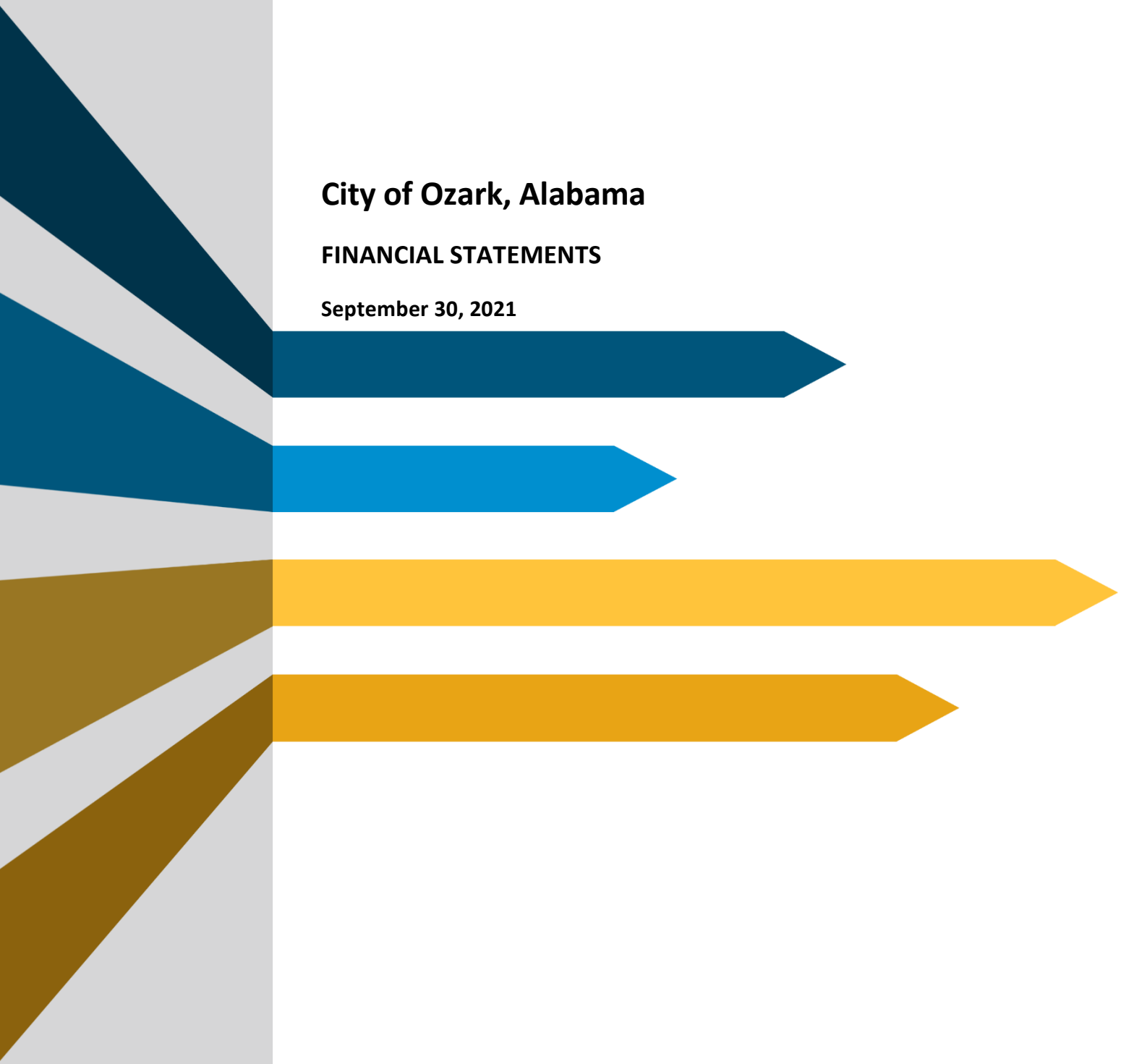
City of Ozark, Alabama

FINANCIAL STATEMENTS

September 30, 2021



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ozark, Alabama (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Ozark City Board of Education (the "Board of Education"), which is 100 percent of the assets, net position, and revenues of the discretely presented component unit.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Education, which is 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Education, is based solely on the report of other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Special Ad Valorem Fund I, Special Ad Valorem Fund II, and Street Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, the City has elected to change its method of accounting for tax receivables due from the Dale County Revenue Commissioner. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4–15), schedule of changes in net pension liability (page 76), schedule of employer contributions (page 77), and schedule of changes in OPEB liability (page 78) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide

any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules of bond amortization requirements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules of bond amortization requirements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules of bond amortization requirements 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 30, 2022, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama
March 30, 2022

As management of the City of Ozark, Alabama (the "City"), we offer readers of the City's financial statements this narrative overview of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

From the Government-wide Financial Statements:

- The City's combined governmental activities and business-type activities net position at September 30, 2021 was $25,198,834. This represents an increase of $2,027,047 from the net position of September 30, 2020. The combined unrestricted (deficit) decreased $2,097,488, the governmental activities deficit decreased $1,746,997, and the business-type deficit decreased $350,491.

- The revenues at September 30, 2021 from governmental activities were $22,567,183 and revenues from business-type activities were $1,573,361, for a combined total of $24,140,544. This is an overall increase in revenues from prior year of $2,808,687. The increase resulted mostly from increases in sales taxes and other income related to donated capital assets.

- The City donated assets during the year, which are reported as special items and more fully described in Note 10 the financial statements.

From the Fund Financial Statements

- The governmental funds reported revenues of $20,380,261 for fiscal year 2021, an increase of $677,882 over $19,702,379 reported last year. The majority of the increases were in taxes.

- The General Fund reported a total fund balance of $6,053,478 at September 30, 2021. The spendable, unassigned portion of total fund balance was $5,718,028, the nonspendable portion was $302,291, and the restricted portion was $33,159. The net result of operations is an increase of $2,054,057. As a measure of the General Fund's liquidity, it may be useful to compare both the spendable, unassigned fund balance and total fund balance to operating expenditures. Spendable, unassigned fund balance represents 40 percent of the total general fund operating expenditures of $14,180,332 (total expenditures less capital outlay). The GFOA's best practice target for the spendable, unassigned fund balance is 2 months operating expenditures, which calculates to approximately $2,363,389. Total fund balance as a percentage of the general operating expenditures is 42.7 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

Government-wide financial statements
Fund financial statements
Notes to financial statements

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 a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and resulting 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes, earned but unused vacation and sick leave, and other postemployment benefits).

Both of the 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 all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include such functions as general government, education, police, fire, sanitation, street, and leisure services. The business-type activities of the City include the Ozark Square Shopping Center and the Emergency Medical Services ("EMS") program. All of these activities are collectively referred to in the financial statements as those of the primary government.

The Government-wide financial statements begin on page 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is 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 of the funds of the City are classified as either governmental funds or proprietary funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. However, unlike the Government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eighteen individual governmental funds. 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 the General Fund, Special Ad Valorem Fund I, Special Ad Valorem Fund II, ARPA Fund, and Street Fund that are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the other information section of this report.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison schedule has been provided for each major governmental fund, with the exception of ARPA, to demonstrate compliance with this budget.

The basic governmental fund financial statements and the budgetary comparison statements can be found beginning on page 20 of this report.

Proprietary Funds The City maintains two proprietary funds, one for the Ozark Square Shopping Center and one for the Fire Department's EMS Division. Both are enterprise funds. An enterprise fund is used to determine operating income, changes in net position, financial position, and cash flows. These funds are presented as part of the primary government in the Government-wide financial statements in columns labeled "business-type activities". The City received the Ozark Square Shopping Center in a donation in December 2008, and there are currently three business tenants who rent retail space in the shopping center. The City developed the trailer park property acquired in this fund in January 2010 as an extension of the Flowers Performing Arts Center and into a multi-use recreational, fitness and aquatic center during 2019.

In May 2010, the City approved the Fire Department implementing the EMS Division to provide ambulance services to the City's residents and to replace the current ambulance service provider. Statistics related to EMS, in its tenth year of operations, are as follows:

Years ended September 30,		**2021**	2020	**Increase (Decrease)**	**% Increase (Decrease)**
Number of patients transported		**3,799**	3,372	427	12.7%
Seven year average:					
Gross charge per trip	$	696			
Net charge per trip	$	439			
Cash collection per trip	$	318			
Cash collection per trip as a percent of net charge per trip		72.4%			
Average cost per transport:					
FY2020-21	$	294			
FY2019-20	$	319			
FY2018-19	$	247			
FY2017-18	$	259			
FY2016-17	$	270			
FY2015-16	$	276			

Number of patients transported by payer type:

	FY2020-21	**% of total**	FY2019-20	% of total
Medicare	**1,471**	**38.7%**	1,519	45.0%
Medicaid	**641**	**16.9%**	475	14.1%
Other Insurance	**1,291**	**34.0%**	1,015	30.1%
Patient (no insurance)	**396**	**10.4%**	363	10.8%

The EMS program increased the net position by $105,048 in fiscal year 2021. The advance EMS owes to the General Fund at September 30, 2021 is $23,487 and is $183,002 lower than at September 30, 2020.

The basic proprietary fund financial statements can be found beginning on page 30 of this report.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found beginning on page 34 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, governmental activities assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $22,963,551 for fiscal year 2021, as compared to $20,891,271 for fiscal year 2020.

	Governmental Activities		Business-type Activities		Primary Government Total	
September 30,	**2021**	2020	**2021**	2020	**2021**	2020
Assets						
Current and other assets	**$ 10,402,760**	$ 6,501,075	**$ 1,163,870**	$ 769,416	**$ 11,566,630**	$ 7,270,491
Capital assets	**37,179,611**	36,476,870	**2,424,388**	2,820,112	**39,603,999**	39,296,982
Total assets	**47,582,371**	42,977,945	**3,588,258**	3,589,528	**51,170,629**	46,567,473
Deferred outflows of resources	**2,820,921**	2,374,105	**296,813**	244,333	**3,117,734**	2,618,438
Liabilities						
Current liabilities	**4,183,307**	2,207,731	**45,625**	50,110	**4,228,932**	2,257,841
Long-term liabilities	**22,028,943**	20,776,386	**1,476,163**	1,344,438	**23,505,106**	22,120,824
Total liabilities	**26,212,250**	22,984,117	**1,521,788**	1,394,548	**27,734,038**	24,378,665
Deferred inflows of resources	**1,227,491**	1,476,662	**128,000**	158,797	**1,355,491**	1,635,459
Net Position (Deficit)						
Net investment in capital assets	**27,866,711**	27,347,257	**2,424,388**	2,820,112	**30,291,099**	30,167,369
Restricted	**439,137**	546,347	**-**	-	**439,137**	546,347
Unrestricted (deficit)	**(5,342,297)**	(7,002,333)	**(189,105)**	(539,596)	**(5,531,402)**	(7,541,929)
Total net position	**$ 22,963,551**	$ 20,891,271	**$ 2,235,283**	$ 2,280,516	**$ 25,198,834**	$ 23,171,787

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations. The City, at September 30, 2021 and 2020, reported unrestricted deficits in governmental and business-type activities. The unrestricted deficit in governmental activities was the result of the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 68 five years ago and GASB Statement No. 75 three years ago.

Years ended September 30,	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Primary Government Total 2021	Primary Government Total 2020
Program Revenues:						
Charges for services	**$ 5,908,781**	$5,856,047	**$ 1,501,406**	$1,352,353	**$7,410,187**	$7,208,400
Operating grants and contributions	**548,170**	610,462	**-**	-	**548,170**	610,462
Capital grants and contributions	**678,300**	1,202,779	**-**	-	**678,300**	1,202,779
General Revenues:						
Property taxes	**804,815**	787,499	**-**	-	**804,815**	787,499
Sales tax	**9,542,475**	8,468,708	**-**	-	**9,542,475**	8,468,708
Motor fuel tax	**1,360,263**	1,403,707	**-**	-	**1,360,263**	1,403,707
Other taxes	**1,284,323**	1,077,893	**-**	-	**1,284,323**	1,077,893
Other	**2,440,056**	372,568	**71,955**	199,841	**2,512,011**	572,409
Total revenues	**22,567,183**	19,779,663	**1,573,361**	1,552,194	**24,140,544**	21,331,857
Functions/Program Expenses:						
General government	**1,395,130**	1,274,350	**-**	-	**1,395,130**	1,274,350
Police	**3,069,609**	3,029,588	**-**	-	**3,069,609**	3,029,588
Fire	**2,638,113**	2,682,452	**1,318,345**	1,205,730	**3,956,458**	3,888,182
Street	**1,754,184**	1,614,117	**-**	-	**1,754,184**	1,614,117
Sanitation	**1,433,333**	1,373,801	**-**	-	**1,433,333**	1,373,801
Leisure services	**1,966,921**	1,875,470	**-**	-	**1,966,921**	1,875,470
Engineering and inspections	**174,088**	145,836	**-**	-	**174,088**	145,836
Vehicle maintenance	**271,924**	273,315	**-**	-	**271,924**	273,315
Airport	**897,512**	788,428	**-**	-	**897,512**	788,428
Judicial	**192,313**	184,380	**-**	-	**192,313**	184,380
Appropriations	**141,753**	139,253	**-**	-	**141,753**	139,253
Non-departmental	**317,123**	338,512	**-**	-	**317,123**	338,512
Economic development	**1,031,051**	990,768	**80,731**	81,449	**1,111,782**	1,072,217
Ozark technology center	**149,662**	144,295	**-**	-	**149,662**	144,295
Information technology	**186,350**	178,115	**-**	-	**186,350**	178,115
Education	**2,715,372**	2,614,236	**-**	-	**2,715,372**	2,614,236
Interest	**219,246**	250,674	**-**	-	**219,246**	250,674
Fees on long term debt	**105,826**	6,450	**-**	-	**105,826**	6,450
Amortization	**6,774**	9,731	**-**	-	**6,774**	9,731
Total functions/program expenses	**18,666,284**	17,913,771	**1,399,076**	1,287,179	**20,065,360**	19,200,950
Special items: donations of property	**(1,828,619)**	-	**(219,518)**	-	**(2,048,137)**	-
Increase (Decrease) in Net Position	**$ 2,072,280**	$1,865,892	**$ (45,233)**	$ 265,015	**$2,027,047**	$2,130,907

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds report combined ending fund balances of $7,105,127, an increase of $2,000,108 in comparison with the prior year. Spendable, unassigned fund balances of $5,718,028 represents 81 percent of the ending total fund balances and are available to meet the City's short-term spending needs. The remainder of fund balance that is nonspendable is $302,291, and the restricted amount is $1,084,808 to indicate that it was not available for new spending because it has already been committed to grants accounted for in the general and special revenue funds.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, spendable, unassigned fund balance of the General Fund was $5,718,028 while the total fund balance was $6,053,478. The net result of General Fund operations is an increase in the General Fund's fund balance of $2,054,057. As a measure of the General Fund's liquidity, it may be useful to compare both the spendable, unassigned fund balance and total fund balance to operating expenditures. Spendable, unassigned fund balance represents 40 percent of the total general fund operating expenditures of $14,180,332 (total expenditures less capital outlay). The GFOA's best practice target for the spendable, unassigned fund balance is 2 months operating expenditures, which calculates to approximately $2,363,389. Total fund balance as a percentage of the general operating expenditures is 42.7 percent.

	Total Governmental Funds		
September 30,	**2021**	2020	Change
Assets			
Cash and cash equivalents	**$ 8,403,214**	$ 4,133,687	$ 4,269,527
Receivables, net	**1,576,259**	1,626,947	(50,688)
Due from other funds	**182,474**	362,426	(179,952)
Other assets	**14,600**	14,596	4
Restricted cash and cash equivalents	**399,500**	533,656	(134,156)
Total assets	**$ 10,576,047**	$ 6,671,312	$ 3,904,735

September 30,	Total Governmental Funds **2021**	2020	Change
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	**$ 1,095,985**	$ 933,955	$ 162,030
Due to other funds	**173,286**	170,237	3,049
Accrued payroll	**361,798**	305,169	56,629
Unearned revenue	**1,698,812**	-	1,698,812
Other accrued expenses	**141,039**	156,932	(15,893)
Total liabilities	**3,470,920**	1,566,293	1,904,627
Fund balances			
Nonspendable	**302,291**	532,578	(230,287)
Restricted	**1,084,808**	1,268,349	(183,541)
Unassigned	**5,718,028**	3,304,092	2,413,936
Total fund balances	**7,105,127**	5,105,019	2,000,108
Total liabilities, deferred inflows of resources, and fund balances	**$ 10,576,047**	$ 6,671,312	$ 3,904,735

Revenues for fiscal year 2021 from governmental funds were more than fiscal year 2020 revenues by $677,882. The majority of the increases were attributable to an increase in taxes.

Expenditures for fiscal year 2021 from governmental funds were more than fiscal year 2020 by $1,189,873. The majority of the increases were related to capital outlay and education.

Years ended September 30,	Total Governmental Funds **2021**	2020	Change
Revenues			
Taxes	**$ 14,370,459**	$ 13,137,156	$ 1,233,303
Licenses and permits	**1,656,580**	1,720,969	(64,389)
Intergovernmental	**1,207,814**	1,737,809	(529,995)
Charges for services	**2,139,794**	2,067,171	72,623
Fines and forfeitures	**594,576**	511,787	82,789
Investment earnings	**13,347**	20,000	(6,653)
Miscellaneous	**397,691**	507,487	(109,796)
Total revenues	**20,380,261**	19,702,379	677,882

Years ended September 30,	Total Governmental Funds **2021**	2020	Change
Expenditures			
General government	**$ 1,114,409**	$ 1,034,082	$ 80,327
Education	**2,715,408**	2,614,236	101,172
Vehicle maintenance	**266,385**	266,925	(540)
Police	**2,803,433**	2,807,901	(4,468)
Information technology	**163,174**	149,633	13,541
Fire	**2,355,607**	2,423,287	(67,680)
Airport	**387,274**	314,155	73,119
Sanitation	**1,318,668**	1,243,543	75,125
Street	**1,036,090**	992,148	43,942
Leisure services	**1,760,019**	1,672,034	87,985
Appropriations	**141,753**	139,253	2,500
Judicial	**189,119**	180,876	8,243
Economic development	**907,568**	863,938	43,630
Engineering and inspections	**171,156**	137,185	33,971
Ozark technology center	**121,861**	116,151	5,710
Non-departmental	**317,087**	338,495	(21,408)
Debt service	**1,153,156**	990,770	162,386
Capital outlay	**2,622,889**	2,070,571	552,318
Total expenditures	**19,545,056**	18,355,183	1,189,873
Excess (deficiency) of revenues over expenditures	**835,205**	1,347,196	(511,991)
Other Financing Sources (Uses)			
Transfers in (out), net	**-**	-	-
Proceeds from issuance of debt	**4,863,390**	219,846	4,643,544
Payment to refunded bond escrow agent	**(3,802,362)**	-	(3,802,362)
Loss recoveries	**52,248**	57,540	(5,292)
Proceeds from sale of capital assets	**51,627**	30,381	21,246
Total other financing sources (uses)	**1,164,903**	307,767	857,136
Excess (deficiency) of revenues and other sources over expenditures	**2,000,108**	1,654,963	345,145
Fund balances - beginning	**5,105,019**	3,450,056	1,654,963
Fund balances - ending	**$ 7,105,127**	$ 5,105,019	$ 2,000,108

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget to actual statements and schedules are provided in the financial statements for all major funds, with the exception of the ARPA Fund in FY21. It was a new fund created during the year. Budget columns are provided for both the original budget adopted as well as the final budget. A column for actual expenditures and a column for differences between final budget and actual expenditures follow these columns.

General Fund revenues came in above budgeted amounts by $1,760,317. Tax revenues were higher by $1,935,598.

General Fund operating expenditures were under the final amended budget by $79,095. This reflects operating estimated expenditures coming in under budget due to continued efforts by departments to manage expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental activities as of September 30, 2021 amounts to $37,179,611 (net of accumulated depreciation). The City's investment in capital assets for business-type activities as of September 30, 2021 amounts to $2,424,388 (net of accumulated depreciation). This investment in capital assets includes land; improvements and infrastructure; buildings; equipment; and construction in progress. Additional information on the City's capital assets can be found in Note 2 of this report.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Primary Government Total	
	9/30/2021	9/30/2020	**9/30/2021**	9/30/2020	**9/30/2021**	9/30/2020
Land	**$ 5,809,745**	$5,533,398	**$ 573,045**	$ 573,045	**$ 6,382,790**	$6,106,443
Construction in progress	**769,260**	402,125	**-**	-	**769,260**	402,125
Improvements and infrastructure	**18,576,155**	18,881,503	**-**	-	**18,576,155**	18,881,503
Buildings	**8,184,083**	8,408,962	**1,433,733**	1,699,805	**9,617,816**	10,108,767
Equipment	**2,826,434**	2,442,608	**417,610**	547,262	**3,244,044**	2,989,870
Property under capital lease	**1,013,934**	808,274	**-**	-	**1,013,934**	808,274
Total	**$37,179,611**	$36,476,870	**$2,424,388**	$2,820,112	**$39,603,999**	$39,296,982

Long-Term Debt

The City issued new debt in the current year related to refunding the 2014 Series Bonds with 2021 Series Bonds, purchasing police department vehicles, purchasing a garbage truck, and funding T Hangar construction. The Net Pension Liability reflects compliance with GASB Statement Nos. 68 and 71, which were implemented in prior years. The Total OPEB Liability reflects compliance with GASB Statement No. 75, which was also implemented in prior years. Additional information on the City's long-term debt can be found in Note 2 of this report.

	Governmental Activities		Business-type Activities		Primary Government Total	
	9/30/2021	9/30/2020	**9/30/2021**	9/30/2020	**9/30/2021**	9/30/2020
Capital leases	**$ 915,467**	$ 653,568	**$ -**	$ -	**$ 915,467**	$ 653,568
Bonds payable, net	**8,038,455**	8,476,045	**-**	-	**8,038,455**	8,476,045
Compensated absences	**275,097**	263,226	**24,731**	22,094	**299,828**	285,320
Net pension liability	**5,464,325**	5,135,030	**390,646**	349,946	**5,854,971**	5,484,976
Total OPEB liability	**7,775,333**	7,060,192	**1,060,786**	972,398	**8,836,119**	8,032,590
Total	**$ 22,468,677**	$21,588,061	**$ 1,476,163**	$ 1,344,438	**$ 23,944,840**	$ 22,932,499

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Mayor and City Council considered many factors when developing the fiscal year 2021-22 budget. A budget of $15.8 million was adopted for the General Fund, $4.3 million in Special Revenue Funds, and $2.0 million in Enterprise Funds on September 7, 2021.

- The local government health insurance carrier (Blue Cross/Blue Shield of Alabama) continues to offer an annual health screening to all employees and again if the City has 80 percent of its enrolled employees participate the City will receive a wellness discount of $10 per employee per month. The City reached the required employee participation in 2021 and expects to meet that level of participation for 2022. The estimated savings in health insurance premiums is approximately $19,000. The City did receive a health rate increase of 5.9 percent for calendar year 2022.

- The 2021-22 budget does include a step increase adjustment of approximately 2.5% for all qualifying employees.

- The City projected slight increases in revenues in sales and use tax. The City did pass any ordinances increasing any taxes.

- Dale County unemployment rate for September 2021 was 2.8 percent, and the rate for September 2020 was 5.4 percent.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Officer, City of Ozark, Office of the City Clerk, P.O. Box 1987, Ozark, Alabama 36361.

Under the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* the Ozark City Board of Education (the "BOE") is reported as a discretely presented component unit of the City's financial statements in a separate column in the Government-wide statements to emphasize that it is legally separate from the City. Complete financial statements for the BOE may be obtained from the entity's administrative office, Chief School Financial Officer, 1044 Andrews Avenue, Ozark, AL 36360.

City of Ozark, Alabama
Statement of Net Position

September 30, 2021	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Board of Education
Assets				
Cash and cash equivalents	$ 8,403,214	$ 895,604	$ 9,298,818	$ 20,632,796
Investments	-	-	-	45,505
Receivables, net	1,576,259	277,453	1,853,712	3,992,916
Prepaid items	13,378	-	13,378	-
Internal balances	9,187	(9,187)	-	-
Inventories	1,222	-	1,222	30,761
Restricted assets				
Cash and cash equivalents	399,500	-	399,500	-
Capital assets				
Non-depreciable	6,579,005	573,045	7,152,050	7,291,768
Depreciable, net	30,600,606	1,851,343	32,451,949	21,416,725
Total assets	47,582,371	3,588,258	51,170,629	53,410,471
Deferred Outflows of Resources				
Deferred outflows on refunding	86,961	-	86,961	-
Deferred outflows related to pension	1,217,571	149,276	1,366,847	4,779,062
Deferred outflows related to OPEB	1,516,389	147,537	1,663,926	5,403,670
Total deferred outflows of resources	2,820,921	296,813	3,117,734	10,182,732

(Continued)

September 30, 2021	Primary Government Governmental Activities	Business-type Activities	Total	Component Unit Board of Education
Liabilities				
Accounts payable	1,095,985	8,280	1,104,265	1,598
Accrued liabilities	502,837	37,345	540,182	1,575,781
Unearned revenue	1,698,812	-	1,698,812	27,335
Non-current liabilities				
Due within one year				
Notes payable	129,024	-	129,024	272,249
Capital lease obligations	151,649	-	151,649	-
Bonds payable	605,000	-	605,000	192,175
Due in more than one year				
Compensated absences	275,097	24,731	299,828	-
Notes payable	316,915	-	316,915	1,423,717
Capital lease obligations	763,818	-	763,818	-
Bonds payable	7,433,455	-	7,433,455	26,300,564
Other postemployment benefits	7,775,333	1,060,786	8,836,119	11,845,229
Net pension liability	5,464,325	390,646	5,854,971	20,280,000
Total liabilities	26,212,250	1,521,788	27,734,038	61,918,648
Deferred Inflows of Resources				
Deferred inflows of property tax revenue	-	-	-	1,848,617
Deferred inflows related to pension	349,501	34,162	383,663	1,047,000
Deferred inflows related to OPEB	877,990	93,838	971,828	8,879,884
Total deferred inflows of resources	1,227,491	128,000	1,355,491	11,775,501
Net Position (Deficit)				
Net investment in capital assets capital assets	27,866,711	2,424,388	30,291,099	519,788
Restricted for				
Capital projects	33,159	-	33,159	-
Debt service	405,937	-	405,937	-
Education	41	-	41	-
Unrestricted (deficit)	(5,342,297)	(189,105)	(5,531,402)	(10,620,734)
Total net position (deficit)	$ 22,963,551	$ 2,235,283	$ 25,198,834	$ (10,100,946)

The accompanying notes are an integral part of these financial statements.

City of Ozark, Alabama
Statement of Activities

For the year ended September 30, 2021

Functions/Programs	Expenses	Program Charges for Services and Fines	Program Operating Grants and Contributions
Primary Government			
Governmental activities			
General government	$ 1,395,130	$ 1,941,259	$ 138,858
Police	3,069,609	243,111	12,763
Fire	2,638,113	267	-
Street	1,754,184	-	-
Sanitation	1,433,333	1,541,207	-
Leisure services	1,966,921	259,578	143,969
Engineering and inspections	174,088	-	-
Vehicle maintenance	271,924	-	-
Airport	897,512	368,493	-
Judicial	192,313	-	-
Appropriations	141,753	-	-
Non-departmental	317,123	-	-
Economic development	1,031,051	-	252,580
Ozark technology center	149,662	-	-
Information technology	186,350	-	-
Education	2,715,372	1,554,866	-
Interest	219,246	-	-
Fees on long term debt	105,826	-	-
Amortization	6,774	-	-
Total governmental activities	18,666,284	5,908,781	548,170
Business-type activities			
Emergency medical services	1,318,345	1,351,438	-
Ozark Square Shopping Center	80,731	149,968	-
Total business-type activities	1,399,076	1,501,406	-
Total primary government	$ 20,065,360	$ 7,410,187	$ 548,170
Component Unit			
Ozark City Board of Education	$ 24,610,426	$ 1,871,138	$ 18,683,068

The accompanying notes are an integral part of these financial statements.

Revenues		Net (Expense) Revenue and Changes in Net Position			
		Primary Government			Component Unit
	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Board of Education
$	628,395	$ 1,313,382	$ -	$ 1,313,382	$ -
	-	(2,813,735)	-	(2,813,735)	-
	-	(2,637,846)	-	(2,637,846)	-
	-	(1,754,184)	-	(1,754,184)	-
	-	107,874	-	107,874	-
	-	(1,563,374)	-	(1,563,374)	-
	-	(174,088)	-	(174,088)	-
	-	(271,924)	-	(271,924)	-
	49,905	(479,114)	-	(479,114)	-
	-	(192,313)	-	(192,313)	-
	-	(141,753)	-	(141,753)	-
	-	(317,123)	-	(317,123)	-
	-	(778,471)	-	(778,471)	-
	-	(149,662)	-	(149,662)	-
	-	(186,350)	-	(186,350)	-
	-	(1,160,506)	-	(1,160,506)	-
	-	(219,246)	-	(219,246)	-
	-	(105,826)	-	(105,826)	-
	-	(6,774)	-	(6,774)	-
	678,300	(11,531,033)	-	(11,531,033)	-
	-	-	33,093	33,093	-
	-	-	69,237	69,237	-
	-	-	102,330	102,330	-
$	678,300	(11,531,033)	102,330	(11,428,703)	-
$	852,215	-	-	-	(3,204,005)

(Continued)

City of Ozark, Alabama
Statement of Activities (Continued)

For the year ended September 30, 2021		Program	
Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions
	General revenues		
	Taxes		
	Property taxes, levied for general purposes		
	Property taxes, levied for specific purposes		
	Gas tax		
	Sales tax		
	Franchise fees		
	Alcoholic beverage taxes		
	Lodging taxes		
	Tobacco taxes		
	Other taxes		
	Investment earnings		
	Miscellaneous		
	Rental income		
	Total general revenues		
	Special item: donations of property		
	Change in net position		
	Net position, beginning of year		
	Net position, end of year		

The accompanying notes are an integral part of these financial statements.

Revenues	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Board of Education
804,815	-	804,815	1,876,912
-	-	-	819,738
1,360,263	-	1,360,263	-
9,542,475	-	9,542,475	2,610,575
120,827	-	120,827	-
201,198	-	201,198	-
173,427	-	173,427	-
277,985	-	277,985	-
631,713	-	631,713	8,354
13,348	42	13,390	401,621
2,241,473	71,913	2,313,386	500,439
64,408	-	64,408	-
15,431,932	71,955	15,503,887	6,217,639
(1,828,619)	(219,518)	(2,048,137)	-
2,072,280	(45,233)	2,027,047	3,013,634
20,891,271	2,280,516	23,171,787	(13,114,580)
$ 22,963,551	$ 2,235,283	$ 25,198,834	$ (10,100,946)

City of Ozark, Alabama
Balance Sheet – Governmental Funds

September 30, 2021	General	Special Ad Valorem Fund I	Special Ad Valorem Fund II
Assets			
Cash and cash equivalents	$ 5,604,213	$ 24	$ 17
Restricted cash and cash equivalents	25,644	-	-
Accounts receivable	1,291,649	17,305	17,305
Due from other funds	91,643	-	-
Inventories	1,222	-	-
Prepaid items	13,378	-	-
Total assets	$ 7,027,749	$ 17,329	$ 17,322
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 322,915	$ 17,305	$ 17,305
Accrued payroll and related liabilities	361,798	-	-
Due to other funds	145,805	-	-
Other accrued expenses	141,039	-	-
Unearned revenue	2,714	-	-
Total liabilities	974,271	17,305	17,305
Fund balances			
Nonspendable	302,291	-	-
Restricted	33,159	24	17
Unassigned	5,718,028	-	-
Total fund balances	6,053,478	24	17
Total liabilities and fund balances	$ 7,027,749	$ 17,329	$ 17,322

The accompanying notes are an integral part of these financial statements.

	ARPA	Street	Nonmajor Funds	Total Governmental Funds
$	1,696,150	$ 531,145	$ 571,665	$ 8,403,214
	-	-	373,856	399,500
	-	-	250,000	1,576,259
	-	83,584	7,247	182,474
	-	-	-	1,222
	-	-	-	13,378
$	1,696,150	$ 614,729	$ 1,202,768	$ 10,576,047
$	-	504,536	$ 233,924	$ 1,095,985
	-	-	-	361,798
	-	-	27,481	173,286
	-	-	-	141,039
	1,696,098	-	-	1,698,812
	1,696,098	504,536	261,405	3,470,920
	-	-	-	302,291
	52	110,193	941,363	1,084,808
	-	-	-	5,718,028
	52	110,193	941,363	7,105,127
$	1,696,150	$ 614,729	$ 1,202,768	$ 10,576,047

City of Ozark, Alabama
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30, 2021

Total fund balances - governmental funds		$ 7,105,127
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 81,235,356	
Less accumulated depreciation and amortization	(44,055,746)	37,179,610
Deferred outflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		1,516,389
Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		1,217,571
Deferred charges on refunding are reported as deferred outflows of resources and are not available to pay for current period expenditures and therefore, are not reported as assets in the governmental funds.		86,961
Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(349,501)
Deferred inflow of resources related to OPEB earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(877,990)
Long-term liabilities, including other postemployment benefits, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	$ (5,464,325)	
Bonds payable	(8,038,455)	
Capital lease obligations	(915,467)	
Notes payable	(445,939)	
Compensated absences	(275,097)	
Other postemployment benefits	(7,775,333)	(22,914,616)
Net position of governmental activities		$ 22,963,551

The accompanying notes are an integral part of these financial statements.

City of Ozark, Alabama
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the year ended September 30, 2021	General	Special Ad Valorem Fund I	Special Ad Valorem Fund II
Revenues			
Taxes	$12,544,014	$ 777,433	$ 777,433
Licenses and permits	1,656,580	-	-
Intergovernmental	804,394	-	-
Charges for services	2,139,794	-	-
Fines and forfeitures	594,576	-	-
Interest and other	12,865	-	-
Miscellaneous revenue	396,083	-	8
Total revenues	18,148,306	777,433	777,441
Expenditures			
General government	1,114,409	-	-
Education	1,160,506	777,433	777,469
Vehicle maintenance	266,385	-	-
Police	2,803,334	-	-
Information technology	163,174	-	-
Fire	2,355,607	-	-
Airport	387,274	-	-
Sanitation	1,318,668	-	-
Street	1,019,637	-	-
Leisure services	1,760,019	-	-
Appropriations	141,753	-	-
Judicial	171,894	-	-
Economic development	907,568	-	-
Engineering and inspections	171,156	-	-
Ozark technology center	121,861	-	-
Non-departmental	317,087	-	-
Capital outlay	1,570,060	-	-
Debt service	-	-	-
Total expenditures	15,750,392	777,433	777,469
Excess (deficiency) of of revenues over (under) expenditures	2,397,914	-	(28)

The accompanying notes are an integral part of these financial statements.

ARPA	Street	Nonmajor Funds	Total Governmental Funds
$ -	$ 117,113	$ 154,466	$ 14,370,459
-	-	-	1,656,580
-	-	403,420	1,207,814
-	-	-	2,139,794
-	-	-	594,576
52	-	430	13,347
-	-	1,600	397,691
52	117,113	559,916	20,380,261
-	-	-	1,114,409
-	-	-	2,715,408
-	-	-	266,385
-	-	99	2,803,433
-	-	-	163,174
-	-	-	2,355,607
-	-	-	387,274
-	-	-	1,318,668
-	-	16,453	1,036,090
-	-	-	1,760,019
-	-	-	141,753
-	-	17,225	189,119
-	-	-	907,568
-	-	-	171,156
-	-	-	121,861
-	-	-	317,087
-	800,854	251,975	2,622,889
-	-	1,153,156	1,153,156
-	800,854	1,438,908	19,545,056
52	(683,741)	(878,992)	835,205

(Continued)

City of Ozark, Alabama
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Continued)

For the year ended September 30, 2021	General	Special Ad Valorem Fund I	Special Ad Valorem Fund II
Other Financing Sources (Uses)			
Transfers in (out)	(1,398,654)	-	-
Proceeds from issuance of debt	950,922	-	-
Payment to refunded bond escrow agent	-	-	-
Loss recoveries	52,248	-	-
Proceeds from sale of capital assets	51,627	-	-
Net other financing sources (uses)	(343,857)	-	-
Net change in fund balances	2,054,057	-	(28)
Fund balances, beginning of year	3,999,421	24	45
Fund balances, end of year	$ 6,053,478	$ 24	$ 17

The accompanying notes are an integral part of these financial statements.

ARPA	Street	Nonmajor Funds	Total Governmental Funds
-	387,920	1,010,734	-
-	-	3,912,468	4,863,390
-	-	(3,802,362)	(3,802,362)
-	-	-	52,248
-	-	-	51,627
-	387,920	1,120,840	1,164,903
52	(295,821)	241,848	2,000,108
-	406,014	699,515	5,105,019
$ 52	$ 110,193	$ 941,363	$ 7,105,127

City of Ozark, Alabama
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30,	*2021*
Net change in fund balances - total governmental funds	$ 2,000,108
Amounts reported for governmental activities in the statement of activities are different because:	
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 as depreciation expense. This is the amount by which capital outlay exceed depreciation in the current period.	448,315
In the statement of activities, the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.	(28,196)
In the statement of activities, donations of capital assets are reported, whereas in the governmental funds, additions or disposals of capital assets are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed by donation and acquisition value at date of donation.	282,621
Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.	(4,863,390)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	4,630,446
Additional interest expense due to deferred charges on refunding and issuance discounts.	(6,774)
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.	(11,871)
Other postemployment benefits obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	(255,944)
Cash pension contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.	(123,035)
Change in net position of governmental activities	$ 2,072,280

The accompanying notes are an integral part of these financial statements.

City of Ozark, Alabama
Budgetary Comparison Schedule – General Fund

For the year ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 10,608,116	$ 10,608,416	$ 12,544,014	1,935,598
Licenses and permits	1,636,322	1,636,322	1,656,580	20,258
Intergovernmental	724,579	986,197	804,394	(181,803)
Charges for services	2,131,100	2,213,830	2,139,794	(74,036)
Fines and forfeitures	549,155	549,155	594,576	45,421
Interest and other	20,005	20,005	12,865	(7,140)
Miscellaneous revenue	374,064	374,064	396,083	22,019
Total revenues	16,043,341	16,387,989	18,148,306	1,760,317
Expenditures				
General government	1,068,543	1,087,960	1,114,409	(26,449)
Education	925,400	925,400	1,160,506	(235,106)
Vehicle maintenance	277,609	278,370	266,385	11,985
Police	2,969,445	2,997,749	2,803,334	194,415
Information technology	158,927	178,077	163,174	14,903
Fire	2,682,408	3,096,564	2,355,607	740,957
Airport	291,277	381,695	387,274	(5,579)
Sanitation	1,257,860	1,253,900	1,318,668	(64,768)
Street	1,002,510	1,008,056	1,019,637	(11,581)
Leisure services	1,642,346	1,554,878	1,760,019	(205,141)
Appropriations	141,753	42,753	141,753	(99,000)
Judicial	175,349	176,810	171,894	4,916
Economic development	867,728	894,228	907,568	(13,340)
Engineering and inspections	155,965	165,946	171,156	(5,210)
Ozark technology center	125,865	125,111	121,861	3,250
Non-departmental	274,015	280,097	317,087	(36,990)
Capital outlay	539,100	1,381,893	1,570,060	(188,167)
Total expenditures	14,556,100	15,829,487	15,750,392	79,095
Excess (deficiency) of revenues over (under) expenditures	1,487,241	558,502	2,397,914	1,839,412

(Continued)

For the year ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)				
Transfers in (out)	(1,346,941)	(1,426,939)	(1,398,654)	28,285
Proceeds from issuance of debt	-	461,798	950,922	489,124
Loss recoveries	1,000	20,317	52,248	31,931
Proceeds from sale of capital assets	5,000	5,000	51,627	46,627
Net other financing sources (uses)	(1,340,941)	(939,824)	(343,857)	595,967
Net change in fund balance	146,300	(381,322)	2,054,057	2,435,379
Fund balance, beginning of year	3,999,421	3,999,421	3,999,421	-
Fund balance, end of year	$ 4,145,721	$ 3,618,099	$ 6,053,478	$ 2,435,379

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting Principles (GAAP) in the presentation.

City of Ozark, Alabama
Budgetary Comparison Schedule – Special Ad Valorem Fund I

For the year ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 789,740	$ 789,740	$ 777,433	$ (12,307)
Expenditures				
Education	789,740	789,740	777,433	12,307
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	24	24	24	-
Fund balance, end of year	$ 24	$ 24	$ 24	$ -

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting (GAAP) in the presentation.

City of Ozark, Alabama
Budgetary Comparison Schedule – Special Ad Valorem Fund II

For the year ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 789,740	$ 789,740	$ 777,433	$ (12,307)
Miscellaneous revenue	-	-	8	8
Total revenues	789,740	789,740	777,441	(12,299)
Expenditures				
Education	789,740	789,740	777,469	12,271
Excess (deficiency) of revenues over (under) expenditures	-	-	(28)	(28)
Net change in fund balance	-	-	(28)	(28)
Fund balance, beginning of year	45	45	45	-
Fund balance, end of year	$ 45	$ 45	$ 17	$ (28)

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting (GAAP) in the presentation.

City of Ozark, Alabama
Budgetary Comparison Schedule – Street Fund

For the year ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 118,000	$ 118,000	$ 117,113	$ (887)
Expenditures				
Capital outlay	450,035	516,424	800,854	(284,430)
Excess (deficiency) of revenues over (under) expenditures	(332,035)	(398,424)	(683,741)	(285,317)
Other Financing Sources (Uses)				
Transfers in (out)	332,035	398,424	387,920	(10,504)
Net change in fund balance	-	-	(295,821)	(295,821)
Fund balance, beginning of year	406,014	406,014	406,014	-
Fund balance, end of year	$ 406,014	$ 406,014	$ 110,193	$ (295,821)

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting (GAAP) in the presentation.

City of Ozark, Alabama
Statement of Net Position - Proprietary Funds

September 30, 2021	Business-type Activities - Enterprise Funds Emergency Medical Services	Ozark Square Shopping Center	Total
Assets			
Current assets			
Cash and cash equivalents	$ 484,785	$ 410,819	$ 895,604
Accounts receivable, net	276,766	687	277,453
Due from other funds	14,300	-	14,300
Total current assets	775,851	411,506	1,187,357
Noncurrent assets			
Capital assets			
Land	-	573,045	573,045
Building	-	2,025,058	2,025,058
Equipment	887,971	-	887,971
Less accumulated depreciation	(470,361)	(591,325)	(1,061,686)
Total capital assets, net	417,610	2,006,778	2,424,388
Total assets	1,193,461	2,418,284	3,611,745
Deferred Outflows of Resources			
Deferred outflows related to pension	149,276	-	149,276
Deferred outflows related to OPEB	147,537	-	147,537
Total deferred outflow of resources	296,813	-	296,813
Liabilities			
Current liabilities			
Accounts payable	8,280	-	8,280
Accrued payroll and related liabilities	37,345	-	37,345
Due to other funds	23,487	-	23,487
Total current liabilities	69,112	-	69,112
Noncurrent liabilities			
Compensated absences	24,731	-	24,731
Total OPEB liability	1,060,786	-	1,060,786
Net pension liability	390,646	-	390,646
Total noncurrent liabilities	1,476,163	-	1,476,163
Total liabilities	1,545,275	-	1,545,275
Deferred Inflows of Resources			
Deferred inflows related to pension	34,162	-	34,162
Deferred inflows related to OPEB	93,838	-	93,838
Total deferred inflows of resources	128,000	-	128,000
Net Position (Deficit)			
Net investment in capital assets	417,610	2,006,778	2,424,388
Unrestricted	(600,611)	411,506	(189,105)
Total net position (deficit)	$ (183,001)	$ 2,418,284	$ 2,235,283

The accompanying notes are an integral part of these financial statements.

City of Ozark, Alabama
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

For the year ended September 30, 2021	Business-type Activities - Enterprise Funds Emergency Medical Services	Ozark Square Shopping Center	Total
Operating Revenues			
Charges for services, net of provision for bad debts of $500,242	$ 1,351,438	$ -	$ 1,351,438
Rental income	-	149,968	149,968
Total operating revenues	1,351,438	149,968	1,501,406
Operating Expenses			
Salaries, wages and employee benefits	964,073	-	964,073
Contractual, materials, and supplies	154,186	3,541	157,727
Utilities	5,040	7,446	12,486
Legal	910	-	910
Insurance claims and expense	4,199	7,746	11,945
Depreciation	129,652	46,554	176,206
Repairs and maintenance	60,285	15,444	75,729
Total operating expenses	1,318,345	80,731	1,399,076
Operating income (loss)	33,093	69,237	102,330
Nonoperating Revenues (Expenses)			
Miscellaneous revenues	71,913	-	71,913
Interest income	42	-	42
Loss on disposal of assets	-	(219,518)	(219,518)
Total nonoperating revenues (expenses)	71,955	(219,518)	(147,563)
Change in net position (deficit)	105,048	(150,281)	(45,233)
Net position (deficit), beginning of year	(288,049)	2,568,565	2,280,516
Net position (deficit), end of year	$ (183,001)	$ 2,418,284	$ 2,235,283

The accompanying notes are an integral part of these financial statements.

City of Ozark, Alabama
Statement of Cash Flows – Proprietary Funds

For the year ended September 30, 2021	Business-type Activities - Enterprise Funds Emergency Medical Services	 Ozark Square Shopping Center	 Total
Operating Activities			
Cash received from customers for sales and services	$ 1,337,471	$ 149,281	$ 1,486,752
Cash payments to employees	(910,244)	-	(910,244)
Cash payments to suppliers for goods and services	(230,128)	(38,535)	(268,663)
Net cash provided by (used in) operating activities	197,099	110,746	307,845
Noncapital Financing Activities			
Receipts from local grants	71,913	-	71,913
Repayments of advances from other funds	(183,002)	-	(183,002)
Net cash provided by (used in) noncapital financing activities	(111,089)	-	(111,089)
Investing Activities			
Investment income	42	-	42
Net increase (decrease) in cash and cash equivalents	86,052	110,746	196,798
Cash and cash equivalents, beginning of year	398,733	300,073	698,806
Cash and cash equivalents, end of year	$ 484,785	$ 410,819	$ 895,604

(Continued)

City of Ozark, Alabama
Statement of Cash Flows – Proprietary Funds (Continued)

For the year ended September 30, 2021	Business-type Activities - Enterprise Funds Emergency Medical Services	Ozark Square Shopping Center	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	$ 33,093	$ 69,237	$ 102,330
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	129,652	46,554	176,206
Change in assets, deferred outflows, liabilities and deferred inflows			
(Increase) decrease in assets and deferred outflows			
Accounts receivable	(13,967)	(687)	(14,654)
Deferred outflows related to pension	(14,610)	-	(14,610)
Deferred outflows related to OPEB	(37,870)	-	(37,870)
Increase (decrease) in liabilities and deferred inflows			
Accounts payable	(5,508)	(4,358)	(9,866)
Accrued payroll and related liabilities	5,381	-	5,381
Compensated absences	2,637	-	2,637
Total OPEB liability	88,388	-	88,388
Net pension liability	40,700	-	40,700
Deferred inflows related to pension	(10,884)	-	(10,884)
Deferred inflows related to OPEB	(19,913)	-	(19,913)
Total adjustments	164,006	41,509	205,515
Net cash provided by (used in) operating activities	$ 197,099	$ 110,746	$ 307,845

The accompanying notes are an integral part of these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City is a municipal corporation governed by an elected mayor and five-member governing council (the "Council"). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the Government-wide financial statements to emphasize that it is legally separate from the City. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

Blended Component Units

The Public Building Authority of the City of Ozark (the "PBA") is a non-profit organization. The City appoints the PBA's governing body and the PBA provides services entirely to the City. The PBA is reported within the City's General Fund and does not issue separate financial statements.

The City of Ozark Volunteer Fire Department (the "VFD") does not have separate governing powers than that of the City. The City receives a portion of tobacco tax revenues due to the VFD staffing. The VFD is reported within the City's General Fund and does not issue separate financial statements.

The Industrial Development Board (the "IDB") is a non-profit organization. The City appoints the IDB's governing body and the IDB provides services entirely to the City. The IDB is reported within the City's General Fund and does not issue separate financial statements.

Discretely Presented Component Unit

The Ozark City Board of Education (the "BOE") is the governing body of the Ozark City School System. The BOE is governed by five members who are appointed by the City. The Dale County Revenue Commissioner remits to the City 14 mils of property taxes and the City distributes the millage to the BOE. The City also remits 12.5% (½ cent of its 4 cent tax) of the net proceeds of the gross receipts license tax levied to the BOE. A resolution adopted by the Council pledges to and commits itself to the BOE, the State of Alabama Department of Education and holders of the Qualified School Construction Bonds ("QSCB") allocated to the BOE that it will take no action to rescind, change or otherwise alter the distribution of taxes levied under Article X, Sec 11-191, Code of Ordinances of the City to the BOE. The pledge is in full force and effect for such period of time as the BOE is obligated for repayment of its allocation of the QSCB. The BOE is reported as a governmental activity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Unit (continued)

Separately issued financial reports are available for the BOE. These reports may be obtained by contacting the following office.

The Ozark City Board of Education
1044 Andrews Avenue
Ozark, Alabama 36360

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the City has one discretely presented component unit. While the BOE is considered to be a major component unit, it is nevertheless shown in separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

The City reports the following major governmental funds:

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

The *Special Ad Valorem Fund I* is used to account for the Special City School Ad Valorem Tax of 7.0 mills which is levied and collected by the City and remitted to the BOE. The referendum passed on August 5, 1986.

The *Special Ad Valorem Fund II* is used to account for the Special City School Ad Valorem Tax of 7.0 mills which is levied and collected by the City and remitted to the BOE. The referendum passed on September 8, 1987.

The *ARPA Fund* is used to account for funds received and expended under American Rescue Plan Act (ARPA) initiatives.

The *Street Fund* is used to account for funds received from the seven cent gas tax, which are expended on paving and other street maintenance projects.

The City reports the following major enterprise funds:

The *Ozark Square Shopping Center* accounts for charges to tenants for rent.

The *Emergency Medical Services ("EMS")* accounts for charges to patients for emergency transports.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary Basis of Accounting

Annual budgets were adopted on a basis consistent with GAAP for all funds except ARPA, which was an unanticipated revenue source. The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. For the year ended September 30, 2021, expenditures exceeded appropriations for capital outlay within the Street Fund by $284,430. The excess was funded with existing fund balance.

Change in Accounting Principle

During fiscal year 2021, the City elected to change its accounting for property taxes receivable from the Dale County Revenue Commissioner. In previous years, the estimated taxes were recorded as a deferred inflow of resources at time of assessment, which is an acceptable practice. In the current year, management elected to cease recording these estimated amounts until such balances are due from taxpayers, which is also an acceptable method of accounting that better aligns with similar municipalities in the State of Alabama. This change in accounting principle had no impact on revenue or net position.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

Allowance for doubtful accounts – The City considered all governmental fund receivables at year end to be collectible and as such, no allowance for uncollectibles is reported. Proprietary fund receivables are due primarily from ambulance service third-party payers or transports. A contractual and uncollectible allowance has been recorded based on contractual and historical experience.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Interfund Activities and Transactions

These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are funds are netted as part of the reconciliation to the government-wide presentation.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of gas and diesel. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Capital projects – Includes funds received by the State of Alabama that are restricted by law for capital improvements.

Bond debt service accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bond obligations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items with an acquisition date after October 1, 2003. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	20 - 50
Equipment	5 - 20
Improvements and infrastructure	7 - 40
Obligations under capital lease	8 - 10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This 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.

The City has three (3) items that qualify for reporting as deferred outflows of resources, the *deferred charge on refunding*, the *deferred outflows related to pension*, and the *deferred outflows related to OPEB*, all reported in the government-wide and proprietary funds statements of net position. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pension are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Deferred Outflows/Inflows of Resources (continued)

The deferred outflows related to pension will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred outflows related to OPEB result from claims payments made related to the total OPEB liability (TOL) subsequent to the measurement date, in accordance with GASB Statement No. 75.

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. The City has two (2) items that qualify for reporting as deferred inflows of resources. The deferred inflows related to pension are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pension will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to OPEB result from the net difference between expected and actual experience and effects of changes in the assumptions or other inputs, in accordance with GASB Statement No. 75.

Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from government service up to certain limits at current wage rates. The liability for such leave is reported as incurred in the Government-wide and proprietary fund financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Categories and Classification of Fund Equity

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

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

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Categories and Classification of Fund Equity (continued)

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Annually, the City receives funding from the Dale County Revenue Commissioner related to taxes collected on the assessed value of real and personal property. Taxes are recognized as revenues in the year for which there is an enforceable claim. Millage rates for property taxes are levied at the first regular meeting of the Dale County Commission in February of each year. Property is assessed for taxation as of October 1 of the preceding year based on the millage rates established by the Dale County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the EMS and Ozark Square Shopping Center are charges to customers for services and rental income. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts, net pension liability, and total OPEB liability.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 30, 2022, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 is effective for the fiscal years beginning after December 15, 2019. The implementation of this statement had no impact on the financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The implementation of this statement had no impact on the financial statements.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases,* and Implementation Guide No. 2019-3, *Leases,* for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans,* as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities,* to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued 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). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the City defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability;

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

(3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

In October 2021, the GASB issued GASB Statement No. 98, *The Annual Comprehensive Financial Report.* This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR.* That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2021, the City's bank balances were entirely covered by federal depository insurance (FDIC) and the Security for Alabama Funds Enhancement ("SAFE") Program.

The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program, all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the FDIC. If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the SAFE Program. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. As of September 30, 2021, the City does not have any investments.

Credit risk – Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. As of September 30, 2021, the CIty does not have any investments in debt securities.

Concentration risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments. No such reportable concentrations of investments as of September 30, 2021.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable

The City deems all governmental fund amounts collectible therefore an allowance for doubtful accounts is not necessary. All account receivables are shown net of allowances for uncollectible accounts for enterprise funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2021, were as follows:

	Accounts Receivable	Property Taxes Receivable	Note Receivable Utilities Board	Allowance for Uncollectible	Net
Governmental Funds					
General Fund	$ 1,027,439	$ -	$ 264,210	$ -	$ 1,291,649
Special Ad Valorem I	17,305	-	-	-	17,305
Special Ad Valorem II	17,305	-	-	-	17,305
CDBG	250,000	-	-	-	250,000
Enterprise Funds					
Emergency Medical Services	10,556,743	-	-	(10,279,977)	276,766
Ozark Square Shopping Center	687	-	-		687
Total	$ 11,869,479	$ -	$ 264,210	$ (10,279,977)	$ 1,853,712

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 5,533,398	$ 281,240	$ (4,893)	$ 5,809,745
Construction-in-progress	402,125	769,260	(402,125)	769,260
Capital assets, not being depreciated	5,935,523	1,050,500	(407,018)	6,579,005
Capital assets, being depreciated				
Buildings	15,880,378	1,930,000	(1,968,020)	15,842,358
Improvements and infrastructure	47,186,004	908,058	-	48,094,062
Equipment	8,634,883	1,118,170	(147,099)	9,605,954
Property under capital lease	976,227	494,360	(356,609)	1,113,978
Capital assets, being depreciated	72,677,492	4,450,588	(2,471,728)	74,656,352
Less accumulated depreciation for				
Buildings	(7,471,416)	(326,260)	139,401	(7,658,275)
Improvements and infrastructure	(28,304,501)	(1,213,406)	-	(29,517,907)
Equipment	(6,192,275)	(711,042)	123,797	(6,779,520)
Property under capital lease	(167,953)	(77,425)	145,334	(100,044)
Total accumulated depreciation	(42,136,145)	(2,328,133)	408,532	(44,055,746)
Total capital assets being depreciated, net	30,541,347	2,122,455	(2,063,196)	30,600,606
Governmental activities capital assets, net	$36,476,870	$3,172,955	$(2,470,214)	$ 37,179,611

Construction in progress includes three ongoing projects at September 30, 2021; the additional costs to complete were not significant.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not being depreciated				
Land	$ 573,045	$ -	$ -	$ 573,045
Capital assets, being depreciated				
Buildings	2,313,898	-	(288,840)	2,025,058
Equipment	887,971	-	-	887,971
Capital assets, being depreciated	3,201,869	-	(288,840)	2,913,029
Less accumulated depreciation for				
Buildings	(614,093)	(46,554)	69,322	(591,325)
Equipment	(340,709)	(129,652)	-	(470,361)
Total accumulated depreciation	(954,802)	(176,206)	69,322	(1,061,686)
Total capital assets being depreciated, net	2,247,067	(176,206)	(219,518)	1,851,343
Business-type activities capital assets, net	$ 2,820,112	$ (176,206)	$ (219,518)	$ 2,424,388

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

For the year ended September 30,	2021
Governmental activities	
General government	$ 150,708
Police	177,618
Fire	207,275
Street	690,347
Sanitation	95,704
Leisure services	191,750
Engineering and inspections	1,848
Vehicle maintenance	1,646
Airport	509,297
Judicial	373
Economic development	111,277
Ozark technology center	23,847
Information technology	21,109
Total depreciation expense - governmental activities	$ 2,182,799
Business-type activities	
Emergency medical services	129,652
Ozark Square Shopping Center	46,554
Total depreciation expense - business-type activities	$ 176,206

Long-Term Debt and Liabilities

Bonds Payable

On March 23, 2021, the City issued its Series 2021 General Obligation Warrants in the amount of $3,760,000 with an interest rate that varies from year to year and ranges from 1% - 2%. Proceeds were used to redeem $3,785,000 of outstanding Series 2014 bonds. As a result, the 2014 Series bonds were considered to be defeased and the liability for those bonds has been removed from the City's outstanding general obligation warrants. The remaining principal balance was paid in April 2021. The net present value of the cash flows savings resulted in an economic gain of $346,798 and represents the difference between the net cash flows of the old and new debt. The difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is reported as deferred outflows of resources in the accompanying financial statements and amortized into interest expense over the life of the refunded bonds using the straight-line method.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Bonds Payable (continued)

The total amount amortized for the year ended September 30, 2021 is $1,669. The remaining amount to be amortized as of September 30, 2021 is $43,387. The Series 2021 bonds are reported net of original issue premium. Original issue premium in the amount of $152,468 is also being amortized over the life of the bonds and is reported as a component of interest expense. Amortization related to the Series 2021 bonds for the year ended September 30, 2021 is $5,647. Remaining original issue discount to be amortized in future periods is $146,821.

On June 6, 2017, the City issued its Series 2017 General Obligation Warrants in the amount of $3,140,000. Proceeds were used to partially redeem $2,880,000 of outstanding Series 2011 bonds, provide the match on an ALDOT Transportation Alternative Project for sidewalks, provide the match on a 2018 Airport entitlement grant, and to fund capital equipment purchases for the Fire and Street departments. As a result, a portion of the 2011 Series bonds were considered to be defeased and the liability for those bonds has been removed from the City's outstanding general obligation warrants. The net present value of the cash flows savings resulted in an economic gain of $142,836 and represents the difference between the net cash flows of the old and new debt. The difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is reported as deferred outflows of resources in the accompanying financial statements and amortized into interest expense over the life of the refunded bonds using the straight-line method. The total amount amortized for the year ended September 30, 2021 is $9,316. The remaining amount to be amortized as of September 30, 2021 is $43,574. The Series 2017 bonds are reported net of original issue premium. Original issue premium in the amount of $19,292 is also being amortized over the life of the bonds and is reported as a component of interest expense. Amortization related to the Series 2017 bonds for the year ended September 30, 2021 is $2,144. Remaining original issue premium to be amortized in future periods is $8,573.

On May 10, 2016, the City issued its Series 2016 General Obligation Warrants in the amount of $2,695,000. Proceeds were used to resurface streets in the City. The Series 2016 bonds are reported net of original issue premium. Original issue premium in the amount of $41,111 is being amortized over the life of the bonds and is reported as a component of interest expense. Amortization related to the Series 2016 bonds for the year ended September 30, 2021 is $2,741. Remaining original issue premium to be amortized in future periods is $24,665.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Bonds Payable (continued)

The following is a summary of governmental activities bonds payable for the year ended September 30, 2021:

Year ending September 30,	Principal	Interest	Total
2022	$ 605,000	$ 166,724	$ 771,724
2023	610,000	151,424	761,424
2024	630,000	135,824	765,824
2025	650,000	119,574	769,574
2026	660,000	104,594	764,594
2027–2031	3,260,000	333,672	3,593,672
2032–2034	1,460,000	44,100	1,504,100
Total	7,875,000	1,055,912	8,930,912
Current portion	(605,000)	(166,724)	(771,724)
Payable after one year	$ 7,270,000	$ 889,188	$ 8,159,188

Note payable

Included in long-term liabilities is a note from direct borrowing due to a local bank. The note is due in monthly installments through February 2025 with an interest rate of 1.95%.

The following is a summary of the note payable for the year ended September 30, 2021:

Year ending September 30,	Principal	Interest	Total
2022	$ 129,024	$ 7,648	$ 136,672
2023	131,598	5,074	136,672
2024	134,217	2,456	136,673
2025	51,100	225	51,325
Total	445,939	15,403	461,342
Current portion	(129,024)	(7,648)	(136,672)
Payable after one year	$ 316,915	$ 7,755	$ 324,670

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of six work vehicles, an animal control vehicle, construction of a ten unit T Hangar, a freightliner with knuckleboom loader, a freightliner, a garbage truck, and a freightliner streetsweeper. The six work vehicles, animal control vehicle, and a freightliner were paid off during the current year. The lease agreements qualify as capital leases for accounting purposes (title transfer at the end of the lease term) and therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

The following is an analysis of equipment acquired under capital leases as of September 30, 2021:

	Capital Assets
Equipment	$ 1,113,977
Less: accumluated depreciation	(100,048)
Carrying value	$ 1,013,929

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

	Capital Lease Obligations	Interest Expense	Total
2022	$ 151,649	$ 23,978	$ 175,627
2023	155,588	20,040	175,628
2024	224,555	16,737	241,292
2025	23,653	11,551	35,204
2026	24,395	10,809	35,204
2027-2031	133,914	42,105	176,019
2032-2036	156,278	19,740	176,018
2037-2041	45,435	1,017	46,452
Total	$ 915,467	$ 145,977	$ 1,061,444

Long-Term Debt and Liabilities – Component Unit

Capital Outlay Pool Warrants

The BOE issued Capital Outlay Pool Warrant, Series 2010 in the principal amount of $22,074,000 dated August 9, 2011. The warrant matures on September 1, 2027 and bears interest at 5.15%. This warrant is not a general obligation of the BOE. This warrant is a limited obligation of the BOE payable solely from and secured by pledged revenues of PSF Capital Purchase Funds allocated and distributed by the BOE pursuant to Section 16-13-234 and proceeds pledged and allocable to the BOE of the sales and use taxes levied by the City pursuant to Ordinance No. 2007-8 and Ordinance No. 2010-AA.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities – Component Unit (continued)

Capital Outlay Pool Warrants (continued)

Payment of principal and sinking fund deposits on this warrant shall be made comprising a portion of the pledged revenues and the PSF Capital Purchase Funds in an aggregate amount equal to the principal or sinking fund deposits due on this warrant. Semi-annual interest payments are due March 1 and September 1 of each year. Annual principal payments are made to a sinking fund annually on September 1.

The schedule of the annual principal payments made to the sinking fund of the Capital Outlay Pool Warrant, Series 2010 is as follows:

Year	Interest Rate	Principal	Interest, Net of Subsidy	Total
2022	5.15%	$ 983,715	$ 94,918	$ 1,078,633
2023	5.15%	983,715	94,918	1,078,633
2024	5.15%	983,715	94,918	1,078,633
2025	5.15%	983,715	94,918	1,078,633
2026	5.15%	983,715	94,918	1,078,633
2027	5.15%	983,715	94,918	1,078,633
		$ 5,902,290	$ 569,508	$ 6,471,798

The BOE issued a second Capital Outlay Pool Warrant, Series 2011-QZAB in the principal amount of $730,000 dated June 2, 2011. The warrant matures on May 1, 2026 and bears interest at 4.60%. This warrant is not a general obligation of the BOE. This warrant is a limited obligation of the BOE payable solely from and secured by pledged revenues of PSF Capital Purchase Funds allocated and distributed by the BOE pursuant to Section 16-13-234 and proceeds pledged and allocable to the BOE of the sales and use taxes levied by the City pursuant to Ordinance No. 2007-8 and Ordinance No. 2010-AA. Payment of principal and sinking fund deposits on this warrant shall be transferred from the pledged revenues to the Debt Service Fund for the 2011 Pool Bonds. Semi-annual interest payments are due November 1 and May 1 of each year. Annual principal payments are made to a sinking fund annually on May 1.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities – Component Unit (continued)

Capital Outlay Pool Warrants (continued)

The schedule of the annual principal payments made to the sinking fund of the Capital Outlay Pool Warrant, Series 2011-QZAB is as follows:

Year	Interest Rate	Principal	Interest, Net of Subsidy	Total
2022	4.60%	$ 36,750	$ 16,790	$ 53,540
2023	4.60%	36,750	16,790	53,540
2024	4.60%	36,750	16,790	53,540
2025	4.60%	36,750	16,790	53,540
2026	4.60%	36,750	16,790	53,540
		$ 183,750	$ 83,950	$ 267,700

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General Obligation Warrants, Series 2014	$ 3,785,000	$ -	$ (3,785,000)	$ -	$ -
General Obligation Series 2016	2,065,000	-	(165,000)	1,900,000	165,000
General Obligation Series 2017	2,635,000	-	(420,000)	2,215,000	430,000
General Obligation Warrants, Series 2021	-	3,760,000	-	3,760,000	10,000
Less unamortized premium (discount)	(8,955)	152,468	19,942	163,455	-
Total bonds payable	8,476,045	3,912,468	(4,350,058)	8,038,455	605,000
Notes payable from direct borrowings	-	456,562	(10,623)	445,939	129,024
Capital lease obligations	653,568	494,360	(232,461)	915,467	151,649
Compensated absences	263,226	11,871	-	275,097	-
Governmental activities long-term liabilities	$ 9,392,839	$ 4,875,261	$ (4,593,142)	$ 9,674,958	$ 885,673

Long-term liability activity for the year ended September 30, 2021, was as follows for business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	$ 22,094	$ 2,637	$ -	$ 24,731	$ -

Compensated absences, other postemployment benefits and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities compensated absences will be liquidated by the respective proprietary fund.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-Term Liabilities (continued)

Long-term liability activity for the year ended September 30, 2021, was as follows for the component unit:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component unit					
Notes payable from direct borrowings	$ 1,545,299	$ 393,425	$ (242,758)	$ 1,695,966	$ 272,249
Bonds payable	26,336,663	-	(158,692)	26,177,971	170,714
Bond premium	336,229	-	(21,461)	314,768	21,461
Component unit long-term liabilities	$ 28,218,191	$ 393,425	$ (422,911)	$ 28,188,705	$ 464,424

Pledged Revenues

The City has general obligation warrants outstanding at September 30, 2021, for which revenues of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
Governmental Activities					
General Obligation Warrants, Series 2016					
Maturity: 2031					
Interest rate: 1.40% - 4.00%	$ 2,695,000	$ 2,166,341	$ 366,520	$ 216,613	59.1%
Purpose: Resurface streets in the City					
Pledged revenue: Gas taxes levied pursuant to Ordinance 2015-9 of $0.04 per gallon, net of certain tax abatements (more fully described in the first paragraph of Note 8) as defined in the bond indenture.					

The City has also adopted Ordinance 2007-8 and Resolution 2010-AA, which pledge 12.5% (½ cent of its 4 cent tax) of the net proceeds of the gross receipts license tax levied by the City to the BOE related to the Capital Outlay Pool Warrant, Series 2011 described earlier in this note. The amount pledged and remitted to the BOE during the year ended September 30, 2021 totaled $1,138,506.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables And Transfers

Operating Transfers	Transfers In	Transfers Out	Net
Major Funds			
General Fund	$ 249,854	$ (1,648,508)	$ (1,398,654)
Street	682,771	(294,851)	387,920
Nonmajor Funds			
Four Cent Gas Tax	13,298	-	13,298
Municipal Court / Judicial Admin	35,898	-	35,898
Bond	-	(3,912,468)	(3,912,468)
Alabama Trust Fund Improvements	-	(150,297)	(150,297)
Corrections	81,106	(34,668)	46,438
Debt Service	4,977,865	-	4,977,865
Total	$ 6,040,792	$ (6,040,792)	$ -

The transfers between funds are generally used to meet cash demands necessary to pay operating expenditures.

Net Investment In Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	$ 37,179,611	$ 2,424,388	$ 39,603,999
Outstanding debt and deferred outflows related to capital assets	(9,312,900)	-	(9,312,900)
Net investment in capital assets	$ 27,866,711	$ 2,424,388	$ 30,291,099

Note 3: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan is administered by Nationwide through the U.S. Conference of Mayors. The deferred compensation plan, available to all City employees participating in the Retirement Systems of Alabama (the "RSA"), permits them to defer a portion of their salary until future years. Participation in the deferred compensation plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. GASB Statement No. 32 was issued in response to a change in federal law that removes the assets in deferred compensation plans from the general creditors in the event of a government bankruptcy. The City's deferred compensation plan meets the requirements of this law therefore no financial statement presentation is required.

Note 4: RETIREMENT PLAN

Plan Description

The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. Effective October 1, 2021 Act 390 of the Legislature of 2021 will create two additional representatives and change the composure of representatives within the ERS Board of Control. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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

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

Plan Membership and Benefits

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the 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.

Note 4: RETIREMENT PLAN (Continued)

Plan Membership and Benefits (continued)

Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

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

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

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

The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, membership consisted of:

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

Note 4: RETIREMENT PLAN (Continued)

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by a statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan.

For the year ended September 30, 2021, the City's active employee contribution rate was 5% of covered employee payroll for normal Tier 1 employees and 6% of covered employee payroll for normal Tier 2 employees, and the City's average contribution rate to fund the normal and accrued liability costs was 9.74% of pensionable payroll for Tier 1 employees and 6% for Tier 2 employees.

The City's contractually required contribution rate for the year ended September 30, 2021 was 10.11% of pensionable pay for Tier 1 employees, and 6.37% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were $434,514 for the year ended September 30, 2021.

Note 4: RETIREMENT PLAN (Continued)

Net Pension Liability, Significant Assumptions, and Discount Rate

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

	Expected	Actual Before Act 2019-132	Actual After Act 2019-132
(a) Total pension liability as of September 30, 2019	$ 21,543,172	$ 21,537,121	$ 21,537,121
(b) Discount rate	7.70%	7.70%	7.70%
(c) Entry age normal cost for the period October 1, 2019 - September 30, 2020	456,406	456,406	456,406
(d) Transfers among employers	-	163,269	163,269
(e) Actual benefit payments and refunds for the period October 1, 2019 - September 30, 2020	(1,688,002)	(1,688,002)	(1,688,002)
(f) TPL as of September 30, 2020 = [(a) x (1+(b))] + (c) + (d) + [(e) * (1 + 0.5*(b))]	$ 21,905,412	$ 22,062,164	$ 22,062,164

(g) Difference between expected and actual:	$	156,752
(h) Less liability transferred for immediate recognition:	$	163,269
(i) Difference between expected and actual - Experience (gain)/loss	$	(6,517)
(j) Difference between actual TPL before and after Act 2019-132 - benefit change (gain)/loss		$ -

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

Inflation	2.75%
Projected salary increases (including inflation)	3.25% - 5.00%
Investment rate of return (net of pension plan investment expense, including inflation)	7.70%

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

Note 4: RETIREMENT PLAN (Continued)

Net Pension Liability, Significant Assumptions, and Discount Rate (continued)

The actuarial assumptions used in the actuarial valuation as of September 30, 2017 were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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

Asset Class	Target Allocation	Long-term Expected Rate of Return*
Fixed income	17.00%	4.40%
US large stocks	32.00%	8.00%
US mid stocks	9.00%	10.00%
US small stocks	4.00%	11.00%
Int'l developed mkt stocks	12.00%	9.50%
Int'l emerging mkt stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real estate	10.00%	7.50%
Cash equivalents	3.00%	1.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.50%

The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the rates currently in effect and that employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 4: RETIREMENT PLAN (Continued)

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

For the year ended September 30, 2021, the City recognized pension expense of $656,142. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension of the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 101,548	$ 383,663
Changes of assumptions	322,839	-
Net difference between projected and actual earnings on plan investments	507,946	-
Employer contributions subsequent to the measurement date	434,514	-
Total	$ 1,366,847	$ 383,663

$434,514 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ending September 30,	
2022	$ 123,248
2023	285,070
2024	184,220
2025	(1,613)
2026	(38,062)
Thereafter	(4,193)
Total	$ 548,670

Note 4: RETIREMENT PLAN (Continued)

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2019	$ 21,543,172	$ 16,058,196	$ 5,484,976
Changes for the year			
Service cost	456,406	-	456,406
Interest	1,593,836	-	1,593,836
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	(6,517)	-	(6,517)
Contributions - employer	-	446,663	(446,663)
Contributions - employee	-	330,806	(330,806)
Net investment income	-	896,261	(896,261)
Benefit payments, including refunds of employee contributions	(1,688,002)	(1,688,002)	-
Administrative expense	-	-	-
Transfer among employers	163,269	163,269	-
Net changes	518,992	148,997	369,995
Balances at September 30, 2020	$ 22,062,164	$ 16,207,193	$ 5,854,971

The following table presents the City's net pension liability calculated using the discount rate of 7.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
City's net pension liability	$ 7,966,567	$ 5,854,971	$ 3,392,558

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report dated April 30, 2021 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City provides postretirement health care benefits (the "OPEB Plan") to all eligible employees, in accordance with Resolution 2006-T passed by the Council in August 2006. Presently retired employees and future retirees that were employed prior to May 16, 2006, that worked for the City for a minimum of fifteen (15) continuous years and have a combination of age at time of retirement plus years of continuous service which equals seventy-five (75) or more, shall be provided health insurance coverage and at the same rate of premium as regular employees to age sixty-five (65), at which time Medicare Supplemental coverage will be provided at an amount not to exceed the City's then current insurance carrier's premium for Medicare Supplemental coverage. All employees employed or returning to work after a break in service on or after May 16, 2006, that will work for the City for twenty-five (25) or more continuous years and being a minimum of fifty-five (55) years of age shall be provided the same health insurance coverage as regular employees based on a minimum contribution by the City of fifty percent (50%) for retirement at age fifty-five (55) and ten percent (10%) for each additional year of age upon retirement for a maximum of 100 percent at age sixty (60) through age sixty-four (64) until age sixty-five (65) at which time Medicare Supplemental coverage will be provided at an amount not to exceed the City's then current insurance carrier's premium for Medicare Supplemental coverage. The responsibility for the general administration and operation of the OPEB Plan is vested in the City. The OPEB plan does not issue stand-alone financial statements. The OPEB Plan is a single-employer defined benefit plan, with no associated trust.

Funding Policy

The City is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by Council annually during the budget process. The OPEB plan includes health, prescription drug, and dental benefits through the payment of a percentage of premiums based on level of service.

Plan Membership

As of September 30, 2019, the valuation date, membership consisted of:

Inactive members or beneficiaries currently receiving benefits	45
Inactive members entitled to but not yet receiving benefits	0
Active members	170
Total	215

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs

As of September 30, 2019, the valuation date, the actuarial assumptions and other inputs applied include the following:

Inflation	2.75%
Real wage growth	0.25%
Wage inflation	3.00%
Salary increases, including wage inflation	3.25% - 5.00%
Municipal Bond Index Rate	
Prior Measurement Date	2.66%
Measurement Date	2.21%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare Medical and Prescription Drug	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021
Dental	4.00%

The discount rate used to measure the TOL was based on the September average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates for active employees were based on the sex distinct RP-2000 Employee Mortality Table projected with Scale BB to 2020 with an adjustment of 70% at all ages for males and 50% at all ages for females. Post-retirement mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table projected with Scale BB to 2020. An adjustment of 125% at all ages for males and 120% for females beginning at age 78 was made for service retirements and beneficiaries. An adjustment of 130% for females at all ages was made for disability retirements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2019 valuation were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2019 valuation were based on a review of recent plan experience done concurrently with the September 30, 2019 valuation.

At September 30, 2021, the City reported a TOL of $8,836,119. The information has been provided as of the September 30, 2020 measurement date.

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (continued)

Total OPEB Liability as of September 30, 2019	$ 8,032,590
Changes for the year	
Service cost at the end of the year*	378,502
Interest on TOL and cash flows	209,419
Change in benefit terms	-
Difference between expected and actual experience	(3,213)
Change of assumptions or other inputs	540,300
Net benefit payments	(321,479)
Other	-
Net changes	803,529
Total OPEB Liability as of September 30, 2020	$ 8,836,119

*The service cost includes interest for the year.

There were no changes in benefit terms since prior measurement date. Changes in assumptions or other inputs since prior measurement date include change in discount rate.

Sensitivity of the Net OPEB Liability

The following table represents the City's TOL calculated using the discount rate of 2.21%, as well as what the City's TOL would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	$ 10,231,494	$ 8,836,119	$ 7,698,167

The following table represents the City's TOL calculated using current health care cost trend rates noted above, as well as what the City's TOL would be if it were determined using a health care cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current	1% Increase
Total OPEB Liability	$ 7,429,764	$ 8,836,119	$ 10,662,580

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

For the fiscal year ended September 30, 2021, the City recognized an OPEB expense of $599,711. In addition the City reported deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,299	$ 269,506
Change of assumptions or other inputs	1,346,114	702,322
Benefit payments subsequent to the measurement date	304,513	-
Total	$ 1,663,926	$ 971,828

$304,513 reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	
2022	$ 11,790
2023	11,790
2024	11,790
2025	11,790
2026	54,937
Thereafter	285,488
Total	$ 387,585

Note 6: 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 has obtained coverage from commercial insurance companies, effectively transferring any risk of loss.

Note 7: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts not recorded, if any, to be immaterial.

The City has active construction projects as of September 30, 2021 with no significant remaining commitments with contractors.

Note 8: TAX ABATEMENTS

On November 19, 2013, the Council adopted a resolution to enter into an agreement to rebate no more than $2,200,000 of City diesel and gasoline tax to a commercial business to promote economic development. The agreement expires the sooner of 15 years from the date of opening or when rebates to the commercial business total $2,200,000. During the year ended September 30, 2021, rebates totaled $316,251 and remaining available rebates under the agreement were approximately $261,813 as of September 30, 2021.

On June 3, 2014, the Council adopted a resolution to enter into an agreement with a commercial business to grant 50% of the collected local motor vehicle sales tax (up to $250,000) back to the commercial business. The agreement expires the sooner of December 2021 or when the motor vehicle sales tax grants remitted to the retail business total $250,000. During the year ended September 30, 2021, rebates totaled $48,950 and remaining available rebates under the agreement were approximately $55,681 as of September 30, 2021.

On September 22, 2014, the Council adopted a resolution to enter into an agreement with a retail business to grant 50% of the collected local sales tax (up to $1,000,000) back to the retail business. The agreement expires the sooner of September 22, 2024 or when the sales tax grants remitted to the retail business total $1,000,000. During the year ended September 30, 2021, rebates totaled $47,264 and remaining available rebates under the agreement were approximately $700,481 as of September 30, 2021.

Note 8: TAX ABATEMENTS (Continued)

On October 17, 2017, the Council adopted a resolution to enter into an agreement with a retail business to grant 50% of the collected local sales tax (up to $82,800) back to the retail business. The agreement expires the sooner of June 30, 2023 or when the sales tax grants remitted to the retail business total $82,800. During the year ended September 30, 2021, rebates totaled $36,863. There are no remaining available rebates under the agreement as of September 30, 2021.

On March 19, 2019, the Council adopted resolutions to enter into agreements with two manufacturing companies to grant each 100% of all state and local noneducational property taxes and 100% of all construction related transaction taxes. The agreements shall extend for a period of ten years or through the date the project is placed in service.

On December 21, 2020, the Council adopted a resolution to enter into an agreement with a retail business to grant 50% of the collected local sales tax (up to $15,000) back to the retail business. The agreement expires the sooner of December 2023 or when the sales tax grants remitted to the retail business total $15,000. During the year ended September 30, 2021, rebates totaled $984 and remaining available rebates under the agreement were approximately $14,016 as of September 30, 2021.

On December 21, 2020, the Council adopted a resolution to enter into an agreement with a retail business to grant 50% of the collected local sales tax (up to $48,000) back to the retail business. The agreement expires the sooner of two years from the filing of the first sales tax remittances with the City or when the sales tax grants remitted to the retail business total $48,000. During the year ended September 30, 2021, no rebates were paid and remaining available rebates under the agreement were approximately $48,000 as of September 30, 2021.

On July 7, 2021, the Council adopted a resolution to enter into an agreement with a manufacturing company to provide cash incentives up to $498,000, including $200,000 related to repairs and $298,000 of County lodging taxes. The agreements shall extend for a period of two years from the date of the agreement, or through July 7, 2023. No taxes were rebated under the agreements during the year ended September 30, 2021.

Note 9: RELATED PARTY TRANSACTIONS

The Utilities Board is a related organization to the City because the Utilities Board is an organization, for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. Transactions that should be disclosed are listed below.

On November 22, 2005, the City and the Utilities Board entered into a formal agreement in which the Utilities Board reimburses the City for use of a portion of the Municipal Complex to be applied to the 2002 Bond Issue. The Utilities Board agreed to be responsible for 18% of the bonded indebtedness created by the City to finance the construction of the Municipal Complex. Each party is designated certain areas of exclusive use, as well as areas of common use. Each party is responsible for the repair and maintenance of those certain areas assigned for exclusive use to each party.

Note 9: RELATED PARTY TRANSACTIONS (Continued)

Repair and maintenance for the roof or exterior walls is to be divided 82% to the City and 18% to the Utilities, the same as the Bond Issue. Included in receivables described in Note 2 is a note receivable due from the Utilities Board with a principal balance of $264,210 as of September 30, 2021. The note is due in monthly installments through February 2026 with interest ranging from 3.35% to 5%. During 2021, the City recorded principal and interest payments from the Utilities Board totaling $60,118. The Utilities Board also remits several payments to the City each month. A portion of garbage collections fees, as well as 3% of gross receipts are remitted to the City.

Note 10: SPECIAL ITEMS

On May 2, 2019, the City entered into an agreement with two manufacturing companies to convey title of property located on Van Heusen Drive for the sum of $100 should the companies satisfy a job target minimum by the target date January 31, 2021. As of January 31, 2021, the target was met and title was conveyed to the companies. The estimated fair market value of the premises was $2,070,000 and the difference between such value and the purchase price was an incentive offered by the City to the companies to induce the companies to undertake the project.

On February 2, 2021, the City donated property located at the Ozark Square Shopping Center to the Ozark Dale County Library, Inc.

Schedule of Changes in Net Pension Liability
Last Seven Fiscal Years
General Employees

As of and for the year ended September 30,	**2020**	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	**$ 456,406**	$ 467,852	$ 484,217	$ 469,964	$ 474,328	$ 444,431	$ 486,720
Interest	**1,593,836**	1,582,682	1,561,886	1,510,378	1,408,146	1,386,963	1,334,762
Difference between expected and actual experience	**(6,517)**	(243,062)	(316,905)	39,418	286,209	(174,320)	-
Changes of assumptions	**-**	-	113,058	-	870,768	-	-
Benefit payments, including refunds of member contributions	**(1,688,002)**	(1,436,389)	(1,497,733)	(1,216,202)	(1,411,749)	(1,372,821)	(965,131)
Transfers among employers	**163,269**	(100,412)	25,742	1,824	161,456	-	-
Net change in total pension liability	**518,992**	270,671	370,265	805,382	1,789,158	284,253	856,351
Total pension liability - beginning	**21,543,172**	21,272,501	20,902,236	20,096,854	18,307,696	18,023,443	17,167,092
Total pension liability - ending (a)	**22,062,164**	21,543,172	21,272,501	20,902,236	20,096,854	18,307,696	18,023,443
Plan Fiduciary Net Position							
Contributions - employer	**446,663**	549,631	446,010	459,888	467,660	457,419	463,937
Contributions - member	**330,806**	347,610	346,073	332,178	362,299	301,942	298,308
Net investment income	**896,261**	410,026	1,408,494	1,790,040	1,331,113	159,366	1,482,615
Benefit payments, including refunds of member contributions	**(1,688,002)**	(1,436,389)	(1,497,733)	(1,216,202)	(1,411,749)	(1,372,821)	(965,131)
Transfers among employers	**163,269**	(100,412)	25,742	1,824	161,456	(9,909)	13,776
Net change in plan fiduciary net position	**148,997**	(229,534)	728,586	1,367,728	910,779	(464,003)	1,293,505
Plan fiduciary net position - beginning	**16,058,196**	16,287,730	15,559,144	14,191,416	13,280,637	13,744,640	12,451,135
Plan fiduciary net position - ending (b)	**16,207,193**	16,058,196	16,287,730	15,559,144	14,191,416	13,280,637	13,744,640
Net pension liability - ending (a) - (b)	**$ 5,854,971**	$ 5,484,976	$ 4,984,771	$ 5,343,092	$ 5,905,438	$ 5,027,059	$ 4,278,803
Plan fiduciary net position as a percentage of the total pension liability	**73.46%**	74.54%	76.57%	74.44%	70.62%	72.54%	76.26%
Covered payroll	**$ 6,073,132**	$ 5,615,180	$ 6,068,177	$ 6,148,668	$ 5,885,886	$ 5,609,577	$ 5,749,664
Net pension liability as a percentage of covered payroll	**96.41%**	97.68%	82.15%	86.90%	100.33%	89.62%	74.42%

Note to Schedule

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

Schedule of Employer Contributions
Last Seven Fiscal Years

General Employees	**2021**	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	**$ 456,406**	$ 467,852	$ 484,217	$ 469,964	$ 474,328	$ 444,431	$ 486,720
Contributions in relation to the actuarially determined contributions	**434,514**	446,665	529,376	446,010	459,888	467,660	457,419
Contribution deficiency (excess)	**$ 21,892**	$ 21,187	$ (45,159)	$ 23,954	$ 14,440	$ (23,229)	$ 29,301
Covered payroll	**$ 6,033,703**	$ 6,073,132	$ 5,615,180	$ 6,068,177	$ 6,148,668	$ 5,885,886	$ 5,609,577
Contributions as a percentage of covered payroll	**7.20%**	7.35%	9.43%	7.35%	7.48%	7.95%	8.15%

Notes to Schedule

Note 1: Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2021 were based on the September 30, 2018 actuarial valuation.

Note 2: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available.

Schedule of Changes in OPEB Liability
Last Four Fiscal Years
General Employees

As of and for the year ended September 30,	**2020**	2019	2018	2017
Total OPEB Liability				
Service cost	**$ 378,502**	$ 285,100	$ 323,144	$ 369,979
Interest	**209,419**	284,230	250,841	215,486
Changes of benefit term	**-**	-	-	-
Difference between expected and actual experience	**(3,213)**	(331,883)	20,604	(22,184)
Changes of assumptions or other inputs	**540,300**	1,130,389	(554,098)	(653,868)
Benefit payments	**(321,479)**	(267,274)	(267,274)	(208,661)
Net change in total OPEB liability	**803,529**	1,100,562	(226,783)	(299,248)
Total OPEB liability - beginning	**8,032,590**	6,932,028	7,158,811	7,458,059
Total OPEB liability	**$ 8,836,119**	$ 8,032,590	$ 6,932,028	$ 7,158,811
Covered payroll*	**$ 5,561,701**	$ 5,561,701	$ 5,576,106	$ 5,576,106
Total OPEB liability as a percentage of covered payroll	**158.87%**	144.43%	124.32%	128.38%

*For years following the valuation date (when no new valuation if performed), covered payroll has been set equal to the covered payroll fom the most recent valuation.

Notes to Schedule

Note 1: GASB Codification P52 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

Note 2: The following discount rate was used in each period:
9/30/2017 - 3.57%
9/30/2018 - 4.18%
9/30/2019 - 2.66%
9/30/2020 - 2.21%

Note 1: PLAN CHANGES IN BENEFIT TERMS

Pension

There have been no changes in benefits terms since the prior valuation of the ERS.

OPEB

There have been no changes in benefits terms since the prior valuation.

Note 2: CHANGES OF ASSUMPTIONS

Pension

There have been no changes in assumptions since the prior valuation of the ERS.

OPEB

The discount rate used was 2.21%, as compared to 2.66% at the prior measurement date.

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Pension

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	24.6 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: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES (Continued)

OPEB

Inflation	2.75%
Real wage growth	0.25%
Wage inflation	3.00%
Salary increases, including wage inflation	3.25% - 5.00%
Municipal Bond Index Rate	
Prior Measurement Date	2.66%
Measurement Date	2.21%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare Medical and Prescription Drug	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021
Dental	4.00%

City of Ozark, Alabama
Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2021	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 539,584	$ 32,081	$ 571,665
Accounts receivable, net	250,000	-	250,000
Due from other governments	7,247	-	7,247
Restricted cash and cash equivalents	-	373,856	373,856
Total assets	$ 796,831	$ 405,937	$ 1,202,768
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 233,924	$ -	$ 233,924
Due to other funds	27,481	-	27,481
Total liabilities	261,405	-	261,405
Fund balances			
Restricted	535,426	405,937	941,363
Total liabilities and fund balances	$ 796,831	$ 405,937	$ 1,202,768

City of Ozark, Alabama
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds

For the year ended September 30, 2021	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	$ 403,420	$ -	$ 403,420
Taxes	154,466	-	154,466
Interest and other	367	63	430
Miscellaneous revenue	1,600	-	1,600
Total revenues	559,853	63	559,916
Expenditures			
Police department	99	-	99
Street	16,453	-	16,453
Judicial	17,225	-	17,225
Debt service			
Principal	-	828,084	828,084
Interest	-	219,246	219,246
Fiscal agent fees	-	105,826	105,826
Capital outlay	251,975	-	251,975
Total expenditures	285,752	1,153,156	1,438,908
Excess (deficiency) of revenues over (under) expenditures	274,101	(1,153,093)	(878,992)
Other Financing Sources (Uses)			
Proceeds from long term debt, net	3,912,468	-	3,912,468
Payment to refunded bond escrow agent	-	(3,802,362)	(3,802,362)
Transfers in (out)	(3,967,131)	4,977,865	1,010,734
Total other financing sources (uses)	(54,663)	1,175,503	1,120,840
Net change in fund balances	219,438	22,410	241,848
Fund balances, beginning of year	315,988	383,527	699,515
Fund balances, end of year	$ 535,426	$ 405,937	$ 941,363

City of Ozark, Alabama
Combining Balance Sheet –
Nonmajor Special Revenue Funds

September 30, 2021	Bond	Four Cent Gas Tax	Ten Cent Gas Tax	UDAG	FEMA	Special Wiregrass Violent Crime
Assets						
Cash and cash equivalents	$ 31,085	$ 79,444	$150,099	$ 19,239	$ 6,507	$ 3,871
Certificates of deposit	-	-	-	-	-	-
Restricted cash and cash equivalen	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Accrued interest and other	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	$ 31,085	$ 79,444	$150,099	$ 19,239	$ 6,507	$ 3,871
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund Balances						
Restricted	31,085	79,444	150,099	19,239	6,507	3,871
Total liabilities and fund balances	$ 31,085	$ 79,444	$150,099	$ 19,239	$ 6,507	$ 3,871

Revenue Funds							Total Nonmajor Special Revenue Funds
Department of Justice	Drug Forfeiture	Municipal Court/ Judicial Admin	CDBG	Alabama Trust Fund Improvements	Corrections	
$ 4,227	$ -	$ 87,983	$ 6,948	$ 25,672	$ 124,509	$ 539,584
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	250,000	-	-	250,000
-	-	-	-	-	-	-
-	-	2,543	-	-	4,704	7,247
$ 4,227	$ -	$ 90,526	$ 256,948	$ 25,672	$ 129,213	$ 796,831
$ -	$ -	$ -	$ 233,924	$ -	$ -	$ 233,924
-	-	8,279	19,202	-	-	27,481
-	-	8,279	253,126	-	-	261,405
4,227	-	82,247	3,822	25,672	129,213	535,426
$ 4,227	$ -	$ 90,526	$ 256,948	$ 25,672	$ 129,213	$ 796,831

City of Ozark, Alabama
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds

Year ended September 30, 2021	Bond	Four Cent Gas Tax	Ten Cent Gas Tax	UDAG	FEMA	Special Wiregrass Violent Crime
Revenues						
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -
Taxes	-	64,881	89,585	-	-	-
Interest and other	-	5	-	-	-	-
Miscellaneous revenue	-	-	-	1,600	-	-
Total revenues	-	64,886	89,585	1,600	-	-
Expenditures						
Police department	-	-	-	-	-	-
Street	-	16,453	-	-	-	-
Judicial	-	-	-	-	-	-
Capital outlay	-	456	-	-	-	-
Total expenditures	-	16,909	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	47,977	89,585	1,600	-	-
Other Financing Sources (Uses)						
Proceeds from long term debt, net	3,912,468	-	-	-	-	-
Transfers in (out)	(3,912,468)	13,298	-	-	-	-
Total other financing sources (uses)	-	13,298	-	-	-	-
Net change in fund balances	-	61,275	89,585	1,600	-	-
Fund balances, beginning of year	31,085	18,169	60,514	17,639	6,507	3,871
Fund balances, end of year	$ 31,085	$ 79,444	$ 150,099	$ 19,239	$ 6,507	$ 3,871

Revenue Funds							
Department of Justice	Drug Forfeiture	Municipal Court/ Judicial Admin	CDBG	Alabama Trust Fund Improvements	Corrections	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ 250,000	$ 153,420	$ -	$ 403,420
-	-	-	-	-	-	154,466
-	-	124	-	53	185	367
-	-	-	-	-	-	1,600
-	-	124	250,000	153,473	185	559,853
-	99	-	-	-	-	99
-	-	-	-	-	-	16,453
-	-	14,824	-	-	2,401	17,225
-	-	-	251,519	-	-	251,975
-	99	14,824	251,519	-	2,401	285,752
-	(99)	(14,700)	(1,519)	153,473	(2,216)	274,101
-	-	-	-	-	-	3,912,468
-	-	35,898	-	(150,297)	46,438	(3,967,131)
-	-	35,898	-	(150,297)	46,438	(54,663)
-	(99)	21,198	(1,519)	3,176	44,222	219,438
4,227	99	61,049	5,341	22,496	84,991	315,988
$ 4,227	$ -	$ 82,247	$ 3,822	$ 25,672	$ 129,213	$ 535,426

$3,760,000 General Obligation Warrants, Series 2021, dated March 23, 2021 with interest payable on May 1 and September 1 of each year. Warrants mature on March 1, 2034.

Paying Agent: Regions Bank

Year Ending	Interest Rate	Principal	Interest	Total
9/30/2022	2.00%	$ 10,000	$ 74,650	$ 84,650
9/30/2023	2.00%	10,000	74,550	84,550
9/30/2024	2.00%	10,000	74,450	84,450
9/30/2025	2.00%	10,000	74,350	84,350
9/30/2026	2.00%	10,000	74,250	84,250
9/30/2027	2.80%	430,000	69,900	499,900
9/30/2028	3.00%	440,000	61,200	501,200
9/30/2029	3.00%	450,000	52,300	502,300
9/30/2030	3.15%	460,000	43,200	503,200
9/30/2031	3.30%	470,000	33,900	503,900
9/30/2032	3.40%	480,000	24,400	504,400
9/30/2033	3.50%	485,000	14,750	499,750
9/30/2034	3.60%	495,000	4,950	499,950
Total		$ 3,760,000	$ 676,850	$ 4,436,850

$3,140,000 General Obligation Warrants, Series 2017, dated June 1, 2017 with interest payable on May 1 and September 1 of each year. Warrants mature on March 1, 2026.

Paying Agent: Regions Bank

Year Ending	Interest Rate	Principal	Interest	Total
9/30/2022	2.00%	$ 430,000	$ 40,460	$ 470,460
9/30/2023	2.00%	430,000	31,860	461,860
9/30/2024	2.00%	440,000	23,160	463,160
9/30/2025	2.00%	455,000	14,210	469,210
9/30/2026	2.10%	460,000	4,830	464,830
Total		$ 2,215,000	$ 114,520	$ 2,329,520

2,695,000 General Obligation Warrants, Series 2016, dated May 1, 2016 with interest payable on March 1 and November 1 of each year. Warrants mature on May 1, 2031.

Paying Agent: Regions Bank

Year Ending	Interest Rate	Principal	Interest	Total
9/30/2022	4.00%	$ 165,000	$ 51,613	$ 216,613
9/30/2023	4.00%	170,000	45,014	215,014
9/30/2024	4.00%	180,000	38,214	218,214
9/30/2025	2.00%	185,000	31,013	216,013
9/30/2026	2.00%	190,000	27,314	217,314
9/30/2027	2.13%	195,000	23,512	218,512
9/30/2028	2.25%	200,000	19,370	219,370
9/30/2029	2.35%	200,000	14,870	214,870
9/30/2030	2.40%	205,000	10,170	215,170
9/30/2031	2.50%	210,000	5,251	215,251
Total		$ 1,900,000	$ 266,341	$ 2,166,341

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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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ozark, Alabama (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2022. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, the Ozark City Board of Education, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described below, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described below as item 2021-001 to be a material weakness.

2021-001 Financial Reporting (Repeat of Finding 2020-001)

Condition: Multiple general ledger accounts and financial statement line items required adjustment or reclassification. Such adjustments included proper presentation of cash, accounts receivable, property, plant, and equipment, accounts payable, accrued liabilities, long-term liabilities, and revenues, among others.

Criteria: *Government Auditing Standards* Section A1.08 (d) states that management is responsible for "establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulation; and ensuring that management and financial information is reliable and properly reported;…"

Cause: Internal processes and controls, such as financial close and reconciliation procedures, were not sufficient to detect needed adjustments to multiple general ledger accounts.

Effect: Multiple general ledger accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with generally accepted accounting principles.

Recommendation: We recommend that management establish a formal financial close process, including the timely preparation and review of various reconciliations of account balances and schedules, and consider additional training for personnel responsible for financial reporting.

Management Response: The City's Finance Officer will implement a formal financial close process.

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. We consider the deficiencies described below as items 2021-002, 2021-003, and 2021-004 to be significant deficiencies.

2021-002 Capital Assets (Repeat of Finding 2020-001)

Condition: Multiple assets were not added to or removed from the depreciaiton schedule properly, additional construction in progress amounts had to be booked as a result of accounts payable testing, and depreciation expense was not properly calculating for certain assets.

Criteria: *Government Auditing Standards* Section A1.08 (d) states that management is responsible for "establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulation; and ensuring that management and financial information is reliable and properly reported;…"

Cause: Internal processes and controls, such as financial close and reconciliation procedures, were not sufficient to detect assets not accounted for and depreciation not calculating correctly.

Effect: Multiple assets had to be added, removed, and recalculated on the depreciaiton schedule in order for the financial statements to be presented in accordance with generally accepted accounting principles.

Recommendation: We recommend that management establish a formal financial close process, including the timely preparation and review of a fixed asset rollforward and reconcilation of capital asset account balances to the depreciation schedule, and consider additional training for personnel responsible for preparation of the depreciation schedule.

Management Response: The City's Finance Officer will implement a formal financial close process to include rollforward and reconciliation of capital assets and related depreciation.

2020-003 Due to and From Accounts (Repeat of Finding 2020-006)

Condition: The City did not reconcile and monitor due to and due from accounts throughout the year as balances were remaining from the prior year, amounts did not reconcile between funds, and accounts required adjustment or reclassification.

Criteria: *Government Auditing Standards* Section A1.08 (d) states that management is responsible for "establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulation; and ensuring that management and financial information is reliable and properly reported;…"

Cause: Internal processes and controls, such as financial close and reconciliation procedures, were not sufficient to detect needed adjustments to multiple general ledger accounts related to due to and from accounts.

Effect: Multiple general ledger accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with generally accepted accounting principles.

Recommendation: We recommend that management establish a formal financial close process, including the timely preparation and review of various reconciliations of due to and from account balances and schedules.

Management Response: The City's Finance Officer will implement a formal financial close process to include timely monitoring of due to and from accounts.

2021-004 Grant Accounting and Administration

Condition: The City did not maintain a complete and accurate tracking of grant revenues, expenditures, and related compliance requirements.

Criteria: *Government Auditing Standards* Section A1.08 (d) states that management is responsible for "establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulation; and ensuring that management and financial information is reliable and properly reported;…"

Cause: Internal processes and controls, such as grant administration and reconciliation procedures, were not sufficient to provide accurate reporting and monitoring of grant accounting and compliance.

Effect: Multiple adjustments were made to properly record revenues and expenditures related to grants.

Recommendation: We recommend that management establish a formal grant administration process, including the timely preparation and review of grant revenues, expenditures, and compliance requirements.

Management Response: The City's Finance Officer will implement a formal, centralized, grant administration process.

Compliance and Other Matters

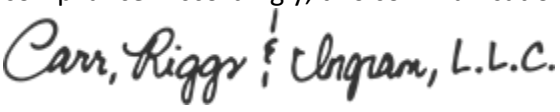
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 Ozark's Response to Findings

The City's response to the findings identified in our audit are described above. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
March 30, 2022