City of Ozark, Alabama

FINANCIAL STATEMENTS

September 30, 2024

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

Carr, Riggs & Ingram, L.L.C.
1117 Boll Weevil Circle
Enterprise, AL 36330

Mailing Address:
PO Box 311070
Enterprise, AL 36331

334.347.0088
334.347.7650 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Ozark, Alabama

Report on Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements 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 of Ozark, Alabama (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Ozark City Board of Education (the "Board of Education"), which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit as of September 30, 2024. 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 the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5–16), budgetary comparison information (pages 67-69), schedule of changes in net pension liability (page 70), schedule of employer contributions (page 71), and schedule of changes in OPEB liability (page 72) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedules of bond amortization requirements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of bond amortization requirements, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama
April 14, 2025

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, 2024. 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, 2024 was $33,529,861. This represents an increase of $2,154,044 from restated net position at September 30, 2023. The combined unrestricted (deficit) increased $1,300,881, the governmental activities deficit increased $1,912,397, and the business-type activities net position increased $611,516.

- The revenues at September 30, 2024 from governmental activities were $23,201,414 and revenues from business-type activities were $2,428,789, for a combined total of $25,630,203. This is an overall increase in revenues from prior year of $71,466.

From the Fund Financial Statements

- The governmental funds reported revenues of $23,287,138 for fiscal year 2024, an increase of $70,746 over $23,216,392 reported last year. The majority of the increases were in taxes.

- The General Fund reported a total fund balance of $9,738,711 at September 30, 2024. The spendable, unassigned portion of total fund balance was $9,478,278, the nonspendable portion was $205,746, and the restricted portion was $54,687. The net result of operations is a decrease of $1,441,118. 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 57.4 percent of the total general fund operating expenditures of $16,514,235 (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 $2,752,373. Total fund balance as a percentage of the general operating expenditures is 59 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 Union Central 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 17 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 seventeen 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 and ARPA Fund that are considered to be major funds. Data from the other governmental funds are combined into an aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the other supplementary 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 to demonstrate compliance with this budget.

The basic governmental fund financial statements and the budgetary comparison statements can be found beginning on pages 21 and 67, respectively, of this report.

Proprietary Funds The City maintains two proprietary funds, one for the Union Central 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 property now referred to as Union Central Shopping Center in a donation in December 2008, and there are 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 are as follows:

Years ended September 30,		**2024**	2023	Increase (Decrease)	% Increase (Decrease)
Number of patients transported		**4,339**	4,230	109	2.6%
Nine year average:					
Gross charge per trip	$	797			
Net charge per trip	$	572			
Cash collection per trip	$	427			
Cash collection per trip as a percent of net charge per trip		74.7%			
Average cost per transport:					
FY2023-24	$	402			
FY2022-23	$	456			
FY2021-22	$	346			
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:

	FY2023-24	**% of total**	FY2022-23	% of total
Medicare	**1,265**	**29.2%**	1,176	27.8%
Medicaid	**700**	**16.1%**	641	15.2%

The EMS program increased the net position by $431,595 in fiscal year 2024.

The basic proprietary fund financial statements can be found beginning on page 26 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 30 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 $30,212,989 for fiscal year 2024, as compared to (restated) $28,517,871 for fiscal year 2023.

September 30,	Governmental Activities **2024**	Governmental Activities (Restated) 2023	Business-type Activities **2024**	Business-type Activities 2023	Primary Government Total **2024**	Primary Government Total (Restated) 2023
Assets						
Current and other assets	**$ 15,276,903**	$ 15,199,965	**$ 2,253,889**	$ 1,586,895	**$ 17,530,792**	$ 16,786,860
Capital assets	**39,971,956**	36,846,172	**3,071,978**	2,997,284	**43,043,934**	39,843,456
Total assets	**55,248,859**	52,046,137	**5,325,867**	4,584,179	**60,574,726**	56,630,316
Deferred Outflows of Resources	**3,377,460**	4,719,633	**383,496**	503,933	**3,760,956**	5,223,566
Liabilities						
Current liabilities	**4,543,500**	3,082,474	**87,294**	80,552	**4,630,794**	3,163,026
Long-term liabilities	**20,135,058**	21,664,286	**1,540,935**	1,609,815	**21,675,993**	23,274,101
Total liabilities	**24,678,558**	24,746,760	**1,628,229**	1,690,367	**26,306,787**	26,437,127
Deferred Inflows of Resources	**3,734,772**	3,501,139	**764,262**	539,799	**4,499,034**	4,040,938
Net Position (Deficit)						
Net investment in capital assets	**32,928,864**	29,315,008	**2,686,730**	2,839,320	**35,615,594**	32,154,328
Restricted	**438,212**	444,553	**-**	-	**438,212**	444,553
Unrestricted (deficit)	**(3,154,087)**	(1,241,690)	**630,142**	18,626	**(2,523,945)**	(1,223,064)
Total net position	**$ 30,212,989**	$ 28,517,871	**$ 3,316,872**	$ 2,857,946	**$ 33,529,861**	$ 31,375,817

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, 2024 and 2023, reported unrestricted deficits in governmental activities. The unrestricted deficit in governmental activities was the result of the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 68 and GASB Statement No. 75 in prior years.

	Governmental Activities		Business-type Activities		Primary Government Total	
Years ended September 30,	**2024**	2023	**2024**	2023	**2024**	2023
Program Revenues:						
Charges for services	**$ 6,385,279**	$ 6,062,244	**$ 2,227,005**	$ 1,973,553	**$ 8,612,284**	$ 8,035,797
Operating grants and contributions	**484,781**	427,912	**-**	-	**484,781**	427,912
Capital grants and contributions	**1,628,851**	1,946,486	**121,498**	108,771	**1,750,349**	2,055,257
General Revenues:						
Property taxes	**993,369**	866,486	**-**	-	**993,369**	866,486
Sales tax	**10,967,322**	10,607,523	**-**	-	**10,967,322**	10,607,523
Motor fuel tax	**1,241,552**	1,423,182	**-**	-	**1,241,552**	1,423,182
Other taxes	**1,176,721**	1,225,757	**-**	-	**1,176,721**	1,225,757
Other	**323,539**	696,066	**80,286**	220,757	**403,825**	916,823
Total revenues	**23,201,414**	23,255,656	**2,428,789**	2,303,081	**25,630,203**	25,558,737
Functions/Program Expenses:						
General government	**1,420,664**	1,414,024	**-**	-	**1,420,664**	1,414,024
Police	**3,756,706**	3,577,525	**-**	-	**3,756,706**	3,577,525
Fire	**3,349,953**	3,048,370	**1,869,778**	1,851,820	**5,219,731**	4,900,190
Street	**2,232,741**	2,144,518	**-**	-	**2,232,741**	2,144,518
Sanitation	**1,799,255**	1,674,151	**-**	-	**1,799,255**	1,674,151
Leisure services	**2,123,733**	2,165,691	**-**	-	**2,123,733**	2,165,691
Engineering and inspections	**218,430**	249,124	**-**	-	**218,430**	249,124
Vehicle maintenance	**352,077**	305,412	**-**	-	**352,077**	305,412
Airport	**942,904**	932,512	**-**	-	**942,904**	932,512
Judicial	**230,024**	222,159	**-**	-	**230,024**	222,159
Appropriations	**141,503**	140,753	**-**	-	**141,503**	140,753
Non-departmental	**350,583**	353,359	**-**	-	**350,583**	353,359
Economic development	**742,871**	622,584	**100,085**	93,043	**842,956**	715,627
Ozark technology center	**160,066**	153,428	**-**	-	**160,066**	153,428
Information technology	**183,121**	223,388	**-**	-	**183,121**	223,388
Education	**3,341,205**	3,034,526	**-**	-	**3,341,205**	3,034,526
Interest	**154,797**	166,608	**-**	-	**154,797**	166,608
Fees on long term debt	**5,868**	23,973	**-**	-	**5,868**	23,973
Amortization	**(205)**	(205)	**-**	-	**(205)**	(205)
Total functions/program expenses	**21,506,296**	20,451,900	**1,969,863**	1,944,863	**23,476,159**	22,396,763
Increase (Decrease) in Net Position	**$ 1,695,118**	$ 2,803,756	**$ 458,926**	$ 358,218	**$ 2,154,044**	$ 3,161,974

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 $11,396,089, a decrease of $1,410,049 in comparison with the prior year. Spendable, unassigned fund balances of $9,478,278 represents 83 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 $205,746, and the restricted amount is $1,712,065 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 $9,478,278, the nonspendable portion was $205,746, and the restricted portion was $54,687. The net result of operations is a decrease of $1,441,118. 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 57.39 percent of the total general fund operating expenditures of $16,514,235 (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 $2,752,373. Total fund balance as a percentage of the general operating expenditures is 59 percent.

	Total Governmental Funds		
September 30,	**2024**	2023	Change
Assets			
Cash and cash equivalents	**$ 12,648,616**	$ 12,887,105	$ (238,489)
Receivables, net	**2,084,489**	1,704,619	379,870
Due from other funds	**132,689**	331,045	(198,356)
Other assets	**14,595**	14,595	-
Restricted cash and cash equivalents	**428,361**	425,927	2,434
Total assets	**$ 15,308,750**	$ 15,363,291	$ (54,541)

September 30,	Total Governmental Funds **2024**	2023	Change
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	**$ 2,348,213**	$ 467,329	$ 1,880,884
Due to other funds	**31,847**	163,326	(131,479)
Accrued payroll	**503,077**	431,581	71,496
Unearned revenue	**256,419**	957,476	(701,057)
Other accrued expenses	**209,286**	235,783	(26,497)
Total liabilities	**3,348,842**	2,255,495	1,093,347
Deferred inflows of resources	**563,819**	301,658	262,161
Fund balances			
Nonspendable	**205,746**	331,776	(126,030)
Restricted	**1,712,065**	1,675,937	36,128
Unassigned	**9,478,278**	10,798,425	(1,320,147)
Total fund balances	**11,396,089**	12,806,138	(1,410,049)
Total liabilities, deferred inflows of resources, and fund balances	**$ 15,308,750**	$ 15,363,291	$ (54,541)

Revenues for fiscal year 2024 from governmental funds were more than fiscal year 2023 revenues by $70,746. The majority of the increases were attributable to an increase in taxes.

Expenditures for fiscal year 2024 from governmental funds were more than fiscal year 2023 by $5,079,907. The majority of the increase was related to capital outlay.

Years ended September 30,	Total Governmental Funds **2024**	2023	Change
Revenues			
Taxes	**$ 16,158,484**	$ 15,700,914	$ 457,570
Licenses and permits	**1,861,434**	1,748,199	113,235
Intergovernmental	**2,069,705**	2,360,198	(290,493)
Charges for services	**2,297,022**	2,160,320	136,702
Fines and forfeitures	**410,015**	564,151	(154,136)
Investment earnings	**26,920**	23,921	2,999
Miscellaneous	**463,558**	658,689	(195,131)
Total revenues	**23,287,138**	23,216,392	70,746

Years ended September 30,	Total Governmental Funds **2024**	2023	Change
Expenditures			
General government	**$ 1,179,769**	$ 1,188,080	$ (8,311)
Education	**3,341,238**	3,034,528	306,710
Vehicle maintenance	**341,005**	283,491	57,514
Police	**3,453,096**	3,170,291	282,805
Information technology	**164,366**	204,504	(40,138)
Fire	**3,028,701**	2,631,613	397,088
Airport	**394,939**	411,045	(16,106)
Sanitation	**1,639,692**	1,488,897	150,795
Street	**1,338,884**	1,314,487	24,397
Leisure services	**1,820,206**	1,898,014	(77,808)
Appropriations	**141,503**	140,753	750
Judicial	**224,746**	213,916	10,830
Economic development	**612,277**	488,123	124,154
Engineering and inspections	**209,429**	236,367	(26,938)
Ozark technology center	**131,203**	121,326	9,877
Non-departmental	**381,651**	353,359	28,292
Debt service	**1,042,574**	1,087,767	(45,193)
Capital outlay	**5,808,957**	1,907,768	3,901,189
Total expenditures	**25,254,236**	20,174,329	5,079,907
Excess (deficiency) of revenues over expenditures	**(1,967,098)**	3,042,063	(5,009,161)
Other Financing Sources (Uses)			
Transfers in (out), net	**(79,754)**	(95,729)	15,975
Proceeds from issuance of debt	**501,752**	7,456	494,296
Loss recoveries	**30,787**	96,724	(65,937)
Proceeds from sale of capital assets	**104,264**	56,560	47,704
Total other financing sources (uses)	**557,049**	65,011	492,038
Excess (deficiency) of revenues and other sources over expenditures	**(1,410,049)**	3,107,074	(4,517,123)
Special item: donations of property	**-**	236,769	(236,769)
Fund balances - beginning	**12,806,138**	9,462,295	3,343,843
Fund balances - ending	**$ 11,396,089**	$ 12,806,138	$ (1,410,049)

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget to actual statements and schedules are provided in the financial statements for all major funds. 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 $2,128,623. Tax revenues were higher by $897,105.

General Fund operating expenditures were over the final amended budget by $3,625,149. The overage related primarily to capital outlay.

CAPITAL ASSET AND DEBT ACTIVITY

Capital Assets

The City's investment in capital assets for governmental activities as of September 30, 2024 amounts to $39,971,956 (net of accumulated depreciation and amortization). The City's investment in capital assets for business-type activities as of September 30, 2024 amounts to $3,071,978 (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 3 of this report.

Capital Assets (net of depreciation and amortization)

	Governmental Activities		Business-type Activities		Primary Government Total	
		(Restated)				(Restated)
	9/30/2024	9/30/2023	**9/30/2024**	9/30/2023	**9/30/2024**	9/30/2023
Land	**$ 5,776,473**	$5,841,423	**$ 698,045**	$ 698,045	**$ 6,474,518**	$6,539,468
Construction in progress	**906,445**	1,260,540	**-**	-	**906,445**	1,260,540
Improvements and infrastructure	**20,802,081**	18,940,707	**306,035**	197,122	**21,108,116**	19,137,829
Buildings	**7,635,383**	7,956,873	**1,493,058**	1,555,956	**9,128,441**	9,512,829
Equipment	**4,421,401**	2,846,629	**574,840**	546,161	**4,996,241**	3,392,790
Right-to-use assets	**430,173**	-	**-**	-	**430,173**	-
Total	**$39,971,956**	$36,846,172	**$3,071,978**	$2,997,284	**$ 43,043,934**	$39,843,456

Long-Term Debt

During the current year, the City entered into lease liabilities for street equipment. 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 3 of this report.

	Governmental Activities		Business-type Activities		Primary Government Total	
	9/30/2024	9/30/2023	**9/30/2024**	9/30/2023	**9/30/2024**	9/30/2023
Notes payable and other	**$ 435,461**	$ 795,080	**$ -**	$ -	**$ 435,461**	$ 795,080
Lease liabilities	**501,752**	-	**-**	-	**501752**	-
Bonds payable, net	**6,154,881**	6,797,739	**-**	-	**6,154,881**	6,797,739
Compensated absences	**331,528**	325,638	**31,953**	21,891	**363,481**	347,529
Net pension liability	**7,964,711**	8,471,508	**627,867**	677,990	**8,592,578**	9,149,498
Total OPEB liability	**5,973,230**	6,265,062	**881,115**	909,934	**6,854,345**	7,174,996
Total	**$ 21,361,563**	$22,655,027	**$ 1,540,935**	$ 1,609,815	**$ 22,902,498**	$ 24,264,842

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Mayor and City Council considered many factors when developing the fiscal year 2023-24 budget. A budget of $18.8 million was adopted for the General Fund, $4.4 million in Special Revenue Funds, and $2.8 million in Enterprise Funds on July 16, 2024.

- 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 2024 and expects to meet that level of participation for 2025. The estimated savings in health insurance premiums is approximately $20,000. The City did receive a health rate increase of 4.8 percent for calendar year 2025.

- The 2024-25 budget does include two step increase adjustments of approximately 2.5% each for all qualifying employees, one effective October 1, 2024 and the second on April 1, 2025.

- The City projected slight increases in revenues in sales and use tax. The City did not pass any ordinances increasing any taxes.

- Dale County unemployment rate for September 2024 was 3 percent, and the rate for September 2023 was 2.7 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, 2024	Primary Government Governmental Activities	Business-type Activities	Total	Component Unit Board of Education
Assets				
Cash and cash equivalents	$ 12,648,616	$ 1,319,236	$ 13,967,852	$ 32,256,426
Investments	-	-	-	44,549
Receivables, net	1,942,655	650,247	2,592,902	417,204
Leases receivable	141,834	385,248	527,082	-
Prepaid items	13,378	-	13,378	450,748
Internal balances	100,842	(100,842)	-	-
Inventories	1,217	-	1,217	51,390
Restricted assets				
Cash and cash equivalents	428,361	-	428,361	-
Capital assets				
Non-depreciable	6,682,918	698,045	7,380,963	6,225,806
Depreciable, net	32,858,865	2,373,933	35,232,798	28,567,489
Right-to-use assets, net	430,173	-	430,173	-
Total assets	55,248,859	5,325,867	60,574,726	68,013,612
Deferred Outflows of Resources				
Deferred outflows on refunding	49,002	-	49,002	-
Deferred outflows related to pension	1,982,312	230,914	2,213,226	8,892,631
Deferred outflows related to OPEB	1,346,146	152,582	1,498,728	5,116,075
Total deferred outflows of resources	3,377,460	383,496	3,760,956	14,008,706

(Continued)

City of Ozark, Alabama
Statement of Net Position (Continued)

September 30, 2024	Primary Government Governmental Activities	Business-type Activities	Total	Component Unit Board of Education
Liabilities				
Accounts payable	2,348,213	27,705	2,375,918	2,635,741
Accrued liabilities	712,363	59,589	771,952	1,682,892
Unearned revenue	256,419	-	256,419	105,365
Non-current liabilities				
Due within one year				
Notes payable	51,100	-	51,100	250,075
Direct - vehicle and equipment financing arrangements	23,653	-	23,653	-
Lease liabilities	114,037	-	114,037	-
Bonds payable	650,000	-	650,000	213,858
Due in more than one year				
Compensated absences	331,528	31,953	363,481	-
Notes payable	-	-	-	1,196,091
Direct - vehicle and equipment financing arrangements	360,708	-	360,708	-
Lease liabilities	387,715	-	387,715	-
Bonds payable	5,504,881	-	5,504,881	25,689,968
Other postemployment benefits	5,973,230	881,115	6,854,345	3,548,713
Net pension liability	7,964,711	627,867	8,592,578	29,084,000
Total liabilities	24,678,558	1,628,229	26,306,787	64,406,703
Deferred Inflows of Resources				
Deferred inflows related to leases	98,333	385,248	483,581	-
Deferred inflows of settlement revenue	465,486	-	465,486	-
Deferred inflows related to pension	99,068	50,112	149,180	408,000
Deferred inflows related to OPEB	3,071,885	328,902	3,400,787	11,377,246
Total deferred inflows of resources	3,734,772	764,262	4,499,034	11,785,246
Net Position (Deficit)				
Net investment in capital assets	32,928,864	2,686,730	35,615,594	7,443,303
Restricted for				
Capital projects	54,687	-	54,687	-
Debt service	383,416	-	383,416	-
Education	109	-	109	-
Unrestricted (deficit)	(3,154,087)	630,142	(2,523,945)	(1,612,934)
Total net position (deficit)	$ 30,212,989	$ 3,316,872	$ 33,529,861	$ 5,830,369

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

City of Ozark, Alabama
Statement of Activities

For the year ended September 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 1,420,664	$ 1,892,182	$ 78,500	$ 935,880
Police	3,756,706	175,563	52,553	-
Fire	3,349,953	-	-	-
Street	2,232,741	-	-	-
Sanitation	1,799,255	1,646,197	-	-
Leisure services	2,123,733	326,991	99,585	-
Engineering and inspections	218,430	-	-	-
Vehicle maintenance	352,077	-	-	-
Airport	942,904	353,284	-	692,971
Judicial	230,024	-	-	-
Appropriations	141,503	-	-	-
Non-departmental	350,583	-	-	-
Economic development	742,871	-	254,143	-
Ozark technology center	160,066	-	-	-
Information technology	183,121	-	-	-
Education	3,341,205	1,991,062	-	-
Interest	154,797	-	-	-
Fees on long term debt	5,868	-	-	-
Amortization (accretion)	(205)	-	-	-
Total governmental activities	21,506,296	6,385,279	484,781	1,628,851
Business-type activities				
Emergency medical services	1,869,778	2,100,059	-	121,498
Ozark Square Shopping Center	100,085	126,946	-	-
Total business-type activities	1,969,863	2,227,005	-	121,498
Total primary government	$ 23,476,159	$ 8,612,284	$ 484,781	$ 1,750,349
Component Unit				
Ozark City Board of Education	$ 32,600,046	$ 2,177,969	$ 25,915,960	$ 1,862,217

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Board of Education
$ 1,485,898	$ -	$ 1,485,898	$ -
(3,528,590)	-	(3,528,590)	-
(3,349,953)	-	(3,349,953)	-
(2,232,741)	-	(2,232,741)	-
(153,058)	-	(153,058)	-
(1,697,157)	-	(1,697,157)	-
(218,430)	-	(218,430)	-
(352,077)	-	(352,077)	-
103,351	-	103,351	-
(230,024)	-	(230,024)	-
(141,503)	-	(141,503)	-
(350,583)	-	(350,583)	-
(488,728)	-	(488,728)	-
(160,066)	-	(160,066)	-
(183,121)	-	(183,121)	-
(1,350,143)	-	(1,350,143)	-
(154,797)	-	(154,797)	-
(5,868)	-	(5,868)	-
205	-	205	-
(13,007,385)	-	(13,007,385)	-
-	351,779	351,779	-
-	26,861	26,861	-
-	378,640	378,640	-
(13,007,385)	378,640	(12,628,745)	-
-	-	-	(2,643,900)

(Continued)

For the year ended September 30, 2024

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	
Transfers in (out), net	
Total general revenues	
Change in net position	
Net position, beginning of year	
Prior period adjustment (see Note 2)	
Net position, beginning of year	
Net position, end of year	

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

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Education
	993,369	-	993,369	2,328,026
	-	-	-	974,385
	1,241,552	-	1,241,552	-
	10,967,322	-	10,967,322	2,977,441
	164,606	-	164,606	-
	196,141	-	196,141	-
	173,877	-	173,877	-
	204,707	-	204,707	-
	601,996	-	601,996	8,320
	26,920	62	26,982	550,942
	108,013	470	108,483	1,053,464
	103,754	-	103,754	-
	(79,754)	79,754	-	-
	14,702,503	80,286	14,782,789	7,892,578
	1,695,118	458,926	2,154,044	5,248,678
	27,747,824	2,857,946	30,605,770	581,691
	770,047	-	770,047	-
	28,517,871	2,857,946	31,375,817	581,691
	$ 30,212,989	$ 3,316,872	$ 33,529,861	$ 5,830,369

City of Ozark, Alabama
Balance Sheet – Governmental Funds

September 30, 2024	General	ARPA	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 10,961,656	$ 436,510	$ 1,250,450	$ 12,648,616
Restricted cash and cash equivalents	54,687	-	373,674	428,361
Accounts receivable	1,900,361	-	42,294	1,942,655
Leases receivable	141,834	-	-	141,834
Due from other funds	101,364	-	31,325	132,689
Inventories	1,217	-	-	1,217
Prepaid items	13,378	-	-	13,378
Total assets	$ 13,174,497	$ 436,510	$ 1,697,743	$ 15,308,750
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 2,127,757	$ 178,162	$ 42,294	$ 2,348,213
Accrued payroll and related liabilities	503,077	-	-	503,077
Due to other funds	31,847	-	-	31,847
Other accrued expenses	209,286	-	-	209,286
Unearned revenue	-	256,419	-	256,419
Total liabilities	2,871,967	434,581	42,294	3,348,842
Deferred inflows of resources				
Deferred inflows of settlement revenue	465,486	-	-	465,486
Deferred inflows related to leases	98,333	-	-	98,333
Total deferred inflows of resources	563,819	-	-	563,819
Fund balances				
Nonspendable	205,746	-	-	205,746
Restricted	54,687	1,929	1,655,449	1,712,065
Unassigned	9,478,278	-	-	9,478,278
Total fund balances	9,738,711	1,929	1,655,449	11,396,089
Total liabilities, deferred inflows of resources, and fund balances	$ 13,174,497	$ 436,510	$ 1,697,743	$ 15,308,750

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

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

September 30, 2024

Total fund balances - governmental funds		$ 11,396,089
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 governmental funds.		
Governmental capital assets	$ 89,447,460	
Less accumulated depreciation	(49,475,504)	39,971,956
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.		1,346,146
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.		1,982,312
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.		49,002
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.		(99,068)
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.		(3,071,885)
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 governmental funds.		
Net pension liability	$ (7,964,711)	
Bonds payable	(6,154,881)	
Direct - vehicle and equipment financing arrangements	(384,361)	
Notes payable	(51,100)	
Lease liabilities	(501,752)	
Compensated absences	(331,528)	
Other postemployment benefits	(5,973,230)	(21,361,563)
Net position of governmental activities		$ 30,212,989

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, 2024	General	ARPA	Nonmajor Funds	Total Governmental Funds
Revenues				
Taxes	$ 13,861,136	$ -	$ 2,297,348	$ 16,158,484
Licenses and permits	1,861,434	-	-	1,861,434
Intergovernmental	1,233,824	698,345	137,536	2,069,705
Charges for services	2,297,022	-	-	2,297,022
Fines and forfeitures	410,015	-	-	410,015
Interest and other	6,998	395	19,527	26,920
Miscellaneous revenue	462,111	-	1,447	463,558
Total revenues	20,132,540	698,740	2,455,858	23,287,138
Expenditures				
General government	1,179,769	-	-	1,179,769
Education	1,350,143	-	1,991,095	3,341,238
Vehicle maintenance	341,005	-	-	341,005
Police	3,453,096	-	-	3,453,096
Information technology	164,366	-	-	164,366
Fire	3,028,701	-	-	3,028,701
Airport	394,939	-	-	394,939
Sanitation	1,639,692	-	-	1,639,692
Street	1,276,760	-	62,124	1,338,884
Leisure services	1,820,206	-	-	1,820,206
Appropriations	141,503	-	-	141,503
Judicial	202,272	-	22,474	224,746
Economic development	612,277	-	-	612,277
Engineering and inspections	209,429	-	-	209,429
Ozark technology center	131,203	-	-	131,203
Non-departmental	381,651	-	-	381,651
Capital outlay	4,893,183	283,799	631,975	5,808,957
Debt service				
Principal	181,013	-	700,246	881,259
Interest	-	-	148,587	148,587
Fiscal agent fees	6,210	-	6,518	12,728
Total expenditures	21,407,418	283,799	3,563,019	25,254,236
Excess (deficiency) of revenues over (under) expenditures	(1,274,878)	414,941	(1,107,161)	(1,967,098)

(Continued)

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 (Continued)

For the year ended September 30, 2024	General	ARPA	Nonmajor Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Transfers in (out)	(803,043)	(414,545)	1,137,834	(79,754)
Proceeds from issuance of lease liabilities	501,752	-	-	501,752
Loss recoveries	30,787	-	-	30,787
Proceeds from sale of capital assets	104,264	-	-	104,264
Net other financing sources (uses)	(166,240)	(414,545)	1,137,834	557,049
Net change in fund balances	(1,441,118)	396	30,673	(1,410,049)
Fund balances, beginning of year	11,179,829	1,533	1,624,776	12,806,138
Fund balances, end of year	$ 9,738,711	$ 1,929	$ 1,655,449	$ 11,396,089

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

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,	2024
Net change in fund balances - total governmental funds	$ (1,410,049)
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 exceeds depreciation and amortization in the current period.	3,374,298
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.	(155,167)
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.	15,000
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.	(501,752)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	881,259
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.	(5,890)
Other postemployment benefits obligation expense 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.	56,783
Net pension liability expense reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in the governmental funds.	(559,364)
Change in net position of governmental activities	$ 1,695,118

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

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

September 30, 2024	Business-type Activities - Enterprise Funds Emergency Medical Services	Union Central Shopping Center	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,037,331	$ 281,905	$ 1,319,236
Accounts receivable, net	650,247	-	650,247
Leases receivable	-	385,248	385,248
Due from other funds	522	-	522
Total current assets	1,688,100	667,153	2,355,253
Noncurrent assets			
Capital assets			
Land	-	698,045	698,045
Building	115,438	2,160,407	2,275,845
Improvements and infrastructure	-	330,423	330,423
Equipment	1,363,469	12,003	1,375,472
Less accumulated depreciation	(803,229)	(804,578)	(1,607,807)
Total capital assets, net	675,678	2,396,300	3,071,978
Total assets	2,363,778	3,063,453	5,427,231
Deferred Outflows of Resources			
Deferred outflows related to pension	230,914	-	230,914
Deferred outflows related to OPEB	152,582	-	152,582
Total deferred outflows of resources	383,496	-	383,496
Liabilities			
Current liabilities			
Accounts payable	26,705	1,000	27,705
Accrued payroll and related liabilities	59,589	-	59,589
Due to other funds	101,364	-	101,364
Total current liabilities	187,658	1,000	188,658
Noncurrent liabilities			
Compensated absences	31,953	-	31,953
Total OPEB liability	881,115	-	881,115
Net pension liability	627,867	-	627,867
Total noncurrent liabilities	1,540,935	-	1,540,935
Total liabilities	1,728,593	1,000	1,729,593
Deferred Inflows of Resources			
Deferred inflows related to leases	-	385,248	385,248
Deferred inflows related to pension	50,112	-	50,112
Deferred inflows related to OPEB	328,902	-	328,902
Total deferred inflows of resources	379,014	385,248	764,262
Net Position (Deficit)			
Net investment in capital assets	675,678	2,011,052	2,686,730
Unrestricted	(36,011)	666,153	630,142
Total net position (deficit)	$ 639,667	$ 2,677,205	$ 3,316,872

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, 2024	Business-type Activities - Enterprise Funds Emergency Medical Services	 Union Central Shopping Center	 Total
Operating Revenues			
Charges for services, net of provision for bad debts of $380,612	$ 2,100,059	$ -	$ 2,100,059
Rental income	-	126,946	126,946
Total operating revenues	2,100,059	126,946	2,227,005
Operating Expenses			
Salaries, wages and employee benefits	1,350,394	-	1,350,394
Contractual, materials, and supplies	248,232	996	249,228
Utilities	20,487	1,899	22,386
Legal	1,015	859	1,874
Insurance claims and expense	8,456	11,963	20,419
Depreciation	117,764	74,849	192,613
Repairs and maintenance	123,430	9,519	132,949
Total operating expenses	1,869,778	100,085	1,969,863
Operating income (loss)	230,281	26,861	257,142
Nonoperating Revenues (Expenses)			
Miscellaneous revenues	121,498	470	121,968
Interest income	62	-	62
Total nonoperating revenues (expenses)	121,560	470	122,030
Income (Loss) Before Contributions and Transfers	351,841	27,331	379,172
Transfers in	79,754	-	79,754
Change in net position (deficit)	431,595	27,331	458,926
Net position (deficit), beginning of year	208,072	2,649,874	2,857,946
Net position (deficit), end of year	$ 639,667	$ 2,677,205	$ 3,316,872

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, 2024	Business-type Activities - Enterprise Funds Emergency Medical Services	Union Central Shopping Center	Total
Operating Activities			
Cash received from customers for sales and services	$ 1,782,771	$ 127,944	$ 1,910,715
Cash payments to employees	(1,296,356)	-	(1,296,356)
Cash payments to suppliers for goods and services	(401,182)	(24,236)	(425,418)
Net cash provided by (used in) operating activities	85,233	103,708	188,941
Noncapital Financing Activities			
Receipts from local grants	121,605	-	121,605
Cash transfers in from other funds	79,754	-	79,754
Advances from other funds	(66,355)	-	(66,355)
Net cash provided by (used in) noncapital financing activities	135,004	-	135,004
Capital and Related Financing Activities			
Acquisition of capital assets	(145,262)	(122,480)	(267,742)
Proceeds from sale of capital assets	800	-	800
Net cash provided by (used in) capital and related financing activities	(144,462)	(122,480)	(266,942)
Investing Activities			
Investment income	62	-	62
Net increase (decrease) in cash and cash equivalents	75,837	(18,772)	57,065
Cash and cash equivalents, beginning of year	961,494	300,677	1,262,171
Cash and cash equivalents, end of year	$ 1,037,331	$ 281,905	$ 1,319,236

(Continued)

For the year ended September 30, 2024	Business-type Activities - Enterprise Funds Emergency Medical Services	 Union Central Shopping Center	 Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	$ 230,281	$ 26,861	$ 257,142
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	117,764	74,849	192,613
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
(Increase) decrease in assets and deferred outflows of resources			
Accounts receivable	(316,766)	998	(315,768)
Leases receivable	-	227,284	227,284
Due from other funds	(522)	-	(522)
Deferred outflows related to pension	113,303	-	113,303
Deferred outflows related to OPEB	7,134	-	7,134
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable	438	1,000	1,438
Accrued payroll and related liabilities	5,302	-	5,302
Compensated absences	10,062	-	10,062
Total OPEB liability	(28,819)	-	(28,819)
Net pension liability	(50,123)	-	(50,123)
Deferred inflows related to leases	-	(227,284)	(227,284)
Deferred inflows related to pension	(7,859)	-	(7,859)
Deferred inflows related to OPEB	5,038	-	5,038
Total adjustments	(145,048)	76,847	(68,201)
Net cash provided by (used in) operating activities	$ 85,233	$ 103,708	$ 188,941

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.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and enterprise 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 and timing requirements imposed by the provider have been met.

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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 (within 60 days of year end). 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 (within 60 days of year end). 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. The BOE is considered to be a major component unit, and it is 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.

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 funds are aggregated and reported as nonmajor funds (the City currently does not report any nonmajor enterprise 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 *ARPA Fund* is used to account for funds received and expended under American Rescue Plan Act (ARPA) initiatives.

The City reports the following major enterprise funds:

The *Union Central Shopping Center* accounts for charges to tenants for rent.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

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.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets were adopted on a basis consistent with GAAP for all funds. 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.

Appropriations in all budgeted funds lapse at the end of the fiscal year. The City does not utilize encumbrance accounting.

Excess of Expenditures over Appropriations

For the year ended September 30, 2024, expenditures exceeded appropriations in the General and ARPA Funds and the overages were funded by additional revenues, transfers between funds, and existing fund balance.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

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 and Payables

Allowance for doubtful accounts – The City considered all governmental fund receivables at year end to be collectible and as such, no allowance for doubtful accounts 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. Accounts receivable for EMS have been reported net of the allowances. Accounts receivable for EMS for all payer types in excess of 180 days are reserved at 100%, amounts turned over to a collection agency are reserved 100%, and accounts receivable for EMS related to patient payers less than 180 days are reserved at an amount equal to the current fiscal year's patient payer collection rate.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables and Payables (continued)

Leases receivable - The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

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. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted Assets (continued)

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.

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 $5,000 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 (including vehicles)	5 - 20
Improvements and infrastructure	7 - 40

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*. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows/Inflows of Resources (continued)

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 four (4) 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. The deferred inflows related to leases are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets. The deferred inflows related to settlement revenue are associated with amounts to be received by the City under settled opioid settlements.

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 governmental 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.

Pension

The Employees' Retirement System of Alabama (the "Plan" or "ERS") financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Pension (continued)

Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

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 Net Position and Fund Balance

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:

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Categories and Classification of Net Position and Fund Balance (continued)

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.

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 Union Central 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 for EMS, 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, April 14, 2025, 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

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There were no significant impacts of implementing this Statement.

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

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. In addition to other items, the Statement:

- Addresses changes to information presented in the MD&A;
- Requires governments to display the inflows and outflows related to unusual or infrequent items separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows;
- Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses;
- Requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements;
- Requires governments to present budgetary comparison information using a single method of communication (RSI).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale and that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

Note 2: ERROR CORRECTION

The City's fiscal year 2024 financial statements reflect the correction of an error in previously issued financial statements. GASB Statement No. 100, *Accounting Changes and Error Corrections*, requires disclosure of their nature and effect on amounts reported in the financial statements.

The City discovered during the current year that amounts for governmental activities in the government-wide financial statements were expensed in a prior year instead of being recorded as construction in progress.

The following table summarizes the changes to the City's net position (deficit) as a result of error corrections.

	Governmental Activities
Net position (deficit), September 30, 2023, as previously reported	$ 27,747,824
Error correction	770,047
Net position, September 30, 2023, restated	$ 28,517,871

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2024, 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, 2024, the City does not have any investments.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

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, 2024, 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, 2024.

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 doubtful accounts for enterprise funds. The accounts receivable and allowance for doubtful accounts at September 30, 2024, were as follows:

	Accounts Receivable	Note Receivable Utilities Board	Allowance for Doubtful Accounts	Net
Governmental Funds				
General Fund	$ 1,810,573	$ 89,788	$ -	$ 1,900,361
Special Ad Valorem I	21,147	-	-	21,147
Special Ad Valorem II	21,147	-	-	21,147
Enterprise Funds				
Emergency Medical Services	935,310	-	(285,063)	650,247
Total	$ 2,788,177	$ 89,788	$ (285,063)	$ 2,592,902

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2024:

For the year ended September 30, 2024	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated or amortized				
Land	$ 5,841,423	$ -	$ (64,950)	$ 5,776,473
Construction-in-progress	1,260,540	817,373	(1,171,468)	906,445
Capital assets, not being depreciated or amortized	7,101,963	817,373	(1,236,418)	6,682,918
Capital assets, being depreciated and amortized				
Buildings	16,292,903	30,995	-	16,323,898
Improvements and infrastructure	51,065,378	3,254,588	-	54,319,966
Equipment	10,626,330	2,390,719	(1,398,123)	11,618,926
Right-to-use assets	-	501,752	-	501,752
Capital assets, being depreciated and amortized	77,984,611	6,178,054	(1,398,123)	82,764,542
Less accumulated depreciation and amortization for				
Buildings	(8,336,030)	(352,485)	-	(8,688,515)
Improvements and infrastructure	(32,124,671)	(1,393,214)	-	(33,517,885)
Equipment	(7,779,701)	(617,383)	1,199,559	(7,197,525)
Right-to-use assets	-	(71,579)	-	(71,579)
Total accumulated depreciation and amortization	(48,240,402)	(2,434,661)	1,199,559	(49,475,504)
Total capital assets being depreciated and amortized, net	29,744,209	3,743,393	(198,564)	33,289,038
Governmental activities capital assets, net	$36,846,172	$4,560,766	$(1,434,982)	$ 39,971,956

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

For the year ended September 30, 2024	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated				
Land	$ 698,045	$ -	$ -	$ 698,045
Capital assets, not being depreciated	698,045	-	-	698,045
Capital assets, being depreciated				
Buildings	2,275,845	-	-	2,275,845
Improvements and infrastructure	207,473	122,950	-	330,423
Equipment	1,257,735	145,262	(27,525)	1,375,472
Capital assets, being depreciated	3,741,053	268,212	(27,525)	3,981,740
Less accumulated depreciation for				
Buildings	(719,889)	(62,898)	-	(782,787)
Improvements and infrastructure	(10,351)	(14,037)	-	(24,388)
Equipment	(711,574)	(115,678)	26,620	(800,632)
Total accumulated depreciation	(1,441,814)	(192,613)	26,620	(1,607,807)
Total capital assets being depreciated, net	2,299,239	75,599	(905)	2,373,933
Business-type activities capital assets, net	$ 2,997,284	$ 75,599	$ (905)	$ 3,071,978

Note 3: 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, 2024		2024
Governmental activities		
General government	$	179,152
Police		151,120
Fire		174,209
Street		837,378
Sanitation		124,261
Leisure services		257,156
Engineering and inspections		4,147
Vehicle maintenance		1,211
Airport		548,115
Judicial		232
Economic development		120,294
Ozark technology center		23,847
Information technology		13,539
Total depreciation and amortization expense - governmental activities	$	2,434,661
Business-type activities		
Emergency medical services	$	117,764
Ozark Square Shopping Center		74,849
Total depreciation expense - business-type activities	$	192,613

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 3: 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, 2024 is $3,337. The remaining amount to be amortized as of September 30, 2024 is $33,376. 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, 2024 is $11,294. Remaining original issue discount to be amortized in future periods is $112,939.

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, 2024 is $9,316. The remaining amount to be amortized as of September 30, 2024 is $18,626. 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, 2024 is $2,144. Remaining original issue premium to be amortized in future periods is $2,141.

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, 2024 is $2,741. Remaining original issue premium to be amortized in future periods is $16,442.

Note 3: 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:

Year ending September 30, 2024	Principal	Interest	Total
2025	650,000	119,573	769,573
2026	660,000	106,394	766,394
2027	625,000	93,412	718,412
2028	640,000	80,570	720,570
2029	650,000	67,170	717,170
2030–2034	2,805,000	136,620	2,941,620
Total	6,030,000	603,739	6,633,739
Current portion	(650,000)	(119,573)	(769,573)
Payable after one year	$ 5,380,000	$ 484,166	$ 5,864,166

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, 2024:

Year ending September 30, 2024	Principal	Interest	Total
2025	$ 51,100	$ 225	$ 51,325
Total	51,100	225	51,325
Current portion	(51,100)	(225)	(51,325)
Payable after one year	$ -	$ -	$ -

Direct – Vehicle and Equipment Financing Arrangements

The City has entered into financing agreements for the acquisition of a freightliner with knuckleboom loader, a garbage truck, a freightliner streetsweeper, and the construction of a ten unit T Hangar. Title transfers at the end of the term and therefore, these arrangements have been recorded at the present value of the future minimum payments as of the date of inception.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Direct – Vehicle and Equipment Financing Arrangements (continued)

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

Year ending September 30, 2024	Principal	Interest Expense	Total
2025	$ 23,653	$ 11,551	$ 35,204
2026	24,395	10,809	35,204
2027	25,160	10,044	35,204
2028	25,923	9,281	35,204
2029	26,762	8,442	35,204
2030-2034	146,923	29,095	176,018
2035-2039	111,545	6,000	117,545
Total	$ 384,361	$ 85,222	$ 469,583

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.

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
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
		$ 2,951,145	$ 284,754	$ 3,235,899

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

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

Capital Outlay Pool Warrants (continued)

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.

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
2025	4.60%	$ 36,750	$ 16,790	$ 53,540
2026	4.60%	36,750	16,790	53,540
		$ 73,500	$ 33,580	$ 107,080

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2024, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General Obligation Warrants, Series 2016	$ 1,565,000	$ -	$ (180,000)	$ 1,385,000	$ 185,000
General Obligation Warrants, Series 2017	1,355,000	-	(440,000)	915,000	455,000
General Obligation Warrants, Series 2021	3,740,000	-	(10,000)	3,730,000	10,000
Less unamortized premium (discount)	137,739	-	(12,858)	124,881	-
Total bonds payable	6,797,739	-	(642,858)	6,154,881	650,000
Notes payable from direct borrowings	185,317	-	(134,217)	51,100	51,100
Direct - vehicle and equipment financing arrangements	609,763	-	(225,402)	384,361	23,653
Lease liabilities	-	501,752	-	501,752	114,037
Compensated absences	325,638	304,001	(298,111)	331,528	-
Governmental activities long-term liabilities	$ 7,918,457	$ 805,753	$ (1,300,588)	$ 7,423,622	$ 838,790

Long-term liability activity for the year ended September 30, 2024, was as follows for business-type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	$ 21,891	$ 33,960	$ (23,898)	$ 31,953	$ -

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 3: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-Term Liabilities (continued)

Long-term liability activity for the year ended September 30, 2024, was as follows for the component unit:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component unit					
Notes payable from direct borrowings	$ 1,733,699	$ -	$ (287,533)	$ 1,446,166	$ 250,075
Bonds payable	25,836,712	-	(183,268)	25,653,444	192,397
Bond premium	271,844	-	(21,462)	250,382	21,461
Component unit long-term liabilities	$ 27,842,255	$ -	$ (492,263)	$ 27,349,992	$ 463,933

Pledged Revenues

The City has general obligation warrants outstanding at September 30, 2024, 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	$ 1,516,500	$ 670,521	$ 218,214	32.5%
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 9) 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, 2024 totaled $1,327,143.

Leases – Lessee

The City has entered into lease agreements to obtain the right-to-use various street equipment. There were no annual rental payments made for the street equipment for the fiscal year ended September 30, 2024. The leases have terms that range from 3 to 5 years and interest rates that range from 5.78 percent to 5.96 percent. Annual payment amounts on the individual agreements range from $67,714 to $75,906. The City recognized right-to-use assets related to the agreements in the amount of $501,752 with related amortization of $71,579 in fiscal year 2024. The lease liabilities as of September 30, 2024 totaled $501,752.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Leases – Lessee (continued)

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

	Governmental Activities		
For the year ending September 30,	Principal Payments	Interest Expense	Total
2025	$ 114,037	$ 29,583	$ 143,620
2026	120,732	22,888	143,620
2027	127,819	15,801	143,620
2028	67,608	8,299	75,907
Total	$ 430,196	$ 76,571	$ 506,767

Leases – Lessor

The City accounts for leases in accordance with GASBC Section L20, *Leases*. The City's operations, where the City is the lessor, consist of agreements for use of land and buildings. The agreements are made up of various non-cancelable agreements for land and buildings, which expire between the years 2025 and 2030. The City recognized $20,200 of lease revenue principal for governmental activities and $122,696 of lease revenue principal for business-type activities for the year ended September 30, 2024.

A summary of future payments is as follows:

	Governmental Activities		
For the year ending September 30,	Principal Payments	Interest Payments	Total Payments
2025	$ 20,200	$ -	$ 20,200
2026	89,800	-	89,800
2027	16,000	-	16,000
2028	16,000	-	16,000
2029	-	-	-
Total	$ 142,000	$ -	$ 142,000

	Business-Type Activities		
For the year ending September 30,	Principal Payments	Interest Payments	Total Payments
2025	$ 95,196	$ -	$ 95,196
2026	95,196	-	95,196
2027	95,196	-	95,196
2028	80,496	-	80,496
2029	46,664	-	46,664
Total	$ 412,748	$ -	$ 412,748

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Leases – Lessor (continued)

Regulated Leases

The City's operations include certain lease agreements that are classified as regulated leases under paragraph 42 of GASB Statement No. 87, *Leases*. These agreements consist of facility agreements that directly or substantially relate to aircraft storage and maintenance service agreements, which expire between the years 2027 and 2065. Under these agreements, no specific capital assets have preferential or exclusive use to a counterparty. For these agreements, leases rates cannot exceed a reasonable amount and the City cannot deny potential lessees the right to enter into leases if facilities are available, provided that the potential lessee's use of the facilities complies with use restrictions. The City recognizes the revenues from these lease agreements each year based on the payment provisions of each lease contract. The City recognized $28,400 of lease revenue principal for governmental activities for the year ended September 30, 2024.

The following is a schedule summarizing minimum future revenues from regulated lease agreements as of September 30:

	Governmental Activities		
For the year ending September 30,	Principal	Interest	Total
2025	$ 58,800	$ -	$ 58,800
2026	58,800	-	58,800
2027	58,800	-	58,800
2028	54,600	-	54,600
2029	34,200	-	34,200
Total	$ 265,200	$ -	$ 265,200

Interfund Receivables, Payables And Transfers

	Transfers		
Operating Transfers	In	Out	Net
Major Funds			
General Fund	$ 588,184	$ (1,391,227)	$ (803,043)
ARPA	-	(414,545)	(414,545)
EMS	79,754	-	79,754
Nonmajor Funds			
Street	670,521	(212,438)	458,083
Municipal Court / Judicial Admin	22,195	-	22,195
Alabama Trust Fund Improvements	-	(139,540)	(139,540)
Corrections	48,833	(78,600)	(29,767)
Debt Service	826,863	-	826,863
Total	$ 2,236,350	$ (2,236,350)	$ -

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment In Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	$ 39,971,956	$ 3,071,978	$ 43,043,934
Outstanding debt and deferred outflows and inflows related to capital assets	(7,043,092)	(385,248)	(7,428,340)
Net investment in capital assets	$ 32,928,864	$ 2,686,730	$ 35,615,594

Note 4: 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 5: RETIREMENT PLAN

Description of Plan

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 will create two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by 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 15 trustees as follows:

1) The Governor, ex officio.
2) The State Treasurer, ex officio.
3) The State Personnel Director, ex officio.
4) The State Director of Finance, ex officio.
5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.

Note 5: RETIREMENT PLAN (CONTINUED)

Description of Plan (continued)

6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
   a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county or a public agency each of whom is an active beneficiary of ERS.
   b. Two vested active state employees.
   c. One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
   d. One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
   e. One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
   f. One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

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

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

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 608 employers adopted Act 2019-132 as of September 30, 2022.

Note 5: RETIREMENT PLAN (Continued)

Plan Membership and Benefits (continued)

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

The ERS serves approximately 884 local participating employers. The ERS membership includes approximately 113,083 participants. As of September 30, 2023, membership consisted of:

Plan Membership	
Retirees and beneficiaries currently receiving benefits	31,481
Terminated employees entitled to but not yet receiving benefits	2,354
Terminated employees not entitled to a benefit	20,556
Active members	58,659
Post-DROP participants who are still in active service	33
Total	113,083

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

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the

ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

Note 5: RETIREMENT PLAN (Continued)

Contributions (continued)

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2024, the City's active employee contribution rate was 5% of covered employee payroll for normal Tier 1 employees and 7.5% 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 12.27% of pensionable payroll for Tier 1 employees and 10.23% of pensionable payroll for Tier 2 employees.

The City's contractually required contribution rate for the year ended September 30, 2024 was 12.64% of pensionable pay for Tier 1 employees, and 10.6% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were $717,419 for the year ended September 30, 2024.

Net Pension Liability, Significant Assumptions, and Discount Rate

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

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) TPL as of September 30, 2022	$ 24,344,076	$ 24,423,880	$ 24,423,880
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry age normal cost for the period October 1, 2022 - September 30, 2023	567,966	567,966	567,966
(d) Transfers among employers	-	(458,063)	(458,063)
(e) Actual benefit payments and refunds for the period October 1, 2022 - September 30, 2023	(1,762,202)	(1,762,202)	(1,762,202)
(f) TPL as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) * (1 + 0.5*(b))]	$ 24,897,832	$ 24,525,518	$ 24,525,518
(g) Difference between expected and actual:		$ (372,313)	
(h) Less liability transferred for immediate recognition:		$ (458,063)	
(i) Difference between expected and actual - experience (gain)/loss		$ 85,750	
(j) Difference between actual TPL before and after plan changes - benefit change (gain)/loss			$ -

Note 5: RETIREMENT PLAN (Continued)

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

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

Inflation	2.50%
Projected salary increases	3.25% - 6.00% for State and Local Employees and 4.00% - 7.75% for State Police, including inflation
Investment rate of return	7.45%, including inflation

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

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

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

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

Note 5: RETIREMENT PLAN (Continued)

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

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	15.0%	2.8%
US large stocks	32.0%	8.0%
US mid stocks	9.0%	10.0%
US small stocks	4.0%	11.0%
Int'l developed mkt stocks	12.0%	9.5%
Int'l emerging mkt stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real estate	10.0%	6.5%
Cash	5.0%	1.5%
Total	100.00%	

* Includes assumed rate of inflation of 2.00%

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the 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.

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

For the year ended September 30, 2024, the City recognized pension expense of $1,340,941. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 323,044	$ 149,180
Changes of assumptions	484,252	-
Net difference between projected and actual earnings on plan investments	688,511	-
Employer contributions subsequent to the measurement date	717,419	-
Total	$ 2,213,226	$ 149,180

Note 5: RETIREMENT PLAN (Continued)

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pension (continued)

$717,419 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, 2025. 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,	
2025	$ 361,625
2026	325,174
2027	810,129
2028	(150,301)
Total	$ 1,346,627

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2022	$ 24,344,076	$ 15,194,578	$ 9,149,498
Changes for the year:			
Service cost	567,966	-	567,966
Interest	1,747,992	-	1,747,992
Differences between expected and actual experience	85,750	-	85,750
Contributions - employer	-	627,585	(627,585)
Contributions - employee	-	433,653	(433,653)
Net investment income	-	1,897,390	(1,897,390)
Benefit payments, including refunds of employee contributions	(1,762,202)	(1,762,202)	-
Transfer among employers	(458,063)	(458,063)	-
Net changes	181,443	738,363	(556,920)
Balances at September 30, 2023	$ 24,525,519	$ 15,932,941	$ 8,592,578

Note 5: RETIREMENT PLAN (Continued)

Changes in Net Pension Liability and Sensitivity to Changes in Discount Rate (continued)

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
City's net pension liability	$ 11,471,320	$ 8,592,578	$ 6,182,903

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2023. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer 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 6: 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.

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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, 2023, the valuation date, membership consisted of:

Inactive members or beneficiaries currently receiving benefits	48
Inactive members entitled to but not yet receiving benefits	0
Active members	155
Total	203

Actuarial Assumptions and Other Inputs

As of September 30, 2023, the valuation date, the actuarial assumptions and other inputs applied include the following:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate	
Prior Measurement Date	4.02%
Measurement Date	4.09%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033
Medicare Medical and Prescription Drug	5.125% for 2023 decreasing to an ultimate rate of 4.50% by 2026
Dental	3.50%

The City selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of September by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the Total OPEB Liability ("TOL").

Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2023 valuation were based on the actuarial experience study for the period October 1, 2015 – September 30, 2020, and were submitted to and adopted by the ERS Board of Control on September 14, 2021.

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, 2023 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2023 valuation.

Changes in Total OPEB Liability

At September 30, 2024, the City reported a TOL of $6,854,345. The information has been provided as of the September 30, 2023 measurement date.

Total OPEB Liability as of September 30, 2022	$ 7,174,560
Changes for the year:	
Service cost at the end of the year*	370,923
Interest on TOL and cash flows	282,520
Difference between expected and actual experience	(768,801)
Change of assumptions or other inputs	91,483
Net benefit payments	(296,340)
Net changes	(320,215)
Total OPEB Liability as of September 30, 2023	$ 6,854,345

*The service cost includes interest for the year.

Since the prior measurement date, there have been no changes to benefit terms. Changes to assumptions or other inputs are comprised of a change in discount rate.

Sensitivity of the Total OPEB Liability

The following table represents the City's TOL calculated using the discount rate of 4.09%, as well as what the City's TOL would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	$ 7,915,175	$ 6,854,345	$ 5,995,948

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the Total OPEB Liability (continued)

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	$ 5,872,901	$ 6,854,345	$ 8,120,209

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

For the fiscal year ended September 30, 2024, the City recognized an OPEB expense of $230,632. 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	$ 5,994	$ 1,592,183
Change of assumptions or other inputs	1,197,043	1,808,604
Benefit payments subsequent to the measurement date	295,691	-
Total	$ 1,498,728	$ 3,400,787

$295,691 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, 2025. 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,	
2025	$ (430,964)
2026	(387,817)
2027	(316,998)
2028	(322,229)
2029	(383,447)
Thereafter	(356,295)
Total	$ (2,197,750)

Note 7: 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 8: COMMITMENTS AND CONTINGENCIES

The City is a defendant in various, routine lawsuits which have arisen in the normal course of business. Total damages for lawsuits currently outstanding are material; however, the City's experience is that such lawsuits are typically settled for amounts substantially less than the damages initially claimed. In addition, most claims are covered by insurance.

The City records liabilities resulting from claims and legal actions only when they become fixed or reasonably determinable in amount. In the opinion of City management and upon their consultation with legal counsel, as of September 30, 2024, there are no significant amounts fixed and determinable. Accordingly, no significant liabilities are recorded at September 30, 2024 to the accompanying financial statements related to these matters.

While the ultimate resolution of the lawsuits cannot be reasonably predicted, and favorable outcomes cannot be guaranteed, City management does not believe these matters will have a significant adverse effect on the City's overall financial position or its ability to carry out its 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, 2024. At year-end, the City's significant commitments with contractors relate to the ATRIP and CDBG street projects, which are mainly funded by federal and state matching grants. The ATRIP project additional costs are approximately $920,000 and was completed in March 2025. The CDBG street project additional costs are expected to be $60,000 and will be completed in April 2025.

Note 9: TAX ABATEMENTS

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, 2024, rebates totaled $43,929.

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.

Note 9: TAX ABATEMENTS (Continued)

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, 2024, rebates totaled $219.

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, 2024, no rebates were paid and remaining available rebates under the agreement were approximately $48,000 as of September 30, 2024.

Note 10: 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.

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 3 is a note receivable due from the Utilities Board with a principal balance of $89,788 as of September 30, 2024. The note is due in monthly installments through February 2026 with interest ranging from 3.35% to 5%. During 2024, the City recorded principal and interest payments from the Utilities Board totaling $65,626. 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.

City of Ozark, Alabama
Budgetary Comparison Schedule – General Fund

For the year ended September 30, 2024	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 12,964,031	$ 12,964,031	$ 13,861,136	$ 897,105
Licenses and permits	1,643,869	1,643,869	1,861,434	217,565
Intergovernmental	298,500	447,000	1,233,824	786,824
Charges for services	2,143,880	2,134,880	2,297,022	162,142
Fines and forfeitures	470,600	470,600	410,015	(60,585)
Interest and other	20,020	20,020	6,998	(13,022)
Miscellaneous revenue	299,345	323,517	462,111	138,594
Total revenues	17,840,245	18,003,917	20,132,540	2,128,623
Expenditures				
General government	1,217,526	1,231,719	1,179,769	51,950
Education	1,232,133	1,232,133	1,350,143	(118,010)
Vehicle maintenance	295,669	305,707	341,005	(35,298)
Police	3,170,477	3,276,398	3,453,096	(176,698)
Information technology	177,137	180,334	164,366	15,968
Fire	2,686,492	2,775,017	3,028,701	(253,684)
Airport	424,300	488,037	394,939	93,098
Sanitation	1,402,631	1,438,498	1,639,692	(201,194)
Street	1,213,967	1,260,479	1,276,760	(16,281)
Leisure services	1,860,156	1,928,651	1,820,206	108,445
Appropriations	140,253	140,253	141,503	(1,250)
Judicial	191,170	198,043	202,272	(4,229)
Economic development	489,143	720,996	612,277	108,719
Engineering and inspections	288,559	292,075	209,429	82,646
Ozark technology center	129,199	132,396	131,203	1,193
Non-departmental	331,125	441,125	381,651	59,474
Fiscal agent fees	-	-	6,210	(6,210)
Capital outlay	1,542,158	1,740,408	4,893,183	(3,152,775)
Debt service	-	-	181,013	(181,013)
Total expenditures	16,792,095	17,782,269	21,407,418	(3,625,149)
Excess (deficiency) of revenues over (under) expenditures	1,048,150	221,648	(1,274,878)	(1,496,526)

(Continued)

For the year ended September 30, 2024	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)				
Transfers in (out)	(2,317,200)	(2,317,200)	(803,043)	1,514,157
Other	-	-	501,752	501,752
Loss recoveries	(10,000)	(10,000)	30,787	40,787
Proceeds from sale of capital assets	(10,000)	(10,000)	104,264	114,264
Net other financing sources (uses)	(2,337,200)	(2,337,200)	(166,240)	2,170,960
Net change in fund balance	(1,289,050)	(2,115,552)	(1,441,118)	674,434
Fund balance, beginning of year	11,179,829	11,179,829	11,179,829	-
Fund balance, end of year	$ 9,890,779	$ 9,064,277	$ 9,738,711	$ 674,434

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 – ARPA Fund

For the year ended September 30, 2024	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ -	$ -	$ 698,345	$ 698,345
Interest and other	350	350	395	45
Total revenues	350	350	698,740	698,390
Expenditures				
Non-departmental	350	350	-	350
Capital outlay	-	-	283,799	(283,799)
Total expenditures	350	350	283,799	(283,449)
Excess (deficiency) of revenues over (under) expenditures	-	-	414,941	414,941
Other Financing Sources (Uses)				
Transfers in (out)	-	-	(414,545)	(414,545)
Net change in fund balance	-	-	396	396
Fund balance, beginning of year	1,533	1,533	1,533	-
Fund balance, end of year	$ 1,533	$ 1,533	$ 1,929	$ 396

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
Required Supplementary Information
Schedule of Changes in Net Pension Liability

As of and for the year ended September 30,	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	**$ 567,966**	$ 544,393	$ 439,042	$ 456,406	$ 467,852	$ 484,217	$ 469,964	$ 474,328	$ 444,431	$ 486,720
Interest	**1,747,992**	1,718,862	1,631,480	1,593,836	1,582,682	1,561,886	1,510,378	1,408,146	1,386,963	1,334,762
Changes of benefit terms	**-**	9,471	401,528	-	-	-	-	-	-	-
Difference between expected and actual experience	**85,750**	(40,513)	509,587	(6,517)	(243,062)	(316,905)	39,418	286,209	(174,320)	-
Changes of assumptions	**-**	-	936,150	-	-	113,058	-	870,768	-	-
Benefit payments, including refunds of member contributions	**(1,762,202)**	(1,636,308)	(1,748,237)	(1,688,002)	(1,436,389)	(1,497,733)	(1,216,202)	(1,411,749)	(1,372,821)	(965,131)
Transfers among employers	**(458,063)**	(141,957)	(341,586)	163,269	(100,412)	25,742	1,824	161,456	-	-
Net change in total pension liability	**181,443**	453,948	1,827,964	518,992	270,671	370,265	805,382	1,789,158	284,253	856,351
Total pension liability - beginning	**24,344,076**	23,890,128	22,062,164	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)	**$ 24,525,519**	$ 24,344,076	$ 23,890,128	$ 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	**627,585**	517,707	434,502	446,663	549,631	446,010	459,888	467,660	457,419	463,937
Contributions - member	**433,653**	405,398	336,165	330,806	347,610	346,073	332,178	362,299	301,942	298,308
Net investment income	**1,897,390**	(2,290,887)	3,452,588	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	**(1,762,202)**	(1,636,308)	(1,748,237)	(1,688,002)	(1,436,389)	(1,497,733)	(1,216,202)	(1,411,749)	(1,372,821)	(965,131)
Transfers among employers	**(458,063)**	(141,957)	(341,586)	163,269	(100,412)	25,742	1,824	161,456	(9,909)	13,776
Net change in plan fiduciary net position	**738,363**	(3,146,047)	2,133,432	148,997	(229,534)	728,586	1,367,728	910,779	(464,003)	1,293,505
Plan fiduciary net position - beginning	**15,194,578**	18,340,625	16,207,193	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)	**15,932,941**	15,194,578	18,340,625	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)	**$ 8,592,578**	$ 9,149,498	$ 5,549,503	$ 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	**64.96%**	62.42%	76.77%	73.46%	74.54%	76.57%	74.44%	70.62%	72.54%	76.26%
Covered payroll	**$ 6,281,345**	$ 6,370,137	$ 6,033,703	$ 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	**136.80%**	143.63%	91.98%	96.41%	97.68%	82.15%	86.90%	100.33%	89.62%	74.42%

City of Ozark, Alabama
Required Supplementary Information
Schedule of Employer Contributions

As of and for the year ended September 30,	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	**$ 567,966**	$ 544,393	$ 439,042	$ 456,406	$ 467,852	$ 484,217	$ 469,964	$ 474,328	$ 444,431	$ 486,720
Contributions in relation to the actuarially determined contributions	**717,419**	627,585	517,707	434,502	446,663	549,631	446,010	459,888	467,660	457,419
Contribution deficiency (excess)	**$ (149,453)**	$ (83,192)	$ (78,665)	$ 21,904	$ 21,189	$ (65,414)	$ 23,954	$ 14,440	$ (23,229)	$ 29,301
Covered payroll	**$ 6,760,418**	$ 6,281,345	$ 6,370,137	$ 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	**10.61%**	9.99%	8.13%	7.20%	7.35%	9.79%	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 2024 were based on the September 30, 2021 actuarial valuation.

City of Ozark, Alabama
Required Supplementary Information
Schedule of Changes in OPEB Liability

As of and for the year ended September 30,	**2023**	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	**$ 370,923**	$ 579,966	$ 438,120	$ 378,502	$ 285,100	$ 323,144	$ 369,979
Interest	**282,520**	195,460	191,932	209,419	284,230	250,841	215,486
Changes of benefit term	**-**	-	280,640	-	-	-	-
Difference between expected and actual experience	**(768,801)**	(36,658)	(1,223,885)	(3,213)	(331,883)	20,604	(22,184)
Changes of assumptions or other inputs	**91,483**	(2,067,497)	573,985	540,300	1,130,389	(554,098)	(653,868)
Benefit payments	**(296,340)**	(289,109)	(304,513)	(321,479)	(267,274)	(267,274)	(208,661)
Net change in total OPEB liability	**(320,215)**	(1,617,838)	(43,721)	803,529	1,100,562	(226,783)	(299,248)
Total OPEB liability - beginning	**7,174,560**	8,792,398	8,836,119	8,032,590	6,932,028	7,158,811	7,458,059
Total OPEB liability - ending	**$ 6,854,345**	$ 7,174,560	$ 8,792,398	$ 8,836,119	$ 8,032,590	$ 6,932,028	$ 7,158,811
Covered payroll*	**$ 5,834,684**	$ 5,014,996	$ 5,014,996	$ 5,561,701	$ 5,561,701	$ 5,576,106	$ 5,576,106
Total OPEB liability as a percentage of covered payroll	**117.48%**	143.06%	175.32%	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 from 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:

9/30/2018 - 3.57%
9/30/2019 - 4.18%
9/30/2020 - 2.66%
9/30/2021 - 2.21%
9/30/2022 - 2.26%
9/30/2023 - 4.02%
9/30/2024 - 4.09%

Note 1: PLAN CHANGES IN BENEFIT TERMS

Pension

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

OPEB

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

Note 2: CHANGES OF ASSUMPTIONS

Pension

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

OPEB

The discount rate used was 4.09%, as compared to 4.02% 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	23.2 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES (Continued)

OPEB

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate	
Prior Measurement Date	4.02%
Measurement Date	4.09%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033
Medicare Medical and Prescription Drug	5.125% for 2023 decreasing to an ultimate rate of 4.50% by 2026
Dental	3.50%

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

September 30, 2024	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 1,240,708	$ 9,742	$ 1,250,450
Accounts receivable, net	42,294	-	42,294
Due from other governments	31,325	-	31,325
Restricted cash and cash equivalents	-	373,674	373,674
Total assets	$ 1,314,327	$ 383,416	$ 1,697,743
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 42,294	$ -	$ 42,294
Fund balances			
Restricted	1,272,033	383,416	1,655,449
Total liabilities and fund balances	$ 1,314,327	$ 383,416	$ 1,697,743

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

For the year ended September 30, 2024	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ 2,297,348	$ -	$ 2,297,348
Intergovernmental	137,536	-	137,536
Interest and other	2,501	17,026	19,527
Miscellaneous revenue	1,447	-	1,447
Total revenues	2,438,832	17,026	2,455,858
Expenditures			
Education	1,991,095	-	1,991,095
Street	62,124	-	62,124
Judicial	22,474	-	22,474
Debt service			
Principal	-	700,246	700,246
Interest	-	148,587	148,587
Fiscal agent fees	-	6,518	6,518
Capital outlay	631,975	-	631,975
Total expenditures	2,707,668	855,351	3,563,019
Excess (deficiency) of revenues over (under) expenditures	(268,836)	(838,325)	(1,107,161)
Other Financing Sources (Uses)			
Transfers in (out)	310,971	826,863	1,137,834
Net change in fund balances	42,135	(11,462)	30,673
Fund balances, beginning of year	1,229,898	394,878	1,624,776
Fund balances, end of year	$ 1,272,033	$ 383,416	$ 1,655,449

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

September 30, 2024	Bond	Four Cent Gas Tax	Ten Cent Gas Tax	Special Ad Valorem Fund I	Special Ad Valorem Fund II	UDAG	Special FEMA
Assets							
Cash and cash equivalents	$ 31,085	$ 173,389	$ 248,836	$ 24	$ 87	$ 25,569	$ 6,514
Accounts receivable, net	-	-	-	21,147	21,147	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	$ 31,085	$ 173,389	$ 248,836	$ 21,171	$ 21,234	$ 25,569	$ 6,514
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ -	$ -	$ -	$ 21,147	$ 21,147	$ -	$ -
Fund Balances							
Restricted	31,085	173,389	248,836	24	87	25,569	6,514
Total liabilities and fund balances	$ 31,085	$ 173,389	$ 248,836	$ 21,171	$ 21,234	$ 25,569	$ 6,514

Revenue Funds								Total Nonmajor Special Revenue Funds
Wiregrass Violent Crime	Department of Justice	Street	Municipal Court/ Judicial Admin	CDBG	Alabama Trust Fund Improvements	Corrections	
$ 3,871	$ 4,227	$ 548,661	$ 106,668	$ 9,334	$ 12,278	$ 70,165	$ 1,240,708
-	-	-	-	-	-	-	42,294
-	-	27,076	1,354	-	-	2,895	31,325
$ 3,871	$ 4,227	$ 575,737	$ 108,022	$ 9,334	$ 12,278	$ 73,060	$ 1,314,327
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 42,294
3,871	4,227	575,737	108,022	9,334	12,278	73,060	1,272,033
$ 3,871	$ 4,227	$ 575,737	$ 108,022	$ 9,334	$ 12,278	$ 73,060	$ 1,314,327

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

Year ended September 30, 2024	Bond	Four Cent Gas Tax	Ten Cent Gas Tax	Special Ad Valorem Fund I	Special Ad Valorem Fund II	UDAG	Special FEMA
Revenues							
Taxes	$ -	$ 62,286	$ 130,370	$ 995,531	$ 995,531	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-
Interest and other	-	379	550	-	-	-	16
Miscellaneous revenue	-	-	-	-	97	1,350	-
Total revenues	-	62,665	130,920	995,531	995,628	1,350	16
Expenditures							
Education	-	-	-	995,531	995,564	-	-
Street	-	12,157	38,284	-	-	-	-
Judicial	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	-	12,157	38,284	995,531	995,564	-	-
Excess (deficiency) of revenues over expenditures	-	50,508	92,636	-	64	1,350	16
Other Financing Sources (Uses)							
Transfers in (out)	-	-	-	-	-	-	-
Net change in fund balances	-	50,508	92,636	-	64	1,350	16
Fund balances, beginning of year	31,085	122,881	156,200	24	23	24,219	6,498
Fund balances, end of year	$ 31,085	$ 173,389	$ 248,836	$ 24	$ 87	$ 25,569	$ 6,514

Revenue Funds								Total Nonmajor Special Revenue Funds
Wiregrass Violent Crime	Department of Justice	Street	Municipal Court/ Judicial Admin	CDBG	Alabama Trust Fund Improvements	Corrections		
$ -	$ -	$ 113,630	$ -	$ -	$ -	$ -	$	2,297,348
-	-	-	-	-	137,536	-		137,536
-	-	-	1,133	24	92	307		2,501
-	-	-	-	-	-	-		1,447
-	-	113,630	1,133	24	137,628	307		2,438,832
-	-	-	-	-	-	-		1,991,095
-	-	11,683	-	-	-	-		62,124
-	-	-	17,794	-	-	4,680		22,474
-	-	631,238	-	737	-	-		631,975
-	-	642,921	17,794	737	-	4,680		2,707,668
-	-	(529,291)	(16,661)	(713)	137,628	(4,373)		(268,836)
-	-	458,083	22,195	-	(139,540)	(29,767)		310,971
-	-	(71,208)	5,534	(713)	(1,912)	(34,140)		42,135
3,871	4,227	646,945	102,488	10,047	14,190	107,200		1,229,898
$ 3,871	$ 4,227	$ 575,737	$ 108,022	$ 9,334	$ 12,278	$ 73,060	$	1,272,033

$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
9/30/2025	1.00%	$ 10,000	$ 74,350	$ 84,350
9/30/2026	1.00%	10,000	74,250	84,250
9/30/2027	2.00%	430,000	69,900	499,900
9/30/2028	2.00%	440,000	61,200	501,200
9/30/2029	2.00%	450,000	52,300	502,300
9/30/2030	2.00%	460,000	43,200	503,200
9/30/2031	2.00%	470,000	33,900	503,900
9/30/2032	2.00%	480,000	24,400	504,400
9/30/2033	2.00%	485,000	14,750	499,750
9/30/2034	2.00%	495,000	4,950	499,950
Total		$ 3,730,000	$ 453,200	$ 4,183,200

$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

Ending	Rate	Principal	Interest	Total
9/30/2025	2.00%	$ 455,000	$ 14,210	$ 469,210
9/30/2026	2.10%	460,000	4,830	464,830
Total		$ 915,000	$ 19,040	$ 934,040

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
9/30/2025	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		$ 1,385,000	$ 131,500	$ 1,516,500

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

Carr, Riggs & Ingram, L.L.C.
1117 Boll Weevil Circle
Enterprise, AL 36330

Mailing Address:
PO Box 311070
Enterprise, AL 36331

334.347.0088
334.347.7650 (fax)
CRIadv.com

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

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Ozark, Alabama (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Ozark, State Alabama's basic financial statements, and have issued our report thereon dated April 14, 2025. Our report includes a reference to other auditors who audited the financial statements of 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 auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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 2024-001 to be a material weakness.

2024-001 Financial Reporting (Repeat of Finding 2023-001)

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;…"

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.

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 2024-002, 2024-003, and 2024-004 to be significant deficiencies.

2024-002 Capital Assets (Repeat of Finding 2023-002)

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;…"

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.

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.

2024-003 Due to and From Accounts (Repeat of Finding 2023-003)

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;…"

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.

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.

2024-004 Grant Accounting and Administration (Repeat finding of 2023-004)

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;…"

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

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.

Report on Compliance and Other Matters

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

City of Ozark's Response to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and 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 the responses.

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.

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

Enterprise, Alabama
April 14, 2025

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

Carr, Riggs & Ingram, L.L.C.
1117 Boll Weevil Circle
Enterprise, AL 36330

Mailing Address:
PO Box 311070
Enterprise, AL 36331

334.347.0088
334.347.7650 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Ozark, Alabama's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal program for the year ended September 30, 2024. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such

that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

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

Enterprise, Alabama
April 14, 2025

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP.	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
c. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Type of auditor's report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	No
4. Identification of major programs	

Assistance Listing Number	Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

5. Dollar threshold used to distinguish between type A and type B programs	$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	No

Section II – Financial Statement Findings

2024-001 Financial Reporting (Repeat of Finding 2023-001)

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;…"

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.

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.

2024-002 Capital Assets (Repeat of Finding 2023-002)

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;…"

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.

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.

2024-003 Due to and From Accounts (Repeat of Finding 2023-003)

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;…"

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.

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.

2024-004 Grant Accounting and Administration (Repeat finding of 2023-004)

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;…"

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

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.

Section III – Federal Award Findings and Questioned Costs

None noted.

City of Ozark, Alabama
Schedule of Expenditures of Federal Awards
September 30, 2024

Federal Agency Pass-through Grantor Program Title	AL Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
United States Department of Agriculture				
Passed through Alabama Department of Education				
Summer Food Service Program for Children*	10.559		$ 87,425	$ -
United States Department of Transportation				
Passed through Alabama Department of Transportation				
Airport Improvement Program	20.106	3-01-0056-025-2023	93,697	-
Airport Improvement Program	20.106	3-01-0056-026-2023	222,379	-
Airport Improvement Program	20.106	3-01-0056-027-2023	81,621	-
Airport Improvement Program	20.106	3-01-0056-028-2024	144,000	-
Airport Improvement Program	20.106	3-01-0056-029-2024	151,274	-
Subtotal ALN 20.106			692,971	-
Passed through Southeast Alabama Highway Safety Office, Enterprise State Community College				
State and Community Highway Safety***	20.600	21-FP-PT-002	52,553	-
Total United States Department of Transportation			745,524	-
United States Department of the Treasury				
Direct program				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	698,344	-
Total Expenditures of Federal Awards			$ 1,531,293	$ -

* Child Nutrition Cluster

***Highway Safety Cluster

Note 1: BASIS OF PRESENTATION

The schedule of expenditures of federal awards (SEFA) summarizes the federal expenditures of the City of Ozark, (the City) under programs of the federal government for the year ended September 30, 2024. The amounts reported as federal expenditures were obtained from the City's general ledger. Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position and changes in net position of the City.

For purposes of the SEFA, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass through entities. The City has obtained Assistance Listing (AL) numbers to ensure that all programs have been identified in the SEFA. AL numbers have been appropriately listed by applicable programs. Federal programs with different AL numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. Two clusters are identified in the SEFA is the following:

Child Nutrition Cluster – Includes awards that assist states in administering food services that provide healthful, nutritious meals to eligible children in public and non-profit private schools, residential child care institutions and summer recreation programs; and encourages the domestic consumption of nutritious agricultural commodities.

Highway Safety Cluster – Includes awards that assist cities in providing a coordinated national highway safety program to reduce traffic accidents, death, injuries and property damage.

Note 2: INDIRECT COST RATE

The City has elected not to use the 10% de minimums indirect cost rate for the fiscal year ended September 30, 2024.

Note 3: RELATIONSHIP OF THE SEFA TO FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding Federal, State and/or pass-through agencies and the SEFA may differ. Some of the factors that may account for any difference include the following:

- The City's fiscal year end may differ from the program's year end.
- Accruals recognized in the SEFA, because of year-end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges are recognized as fixed assets in the City's financial statements and as expenditures in the program financial reports.

Note 4: BASIS OF ACCOUNTING

This Schedule was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred, rather than being applied to reduce the outstanding principal portion of debt, which conforms to the basis of reporting to grantors for reimbursement under the terms of the City's federal grants.

Note 5: CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, management does not believe that such disallowance, if any, would have a material effect on the financial position of the City. As of September 30, 2024, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

Note 6: NONCASH ASSISTANCE

The City did not receive any federal noncash assistance for the fiscal year ended September 30, 2024.

Note 7: SUBRECIPIENTS

The City did not provide federal funds to subrecipients for the fiscal year ending September 30, 2024.

Note 8: LOANS AND LOAN GUARNTEES

The City did not have any loans or loan guarantee programs required to be reported on the schedule for the fiscal year ended September 30, 2024.

Note 9: FEDERALLY FUNDED INSURANCE

The City did not have any federally funded insurance required to be reported on the SEFA for the fiscal year ending September 30, 2024.

Financial Statement Findings

Item 2024-001 – Financial Reporting (Repeat of Finding 2023-001)

Contact person: Chris Peters, City of Ozark Finance Officer

Management Response: The City's Finance Officer will implement a formal financial close process. A checklist will be created and evidence of who completed each item and date completed will be documented. City's Financial Officer will be responsible for the corrective action and anticipates completion of corrective action will be taken before September 30, 2025.

Item 2024-002 Capital Assets (Repeat of Finding 2023-002)

Contact person: Chris Peters, City of Ozark Finance Officer

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. Evidence of who completed the rollforward and reconciliation and date completed will be documented. City's Financial Officer will be responsible for the corrective action and anticipates completion of corrective action will be taken before September 30, 2025.

Item 2024-003 Due to and From Accounts (Repeat of Finding 2023-003)

Contact person: Chris Peters, City of Ozark Finance Officer

Management Response: The City's Finance Officer will implement a formal financial close process to include timely monitoring of due to and from accounts. Evidence of who completed the reconciliation of due to and from accounts and date completed will be documented. City's Financial Officer will be responsible for the corrective action and anticipates completion of corrective action will be taken before September 30, 2025.

Item 2024-004 Grant Accounting and Administration (Repeat finding of 2023-004)

Contact person: Chris Peters, City of Ozark Finance Officer

Management Response: The City's Finance Officer will implement a formal, centralized, grant administration process. City's Financial Officer will be responsible for the corrective action and anticipates completion of corrective action will be taken before September 30, 2025.

Financial Statement Findings

2023-001 – Uncorrected

2023-002 – Uncorrected

2023-003 – Uncorrected

2023-004 – Uncorrected

Federal Award Findings

None noted