Unassigned	14,186,572	-	(40,898)	14,145,674
Total fund balance	16,159,218	650,618	1,663,478	18,473,314
Total liabilities, deferred inflows of resources and fund balance	\$ 23,799,214	\$ 807,732	\$ 2,380,830	\$ 26,987,776

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

CITY OF IRONDALE, ALABAMA
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2023

Total fund balances - governmental funds \$ 18,473,314

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	88,716,048	
Less accumulated depreciation	<u>(30,459,245)</u>	58,256,803
Receivables related to incentive agreements are not current financial resources until collected and, therefore, are not recognized as assets in the governmental funds balance sheet.		
		1,034,822
Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid.		
		(843,947)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Warrants payable	(44,362,332)	
Warrant discounts and premiums	(874,152)	
Notes payable	(5,476,502)	
Lease obligations	(35,573)	
Deferred outflow of resources for deferred charges	935,140	
Deferred outflows of resources for pensions	6,291,575	
Deferred outflows of resources for OPEB	781,418	
Deferred inflows related to pensions	(589,193)	
Deferred inflows related to OPEB	(888,558)	
Compensated absences	(2,685,453)	
Net pension liability	(15,678,874)	
Net OPEB liability	<u>(2,294,378)</u>	<u>(64,876,882)</u>

Total net position - governmental activities \$ 12,044,110

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

CITY OF IRONDALE, ALABAMA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes				
Sales and use	\$ 18,081,911	\$ -	\$ -	\$ 18,081,911
Property tax	1,661,155	-	-	1,661,155
Other	6,526,235	-	-	6,526,235
Licenses and permits	2,878,132	-	-	2,878,132
Intergovernmental	100,734	126,163	565,386	792,283
Charges for services	1,813,987	-	-	1,813,987
Fines and forfeitures	214,701	-	72,930	287,631
Interest	10,459	2	-	10,461
Other	1,241,604	-	18,369	1,259,973
Total revenue	<u>32,528,918</u>	<u>126,165</u>	<u>656,685</u>	<u>33,311,768</u>
Expenditures				
General government	6,446,131	7,445,732	375,794	14,267,657
Public protection	10,228,332	-	993,013	11,221,345
Public ways and facilities	3,822,425	-	1,571,844	5,394,269
Library	599,067	-	-	599,067
Senior citizens	301,256	-	-	301,256
Civic center	286,287	-	-	286,287
Payments to other governments	51,661	-	-	51,661
Capital outlay	-	5,454,966	19,797	5,474,763
Debt service				
Principal retirement	4,254,446	-	-	4,254,446
Interest and fees	1,459,713	-	-	1,459,713
Total expenditures	<u>27,449,318</u>	<u>12,900,698</u>	<u>2,960,448</u>	<u>43,310,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,079,600</u>	<u>(12,774,533)</u>	<u>(2,303,763)</u>	<u>(9,998,696)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	865,395	-	-	865,395
Issuance of notes	1,013,085	-	-	1,013,085
Transfers in	100,609	7,402,020	1,812,465	9,315,094
Transfers out	(9,646,304)	(1,744,419)	(64,252)	(11,454,975)
Total other financing sources (uses)	<u>(7,667,215)</u>	<u>5,657,601</u>	<u>1,748,213</u>	<u>(261,401)</u>
Net change in fund balance	(2,587,615)	(7,116,932)	(555,550)	(10,260,097)
Fund balance - beginning of year	<u>18,746,833</u>	<u>7,767,550</u>	<u>2,219,028</u>	<u>28,733,411</u>
Fund balance - end of year	<u>\$ 16,159,218</u>	<u>\$ 650,618</u>	<u>\$ 1,663,478</u>	<u>\$ 18,473,314</u>

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

CITY OF IRONDALE, ALABAMA
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 For the Year Ended September 30, 2023

Net changes in fund balances - governmental funds \$ (10,260,097)

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

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

Capital outlay	5,474,763	
Less depreciation expense	<u>(2,784,725)</u>	2,690,038

The proceeds from the sale of capital assets (\$865,394) are reported as other
 financing sources in the governmental funds. However, the net book value of
 the capital assets (\$578,410) is removed from the capital assets account in the
 statement of net position and offsets against the sales proceeds resulting in a
 gain in the statement of activities of \$286,984. (578,410)

Donations of capital assets do not provide current financial resources and are not
 recorded in governmental funds. However, donations of capital assets increase
 net position. 2,381,885

The issuance of long-term debt (e.g., warrants, leases, etc.) provides current
 financial resources to governmental funds, while the repayment of the principal
 of long-term debt consumes the current financial resources of governmental funds.
 Neither transaction, however, has any effect on net position. Also, governmental
 funds report the effect of discounts, premiums, and similar items when debt is
 first issued, whereas these amounts are deferred and amortized in the statement
 of activities. This amount is the net effect of these differences in the treatment
 of long-term debt and related items.

Principal retirement	4,254,446	
Issuance of notes	(1,013,085)	
Warrant discount amortization expense	<u>62,932</u>	3,304,293

Collections on economic development accounts receivable not recognized as an
 asset in the governmental fund balance sheet. (226,974)

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

Net increase in accrued compensated absences	(261,880)	
Net increase in pension expense	(985,831)	
Net increase in post-employment benefit payable	(246,323)	
Increase in accrued interest	<u>(345,175)</u>	<u>(1,839,209)</u>

Change in net position - governmental activities \$ (4,528,474)

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

CITY OF IRONDALE, ALABAMA
Statement of Net Position
Proprietary Funds
September 30, 2023

	Business-type Activities - Enterprise Funds
	Water
Assets	
Current assets	
Cash and cash equivalents	\$ 4,374,638
Receivables, net	278,586
Prepaid expenses and supplies	551,385
Due from other funds	133,840
Cash and cash equivalents - restricted	299,287
Total current assets	5,637,736
Noncurrent assets	
Nondepreciable capital assets	905,889
Depreciable capital assets, net	6,879,274
Total noncurrent assets	7,785,163
Total assets	13,422,899
Deferred outflows of resources	
Deferred outflows related to pensions	317,912
Deferred outflows related to OPEB	53,577
Deferred outflows related to warrants	270,010
Total deferred outflows of resources	641,499
Liabilities	
Current liabilities	
Accounts payable	156,877
Accrued payroll and benefits	23,302
Accrued interest	52,864
Meter deposits	286,484
Current maturities of long-term liabilities	
Warrants and notes payable	383,383
Compensated absences	32,767
Lease liability	49,053
Total current liabilities	984,730

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

CITY OF IRONDALE, ALABAMA
Statement of Net Position
Proprietary Funds
September 30, 2023
(Continued)

	Business-type Activities - Enterprise Funds
	Water
Noncurrent liabilities	
Warrants and notes payable, net	\$ 4,572,928
Compensated absences	32,767
Lease liability	127,997
Net pension liability	933,793
Net OPEB liability	173,617
Total noncurrent liabilities	5,841,102
Total liabilities	6,825,832
Deferred inflows of resources	
Deferred inflows related to pensions	41,285
Deferred inflows related to OPEB	61,461
Total deferred inflows of resources	102,746
Net position	
Net investment in capital assets	2,828,852
Unrestricted	4,306,968
Total net position	\$ 7,135,820

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

CITY OF IRONDALE, ALABAMA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds
	Water
Operating revenues	
Charges for services	\$ 2,795,559
Other	335,616
Total operating revenues	3,131,175
Operating expenses	
Administration, operations, and maintenance	2,791,186
Depreciation and amortization	597,754
Total operating expenses	3,388,940
Operating loss	(257,765)
Non-operating expenses	
Interest expense	(152,403)
Gain on disposal of assets	11,730
Total non-operating expenses	(140,673)
Loss before transfers and contributions	(398,438)
Capital contributions	1,179,020
Transfers in	2,176,238
Transfers out	(36,357)
Net transfers	2,139,881
Change in net position	2,920,463
Net position, beginning of year	4,215,357
Net position, end of year	\$ 7,135,820

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

CITY OF IRONDALE, ALABAMA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water</u>
Cash flows from operating activities	
Cash received from customers	\$ 2,812,458
Cash paid to suppliers for goods and services	(817,104)
Cash paid to employees	(1,894,549)
Net cash provided by operating activities	<u>100,805</u>
Cash flows from noncapital financing activities	
Transfers from other funds	<u>2,139,881</u>
Net cash provided by noncapital financing activities	<u>2,139,881</u>
Cash flows from capital and related financing activities	
Purchase of property, plant, and equipment	(1,112,866)
Proceeds from sale of capital assets	35,000
Principal payments on debt	(375,755)
Principal payments on leases	(46,835)
Interest payments on debt	(118,960)
Net cash used by capital and related financing activities	<u>(1,619,416)</u>
Net increase in cash and cash equivalents	621,270
Cash and cash equivalents at beginning of year	<u>4,052,655</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,673,925</u></u>

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

CITY OF IRONDALE, ALABAMA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023
(Continued)

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (257,765)
Adjustment to reconcile operating loss to net cash provided by operating activities	
Depreciation	597,754
(Increase) decrease in	
Accounts receivable	(334,242)
Prepaid expenses	30,449
(Decrease) increase in	
Accounts payable	(29,847)
Accrued payroll and related liabilities	78,931
Meter deposits	15,525
	<u>15,525</u>
Net cash provided by operating activities	<u>\$ 100,805</u>
Reconciliation of cash and cash equivalents	
Cash and cash equivalents	\$ 4,374,638
Cash and cash equivalents - restricted	299,287
	<u>299,287</u>
Total cash and cash equivalents at end of year	<u>\$ 4,673,925</u>
Supplemental disclosure of noncash capital and related financing activities	
Capital assets contributed	<u>\$ 1,179,020</u>

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

CITY OF IRONDALE, ALABAMA
Statement of Net Position
Fiduciary Funds
September 30, 2023

	OPEB Trust Fund	Deferred Compensation Trust	Total
Assets			
Current assets			
Cash	\$ 2,753	\$ -	\$ 2,753
Loans receivable	-	39,456	39,456
Investments	1,012,540	5,090,694	6,103,234
Cash value of life insurance	-	6,774	6,774
Total current assets	1,015,293	5,136,924	6,152,217
Net position			
Restricted	1,015,293	5,136,924	6,152,217
Total net position	\$ 1,015,293	\$ 5,136,924	\$ 6,152,217

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

CITY OF IRONDALE, ALABAMA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2023

	OPEB Trust Fund	Deferred Compensation Trust	Total
Additions			
Investment earnings	\$ 59,466	\$ 390,056	\$ 449,522
Interest income	47,383	-	47,383
Employee contributions	-	122,751	122,751
Total additions	<u>106,849</u>	<u>512,807</u>	<u>619,656</u>
Deductions			
Employee withdrawals	-	226,869	226,869
Administrative fees	5,658	2,188	7,846
Total deductions	<u>5,658</u>	<u>229,057</u>	<u>234,715</u>
Change in net position	<u>101,191</u>	<u>283,750</u>	<u>384,941</u>
Net position, beginning of year	<u>914,102</u>	<u>4,853,174</u>	<u>5,767,276</u>
Net position, end of year	<u>\$ 1,015,293</u>	<u>\$ 5,136,924</u>	<u>\$ 6,152,217</u>

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The City's reporting entity applies all relevant GASB pronouncements. In preparing the financial statements, management evaluated subsequent events through March 29, 2024, the date the financial statements were available to be issued. The more significant of these accounting policies are described below.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The City has no blended component units.

Discretely Presented Component Units

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

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

Government-Wide and Fund Financial Statements

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

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-Wide and Fund Financial Statements - Continued

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

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

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

Measurement Focus and Basis of Accounting

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

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting - Continued

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

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

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

Basis of Presentation - Fund Level Financial Statements

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Fund Level Financial Statements - Continued

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary fund:

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

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

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

Use of Estimates

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

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

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

Allowance for Uncollectible Accounts

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

Investments

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

Investments are stated at market value.

Prepaid Items

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

Restricted Assets

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Transfers, Receivables and Payables

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

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

Capital Assets

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

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

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

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

Fair Value

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value - Continued

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has three items that qualify for reporting in this category: (1) unamortized amounts on refunded warrants, (2) deferred outflow items related to the City's pension plan, which are described further in Note 9, and (3) deferred outflow items related to the City's other post-employment benefits, which are described further in Note 10.

Long-term Obligations

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

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Long-term Obligations - Continued

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

Compensated Absences

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

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

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

Other Post-Employment Benefit Liability (OPEB)

The City is required to report the City's actuarially determined total OPEB liability as a long-term liability in the government-wide financial statements (See Note 10).

Pensions

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has three items that qualify for reporting in this category: (1) deferred amount on property tax levy, (2) deferred inflow items related to the City's pension plan, which are described further in Note 9, and (3) deferred inflow items related to the City's other post-employment benefits, which are described further in Note 10.

Net Position

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

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

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

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

Fund Equity

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

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

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

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity - Continued

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

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

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

Property Taxes

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

New Accounting Standards Adopted

In fiscal year 2023, the City adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The City concluded that it has no PPPs and therefore the standard had no material effect on the financial statements.

In fiscal year 2023, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to enhance the relevance and consistency of information of the government's subscription based information technology arrangements (SBITAs). It established that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability for all SBITAs with a term greater than 12 months. The City concluded that all SBITAs were short-term and had no material effect on the financial statements.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation. The classification had no effect on net position or change in net position as of and for the year ended September 30, 2022, as previously reported.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

Custodial Credit Risk - For deposits, custodial credit risk is the risk that, in the event of bank failure, the City’s deposits may not be returned to it. All of the City’s investments at September 30, 2023 were insured.

NOTE 3 - RECEIVABLES

Receivables consisted of the following at September 30, 2023:

	Governmental Activities	Business-type Activities	Total
Taxes	\$ 6,013,001	\$ -	\$ 6,013,001
Customers	-	303,586	303,586
Gross receivables	6,013,001	303,586	6,316,587
Less: allowance for uncollectible accounts	(30,000)	(25,000)	(55,000)
Net receivables	<u>\$ 5,983,001</u>	<u>\$ 278,586</u>	<u>\$ 6,261,587</u>

In April 2016, economic incentive advances of \$2,000,000 were made to Benchmark Imports, LLC. These incentives are to be repaid through sales tax collections applied to the loan. This advance is treated as a noncurrent receivable and is reflected in the statement of net position. Collections totaled \$226,974 for the year ended September 30, 2023.

NOTE 4 - INVESTMENTS

As of September 30, 2023, the CDA had \$491,232 in investments in U.S. Treasuries with an average maturity of 17 weeks. The investments were reported at fair value in governmental activities and represent Level 1 investments in the fair value hierarchy.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 5 - CAPITAL ASSETS

Capital asset activity for governmental activities consisted of the following for the year ended September 30, 2023:

	Governmental Activities				September 30,
	October 1,	Additions	Disposals	Transfers	
	2022				
Depreciable assets					
Buildings and improvements	\$ 17,433,636	\$ 838,500	\$ 7,490	\$ 52,680	\$ 18,317,326
Equipment	13,717,586	1,997,135	1,074,180	-	14,640,541
Right-to-use assets	131,669	-	-	-	131,669
Infrastructure	38,228,487	2,381,885	-	811,140	41,421,512
	<u>69,511,378</u>	<u>5,217,520</u>	<u>1,081,670</u>	<u>863,820</u>	<u>74,511,048</u>
Less accumulated depreciation					
Buildings and improvements	7,156,996	447,764	7,490	-	7,597,270
Equipment	6,259,423	1,385,687	495,770	-	7,149,340
Right-to-use assets	39,910	54,878	-	-	94,788
Infrastructure	14,721,451	896,396	-	-	15,617,847
	<u>28,177,780</u>	<u>2,784,725</u>	<u>503,260</u>	<u>-</u>	<u>30,459,245</u>
	41,333,598	2,432,795	578,410	863,820	44,051,803
Non-depreciable assets					
Land and improvements	11,494,732	2,151,500	-	10,000	13,656,232
Construction in progress	934,960	487,628	-	(873,820)	548,768
	<u>12,429,692</u>	<u>2,639,128</u>	<u>-</u>	<u>(863,820)</u>	<u>14,205,000</u>
	<u>\$ 53,763,290</u>	<u>\$ 5,071,923</u>	<u>\$ 578,410</u>	<u>\$ -</u>	<u>\$ 58,256,803</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 5 - CAPITAL ASSETS - Continued

Capital asset activity for business-type activities consisted of the following for the year ended September 30, 2023:

	Business-type Activities				September 30,
	October 1,	Additions	Disposals	Transfers	
	2022				
Depreciable assets					
Buildings and improvements	\$ 38,332	\$ -	\$ -	\$ -	\$ 38,332
Equipment	1,253,435	492,154	41,678	-	1,703,911
Right-to-use assets	250,335	-	-	-	250,335
Infrastructure	12,321,760	1,179,020	-	-	13,500,780
	13,863,862	1,671,174	41,678	-	15,493,358
Less accumulated depreciation					
Buildings and improvements	38,332	-	-	-	38,332
Equipment	681,131	174,911	18,408	-	837,634
Right-to-use assets	29,205	50,067	-	-	79,272
Infrastructure	7,286,070	372,776	-	-	7,658,846
	8,034,738	597,754	18,408	-	8,614,084
	5,829,124	1,073,420	23,270	-	6,879,274
Non-depreciable assets					
Land and improvements	38,779	425,000	-	-	463,779
Construction in progress	246,398	195,712	-	-	442,110
	285,177	620,712	-	-	905,889
	<u>\$ 6,114,301</u>	<u>\$ 1,694,132</u>	<u>\$ 23,270</u>	<u>\$ -</u>	<u>\$ 7,785,163</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 5 - CAPITAL ASSETS - Continued

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

General government	\$ 1,086,290
Police	244,984
Fire	749,776
Parks and recreation	43,808
Public works	602,073
Library	15,624
Senior citizens' center	42,170
	\$ 2,784,725

Business-type activities

Water	\$ 597,754
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Capital asset activity for the discretely presented component unit, CDA, consisted of the following for the year ended September 30, 2023:

	Component Unit Activities				
	October 1, 2022	Additions	Disposals	Transfers	September 30, 2023
Depreciable assets					
Buildings and improvements	\$ 2,304,579	\$ -	\$ -	\$ -	\$ 2,304,579
Less accumulated depreciation					
Buildings and improvements	783,557	46,091	-	-	829,648
	1,521,022	46,091	-	-	1,474,931
Non-depreciable assets					
Land and improvements	142,100	-	-	-	142,100
	\$ 1,663,122	\$ 46,091	\$ -	\$ -	\$ 1,617,031

Depreciation expense for all depreciable assets is charged to functions/programs of the discretely presented component unit. Depreciation expense totaled \$46,091 for the year ended September 30, 2023.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund payables and receivables consisted of the following at September 30, 2023:

	Interfund Receivables (Payables)
General Fund	\$ (203,320)
4 & 5 Cent Gas Tax	9,747
7 Cent Gas Tax	23,342
Water Fund	133,840
Industrial Development Board	36,391
	\$ -

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

Interfund transfers consisted of the following during the year ended September 30, 2023:

Transfers out	Transfers In				Total Transfer Out
	General	Capital Projects	Other Governmental	Water	
General	\$ -	\$ 7,402,020	\$ 1,812,465	\$ 431,819	\$ 9,646,304
Capital Projects	-	-	-	1,744,419	1,744,419
Other Governmental	64,252	-	-	-	64,252
Water	36,357	-	-	-	36,357
Total transfer in	\$ 100,609	\$ 7,402,020	\$ 1,812,465	\$ 2,176,238	\$ 11,491,332

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 7 - LONG-TERM DEBT

The City issues general obligation warrants to provide funds for the acquisition and construction of major capital facilities. General obligation warrants have been issued for both governmental and business-type activities. General obligation warrants are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from five to 20 years.

The general obligation warrants payable for governmental activities consisted of the following at September 30, 2023:

	Governmental Activities
Series 2014-C General Obligation Warrants, dated June 17, 2014, due in semi-annual payments through October 1, 2034, bearing interest rates of 2.00% to 4.00%	\$ 2,400,000
Series 2015-A General Obligation Warrants, dated November 5, 2015, due in semi-annual payments through October 1, 2033, bearing interest rates of 0.80% to 4.30%	2,755,000
Series 2015-C General Obligation Warrants, dated November 5, 2015, due in semi-annual payments through January 1, 2036, bearing interest rates of 2.00% to 4.00%	635,450
Series 2015-D General Obligation Warrants, dated November 5, 2015, due in semi-annual payments through July 1, 2035, bearing interest rates of 0.75% to 4.45%	510,000
Series 2016-A General Obligation Warrants, a direct placement bond, due in annual payments through June 5, 2026, bearing an interest rate of 2.03%	180,000
Series 2019 General Obligation Warrants, dated November 15, 2019, due in semi-annual payments through October 1, 2033, bearing interest rates of 2.00% to 5.00%	10,595,000
Series 2021-A General Obligation Warrants, dated December 28, 2021, due in annual payments through October 1, 2035, bearing interest rates of 1.14% to 2.56%	10,055,392
Series 2021-B General Obligation Warrants, dated December 28, 2021, due in annual payments through October 1, 2034, bearing interest rates of 1.14% to 2.46%	3,596,490

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

Series 2022-A General Obligation Warrants, dated September 29, 2022, due in semi-annual payments through October 1, 2042, bearing interest rates of 4.00% to 4.50%	\$ 6,780,000
Series 2022-B General Obligation Warrants, dated September 29, 2022, due in semi-annual payments through October 1, 2035, bearing interest rates of 4.15% to 5.10%	<u>6,855,000</u>
Total warrants payable	44,362,332
Deferred amounts for	
Unamortized premiums	953,642
Unamortized discounts	<u>(79,490)</u>
Total warrants payable, net	<u><u>\$ 45,236,484</u></u>

The general obligation warrants payable for business-type activities consisted of the following at September 30, 2023:

	Business-type Activities
Series 2015-B General Obligation Warrants, dated November 5, 2015, due in semi-annual payments through April 1, 2029, bearing interest rates of 0.80% to 4.38%	\$ 780,000
Series 2015-C General Obligation Warrants, dated November 5, 2015, due in semi-annual payments through January 1, 2036, bearing interest rates of 2.00% to 4.00%	259,550
Series 2021-A General Obligation Warrants, dated December 28, 2021, due in annual payments through October 1, 2035, bearing interest rates of 1.14% to 2.56%	579,608
Series 2021-B General Obligation Warrants, dated December 28, 2021, due in annual payments through October 1, 2034, bearing interest rates of 1.14% to 2.46%	<u>3,078,510</u>
Total warrants payable	4,697,668
Deferred amounts for	
Unamortized premiums	8,554
Unamortized discounts	<u>(1,126)</u>
Total warrants payable, net	<u><u>\$ 4,705,096</u></u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,625,700	\$ 1,492,712	\$ 299,300	\$ 100,764
2025	2,814,822	1,384,726	365,178	91,201
2026	2,906,790	1,270,932	503,210	79,564
2027	3,108,122	1,160,394	361,878	69,926
2028	3,219,870	1,044,882	375,130	63,174
2029-2033	17,154,546	3,663,991	2,040,454	200,228
2034-2038	7,922,482	1,503,217	752,518	17,674
2039-2044	4,610,000	525,991	-	-
	<u>\$ 44,362,332</u>	<u>\$ 12,046,845</u>	<u>\$ 4,697,668</u>	<u>\$ 622,531</u>

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

	<u>Governmental Activities</u>
Republic First National, dated March 2021, due in annual payments of \$172,586 through February 15, 2026, bearing an interest rate of 2.62%	\$ 491,729
Republic First National, dated October 2021, due in annual payments of \$171,876 through November 12, 2031, bearing an interest rate of 2.56%	1,366,449
Republic First National, dated December 2021, due in annual payments of \$159,864 through December 10, 2028, bearing an interest rate of 2.46%	881,791
Republic First National, dated December 2021, due in annual payments of \$20,217 through May 20, 2026, bearing an interest rate of 3.08%	57,095
Republic First National, dated May 2022, due in annual payments of \$66,333 through November 1, 2026, bearing an interest rate of 3.88%	241,418

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

Republic First National, dated August 2022, due in annual payments of \$148,440 through July 1, 2037, bearing an interest rate of 4.04%	\$ 1,564,171
Republic First National, dated October 2022, due in annual payments of \$119,540 through October 1, 2027, bearing an interest rate of 5.06%	421,541
Republic First National, dated October 2022, due in annual payments of \$26,778 through March 1, 2027, bearing an interest rate of 5.22%	94,234
Enterprise FM Trust, dated May 2022, due in various monthly payments through September 30, 2028, bearing various interest rates	<u>358,074</u>
Total notes payable	<u><u>\$ 5,476,502</u></u>

**Business-type
Activities**

Republic First National, dated December 2021, due in annual payments of \$88,000 through May 20, 2026 bearing an interest rate of 2.52%	\$ 251,215
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Future principal and interest requirements of the notes payable for governmental activities and business-type activities consist of the following for the years ending September 30:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 690,936	\$ 165,991	\$ 81,660	\$ 6,340
2025	806,862	169,605	83,721	4,279
2026	831,028	145,439	85,834	2,166
2027	663,263	120,401	-	-
2028	580,804	97,152	-	-
2029-2033	1,365,256	224,312	-	-
2034-2037	538,353	55,407	-	-
	<u>\$ 5,476,502</u>	<u>\$ 978,307</u>	<u>\$ 251,215</u>	<u>\$ 12,785</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

The notes payable for the discretely presented component unit, CDA, consisted of the following at September 30, 2023:

	Component Unit Activities
Jefferson County Commission, dated September 2011, due in monthly payments of \$4,305 through August 10, 2026, bearing an interest rate of 2.44%	\$ 138,193

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

	Component Unit Activities	
	Principal	Interest
2024	\$ 48,954	\$ 2,706
2025	50,162	1,498
2026	39,077	317
	\$ 138,193	\$ 4,521

Changes in long-term liabilities for governmental activities consisted of the following at September 30, 2023:

Governmental Activities	October 1, 2022	Additions	Retirements	September 30, 2023	Due Within One Year
Warrants payable					
General obligation warrants	\$47,089,482	\$ -	\$ 2,727,150	\$44,362,332	\$ 2,625,700
Less: discounts and premiums, net	1,070,402	-	196,250	874,152	175,872
Total warrants payable	48,159,884	-	2,923,400	45,236,484	2,801,572
Notes payable	5,934,927	1,013,085	1,471,510	5,476,502	690,936
Lease liability	91,359	-	55,786	35,573	35,573
Compensated absences	2,423,573	1,473,667	1,211,787	2,685,453	1,342,727
	\$ 56,609,743	\$ 2,486,752	\$ 5,662,483	\$ 53,434,012	\$ 4,870,808

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

Changes in long-term liabilities for business-type activities consisted of the following at September 30, 2023:

Business-type Activities	October 1, 2022	Additions	Retirements	September 30, 2023	Due Within One Year
Warrants payable					
General obligation warrants	\$ 4,990,518	\$ -	\$ 292,850	\$ 4,697,668	\$ 299,300
Less: discounts and premiums, net	10,194	-	2,766	7,428	2,423
Total warrants payable	<u>5,000,712</u>	<u>-</u>	<u>295,616</u>	<u>4,705,096</u>	<u>301,723</u>
Notes payable	334,120	-	82,905	251,215	81,660
Lease liability	223,885	-	46,835	177,050	49,053
Compensated absences	67,763	31,653	33,882	65,534	32,767
	<u>\$ 5,626,480</u>	<u>\$ 31,653</u>	<u>\$ 459,238</u>	<u>\$ 5,198,895</u>	<u>\$ 465,203</u>

Changes in long-term liabilities for component units consisted of the following at September 30, 2023:

Component Unit Activities	October 1, 2022	Additions	Retirements	September 30, 2023	Due Within One Year
Notes payable	\$ 185,969	\$ -	\$ 47,776	\$ 138,193	\$ 48,954

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 8 - LEASES

Active lease agreements consisted of the following at September 30, 2023:

Governmental Activities						
Description	Date	Terms	Payment	Interest Rates	Total Lease Liability	Ending Lease Liability
Stryker equipment	6/21/2021	36 months	\$ 2,548	1.14%	\$ 80,351	\$ 20,319
Grants Mill substation	5/1/2022	24 months	2,194	2.69%	51,318	15,254
					\$ 131,669	\$ 35,573

Business-Type Activities						
Description	Date	Terms	Payment	Interest Rates	Total Lease Liability	Ending Lease Liability
1801 Building	3/1/2022	60 months	Varies	2.46%	\$ 250,335	\$ 177,050
					\$ 250,335	\$ 177,050

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 35,573	\$ 171	\$ 49,053	\$ 3,700
2025	-	-	51,340	2,465
2026	-	-	53,700	1,174
2027	-	-	22,957	94
	\$ 35,573	\$ 171	\$ 177,050	\$ 7,433

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 8 - LEASES - Continued

Right-to-use assets consisted of the following at September 30, 2023:

Governmental Activities				
Description	Useful Life	Beginning Value	Accumulated Amortization	Current Value
Stryker equipment	36 months	\$ 80,351	\$ 58,438	\$ 21,913
Grants Mill substation	24 months	51,318	36,350	14,968
		\$ 131,669	\$ 94,788	\$ 36,881

Business-Type Activities				
Description	Useful Life	Beginning Value	Accumulated Amortization	Current Value
1801 Building	60 months	\$ 250,335	\$ 79,272	\$ 171,063
		\$ 250,335	\$ 79,272	\$ 171,063

NOTE 9 - PENSION PLAN

General Information about the Pension Plan

Plan Description

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 9 - 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 vested active employee of a participating municipality or city in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
 - d. One vested active employee of a participating county in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
 - e. One vested active employee of a participating employer in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
 - f. One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.

Benefits Provided

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 9 - PENSION PLAN - Continued

Benefits Provided - Continued

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method. Acts 222 and 351 of the Legislature of 2022 for ERS, respectively, provide that any Tier 2 member who withdraws from service after the completion of at least 30 years of creditable service is entitled to an annual retirement benefit.

Act 132 of the Legislature of 2019 provided that local employers participating in the ERS pursuant to the Code of Alabama 1975, Section 36-27-6 could elect to provide their Tier 2 members with the same retirement benefits provided to their Tier 1 members. Any local participating employer who elects to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members may do so by adoption of a resolution within 24 months of the effective date of Act 2019-132. The effective date of Act 2019-132 was May 8, 2019, giving local participating employers until May 8, 2021, to make such election. Act 348 of the Legislature of 2022 removed the date limitation on a participating local employer for electing to provide to its Tier 2 members the same retirement benefits as provided to Tier 1 members. Act 2019-132 also provided that the ERS Board of Control could deny a local participating employer's election based on a review by RSA Staff of the local participating employer's historical compliance with ERS requirements as well as the financial stability of the local participating employer. Any local participating employer whose election is denied may petition the ERS Board of Control for a reconsideration within the 24-month period from the effective date of Act 2019-132. Once a local participating employer elects to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members, its election is irrevocable and becomes effective at the beginning of the fiscal year following the date that the ERS receives a local participating employer's resolution. Any local participating employer electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members who has not increased its Tier 1 members' contribution rates as provided in Act 676 of the Legislature of 2011 is required to develop a plan to gradually increase its members' contribution rates. The plan must be submitted to the ERS prior to a local participating employer submitting a resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Beginning in the month that a local participating employer's election becomes effective, its Tier 2 members (except Tier 2 members who are certified law enforcement, correctional officers, and firefighters) will contribute 7.50% of earnable compensation to the ERS. Tier 2 certified law enforcement, correctional officers, and firefighters will contribute 8.50% of earnable compensation to the ERS. Act 2019-132 was amended by Act 348 of the Legislature of 2022 by removing the date limitation for any local participating employer to submit its resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 9 - PENSION PLAN - Continued

Benefits Provided - Continued

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 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 ERS on or after October 1, 2019. A 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.

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, membership consisted of:

Retirees and beneficiaries currently receiving benefits	30,598
Terminated employees entitled to but not yet receiving benefits	2,286
Terminated employees not entitled to a benefit	18,689
Active members	57,278
Post-DROP participants who are still in active service	39
	<u>108,890</u>

The City's membership as of the measurement date of September 30, 2022 consisted of:

Retired members or their beneficiaries currently receiving benefits	85
Vested inactive members	5
Non-vested inactive members	19
Active members	166
	<u>275</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 9 - PENSION PLAN - Continued

Contributions

Covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) were required by statute to contribute 5% of earnable compensation to the ERS until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) were required by statute to contribute 7.25% of earnable compensation to the ERS. Effective October 1, 2012, covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) are required by statute to contribute 7.50% of earnable compensation to the ERS. Certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 6% of earnable compensation to the ERS 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 to the ERS. 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 to the ERS. State Police members of the ERS are required by statute to contribute 10% of earnable compensation to the ERS. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) are required by statute to contribute 6% of earnable compensation to the ERS. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation to the ERS. Tier 2 State Police members of the ERS are required by statute to contribute 10% of earnable compensation to the ERS. 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 preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2023, the City's active employee contribution rate was 6.80% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 13.21% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2023 was 13.83% of pensionable pay for Tier 1 employees, and 12.17% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of 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 City totaled \$1,434,531 for the year ended September 30, 2023.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 9 - PENSION PLAN - Continued

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 of September 30, 2021, rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total pension liability as of September 30, 2021	\$ 41,658,950	\$ 42,284,947	\$ 42,308,815
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry age normal cost for the period October 1, 2021 - September 30, 2022	898,598	898,598	899,279
(d) Transfers among employers	-	316,178	316,178
(e) Actual benefit payments and refunds for the period October 1, 2021 - September 30, 2022	(2,505,842)	(2,505,842)	(2,505,842)
(f) Total pension liability as of September 30, 2022 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	\$ 43,061,955	\$ 44,050,767	\$ 44,077,094
(g) Difference between expected and actual		\$ 988,812	
(h) Less liability transferred for immediate recognition		316,178	
(i) Difference between expected and actual - experience (gain)/loss		\$ 672,634	
(j) Difference between actual TPL before and after Plan changes - benefit change (gain)/loss			\$ 26,327

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:

1. Inflation of 2.50%.
2. An investment rate of return of 7.45% (net of pension plan investment expense), including inflation.
3. Projected salary increases, ranging from 3.25% to 5.00% for state and local employees and 4.00% to 7.75% for State Police, including inflation.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 9 - PENSION PLAN - Continued

Actuarial Assumptions - Continued

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

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

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

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

*Includes assumed rate of inflation of 2.00%.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 9 - PENSION PLAN - Continued

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Projected future benefit payments for all current Plan members were projected for all years. 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 and a municipal bond rate was not used in determining the discount rate.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2021	\$ 41,658,950	\$ 31,888,133	\$ 9,770,817
Changes for the year			
Service cost	898,598	-	898,598
Interest	3,010,249	-	3,010,249
Change of benefit terms	26,327	-	26,327
Difference between expected and actual experience	672,634	-	672,634
Contributions - employer	-	1,222,153	(1,222,153)
Contributions - employee	-	598,352	(598,352)
Net investment income	-	(4,054,547)	4,054,547
Benefits of payments, including refunds of employee contributions	(2,505,842)	(2,505,842)	-
Transfers among employers	316,178	316,178	-
Net changes	2,418,144	(4,423,706)	6,841,850
Balances at September 30, 2022	<u>\$ 44,077,094</u>	<u>\$ 27,464,427</u>	<u>\$ 16,612,667</u>

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 9 - PENSION PLAN - Continued

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Plan’s net pension liability	\$ 21,784,323	\$ 16,612,667	\$ 12,259,380

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 detail by employer and in the aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 9 - 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 City recognized a credit to pension expense of \$43,067. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 753,109	\$ 630,478
Changes of assumptions	1,113,088	-
Net difference between projected and actual earnings on pension plan investments	3,308,759	-
Employer contributions subsequent to the measurement date	1,434,531	-
	\$ 6,609,487	\$ 630,478

The \$1,434,531 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows for the years ending September 30:

	Deferred Outflows/ (Inflows) of Resources
2024	\$ 1,287,728
2025	820,761
2026	801,568
2027	1,513,127
2028	110,268
Thereafter	11,026

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description

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

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

OPEB Plan Membership

Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	166
	176
	176

Benefits Provided

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

Contributions

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Investments

The OPEB plan's policy regarding the allocation of invested assets is established and may be amended by the Board of Trustees. The following was the asset allocation policy as of September 30, 2023:

Asset Class	Allocation
Equity	52.21%
Fixed income	21.98%
Alternative investment	16.17%
Cash	0.27%
Balanced Multi Asset	9.37%

Concentrations

The Trust has over 5% invested in the following funds: Diamond Hill Large Cap Fund, 9.31%, Brown Advisory Sustainable Growth Fund, 9.28%, Vanguard 500 Index Fund, 18.70%, Baird Core Intermediate, 21.98%, Vanguard Tax-Exempt Bond, 9.37%, and Columbia Strategic Municipal Income, 11.58%.

Rate of Return

For the year ended September 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 11.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2023 actuarial valuation was determined by an actuarial valuation as of October 1, 2022, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	4.00% including inflation
Discount rate	4.02% annually (beginning of year)
	4.09% annually (as of end of year measurement date)
Healthcare cost trend rates	Getzen Model, with an initial trend of 5.5%
Mortality	PubG.H-2010(B)

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Actuarial Assumptions and Other Inputs - Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of September 30, 2023 are summarized in the following table:

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

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at September 30, 2022	\$ 2,258,506
Changes for the year	
Service cost	298,073
Interest	137,413
Changes of assumptions	(18,861)
Net investment income	(101,191)
Benefit payments and net transfers	(105,945)
Net changes	209,489
Balances at September 30, 2023	\$ 2,467,995

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

Discount Rate

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

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Plan's total OPEB liability	\$ 2,742,826	\$ 2,467,995	\$ 2,205,896

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

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

	1% Decrease (4.50%)	Current Trend (5.50%)	1% Increase (6.50%)
Plan's total OPEB liability	\$ 2,007,700	\$ 2,467,995	\$ 3,024,114

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - Continued

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

For the year ended September 30, 2023, the City recognized OPEB expense totaling \$298,073. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,405	\$ 416,469
Changes of assumptions	665,569	450,995
Net difference between projected and actual earnings on OPEB plan investments	155,021	82,555
	\$ 834,995	\$ 950,019

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

	Deferred Outflows/ (Inflows) of Resources
2024	\$ (30,825)
2025	(30,491)
2026	5,341
2027	(38,262)
2028	(25,374)
Thereafter	4,587

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 11 - DEFICIT FUND BALANCE

The 4 & 5 Cent Gas Tax Fund had a deficit fund balance at September 30, 2023 of \$40,898. This deficit will be financed through future revenues of the fund.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program mainly encompasses obtaining property and liability insurance through commercial insurance carriers. There were no significant changes in coverage retention, or limits during the fiscal year. The General Fund handles property claims for the City and absorbs the loss for any amounts below the deductible amounts.

The City maintains a limited risk management program for an employee dental plan. Premiums are paid into the General Fund by all employees, and are available to pay claims, claim reserves and administrative costs of the program. These premiums are used to reduce the amount of claim expenditures reported in the General Fund. Dental plan liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for claims is reported in the General Fund because it is expected to be liquidated with expendable available financial resources. Changes in the balances of claim liabilities during the year ended September 30, 2023 consisted of the following:

Funds available for claims, October 1, 2022	\$ 203,635
Premiums received	53,603
Claim payables	<u>(33,103)</u>
Funds available for claims, September 30, 2023	<u><u>\$ 224,135</u></u>

NOTE 13 - CONTINGENCIES

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

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

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

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 14 - ECONOMIC DEPENDENCY

The City is economically dependent on a small number of principal taxpayers. Sales and use tax revenue accounted for 50.16% of total governmental fund-type revenues for the year ended September 30, 2023.

NOTE 15 - TAX ABATEMENTS

The City enters into sales tax abatement agreements with local businesses under the Tax Incentive Reform Act of 1992. Under the Act, cities, counties and public industrial authorities have the ability to abate sales and use taxes and property taxes for various time periods depending on the type of business, all for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City. For the fiscal year ended September 30, 2023, the City abated taxes totaling \$1,564,594 under this Act, as summarized below.

Purpose	Type of Taxes Abated	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Commercial development	Sales	89%	\$ 1,391,384
Commercial development	Sales	7%	113,487
Commercial development	Sales	4%	59,723
			<u>\$ 1,564,594</u>

NOTE 16 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS

The GASB has issued the following statements and implementation guides:

The GASB issued Statement No. 99, *Omnibus 2022* to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements, and (2) accounting and financial reporting for financial guarantees. The requirements of GASB 99 will take effect for financial statements starting with the fiscal year that ends September 2024. The City is currently evaluating the impact GASB 99 may have on its financial statements.

CITY OF IRONDALE, ALABAMA
Notes to the Financial Statements
September 30, 2023
(Continued)

NOTE 16 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS - Continued

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62* to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of GASB 100 will take effect for financial statements starting with the fiscal year that ends September 2024. The City is currently evaluating the impact GASB 100 may have on its financial statements.

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF IRONDALE, ALABAMA
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Sales and use	\$ 15,650,000	\$ 18,427,483	\$ 18,081,911	\$ (345,572)
Property tax	1,754,000	1,717,051	1,661,155	(55,896)
Other	5,569,800	6,111,974	6,526,235	414,261
Licenses and permits	2,956,400	3,025,933	2,878,132	(147,801)
Intergovernmental	95,000	95,000	100,734	5,734
Charges for services	1,554,000	1,778,796	1,813,987	35,191
Fines and forfeitures	155,300	170,305	214,701	44,396
Interest	100	11,319	10,459	(860)
Other	410,300	974,559	1,241,604	267,045
Total revenue	<u>28,144,900</u>	<u>32,312,420</u>	<u>32,528,918</u>	<u>216,498</u>
Expenditures, current				
General government	4,949,926	6,591,322	6,446,131	145,191
Public safety	9,772,460	10,928,306	10,228,332	699,974
Parks and recreation	306,930	165,222	185,980	(20,758)
Public works	3,884,160	3,908,128	3,636,445	271,683
Library	630,300	584,576	599,067	(14,491)
Senior citizens' center	217,590	332,364	301,256	31,108
Civic center	-	69,800	286,287	(216,487)
Payments to other governments	-	-	51,661	(51,661)
Debt service				
Principal retirement	2,875,000	2,875,000	4,254,446	(1,379,446)
Interest and fees	1,111,905	1,853,105	1,459,713	393,392
Total expenditures	<u>23,748,271</u>	<u>27,307,823</u>	<u>27,449,318</u>	<u>(141,495)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,396,629</u>	<u>5,004,597</u>	<u>5,079,600</u>	<u>75,003</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	865,395	865,395
Issuance of notes	-	-	1,013,085	1,013,085
Transfers in	-	-	100,609	100,609
Transfers out	(1,000,000)	-	(9,646,304)	(9,646,304)
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>-</u>	<u>(7,667,215)</u>	<u>(7,667,215)</u>
Net change in fund balance	<u>\$ 3,396,629</u>	<u>\$ 5,004,597</u>	<u>\$ (2,587,615)</u>	<u>\$ (7,592,212)</u>

See notes to required supplementary information.

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

	2022	2021	2020	2019	2018
Total pension liability					
Service cost	\$ 898,598	\$ 709,006	\$ 652,501	\$ 656,764	\$ 726,564
Interest	3,010,249	2,926,249	2,834,267	2,766,131	2,679,655
Changes in benefit terms	26,327	-	276,764	-	-
Differences between expected and actual experience	672,634	(551,333)	(361,863)	(296,633)	(74,720)
Changes of assumptions	-	1,667,293	-	-	188,612
Benefit payments, including refunds of employee contributions	(2,505,842)	(2,228,924)	(2,134,695)	(2,158,182)	(2,047,458)
Transfers among employees	316,178	18,958	(25,284)	(94,934)	(69,707)
Net change in total pension liability	2,418,144	2,541,249	1,241,690	873,146	1,402,946
Total pension liability - beginning	41,658,950	39,117,701	37,876,011	37,002,865	35,599,919
Total pension liability - ending (a)	\$ 44,077,094	\$ 41,658,950	\$ 39,117,701	\$ 37,876,011	\$ 37,002,865
Plan fiduciary net position					
Contributions - employer	\$ 1,222,153	\$ 1,075,910	\$ 887,583	\$ 824,294	\$ 760,911
Contributions - member	598,352	509,699	439,771	419,444	427,522
Net investment income	(4,054,547)	5,851,224	1,463,651	664,308	2,273,528
Benefit payments, including refunds of employee contributions	(2,505,842)	(2,228,924)	(2,134,695)	(2,158,182)	(2,047,458)
Transfers among employers	316,178	18,958	(25,284)	(94,934)	(69,707)
Net change in Plan fiduciary net position	(4,423,706)	5,226,867	631,026	(345,070)	1,344,796
Plan net position - beginning	31,888,133	26,661,266	26,030,240	26,375,310	25,030,514
Plan net position - ending (b)	\$ 27,464,427	\$ 31,888,133	\$ 26,661,266	\$ 26,030,240	\$ 26,375,310
Net pension liability (a) - (b)	\$ 16,612,667	\$ 9,770,817	\$ 12,456,435	\$ 11,845,771	\$ 10,627,555
Plan fiduciary net position as a percentage of the total pension liability	62.31%	76.55%	68.16%	68.72%	71.28%
Covered-employee payroll	\$ 8,935,744	\$ 8,109,632	\$ 7,606,816	\$ 7,135,808	\$ 7,451,164
Net pension liability as a percentage of covered-employee payroll	185.91%	120.48%	163.75%	166.00%	142.63%

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

See notes to required supplementary information.

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

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

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

See notes to required supplementary information.

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

	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 1,434,531	\$ 1,217,637	\$ 1,070,909	\$ 887,583	\$ 825,550
Contributions in relation to the actuarially determined contributions	1,434,531	1,217,637	1,070,909	887,583	825,550
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 10,860,118	\$ 8,935,744	\$ 8,109,632	\$ 7,606,816	\$ 7,135,808
Contributions as a percentage of covered-employee payroll	13.21%	13.63%	13.21%	11.67%	11.57%

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

See notes to required supplementary information.

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

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

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

See notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 298,073	\$ 37,260	\$ 23,974	\$ 24,530	\$ 51,110	\$ 51,879
Interest	137,413	81,307	80,810	83,365	126,847	62,445
Changes in benefit terms	-	2,138,123	-	-	-	-
Differences between expected and actual experience	-	(410,632)	(48,426)	(120,225)	(53,303)	24,011
Changes of assumptions	(18,861)	204,898	-	(2,761)	(704,129)	843,673
Benefit payments and net transfers	(105,945)	(78,439)	(21,402)	(21,402)	(61,983)	(61,983)
Net change in total OPEB liability	310,680	1,972,517	34,956	(36,493)	(641,458)	920,025
Total OPEB liability - beginning	3,172,608	1,200,091	1,165,135	1,201,628	1,843,086	923,061
Total OPEB liability - ending	\$ 3,483,288	\$ 3,172,608	\$ 1,200,091	\$ 1,165,135	\$ 1,201,628	\$ 1,843,086
Plan fiduciary net position						
Contributions - employer	\$ -	\$ -	\$ -	\$ 79,000	\$ -	\$ 118,000
Net investment income	101,191	(181,663)	143,332	63,862	46,893	56,825
Administrative expense	-	-	-	-	(4,464)	-
Net change in OPEB plan fiduciary net position	101,191	(181,663)	143,332	142,862	42,429	174,825
OPEB plan net position - beginning	914,102	1,095,765	952,433	809,571	767,142	592,317
OPEB plan net position - ending	\$ 1,015,293	\$ 914,102	\$ 1,095,765	\$ 952,433	\$ 809,571	\$ 767,142
Net OPEB liability - ending	\$ 2,467,995	\$ 2,258,506	\$ 104,326	\$ 212,702	\$ 392,057	\$ 1,075,944
OPEB plan fiduciary net position as a percentage of the total OPEB liability	29.15%	28.81%	91.31%	81.74%	67.37%	41.62%
Covered-employee payroll	\$ 9,310,340	\$ 8,952,250	\$ 6,163,630	\$ 5,926,567	\$ 6,183,891	\$ 5,946,049
Net OPEB liability as a percentage of covered-employee payroll	26.51%	25.23%	1.69%	3.59%	6.34%	18.10%

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

See notes to required supplementary information.

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

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 445,908	\$ 45,757	\$ 41,115	\$ 49,758	\$ 137,816	\$ 78,532
Contributions in relation to the actuarially determined contributions						
Employer contributions to trust	-	-	-	(79,000)	-	(118,000)
Employer-paid retiree premiums	(105,945)	(78,439)	(21,402)	(21,402)	(61,983)	(61,983)
Contributions deficiency (excess)	<u>\$ 339,963</u>	<u>\$ (32,682)</u>	<u>\$ 19,713</u>	<u>\$ (50,644)</u>	<u>\$ 75,833</u>	<u>\$ (101,451)</u>
Covered-employee payroll	<u>\$ 9,310,340</u>	<u>\$ 8,952,250</u>	<u>\$ 6,163,630</u>	<u>\$ 5,926,567</u>	<u>\$ 6,183,891</u>	<u>\$ 5,946,049</u>
Contributions as a percentage of covered-employee payroll	<u>1.14%</u>	<u>0.88%</u>	<u>0.35%</u>	<u>0.36%</u>	<u>1.00%</u>	<u>1.04%</u>

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

See notes to required supplementary information.

CITY OF IRONDALE, ALABAMA
Notes to the Required Supplementary Information
September 30, 2023

NOTE 1 - BUDGETARY INFORMATION

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

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

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

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

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

CITY OF IRONDALE, ALABAMA
Notes to the Required Supplementary Information
September 30, 2023
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT PENSION PLAN PRACTICES

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2023 were based on the September 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2022 to September 30, 2023:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	25.4 years
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

NOTE 3 - SUMMARY OF SIGNIFICANT OPEB PLAN PRACTICES

Methods and assumptions used to determine contribution rates for the period October 1, 2022 to September 30, 2023:

Actuarial cost method	Individual entry age normal
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.00% annually
Healthcare trend	Getzen Model
Salary increases	4.00% annually
Discount rate	4.02% annually (beginning of year to determine ADC) 4.09% annually (as of end of year measurement date)
Retirement age	25 years of service at any age; or attainment of age 60 and 10 years of service; or age plus service at retirement equals 75
Mortality	PubG. H-2010(B)
Turnover	Age-specific table with an average of 5% when applied to the active census

SUPPLEMENTARY INFORMATION

CITY OF IRONDALE, ALABAMA
Combining Balance Sheets
Nonmajor Governmental Funds
September 30, 2023

	<u>Special Revenue</u>					Total Nonmajor Governmental Funds
	<u>E-911</u>	<u>4 & 5 Cent Gas Tax</u>	<u>7 Cent Gas Tax</u>	<u>Corrections</u>	<u>Police Forfeiture</u>	
Assets						
Current assets						
Cash and cash equivalents						
- restricted	\$ 317,604	\$ 590,954	\$ 623,206	\$ 398,691	\$ 387,910	\$ 2,318,365
Receivables, net	-	10,736	12,424	-	-	23,160
Prepaid expenses	6,216	-	-	-	-	6,216
Due from other funds	-	9,747	23,342	-	-	33,089
Total assets	<u>\$ 323,820</u>	<u>\$ 611,437</u>	<u>\$ 658,972</u>	<u>\$ 398,691</u>	<u>\$ 387,910</u>	<u>\$ 2,380,830</u>
Liabilities and fund balance						
Current liabilities						
Accounts payable	\$ 35,289	\$ 652,335	\$ 468	\$ 4,756	\$ 1,390	\$ 694,238
Accrued payroll and benefits	15,454	-	-	7,660	-	23,114
Total liabilities	<u>50,743</u>	<u>652,335</u>	<u>468</u>	<u>12,416</u>	<u>1,390</u>	<u>717,352</u>
Fund balance						
Nonspendable	6,216	-	-	-	-	6,216
Restricted for						
Public protection	266,861	-	-	386,275	386,520	1,039,656
Infrastructure maintenance	-	-	658,504	-	-	658,504
Unassigned	-	(40,898)	-	-	-	(40,898)
Total fund balance	<u>273,077</u>	<u>(40,898)</u>	<u>658,504</u>	<u>386,275</u>	<u>386,520</u>	<u>1,663,478</u>
Total liabilities and fund balance	<u>\$ 323,820</u>	<u>\$ 611,437</u>	<u>\$ 658,972</u>	<u>\$ 398,691</u>	<u>\$ 387,910</u>	<u>\$ 2,380,830</u>

CITY OF IRONDALE, ALABAMA
Combining Statements of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

	Special Revenue					Total Nonmajor Governmental Funds
	E-911	4 & 5 Cent Gas Tax	7 Cent Gas Tax	Corrections	Police Forfeiture	
Revenues						
Intergovernmental	\$ 315,600	\$ 119,354	\$ 130,432	\$ -	\$ -	\$ 565,386
Fines and forfeitures	-	-	-	58,016	14,914	72,930
Miscellaneous	-	-	-	-	18,369	18,369
Total revenues	315,600	119,354	130,432	58,016	33,283	656,685
Expenditures, current						
General government	-	-	-	375,794	-	375,794
Public protection	946,360	-	-	-	46,653	993,013
Public ways and facilities	-	664,373	907,471	-	-	1,571,844
Capital outlay	-	-	-	19,797	-	19,797
	946,360	664,373	907,471	395,591	46,653	2,960,448
Other financing sources (uses)						
Transfers in	608,706	-	848,449	328,567	26,743	1,812,465
Transfers out	-	(64,252)	-	-	-	(64,252)
	608,706	(64,252)	848,449	328,567	26,743	1,748,213
Net change in fund balance	(22,054)	(609,271)	71,410	(9,008)	13,373	(555,550)
Fund balance - beginning of year	295,131	568,373	587,094	395,283	373,147	2,219,028
Fund balance - end of year	\$ 273,077	\$ (40,898)	\$ 658,504	\$ 386,275	\$ 386,520	\$ 1,663,478

CITY OF IRONDALE, ALABAMA
Combining Balance Sheets - Component Units
September 30, 2023

	Industrial Development Board	Commercial Development Authority	Total Component Units
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 164,955	\$ 164,955
Receivables, net	-	138,193	138,193
Investments	-	491,232	491,232
Due from other funds	36,391	-	36,391
Total current assets	<u>36,391</u>	<u>794,380</u>	<u>830,771</u>
Noncurrent assets			
Nondepreciable capital assets	-	142,100	142,100
Depreciable capital assets, net	-	1,474,931	1,474,931
Total noncurrent assets	<u>-</u>	<u>1,617,031</u>	<u>1,617,031</u>
Total assets	<u>36,391</u>	<u>2,411,411</u>	<u>2,447,802</u>
Liabilities			
Current liabilities			
Current maturities of long-term liabilities			
Notes payable	-	48,954	48,954
Noncurrent liabilities			
Notes payable, net	<u>-</u>	<u>89,239</u>	<u>89,239</u>
Total liabilities	<u>-</u>	<u>138,193</u>	<u>138,193</u>
Net position			
Net investment in capital assets	-	1,478,838	1,478,838
Unrestricted	<u>36,391</u>	<u>794,380</u>	<u>830,771</u>
Total net position	<u>\$ 36,391</u>	<u>\$ 2,273,218</u>	<u>\$ 2,309,609</u>

CITY OF IRONDALE, ALABAMA

Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Component Units
For the Year Ended September 30, 2023

	<u>Industrial Development Board</u>	<u>Commercial Development Authority</u>	<u>Total Component Units</u>
Operating revenues			
Charges for services	\$ -	\$ 145,964	\$ 145,964
Payments from other governments	-	51,661	51,661
Total operating revenues	<u>-</u>	<u>197,625</u>	<u>197,625</u>
Operating expenses			
Administration, operations, and maintenance	-	108,745	108,745
Depreciation and amortization	-	46,091	46,091
Total operating expenses	<u>-</u>	<u>154,836</u>	<u>154,836</u>
Operating income	<u>-</u>	<u>42,789</u>	<u>42,789</u>
Non-operating revenues (expenses)			
Interest income	-	15,474	15,474
Miscellaneous	-	570	570
Interest expense	-	(3,885)	(3,885)
Total non-operating revenues (expenses)	<u>-</u>	<u>12,159</u>	<u>12,159</u>
Income before transfers	-	54,948	54,948
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	-	54,948	54,948
Net position, beginning of year	<u>36,391</u>	<u>2,218,270</u>	<u>2,254,661</u>
Net position, end of year	<u>\$ 36,391</u>	<u>\$ 2,273,218</u>	<u>\$ 2,309,609</u>

COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, the fiduciary funds, each major fund, and the aggregate remaining fund information of the City of Irondale, Alabama (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 29, 2024.

Report on Internal Control over Financial Reporting

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

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

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

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*.

City of Irondale, Alabama’s Response to Findings

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

Purpose of this Report

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

BMSS, LLC

Birmingham, Alabama
March 29, 2024

CITY OF IRONDALE, ALABAMA
Schedule of Findings and Responses
For the Year Ended September 30, 2023

Deficiencies in Internal Control

2023-1

Condition:	During our audit, we noted that the City had a transaction where the bid process was potentially required but failed to provide supporting documentation of formal bids or support that this purchase is exempt from bid requirements.
Criteria:	The City is required to follow Alabama Bid Law.
Cause and effect:	Failure to comply with Alabama Bid Law. Violations are potentially subject to fines and/or voided contracts.
Recommendation:	We recommend the City review its policies and consider additional controls and employee training in order to ensure compliance. We also recommend the City consult with its attorneys on improved processes and relevant laws to ensure legal compliance.
Planned corrective action:	The City and management agree with this deficiency in internal controls. The City plans to implement additional purchase steps to ensure compliance.

APPENDIX C
Proposed Form of Opinion of Bond Counsel to the City

The Mayor and City Council
City of Irondale
Irondale, Alabama

Ladies and Gentlemen:

We have examined certified copies of proceedings of the governing body of the City of Irondale (herein called the "City"), in the State of Alabama, and other documents submitted to us pertaining to the authorization, sale and issuance of

§ _____
CITY OF IRONDALE, ALABAMA
General Obligation Warrants
Series 2024

(the "Warrants"). The opinions hereinafter expressed are based upon our examination of the proceedings and documents so furnished to us.

We are of the following opinion: that the Warrants are in due and legal form, have been validly authorized and issued pursuant to the applicable provisions of the constitution and laws of Alabama, and constitute valid orders on the treasurer of the City for the payment thereof as therein provided; that the indebtedness ordered paid by the Warrants is a valid general obligation of the City for the payment of the principal of and interest on which the City has validly pledged its full faith and credit; and that, under existing statutes, the interest on the Warrants is exempt from Alabama income taxation.

We are further of the opinion that under the Internal Revenue Code of 1986, as amended (herein called the "Code"), as presently construed and administered, and assuming compliance by the City with its covenants pertaining to certain requirements of federal tax law that are set forth in the proceedings authorizing the issuance of the Warrants and in the tax compliance agreement and certificate executed by the City in connection with the issuance of the Warrants, the interest on the Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Warrants will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code; however, in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on "applicable corporations" (as defined in Section 59(k) of the Code), interest on the Warrants is not excluded from the determination of adjusted financial statement income. We express no opinion regarding tax consequences arising with respect to the Warrants other than as expressly set forth herein.

We express no opinion regarding the accuracy, adequacy or completeness of the Official Statement of the City relating to the Warrants. Further, we express no opinion regarding tax consequences arising with respect to the Warrants other than as expressly set forth herein.

The rights of the holders of the Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

APPENDIX D
Summary of Continuing Disclosure Agreement

Summary of Continuing Disclosure Agreement

The following is a summary of the Continuing Disclosure Agreement (the "Agreement") entered into by the City, pursuant to the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission of the United States of America (the "Commission") pursuant to the Securities Exchange Act of 1934. Except where otherwise defined in this Appendix, all capitalized terms have the meaning assigned in the front portion of this Official Statement.

Annual Report of the City. The City agrees, in accordance with the provisions of the Rule, to provide or cause to be provided through the Electronic Municipal Market Access system ("EMMA") established by the Municipal Securities Rulemaking Board ("MSRB") (or such other system as may be subsequently authorized by the MSRB), not later than 9 months after the close of each fiscal year of the City (October 1 - September 30) commencing after September 30, 2024, the following annual financial information and operating data (the "Annual Report"): the audited financial statements of the City prepared in accordance with accounting principles generally accepted in the United States of America and notes thereto, and, to the extent not already included in the aforesaid Annual Report, with respect to the fiscal year being reported, the tabular information provided in Appendix A to the Official Statement under the headings "PRIMARY SOURCES OF REVENUES – Ad Valorem Taxes," "PRIMARY SOURCES OF REVENUES – Sales and Use Tax," and "PRIMARY SOURCES OF REVENUES – Occupational Tax." If such audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Series 2024 Warrants, and the audited financial statements, together with the audit report thereon, shall be filed in the same manner as the Annual Report when the same becomes available. The City also agrees, in accordance with the Rule, to provide or cause to be provided through EMMA (or such other system as may be authorized by the MSRB) notice of any failure to provide the Annual Report or any part thereof.

The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Agreement. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA or the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

Notice of Certain Events. The City agrees to provide or cause to be provided, in a timely manner, through EMMA (or such other system as may be authorized by the MSRB) within ten (10) business days of the occurrence of any of the following events with respect to the Series 2024 Warrants:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2024 Warrants, or other material events affecting the tax status of the Series 2024 Warrants;
- (vii) modifications of the rights of holders of the Series 2024 Warrants;

- (viii) calls for redemption, other than scheduled mandatory redemption, of any of the Series 2024 Warrants if material, and notice of tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Series 2024 Warrants, if material;
- (xi) rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City or of any obligated person respecting the Series 2024 Warrants;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the City or any obligated person respecting the Series 2024 Warrants (each, an "Obligated Person") or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement related to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;
- (xv) incurrence of a Financial Obligation of an Obligor, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligor, any of which affect security holders, if material;
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligor, any of which reflect financial difficulties; and
- (xvii) failure of the City to timely file its Annual Report.

As used herein, "Financial Obligation" shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term financial obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

Additional Information. The City may from time to time choose to provide other information in addition to the information and notices listed above, but the City does not undertake in the Agreement to commit to provide any such additional information or to update or to continue to provide such additional information or notices once provided.

Amendment; Waiver. The City may amend the Agreement and any provision of the Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not cause the undertakings therein to violate the Rule taking into account any subsequent change in or official interpretation of the Rule.

Beneficiaries and Enforcement. The City agrees that its undertakings pursuant to the Rule set forth in the Agreement are intended to be for the benefit of the holders of the Series 2024 Warrants and shall be enforceable by such holders. No failure by the City to comply with its obligations under the Agreement shall constitute an event of default under the 2024 Ordinance.