CITY OF ANNISTON, ALABAMA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ANNISTON, ALABAMA

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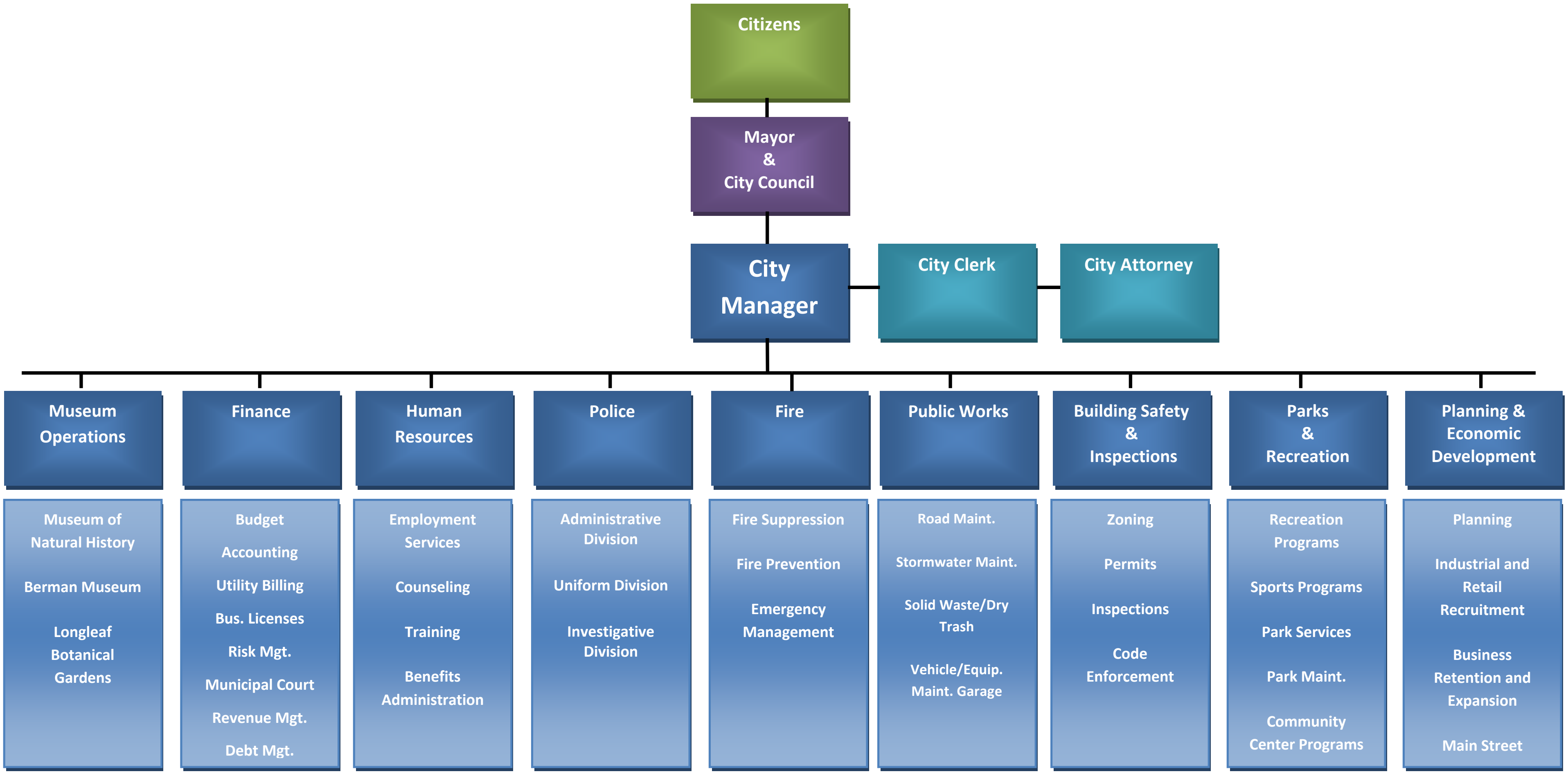


FOR THE YEAR END SEPTEMBER 30, 2021

City Council

Jack Draper – Mayor
Millie Harris
Jay W. Jenkins
Demetric D. Roberts
Ciara Smith

City Manager

Steven D. Folks

Finance Director

Julie Borrelli

Other City Officials

City Attorney	Bruce J. Downey IV
City Clerk	Skyler Bass
City Judge	James Sims
Fire	Jeff Waldrep, Chief
Human Resources	Bersheba Austin, Director
Museum Operations	Alan Robison, Director
Parks & Recreation	Frazier Burroughs, Director
Economic Development	Toby Bennington, Director
Police	Nick Bowles, Chief
Public Works	David Arnett, Director

FINANCIAL SECTION

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information of the City of Anniston, Alabama, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Anniston Board of Education which represents 88%, 15% and 94%, respectively, of the assets and deferred outflows of resources, net position and revenue of the discretely presented component units. We also did not audit the Public Library of Anniston/Calhoun County which represents 5%, 9% and 4%, respectively, of the assets and deferred outflows of resources, net position and revenue of the discretely presented component units. We also did not audit the financial statements of the Anniston Museum Endowment Corporation, Inc., which represents 7%, (124)% and 2%, respectively, of the assets and deferred outflows of resources, net position and revenue of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Anniston Board of Education, Public Library of Anniston/Calhoun County and Anniston Museum Endowment Corporation, Inc. is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

1200 Market Street, Chattanooga, TN 37402 | T 423.756.7771 | F 423.265.8125

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information for the City of Anniston, Alabama, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv through xii of the Financial Section and the required supplementary information on pages B-1 through B-11 be presented to supplement the basic financial statements. Such information, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining nonmajor fund financial schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining nonmajor fund schedules included as other supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of the City of Anniston'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 of Anniston'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 City of Anniston's internal control over financial reporting and compliance.

Chattanooga, Tennessee
June 30, 2022

Henderson Hutcherson
& McCullough, PLLC

FOR THE YEAR END SEPTEMBER 30, 2021

This section of the City of Anniston's ("City") annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2021. As management of the City, we encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and other supplementary information, which follow this narrative.

Financial Highlights

- The liabilities and deferred inflow of resources of the City of Anniston (primary government) exceeded its assets and deferred outflow of resources by $6.1 million for the year ended September 30, 2021. Of the $6.1 million in primary government deficit net position, unrestricted net position had a deficit of $60.5 million.

- The City's total net position increased by $14.7 million in fiscal year 2021 primarily as a result of an increase in investments and a reduction in the City's deferred pension inflows. The City's investments were $11.1 million, which is up from $2.4 million in fiscal year 2020. The City's deferred pension inflows were $14.9 million, which is down from $22.7 million in fiscal year 2020.

- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of $14.9 million. The combined governmental funds fund balance increased by $3 million compared with the prior year. Of the $14.9 million in fund balance, $8.4 million is available for spending at the government's discretion (unassigned fund balance).

- The General Fund ended the current year with a fund balance of $9 million, up from $7.6 million in 2020. The 2021 ending fund balance of the General Fund represents 24.5 percent of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

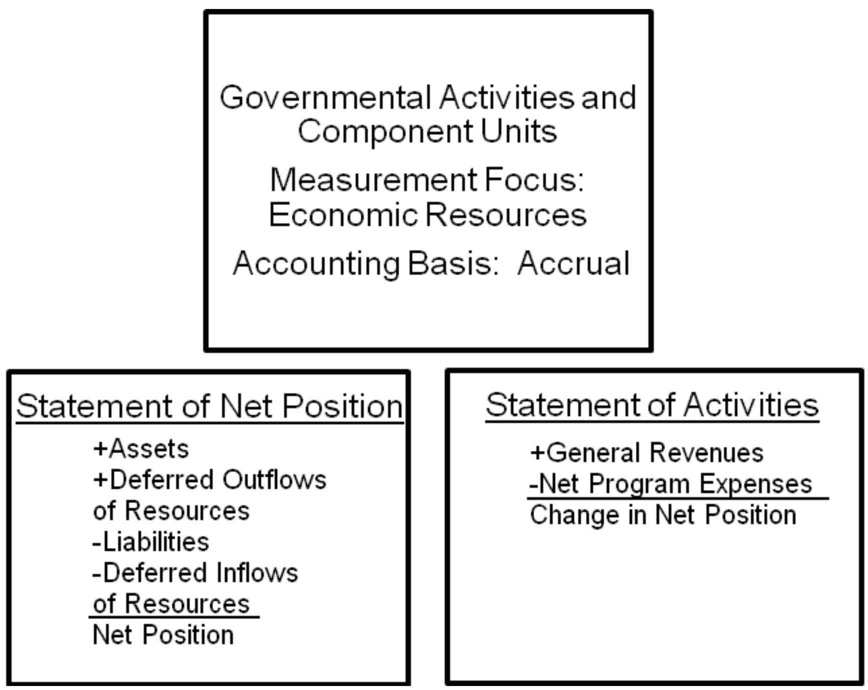
The government-wide financial statements of the City are divided into three categories:

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

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

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

Government-wide Financial Statements



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

Fund Financial Statements

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

The City uses three types of funds:

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Anniston, liabilities and deferred inflow of resources exceeded assets and deferred outflow of resources by $6.1 million at the close of the most recent fiscal year. Net position related to governmental activities is negative $7.8 million, and business-type activities make up $1.7 million of the total net position. The deficit net position is primarily a result of the recording of net pension liabilities ($49.2 million).

FOR THE YEAR END SEPTEMBER 30, 2021

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

Condensed Statement of Net Position
As of September 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 26,531,242	$ 16,372,968	$ 822,663	$ 605,861	$ 27,353,905	$ 16,978,829
Capital assets, net of accumulated depreciation	83,919,624	85,672,034	1,082,963	1,038,494	85,002,587	86,710,528
Total assets	110,450,866	102,045,002	1,905,626	1,644,355	112,356,492	103,689,357
Deferred outflow of resources	7,566,045	4,610,441	-	-	7,566,045	4,610,441
Current and other liabilities	16,098,490	3,623,507	71,624	55,462	16,170,114	3,678,969
Long-term liabilities, net of current portion*	94,190,598	101,815,798	1 39,989	188,851	94,330,587	102,004,649
Total liabilities	110,289,088	105,439,305	211,613	244,313	110,500,701	105,683,618
Deferred inflows of resources	15,566,740	23,504,529	-	-	15,566,740	23,504,529
Net position:						
Net investment in capital	47,979,789	48,541,289	892,137	800,864	48,871,926	49,342,153
Restricted	5,051,203	5,051,203	657,118	462,073	5,708,321	5,513,276
Unrestricted	(60,869,909)	(75,880,883)	144,758	137,105	(60,725,151)	(75,743,778)
Total net position	$ (7,838,917)	$ (22,288,391)	$ 1,694,013	$ 1,400,042	$ (6,144,904)	$ (20,888,349)

The City's investment in capital assets less any related debt still outstanding that was issued to acquire those assets is $48.9 million. The City of Anniston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Additionally, $5.7 million represents the balance of total net position that is subject to external or Council placed restrictions on how they may be used.

FOR THE YEAR END SEPTEMBER 30, 2021

Changes in Net Position

The following table shows the changes in net position for fiscal year 2021:

Condensed Statement of Activities
For the Years Ended September 30, 2021 and 2020

	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Total 2021	Total 2020
Revenue						
Program Revenue:						
Charges for services	$ 7,092,972	$ 6,869,623	$ 584,607	$ 533,327	$ 7,677,579	$ 7,402,950
Operating grants and contributions	7,281,373	4,918,393	-	-	7,281,373	4,918,393
Capital grants and contributions	-	-	-	-	-	-
General Revenue:						
Taxes	35,137,759	33,200,759	-	-	35,137,759	33,200,759
Licenses and permits	4,881,669	4,968,862	-	-	4,881,669	4,968,862
Interest earnings	11,318	96,095	-	-	11,318	96,095
Other revenues	202,493	378,967	-	-	202,493	378,967
Total revenue	54,607,584	50,432,699	584,607	533,327	55,192,191	50,966,026
Expenses						
General government	16,252,083	21,123,948	-	-	16,252,083	21,123,948
Judicial	427,553	453,007	-	-	427,553	453,007
Public safety	3,023,884	1,721,747	-	-	3,023,884	1,721,747
Public works	11,493,518	6,870,691	-	-	11,493,518	6,870,691
Economic development	259,463	569,280	-	-	259,463	569,280
Culture and recreation	4,694,692	4,487,083	-	-	4,694,692	4,487,083
Housing and development	2,963,808	755,307	-	-	2,963,808	755,307
Interest	1,068,008	1,582,349	-	-	1,068,008	1,582,349
Public facilities	-	-	-	-	-	-
Museum store	-	-	62,850	55,250	62,850	55,250
Stormwater	-	-	135,044	155,557	135,044	155,557
Fire Training School	-	-	70,542	60,998	70,542	60,998
Total expenses	40,183,009	37,563,412	268,436	271,805	40,451,445	37,835,217
Transfers	22,200	(250,469)	(22,200)	250,469	-	-
Capital contribution from other funds					-	-
Capital contribution to other funds					-	-
Gain/(Loss) on sale of assets	2,699	6,539			2,699	6,539
Change in net position	$ 14,449,474	$ 12,625,357	$ 293,971	$ 511,991	$ 14,743,445	$ 13,137,348

Governmental Activities

Revenues for governmental activities totaled $54.6 million in FY 2021, which represents an increase of 8.3% over FY 2020. Taxes account for $35.1 million or 64% of total revenue in 2021 and reported an increase of $1.9 million compared to FY 2020. Licenses and permits account for $4.9 million or 8.9% of total revenue. Charges for services accounted for $7.1 million or 13% of total revenue in FY 2021.

Expenses for governmental activities totaled $40.2 million in FY 2021, which represents an increase of $2.6 million, or 6.9%, compared to FY 2020. The increase was primarily the result of an increase in expenses in Public Works.

Business-type Activities

Revenues for business-type activities were $584,607, which represents an increase of 9.6% over FY 2020. Expenses for business-type activities totaled $268,436 in FY 2021, which represents a decrease of 1.2% compared to FY 2020.

Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Anniston's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the City of Anniston. At the end of the current fiscal year, unassigned fund balance of the general fund was $8.8 million, compared with $7.4 million at the end of FY 2020. As a measure of the general fund's liquidity, it represents 26.4% of total general fund expenditures (including transfers out) at the end of FY 2021.

General Fund-Fund Balances
For the Years Ended September 30, 2021 and 2020

	2021	2020	Change
Nonspendable	299,235	263,793	35,442
Assigned	-	-	-
Unassigned	8,778,627	7,398,401	1,380,226
Total Fund Balances	**9,077,862**	**7,662,194**	**1,415,668**

Proprietary Funds

The City's proprietary funds are made up of enterprise funds and internal service funds. The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has three enterprise funds, the Museum Store, Stormwater Fee Fund, and the Fire Training Fund (initiated in FY 2018). The net position of the enterprise funds was $1.7 million, an increase of $293,971 from FY 2020. The increase is primarily the result of an increase in cash and cash equivalents of stormwater fees.

Business Activities-Net Position
For the Years Ended September 30, 2021 and 2020

	2021	2020	Change
Net Investment in Capital Assets	892,137	800,864	91,273
Restricted	657,118	462,073	195,045
Unrestricted	144,758	137,105	7,653
Total Net Position	**1,694,013**	**1,400,042**	**293,971**

FOR THE YEAR END SEPTEMBER 30, 2021

In FY 2015, the City established internal service funds to accumulate and pay the costs of workers' compensation insurance, health insurance and general liability insurance. The net position of the internal service funds was $417,156 in FY 2021, which represents a decrease of $191,673 from FY 2020.

Internal Service Funds-Net Position
For the Years Ended September 30, 2021 and 2020

	2021	2020	Change
Restricted	-	-	-
Unrestricted	417,156	608,829	(191,673)
Total Net Position	**417,156**	**608,829**	**(191,673)**

General Fund Budgetary Highlights

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

General Fund Budget
For the Years Ended September 30, 2021

	Original Budget	Final Budget	Actual Amount	Variance From Final Budget
Revenues	$ 49,363,650	$ 49,447,650	$ 41,888,522	$ (7,559,128)
Expenditures	37,275,500	37,404,244	37,078,696	$ (325,548)
Other Sources (Uses)	(5,114,910)	(5,071,885)	(3,394,158)	$ 1,677,727
Total	$ 6,973,240	$ 6,971,521	$ 1,415,668	$ (5,555,853)

Capital Asset and Debt Administration

Capital Assets: The City of Anniston's investment in capital assets for its governmental activities as of September 30, 2021 totals $48 million (net of accumulated depreciation) and for its business-type activities as of September 30, 2021 totals $892,137 (net of accumulated depreciation). These assets include infrastructure, buildings, land, machinery and equipment, facilities and vehicles, as well as the collection at the Anniston Museum of Natural History.

Additional information about the City's capital assets can be found in Note 6 beginning on page A-30.

Long-term Debt: The long-term liabilities at September 30, 2021 totaled $99.5 million. Of this amount, $99.3 million relates to governmental activities and $190,826 relates to business-type activities. Overall, the City's long-term liabilities decreased from FY2020 by $2.6 million as a result from a decrease in the net pension liability.

Additional information about the City's long-term debt can be found in Note 7 beginning on page A-32.

Economic Factors and Next Year's Budget

While the City of Anniston was still facing the challenges of COVID and the pandemic, there has been continued increasing revenue and growth.

The construction of the new $42.5 million federal courthouse is scheduled to be completed in March 2022. This project began in 2019 and will take three years to complete. It will employ over 250 people during its construction. According to the economic impact study completed by Jacksonville State University, the total economic impact of this project is $45.8 million.

Based upon an economic impact study performed by Jacksonville State University, around 8,500 individuals from local, state, national and international locations attended the 2021 Noble Street Festival and Sunny King Criterium. It is estimated that at least 2,500 of these 8,500 visitors were children. It is also estimated that a total economic impact of nearly $2 million was generated in the local Calhoun County economy due to the 2021 NSF and SKC.

The City of Anniston kicked off the Comprehensive Plan in FY2021. This plan will address a wide range of important issues for Anniston, including land use, mobility, economic development and social issues with public input.

The City has received $6.5 million in American Rescue Plan Act Funds with another $6.5 million expected in FY 2022. With the appropriated American Rescue Plan Act funds and various other funds, the City plans to implement the following projects to improve infrastructure, aid to tourism travel, and attract tourists to a negative economic impact area:

- Drainage Improvements
- Completion of Chief Ladiga Trail
- 11th and Noble Park
- Satcher Health Institute

In preparing the FY 2022 budget, the City considered outside factors that affect funding decisions such as state and local economic conditions, federal and state mandates, political and social environment, citizen concerns, and outside agency considerations. The following are a few key factors that are taken into account when building the budget:

- Anniston's sales, use, and lodging taxes increased by $3 million in FY 2021; the percentage increase will be considered in next year's budget
- Calculating the average expense of prior years and actual expenses in the current year to determine an accurate amount for next year's budget
- Total revenues are projected to increase by 6% mostly due to transfers in from various funds.
- Total expenditures are projected to increase by 2.5% due to capital outlays and projects.

Questions or Comments

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

Any questions or comments about this document should be addressed to Julie Borrelli, Finance Director, email: jborrelli@annistonal.gov or P. O. Box 2168, Anniston, Alabama 36202.

CITY OF ANNISTON, ALABAMA

STATEMENT OF NET POSITION

September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash and cash equivalents	$ 9,323,139	$ 658,795	$ 9,981,934
Investments	11,088,944	-	11,088,944
Receivables, net of allowance for uncollectibles	4,003,477	13,773	4,017,250
Internal balances	(123,228)	123,228	-
Inventories	263,050	26,867	289,917
Other assets	37,087	-	37,087
Net pension asset	-	-	-
Restricted assets:			
Cash and cash equivalents	1,938,773	-	1,938,773
Investments	-	-	-
Capital assets:			
Land and other nondepreciable assets	21,600,288	48,000	21,648,288
Capital assets, net of accumulated depreciation	62,319,336	1,034,963	63,354,299
Total assets	110,450,866	1,905,626	112,356,492
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	3,994,487	-	3,994,487
Deferred OPEB outflows	2,247,383	-	2,247,383
Deferred bond insurance cost	81,689	-	81,689
Deferred charges on refunding	1,242,486	-	1,242,486
Total deferred outflows of resources	7,566,045	-	7,566,045
LIABILITIES			
Accounts payable	1,234,009	20,787	1,254,796
Accrued and other payables	2,997,132	-	2,997,132
Unearned revenues	6,781,868	-	6,781,868
Long-term liabilities, due within one year	5,085,481	50,837	5,136,318
Long-term liabilities, due in more than one year	34,784,801	139,989	34,924,790
OPEB obligation	10,118,298	-	10,118,298
Net pension liability	49,287,499	-	49,287,499
Total liabilities	110,289,088	211,613	110,500,701
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	14,949,029	-	14,949,029
Deferred OPEB inflows	-	-	-
Unavailable revenue, loans	617,711	-	617,711
Total deferred inflows of resources	15,566,740	-	15,566,740
NET POSITION			
Net investment in capital assets	47,979,789	892,137	48,871,926
Restricted for:			
Capital projects	555,675	-	555,675
Debt service	3,475,659	-	3,475,659
Judicial	143,755	-	143,755
Public safety	545,858	-	545,858
Road improvements	32,838	-	32,838
Culture and recreation	5,257	-	5,257
Economic and industrial development	165,376	-	165,376
Housing and development	126,785	-	126,785
Endowment fund	-	-	-
Stormwater service	-	657,118	657,118
Unrestricted (deficit)	(60,869,909)	144,758	(60,725,151)
Total net position (deficit)	$ (7,838,917)	$ 1,694,013	$ (6,144,904)

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

Component Units		
Public Library of Anniston/ Calhoun County	Anniston City Board of Education	Anniston Museum Endowment Corporation
$ 624,265	$ 4,826,654	$ 57,698
127,980	-	2,023,827
53,259	2,357,897	72,500
-	-	-
-	63,869	120
8,141	33,551	-
304,385	-	-
-	-	405
-	-	18,288
30,907	1,404,063	19,800
384,252	8,250,834	-
1,533,189	16,936,868	2,192,638
119,134	7,643,768	-
-	4,785,301	-
-	-	-
-	-	-
119,134	12,429,069	-
52,701	-	450
17,429	1,365,111	405
-	18,336	-
-	80,064	-
-	48,632	-
-	12,010,396	-
-	20,868,000	-
70,130	34,390,539	855
320,255	4,628,000	-
-	8,520,866	-
-	-	-
320,255	13,148,866	-
415,159	9,526,201	-
	-	
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
89,571	-	2,191,783
-	-	-
-	-	-
127,980	-	-
-	-	-
629,228	(27,699,669)	-
$ 1,261,938	$ (18,173,468)	$ 2,191,783

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

CITY OF ANNISTON, ALABAMA

STATEMENT OF ACTIVITIES

Year ended September 30, 2021

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities -				
General government	$ 16,252,083	$ 5,301,504	$ 1,802,046	$ -
Judicial	427,553	421,533	-	-
Public safety	3,023,884	31,960	1,464,679	-
Public works	11,493,518	11,740	1,319,529	-
Economic development	259,463	-	596,158	-
Culture and recreation	4,694,692	1,326,235	374,530	-
Housing and development	2,963,808	-	1,724,431	-
Interest on debt and other expenses	1,068,008	-	-	-
Total governmental activities	40,183,009	7,092,972	7,281,373	-
Business-type activities -				
Museum store	62,850	96,707	-	-
Stormwater fees	135,044	391,733	-	-
Fire training school	70,542	96,167	-	-
Total business-type activities	268,436	584,607	-	-
TOTAL PRIMARY GOVERNMENT	$ 40,451,445	$ 7,677,579	$ 7,281,373	$ -
Component units -				
Public library	$ 1,172,726	$ 33,386	$ 218,250	$ 301,750
Anniston City Board of Education	25,251,980	1,756,055	17,537,101	393,555
Museum endowment	136,294	-	91,500	-
TOTAL COMPONENT UNITS	$ 26,561,000	$ 1,789,441	$ 17,846,851	$ 695,305

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

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Public Library of Anniston/ Calhoun County	Anniston City Board of Education	Anniston Museum Endowment Corporation
$ (9,148,533)	$ -	$ (9,148,533)	$ -	$ -	$ -
(6,020)	-	(6,020)	-	-	-
(1,527,245)	-	(1,527,245)	-	-	-
(10,162,249)	-	(10,162,249)	-	-	-
336,695	-	336,695	-	-	-
(2,993,927)	-	(2,993,927)	-	-	-
(1,239,377)	-	(1,239,377)	-	-	-
(1,068,008)	-	(1,068,008)	-	-	-
(25,808,664)	-	(25,808,664)	-	-	-
-	33,857	33,857	-	-	-
-	256,689	256,689	-	-	-
-	25,625	25,625	-	-	-
-	316,171	316,171	-	-	-
(25,808,664)	316,171	(25,492,493)	-	-	-
-	-	-	(619,340)	-	-
-	-	-	-	(5,565,269)	-
-	-	-	-	-	(44,794)
-	-	-	(619,340)	(5,565,269)	(44,794)
25,358,844	-	25,358,844	-	1,669,260	-
5,305,123	-	5,305,123	-	5,258,466	-
723,745	-	723,745	-	-	-
3,750,047	-	3,750,047	-	99,535	-
4,881,669	-	4,881,669	-	-	-
-	-	-	657,065	-	-
11,318	-	11,318	3,314	-	-
-	-	-	47,443	-	-
-	-	-	27,891	-	437,471
-	-	-	-	447,268	-
202,493	-	202,493	9,205	435,850	-
2,699	-	2,699	-	-	-
22,200	(22,200)	-	-	-	-
40,258,138	(22,200)	40,235,938	744,918	7,910,379	437,471
14,449,474	293,971	14,743,445	125,578	2,345,110	392,677
(22,288,391)	1,400,042	(20,888,349)	1,136,360	(20,518,578)	1,799,106
$ (7,838,917)	$ 1,694,013	$ (6,144,904)	$ 1,261,938	$ (18,173,468)	$ 2,191,783

CITY OF ANNISTON, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2021

	General	Public Building Authority
ASSETS		
Cash and cash equivalents	$ 2,531,039	$ -
Investments	10,521,108	-
Receivables, net of allowance for uncollectibles:		
Taxes	1,962,003	-
Accounts receivables	233,756	-
Notes	-	-
Due from other funds	5,227,238	-
Due from other governments	200,626	-
Prepaid expenses	36,185	-
Inventories	263,050	-
Restricted cash	-	1,938,773
Total assets	$ 20,975,005	$ 1,938,773
LIABILITIES		
Accounts payable	$ 739,715	$ -
Accrued liabilities	1,026,557	-
Other payables	1,474,018	-
Due to other funds	8,628,011	164,081
Unearned revenue	28,842	-
Total liabilities	11,897,143	164,081
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue, loans	-	-
Total deferred inflows of resources	-	-
FUND BALANCES		
Nonspendable		
Prepaid expenses	36,185	-
Inventories	263,050	-
Restricted for:		
Capital projects	-	-
Debt service	-	1,774,692
Judicial	-	-
Public safety	-	-
Road improvements	-	-
Culture and recreation	-	-
Economic and industrial development	-	-
Housing and development	-	-
Unassigned	8,778,627	-
Total fund balances	9,077,862	1,774,692
Total liabilities, deferred inflows of resources, fund balances	$ 20,975,005	$ 1,938,773

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

McCellan Compact Construction	Debt Service	American Rescue Plan Act	Capital Improvement Projects	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 2,686,913	$ -	$ -	$ 4,101,748	$ 9,319,700
-	-	-	-	567,836	11,088,944
-	-	-	-	-	1,962,003
-	-	-	-	2,791	236,547
-	-	-	-	734,290	734,290
20,386	31,358	6,645,934	193,494	2,873,967	14,992,377
5,577	-	-	-	864,434	1,070,637
-	-	-	-	902	37,087
-	-	-	-	-	263,050
-	-	-	-	-	1,938,773
$ 25,963	$ 2,718,271	$ 6,645,934	$ 193,494	$ 9,145,968	$ 41,643,408
$ -	$ 7,450	$ -	$ 22,188	$ 178,995	$ 948,348
-	-	-	-	-	1,026,557
-	-	-	-	54,415	1,528,433
-	-	241,194	40,807	6,740,890	15,814,983
-	-	6,404,740	-	348,286	6,781,868
-	7,450	6,645,934	62,995	7,322,586	26,100,189
-	-	-	-	617,711	617,711
-	-	-	-	617,711	617,711
-	-	-	-	902	37,087
-	-	-	-	-	263,050
-	-	-	130,499	275,538	406,037
-	2,710,821	-	-	-	4,485,513
-	-	-	-	318,637	318,637
-	-	-	-	779,814	779,814
25,963	-	-	-	39,818	65,781
-	-	-	-	208,608	208,608
-	-	-	-	165,331	165,331
-	-	-	-	116,579	116,579
-	-	-	-	(699,556)	8,079,071
25,963	2,710,821	-	130,499	1,205,671	14,925,508
$ 25,963	$ 2,718,271	$ 6,645,934	$ 193,494	$ 9,145,968	$ 41,643,408

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

CITY OF ANNISTON, ALABAMA

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

September 30, 2021

Differences in amounts reported for governmental activities in the statement of net position on pages A-1 and A-2:

Fund balances – total governmental funds		$ 14,925,508
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		83,919,624
The internal service fund is used by management to charge the costs of fleet management and risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		417,156
Contributions to pension plans made after the measurement date are recorded as expenditures in governmental funds but must be deferred in the statement of net position. In addition, certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.		
Contribution to pension plans - ERS	$ 553,728	
Experience loss - pension plans - ERS	(147,202)	
Assumption change loss - pension plans - ERS	131,844	
Earnings variance - pension plans - ERS	756,236	1,294,606
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.		
Experience gain - pension plans - P&F	247,083	
Assumption change gain - pension plans - P&F	(8,876,179)	
Earnings variance - pension plans - P&F	(3,620,052)	(12,249,148)
Certain amounts related to other post employment benefits are deferred and amortized over time. These are not reported in the funds.		
Experience difference between expected and actual - OPEB		2,247,383
The City's other post-employment benefit plan has not been fully funded. This OPEB obligation is considered a long-term obligation and is not reported in the funds.		(10,118,298)
Net pension liabilities are not due and payable in the current period and are not reported in the funds:		
General pension	(9,700,862)	
Police and fire pension	(39,586,637)	(49,287,499)
Long-term liabilities are not due and payable in the current period and are not reported in the funds. All liabilities, both due in one year and due in more than one year, are reported in the statement of net position. These consist of:		
General obligation bonds	(35,140,000)	
Unamortized issue discounts (premium)	(1,112,460)	
Add deferred bond insurance cost	81,689	
Add deferred charges on refunding	1,242,486	
Capital leases	(799,835)	
Compensated absences	(2,817,987)	
Accrued interest payable	(442,142)	(38,988,249)
Net position of governmental activities		$ (7,838,917)

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

CITY OF ANNISTON, ALABAMA

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

Year end September 30, 2021

	General	Public Building Authority
REVENUES		
Taxes	$ 33,878,059	$ -
Licenses and permits	4,890,950	-
Intergovernmental	337,715	1,162,112
Charges for services	2,234,662	-
Fines and forfeitures	414,393	-
Contributions and donations	31,074	-
Investment income	4,023	130
Other revenue	97,646	-
Total revenues	41,888,522	1,162,242
EXPENDITURES		
Current		
General government	11,732,953	-
Judicial	427,488	-
Public safety	14,046,490	-
Public works	6,595,419	-
Economic development	249,237	-
Culture and recreation	4,027,109	-
Housing and development	-	-
Capital outlay	-	-
Debt service -		
Principal	-	5,796,460
Interest and fiscal charges	-	734,057
Total expenditures	37,078,696	6,530,517
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,809,826	(5,368,275)
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of assets	105,182	-
Bonds issued	-	-
Premium on bonds issued	-	-
Transfers in	367,018	5,238,923
Transfers out	(3,866,358)	-
Total financing sources (uses)	(3,394,158)	5,238,923
NET CHANGE IN FUND BALANCES	1,415,668	(129,352)
Fund balance, beginning	7,662,194	1,904,044
Fund balance, ending	$ 9,077,862	$ 1,774,692

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

McClellan Compact Construction	Debt Service	American Rescue Plan Act	Capital Improvement Projects	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 1,259,708	$ 35,137,767
-	-	-	-	-	4,890,950
27,990	-	241,194	22,052	5,102,259	6,893,322
-	-	-	-	260,797	2,495,459
-	-	-	-	91,926	506,319
-	-	-	-	129,581	160,655
-	2,970	-	-	4,195	11,318
-	-	-	-	184,006	281,652
27,990	2,970	241,194	22,052	7,032,472	50,377,442
-	-	-	-	-	11,732,953
-	-	-	-	65	427,553
-	-	-	-	1,876,277	15,922,767
27,990	-	241,194	-	1,752,096	8,616,699
-	-	-	-	10,266	259,503
-	-	-	-	1,135,413	5,162,522
-	-	-	-	1,789,380	1,789,380
-	-	-	1,946,379	-	1,946,379
1,920,003	4,047,651	-	5,151,796	-	16,915,910
-	765,512	-	-	-	1,499,569
1,947,993	4,813,163	241,194	7,098,175	6,563,497	64,273,235
(1,920,003)	(4,810,193)	-	(7,076,123)	468,975	(13,895,793)
-	-	-	-	-	105,182
-	15,725,000	-	-	-	15,725,000
-	1,030,122	-	-	-	1,030,122
1,920,003	4,622,699	-	6,840,056	1,070,462	20,059,161
-	(15,428,422)	-	-	(742,181)	(20,036,961)
1,920,003	5,949,399	-	6,840,056	328,281	16,882,504
-	1,139,206	-	(236,067)	797,256	2,986,711
25,963	1,571,615	-	366,566	408,415	11,938,797
$ 25,963	$ 2,710,821	$ -	$ 130,499	$ 1,205,671	$ 14,925,508

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

CITY OF ANNISTON, ALABAMA

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

Year ended September 30, 2021

Differences in amounts reported for governmental activities in the statement of activities on page A-3 and A-4:

Net change in fund balances – total governmental funds		$ 2,986,711
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlay reported as expenditures in the governmental funds, that meet the capitalization threshold are shown as capital assets in the statement of net position.		4,074,690
Depreciation expense on governmental capital assets are included in the statement of activities.		(5,724,617)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bond additions	$ (15,725,000)	
Premium on bond issue	(1,030,122)	
Net deferred refunding	191,622	
Principal repayments	16,481,000	
Capital lease payments	434,910	
Settlement expense	360,141	
Change in accrued interest payable	117,738	
Amortization	(61,705)	768,584
Net income of the internal service fund are reported with governmental activities.		(191,673)
The net effect of various transactions involving capital assets is to decrease net position.		(102,483)
Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of:		
Change in compensated absences	465,377	
Change in net pension liability and related deferrals - P&F	12,279,066	
Change in net pension liability and related deferrals - ERS	11,867	
Change in OPEB liability and related deferrals	(118,048)	12,638,262
Change in net position of governmental activities		$ 14,449,474

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

CITY OF ANNISTON, ALABAMA

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

Year ended September 30, 2021

	Budget Amounts			Variance
	Original	Final	Actual	with Final Budget
REVENUES				
Taxes	$ 33,727,000	$ 33,727,000	$ 33,878,059	$ 151,059
Licenses and permits	4,829,850	4,829,850	4,890,950	61,100
Intergovernmental	7,911,000	7,911,000	337,715	(7,573,285)
Charges for services	2,461,000	2,545,000	2,234,662	(310,338)
Fines and forfeitures	319,000	319,000	414,393	95,393
Contributions and donations	65,500	65,500	31,074	(34,426)
Investment income	500	500	4,023	3,523
Other revenue	49,800	49,800	97,646	47,846
Total revenues	49,363,650	49,447,650	41,888,522	(7,559,128)
EXPENDITURES				
General Government				
Finance	885,050	885,050	909,854	(24,804)
Food service	522,800	-	94	(94)
General division	534,040	534,040	643,779	(109,739)
City Council	196,850	196,850	138,244	58,606
Planning	-	-	269	(269)
Non-departmental	7,180,040	7,180,040	7,524,183	(344,143)
Outside agencies	2,467,500	2,467,500	2,516,530	(49,030)
	11,786,280	11,263,480	11,732,953	(469,473)
Judicial				
Municipal court	431,750	431,750	427,488	4,262
Public Safety				
Police administration	7,930,000	7,930,000	7,729,405	200,595
Selective traffic enforcement	-	-	95,005	(95,005)
Community traffic safety	-	-	65,681	(65,681)
Police detention	66,000	66,000	90,945	(24,945)
Fire	6,028,000	6,028,000	6,065,454	(37,454)
	14,024,000	14,024,000	14,046,490	(22,490)

(Continued on next page)

CITY OF ANNISTON, ALABAMA

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

Year ended September 30, 2021

(Continued from previous page)

	Budget Amounts Original	Budget Amounts Final	Actual	Variance with Final Budget
Public Works				
Administration	$ 224,900	$ 224,900	$ 321,290	$ (96,390)
Cemetery	81,800	81,800	91,778	(9,978)
Engineering	301,700	301,700	264,154	37,546
Garage	246,269	246,269	229,764	16,505
Environmental services	1,366,000	1,366,000	1,227,227	138,773
Street	2,677,076	2,677,076	2,620,247	56,829
Anniston metro airport	127,025	254,050	124,269	129,781
Building maintenance	1,507,000	1,507,000	1,311,010	195,990
Code enforcement	326,900	326,900	405,680	(78,780)
	6,858,670	6,985,695	6,595,419	390,276
Economic development	245,525	245,525	249,237	(3,712)
Culture and Recreation				
Administration	330,950	330,950	182,746	148,204
Senior adult	351,000	351,000	321,629	29,371
Special events	25,000	25,000	21,358	3,642
Youth services	93,000	93,000	91,180	1,820
PARD Carver Community	163,250	163,250	114,351	48,899
PARD Hodges Community	127,000	127,000	109,478	17,522
PARD South Highland	140,450	140,450	130,387	10,063
PARD Wiggins Community	110,000	110,000	138,998	(28,998)
PARD Carver Pool	13,750	13,750	3,835	9,915
PARD Washington Pool	16,400	16,400	3,542	12,858
PARD Good Choices	24,000	24,000	8,109	15,891
PARD The Hill Golf Club	150,450	150,450	128,635	21,815
PARD Motor Pool	10,000	10,000	6,752	3,248
PARD Cane Creek	217,250	217,250	219,295	(2,045)
PARD Course Maintenance	384,025	908,544	947,669	(39,125)
PARD Aquatics Center	707,900	707,900	672,294	35,606
The Downtown Market	19,000	19,000	14,767	4,233

(Continued on next page)

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

CITY OF ANNISTON, ALABAMA

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

Year ended September 30, 2021

(Continued from previous page)

	Budget Amounts Original	Budget Amounts Final	Actual	Variance with Final Budget
Culture and Recreation (Continued)				
Youth Sports Complex	$ 385,300	$ 385,300	$ 264,087	$ 121,213
Parks	574,550	574,550	593,973	(19,423)
Baseball	12,000	12,000	4,895	7,105
Basketball	21,000	21,000	11,393	9,607
Soccer	41,500	41,500	29,904	11,596
Flag Football	2,000	2,000	863	1,137
Football	9,500	9,500	6,969	2,531
	3,929,275	4,453,794	4,027,109	426,685
Total expenditures	37,275,500	37,404,244	37,078,696	325,548
Excess of revenues over expenditures	12,088,150	12,043,406	4,809,826	(7,233,580)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	25,000	25,000	105,182	80,182
Transfers in	362,700	362,700	367,018	4,318
Transfers out	(5,502,610)	(5,459,585)	(3,866,358)	1,593,227
Total financing sources (uses)	(5,114,910)	(5,071,885)	(3,394,158)	1,677,727
Net change in fund balances	$ 6,973,240	$ 6,971,521	1,415,668	$ (5,555,853)
FUND BALANCES, beginning			7,662,194	
FUND BALANCES, ending			$ 9,077,862	

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

CITY OF ANNISTON, ALABAMA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Museum Store	Stormwater Fees	Fire Training School	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 163,116	$ 495,679	$ -	$ 658,795	$ 3,439
Accounts receivable	123	-	-	123	-
Inventories	26,867	-	-	26,867	-
Due from other funds	-	179,745	11,848	191,593	1,018,528
Due from other governments	-	317	13,333	13,650	-
Total current assets	190,106	675,741	25,181	891,028	1,021,967
Noncurrent assets:					
Nondepreciable capital assets	48,000	-	-	48,000	-
Property and equipment	-	565,140	743,389	1,308,529	-
Less accumulated depreciation	-	(241,226)	(32,340)	(273,566)	-
Net capital assets	48,000	323,914	711,049	1,082,963	-
Total assets	238,106	999,655	736,230	1,973,991	1,021,967
LIABILITIES					
Current liabilities:					
Accounts payable	2,065	18,623	99	20,787	285,661
Due to other funds	68,365	-	-	68,365	319,150
Capital leases payable, current	-	50,837	-	50,837	-
Total liabilities	70,430	69,460	99	139,989	604,811
Long-term liabilities:					
Capital leases payable, noncurrent	-	139,989	-	139,989	-
Total long-term liabilities	-	139,989	-	139,989	-
Total liabilities	70,430	209,449	99	279,978	604,811
NET POSITION					
Net investment in capital assets	48,000	133,088	711,049	892,137	-
Restricted for stormwater service	-	657,118	-	657,118	-
Unrestricted	119,676	-	25,082	144,758	417,156
Total net position	$ 167,676	$ 790,206	$ 736,131	$ 1,694,013	$ 417,156

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

CITY OF ANNISTON, ALABAMA

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

Year ended September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Museum Store	Stormwater Fees	Fire Training School	Total	Internal Service Fund
OPERATING REVENUES					
Sales	$ 95,607	$ -	$ 96,167	$ 191,774	$ 4,175,001
Stormwater fees	-	391,733	-	391,733	-
Other	1,100	-	-	1,100	54,615
Total operating revenues	96,707	391,733	96,167	584,607	4,229,616
OPERATING EXPENSES					
Salaries and wages	14,427	-	-	14,427	-
Professional and contractual services	-	69,157	43,102	112,259	133,386
Supplies and purchased goods	48,356	603	8,361	57,320	-
Insurance	-	-	-	-	4,287,903
Depreciation	-	51,834	18,371	70,205	-
Other	67	1,450	708	2,225	-
Total operating expenses	62,850	123,044	70,542	256,436	4,421,289
OPERATING INCOME (LOSS)	33,857	268,689	25,625	328,171	(191,673)
NONOPERATING (REVENUE) EXPENSES					
Interest expense	-	12,000	-	12,000	-
Total nonoperating (revenue) expenses	-	12,000	-	12,000	-
INCOME (LOSS) BEFORE TRANSFERS	33,857	256,689	25,625	316,171	(191,673)
Transfers out	(5,000)	-	(17,200)	(22,200)	-
CHANGE IN NET POSITION	28,857	256,689	8,425	293,971	(191,673)
NET POSITION, beginning	138,819	533,517	727,706	1,400,042	608,829
NET POSITION, ending	$ 167,676	$ 790,206	$ 736,131	$1,694,013	$ 417,156

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

CITY OF ANNISTON, ALABAMA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year ended September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Museum Store	Stormwater Fees	Fire Training School	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 121,990	$ 427,711	$ 69,327	$ 619,028	$ 4,532,629
Payments to employees	(14,427)	-	-	(14,427)	-
Payments for goods and services	(39,671)	(54,459)	(52,127)	(146,257)	(4,532,629)
Net cash from operating activities	67,892	373,252	17,200	458,344	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out to other funds	(5,000)	-	(17,200)	(22,200)	-
Net cash from noncapital financing activities	(5,000)	-	(17,200)	(22,200)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital lease obligations	-	(50,837)	-	(50,837)	-
Interest paid on capital lease obligations	-	(7,967)	-	(7,967)	-
Acquisition of capital assets	-	(66,674)	-	(66,674)	-
Net cash flows used on capital and related financing activities	-	(125,478)	-	(125,478)	-
Net increase (decrease) in cash and cash equivalents	62,892	247,774	-	310,666	-
Cash and cash equivalents, beginning of year	100,224	247,905	-	348,129	3,439
Cash and cash equivalents, end of year	$ 163,116	$ 495,679	$ -	$ 658,795	$ 3,439
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
OPERATING INCOME (LOSS)	$ 33,857	$ 268,689	$ 25,625	$ 328,171	$ (191,673)
ADJUSTMENTS NOT AFFECTING CASH					
Depreciation expense	-	51,834	18,371	70,205	-
(Increase) decrease in:					
Accounts receivable	(123)	-	-	(123)	-
Inventories	11,443	-	-	11,443	-
Due from other funds	-	9,133	(11,848)	(2,715)	1,006,255
Due from other governments	-	26,845	(12,833)	14,012	-
Prepaid expenses	-	-	-	-	1,166
Increase (decrease) in:					
Accounts payable	(2,691)	16,751	44	14,104	(112,506)
Due to other funds	25,406	-	(2,159)	23,247	(703,242)
Total adjustments	34,035	104,563	(8,425)	130,173	191,673
Net cash from operating activities	$ 67,892	$ 373,252	$ 17,200	$ 458,344	$ -
Schedule of non-cash capital and related financing activities:					
Inventory reclassed to capital assets	$ 48,000	$ -	$ -	$ 48,000	$ -

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

CITY OF ANNISTON, ALABAMA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

September 30, 2021

	Municipal Court	Policemen's and Fireman's Retirement Fund
ASSETS		
Cash and cash equivalents	$ 142,718	$ 970,130
Receivables		
Contribution receivable	-	375,762
Accounts receivable	-	45,727
Investments at fair value:		
U.S. Government obligations	-	4,005,188
Municipal obligations	-	294,566
Corporate bonds	-	3,013,292
International obligations	-	41,866
Domestic equity securities	-	19,443,198
International equity securities	-	948,627
Collective investment fund	-	8,751,343
Farmland	-	1,738,812
Real estate	-	1,878,558
Total assets	142,718	41,507,069
LIABILITIES		
Accounts payable	-	47,585
Due to other governments	142,685	-
Total liabilities	142,685	47,585
NET POSITION		
Net position restricted for pension benefits	$ -	$ 41,459,484

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

CITY OF ANNISTON, ALABAMA

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

Year ended September 30, 2021

	Policeman's and Fireman's Retirement fund
ADDITIONS	
Contributions:	
Employer contributions	$ 4,288,349
Employee contributions	1,076,399
Total contributions	5,364,748
Investment earnings	
Interest	229,810
Dividends	253,389
Miscellaneous	66,058
Net appreciation in fair value of investments	7,506,453
Less: investment expenses	(159,283)
Net investment earnings	7,896,427
Total additions	13,261,175
DEDUCTIONS	
Administrative expenses	205,292
Benefits paid directly to participants	6,491,619
Total deductions	6,696,911
NET INCREASE IN NET POSITION	6,564,264
Net position, beginning	34,895,220
Net position, ending	$ 41,459,484

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

CITY OF ANNISTON, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

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

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

Discretely Presented Component Units

The Anniston City Board of Education

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

The Public Library of Anniston and Calhoun County

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

The Anniston Museum Endowment Corporation

The Anniston Museum Endowment Corporation (Corporation) exists due to its relationship with the Anniston Museum of Natural History, which is a department of the City; however, the City does not fiscally support its operations or capital budgets. The entity's year end is June 30, 2021. The Corporation's sole mission is to support the Anniston Museum of Natural History. These audited financial statements are located at Anniston City Hall.

Blended Component Units

The Anniston Public Building Authority

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

The Anniston Downtown Development Authority

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

The Industrial Development Authority

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

Basic Financial Statements

The Basic Financial Statements consist of the following:

1) Government-wide financial statements;

2) Fund financial statements;

3) Notes to the basic financial statements.

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The *Public Building Authority Fund* facilitates the construction and financing of major facilities for lease to the City funded by building revenue bonds.

The *McClellan Compact Construction Fund* accounts for the collection of federal grant money and revenues that are restricted for capital projects within the City.

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

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

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

Additionally, the City reports the following other fund types:

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

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

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

Fiduciary Fund Type:

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

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

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

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

(Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to claims and judgments are recognized only when payment is due.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates in the Preparation of Financial Statements

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

Budgets and Budgetary Accounting

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

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

As of September 30, 2021, General Fund expenditures exceeded budgeted appropriations within the general government function by $469,473, the public safety function by $22,490, and the economic development function by $3,712.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Internal Balances

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

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

(Continued)

Deferred Outflows/Inflows of Resources

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

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

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Net Position

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

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

(Continued)

Net Position (Continued)

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

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

Fund Balance

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

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

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

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

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

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

Compensated Absences

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

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

Long-Term Obligations

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

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Information

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

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

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

Interfund Transactions

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

Pensions

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

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

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

Interest Rate Risk

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

Custodial Credit Risk

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

Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury. Cash deposits and savings held at local banks are insured by the FDIC or collateralized by assets administered by the state treasurer's office in accordance with the "SAFE" program.

At September 30, 2021, all of the deposits of the City were fully collateralized in accordance with the state statutes.

As of September 30, 2021, the primary government's investments consisted of money market accounts which totaled $11,088,944.

Police and Fire Trust Fund Investments

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

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

The fair value and classification of the investments at September 30, 2021 is as follows:

		Fair Value Measurements Using:		
	Fair Value	Level 1	Level 2	Level 3
Police and Fire Pension Trust Fund:				
Equities	$ 20,391,825	$ 20,391,825	$ -	$ -
U.S. Government Securities	4,005,188	-	4,005,188	-
Municipal bonds	294,566	-	294,566	-
Corporate bonds and debentures	3,013,292	-	3,013,292	-
Foreign bonds and debentures	41,866	-	41,866	-
Collective investment pools	8,751,343	-	8,751,343	-
Real estate	1,878,558	-	-	1,878,558
Farmland	1,738,812	-	-	1,738,812
Total	$ 40,115,450	$ 20,391,825	$ 16,106,255	$ 3,617,370

NOTE 4 – RECEIVABLES

Receivables at September 30, 2021, consist of the following:

Governmental Activities Funds

	General	McClellan Compact Construction	Nonmajor Governmental Funds	Total
Taxes	$ 2,009,983	$ -	$ -	$ 2,009,983
Accounts	1,808,771	-	2,791	1,811,562
Notes	-	-	1,085,847	1,085,847
Intergovernmental	200,626	5,577	864,434	1,070,637
Gross receivables	4,019,380	5,577	1,953,072	5,978,029
Less: Allowance for Uncollectible	(1,622,995)	-	(351,557)	(1,974,552)
Net receivables	$ 2,396,385	$ 5,577	$ 1,601,515	$ 4,003,477

Business-Type Activities

	Museum Store	Stormwater Fees	Fire Training School	Total
Accounts	$ 123	$ -	$ -	$ 123
Intergovernmental	-	317	13,333	13,650
Gross receivables	123	317	13,333	13,773
Less: Allowance for uncollectible	-	-	-	-
Net receivables	$ 123	$ 317	$ 13,333	$ 13,773

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund balances are a result of the timing difference between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

	Receivable Fund								
	General Fund	McClellan Fund	American Rescue Plan Act Fund	Debt Service Fund	Capital Improvement Projects Fund	Non-Major Governmental Funds	Proprietary Funds	Internal Service Fund	Total
Payable Fund:									
General Fund	$ -	$ 20,386	$6,645,934	$ 31,358	$ 193,494	$ 1,736,839	$ -	$ -	$ 8,628,011
Public Building Authority	164,081	-	-	-	-	-	-	-	164,081
American Rescue Plan Act	241,194	-	-	-	-	-	-	-	241,194
Capital Improvement Projects	40,807	-	-	-	-	-	-	-	40,807
Non-Major Governmental	4,712,791	-	-	-	-	1,137,128	-	890,971	6,740,890
Proprietary Funds	68,365	-	-	-	-	-	-	-	68,365
Internal Service Fund	-	-	-	-	-	-	191,593	127,557	319,150
Total	$ 5,227,238	$ 20,386	$6,645,934	$ 31,358	$ 193,494	$ 2,873,967	$ 191,593	$1,018,528	$ 16,202,498

(Continued)

NOTE 5 – INTERFUND BALANCES AND TRANSFERS (Continued)

Interfund Transfers

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

	Transfers out:				
	General Fund	Enterprise Funds	Debt Service	Nonmajor Governmental Funds	Total
Transfers in:					
General Fund	$ -	$ 17,200	$ -	$ 349,818	$ 367,018
Public Building Authority	127,463	-	5,111,460	-	5,238,923
McClellan	-	-	1,920,003	-	1,920,003
Debt Service	1,920,293	-	2,619,555	82,851	4,622,699
Capital Improvement Projects	1,062,652	-	5,777,404	-	6,840,056
Nonmajor Governmental Funds	755,950	5,000	-	309,512	1,070,462
Total	$ 3,866,358	$ 22,200	$ 15,428,422	$ 742,181	$ 20,059,161

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
Governmental Activities				
Non-depreciable capital assets:				
Land	$ 9,978,566	$ 30,000	$ -	$ 10,008,566
Collections	8,430,077	-	-	8,430,077
Construction in progress	1,978,541	1,183,104	-	3,161,645
Total non-depreciable assets	20,387,184	1,213,104	-	21,600,288
Depreciable capital assets:				
Buildings and improvements	65,709,189	467,924	-	66,177,113
Machinery and equipment	16,150,590	1,983,445	(1,051,833)	17,082,202
Improvements other than buildings	5,399,391	114,122	-	5,513,513
Infrastructure	108,102,305	296,095	-	108,398,400
	195,361,475	2,861,586	(1,051,833)	197,171,228
Less accumulated depreciation:				
Buildings and improvements	29,327,580	1,691,679	-	31,019,259
Machinery and equipment	12,729,953	960,210	(949,350)	12,740,813
Improvements other than buildings	2,086,032	337,697	-	2,423,729
Infrastructure	85,933,060	2,735,031	-	88,668,091
	130,076,625	5,724,617	(949,350)	134,851,892
Total depreciable assets, net	65,284,850	(2,863,031)	(102,483)	62,319,336
Total capital assets, net	$ 85,672,034	$ (1,649,927)	$ (102,483)	$ 83,919,624

(Continued)

NOTE 6 – CAPITAL ASSETS (Continued)

Governmental Activities (Continued)

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

General government	$ 392,229
Public safety	695,480
Public works	2,946,443
Housing and development	1,174,356
Culture and recreation	516,109
Total	$ 5,724,617

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
Business-type Activities				
Non-depreciable capital assets:				
Collections	$ -	$ 48,000	$ -	$ 48,000
Total non-depreciable assets	-	48,000	-	48,000
Depreciable capital assets:				
Buildings and improvements	734,842	-	-	734,842
Furniture, fixtures, and equipment	507,013	66,674	-	573,687
	1,241,855	66,674	-	1,308,529
Less accumulated depreciation:				
Buildings and improvements	13,826	18,371	-	32,197
Furniture, fixtures, and equipment	189,535	51,834	-	241,369
	203,361	70,205	-	273,566
Total depreciable assets, net	1,038,494	(3,531)	-	1,034,963
Total capital assets, net	$ 1,038,494	$ 44,469	$ -	$ 1,082,963
Component Units				
Non-depreciable capital assets:				
Land	$ 1,423,863	$ -	$ -	$ 1,423,863
Collections	30,907	-	-	30,907
Total non-depreciable assets	1,454,770	-	-	1,454,770
Depreciable capital assets:				
Collections	1,173,696	53,960	-	1,227,656
Building	17,048,132	-	-	17,048,132
Building improvements	15,705,560	4,950	-	15,710,510
Vehicles	704,464	91,700	-	796,164
Machinery & equipment	2,532,142	18,597	-	2,550,739
	37,163,994	169,207	-	37,333,201
Less accumulated depreciation:				
Collections	996,027	59,984	-	1,056,011
Building	10,062,209	239,049	-	10,301,258
Building improvements	13,836,638	514,241	-	14,350,879
Land improvements	235,780	-	-	235,780
Vehicles	690,041	19,008	-	709,049
Machinery & equipment	1,980,556	64,582	-	2,045,138
	27,801,251	896,864	-	28,698,115
Total depreciable assets, net	9,362,743	(727,657)	-	8,635,086
Total capital assets, net	$ 10,817,513	$ (727,657)	$ -	$ 10,089,856

NOTE 7 – LONG-TERM LIABILITIES

Governmental Activities

Debt related to governmental activities at September 30, 2021, consisted of the following:

General Obligation Bonds and Warrants

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

General obligation bonds are summarized by issue as follows:

Series	Original Principal	Interest Rates	Final Maturity	Principal Sept. 30, 2021
Building Revenue Bonds, Series 2011	$ 16,170,000	2.00% - 5.50%	05/01/33	$ 11,265,000
General Obligation Warrants, Series 2016	9,200,000	4.00%	03/01/43	8,940,000
General Obligation Warrants, Series 2020A	9,715,000	2.20% - 5.00%	03/01/35	9,075,000
General Obligation Warrants, Series 2020B	6,010,000	.449% - 2.23%	03/01/35	5,860,000
Total	$ 41,095,000			$ 35,140,000

Capital Leases

The City has entered into capital lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. The following is an analysis of leased assets under capital leases as of September 30, 2021:

Maturities of general long-term liabilities are as follows:

For the Year Ending September 30,	Bonds and Warrants	Capital Lease Obligations	Total
2022	$ 1,860,000	$ 407,494	$ 2,267,494
2023	2,015,000	251,251	2,266,251
2024	4,640,000	92,975	4,732,975
2025	4,290,000	48,115	4,338,115
2026	4,800,000	-	4,800,000
2027-2031	6,385,000	-	6,385,000
2032-2036	5,325,000	-	5,325,000
2037-2041	4,015,000	-	4,015,000
2042-2045	1,810,000	-	1,810,000
	$ 35,140,000	$ 799,835	$ 35,939,835

Business-Type Activities

Debt related to business-type activities at September 30, 2021, consisted of the following:

Capital Leases

The City has entered into a capital lease agreement as lessee for financing the acquisition of stormwater equipment. The lease agreement qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease terms) and therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Capital Leases (Continued)

The following is an analysis of the City's capital assets under capital lease arrangements as of September 30, 2021:

Capital asset cost	$ 1,454,902
Accumulated depreciation	293,911
Capital assets, net	$ 1,160,991

Discretely-Presented Component Unit – Anniston City Board of Education

Debt related to the discretely presented component unit at September 30, 2021, consisted of the following:

Warrants Payable

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

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

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

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

In March 2012, the PSCA issued the Series 2012-A Pool Refunding Bonds to refund, on a current basis, the outstanding 2003 Capital Improvement Pool Bonds. The principal and interest payments are payable by an irrevocable pledge of revenues from the special 5 mill ad valorem tax of the school part of these warrants. (Pledged revenues).

The bonds bear interest rates from 3% to 5%. The Board recognized a bond premium on refunding on issuance of the 2012-A bonds in the amount of $110,481. Amortization of the bond premium for the year ended September 30, 2021 was $9,402.

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

Year Ending September 30,	Principal	Interest	Total
2022	$ 70,662	$ 7,278	$ 77,940
2023	36,873	4,449	41,322
	$ 107,535	$ 11,727	$ 119,262

Pledged revenues recognized for the year ended September 30, 2021, were $77,186 while total debt service was $77,186.

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Settlement Payable

Settlement payable is related to a refund of sales tax for $1,080,425 to be paid in equal installments of $360,142 over three years. The first payment was made in February 2019. The settlement was satisfied in February 2021.

Refunding

During fiscal year 2017, the City refunded certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liabilities for the refunded bonds are not included in the City's financial statements. During 2021 the remaining liabilities for the bonds refunded was paid off.

Changes in Long-Term Liabilities

Changes in long-term liabilities for the fiscal year ended September 30, 2021, were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
Primary Government					
Governmental Activities:					
Bonds and warrants	$ 35,896,000	$ 15,725,000	$ 16,481,000	$ 35,140,000	$ 1,860,000
(Discount) Premium	86,177	1,030,122	3,839	1,112,460	-
Total bonds and warrants	35,982,177	16,755,122	16,484,839	36,252,460	1,860,000
Capital lease payable	1,234,745	-	434,910	799,835	407,494
Settlement payable	360,141	-	360,141	-	-
Compensated absences	3,283,364	2,817,987	3,283,364	2,817,987	2,817,987
	$ 40,860,427	$ 19,573,109	$ 20,563254	$ 39,870,282	$ 5,085,481
Business-type Activities:					
Capital lease payable	$ 237,630	$ -	$ 46,804	$ 190,826	$ 50,837
Discretely-Presented Component Unit – Anniston City Board of Education:					
2012-A Pool Bonds	$ 174,726	$ -	$ 67,190	$ 107,536	$ 70,662
(Discount) Premium	30,562	-	9,402	21,160	9,402
	$ 205,288	$ -	$ 76,592	$ 128,696	$ 80,064

NOTE 8 – EMPLOYEE BENEFIT PLANS

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

General Information about the Pension Plan

Plan description. The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The responsibility for the general administration and operation of the ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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

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

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

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

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

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

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

The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants.

As of September 30, 2020, membership consisted of:

	Anniston	**State**
Retirees and beneficiaries currently receiving benefits	125	28,672
Terminated employees entitled to but not yet receiving benefits	10	1,974
Terminated employees not entitled to a benefit	38	14,133
Active members	158	56,369
Post-DROP Participants who are still in active service	-	97
	331	101,245

Contributions. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2021, the City's active employee contribution rate was 7.50% (Tier 1) and 6.00% (Tier 2) of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 128.6% percent of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2021 was 7.71% of pensionable pay for Tier 1 employees, and 7.72% of pensionable pay for Tier 2 employees.

These required contribution rates are based upon the actuarial valuation dated September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were $997,570 for the year ended September 30, 2021.

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

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

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

(a) Total Pension Liability as of September 30, 2019	$ 32,555,469
(b) Entry Age Normal Cost for the period October 1, 2019 – September 30, 2020	533,144
(c) Transfers Among Employers	108,959
(d) Actual Benefit Payments and Refunds for the period October 1, 2019 – September 30, 2020	(2,124,378)
(e) Total Pension Liability as of September 30, 2020 = [(a) x (1.0770)] + (b) + (c) + [(d) x (1.03850)]	$ 34,079,778
(f) Difference between Expected and Actual	$ 690,560
Less: Liability transferred	108,959
Experience (Gain)/Loss	581,601

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

Inflation	2.75%
Salary increases	3.25% - 5.00%
Investment rate of return	7.70% (net of pension plan investment expense)

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females. The actuarial assumptions used in the September 30, 2018 valuation was based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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

Asset Class	Long-Term Expected Rate of Return	Target Allocation
Fixed Income	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.00%	10.1%
Real Estate	10.00%	7.5%
Cash Equivalents	3.00%	1.5%
		100.0%

*Includes assumed rate of inflation of 2.50%

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

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

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

Changes on Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 9/30/2019	$ 32,555,469	$ 24,101,691	$ 8,453,778
Changes for the year:			
Service cost	533,144	-	533,144
Interest	2,424,983	-	2,424,983
Differences between expected and actual experience	581,601	-	581,601
Contributions – employer	-	485,268	(485,268)
Contributions – employees	-	460,694	(460,694)
Net investment income	-	1,346,682	(1,346,682)
Benefits payments, including refunds of employee contributions	(2,124,378)	(2,124,378)	-
Administrative expense	-	-	-
Transfers among employers	108,959	108,959	-
Net changes	1,524,309	277,225	1,247,084
Balances at 9/30/2020	$ 34,079,778	$ 24,378,916	$ 9,700,862

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

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Net pension liability	$ 13,272,508	$ 9,700,862	$ 6,664,048

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in the aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at www.rsa-al.gov.

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2021, the City recognized pension expense of $997,570. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 457,856	$ 605,058
Changes in assumptions	131,844	-
Net difference between projected and actual earnings on pension plan investments	756,236	-
Contributions subsequent to the measurement date of September 30, 2020	553,728	-
Total	$ 1,899,664	$ 605,058

$553,728 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2022	$ (161,441)
2023	262,732
2024	459,372
2025	180,215
	$ 740,878

Anniston's Policemen's and Firemen's Retirement Plan

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

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

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

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

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston's Policemen's and Firemen's Retirement Plan (Continued)

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

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

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

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

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

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

Description of Plan

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

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

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

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

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

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

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston's Policemen's and Firemen's Retirement Plan (Continued)

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

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

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

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

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

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

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

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

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

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

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

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston's Policemen's and Firemen's Retirement Plan (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston's Policemen's and Firemen's Retirement Plan (Continued)

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

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

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

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

3% x 3-year average monthly compensation x 30 years of credited service x disability percentage

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

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

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

40% x monthly compensation at disability or 100% of the accrued benefit at disability (disregarding 20-year eligibility requirement)

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

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

3% x 3-year average monthly compensation x 25 years of credited service x disability percentage

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

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston's Policemen's and Firemen's Retirement Plan (Continued)

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

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

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

3% x 3-year average monthly compensation x 30 years of credited service

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

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

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

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

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

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

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston's Policemen's and Firemen's Retirement Plan (Continued)

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

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

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

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

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

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

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

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

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

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

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston's Policemen's and Firemen's Retirement Plan (Continued)

Plan Expenses: The normal cost in this October 1, 2021 valuation includes a load of the administrative expenses from the fiscal year ending September 30, 2021. No normal cost load was included in the prior valuation as both administrative and investment expenses were assumed to be paid through the investment return.

Inflation: 2.0% per year

Salary Increase – Total Payroll: 2.0% per year.

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

Mortality: In the prior valuation mortality was assumed under the RP 2000 Blue Collar Mortality Table (set forward 10 years for disabled members) with fully generational mortality improvements assumed using Scale AA. Effective with the October 1, 2021 actuarial valuation the mortality assumption has changed to use the following sex distinct tables with fully generational mortality improvements using sex distinct Scale MP-2019.

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

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

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

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

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

Termination: Unisex rates of termination are as follows:

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

(Continued)

Anniston's Policemen's and Firemen's Retirement Plan (Continued)

Disability: Unisex rates, as follows:

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

50% of disabilities are assumed to be service connected.

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

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

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

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

Plan Membership Statistics
Valuation as of October 1, 2021

Inactive currently receiving benefits	201
Active members	144
	345

Net Pension Liability
The total pension liability under GASB 67 and 68 is based on the October 1, 2021 actuarial valuation which used the following actuarial assumptions applied to all periods included in the measurement.

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

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

The discount rate was 7.80% as of September 30, 2021. Further information regarding the calculation of the discount rate is found in the following section entitled "Calculation of the Discount Rate".

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston's Policemen's and Firemen's Retirement Plan (Continued)

The components of the net pension liability at September 30, 2021 were as follows:

Total pension liability	$ 81,046,121
Plan fiduciary net position	(41,459,484)
Net pension liability	$ 39,586,637

Plan fiduciary net position as a percentage of the total pension liability 51.16 %

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

	1% Decrease (6.80%)	Current Discount Rate (7.80%)	1% Increase (8.80%)
Net pension liability (asset)	$ 48,494,413	$ 39,586,637	$ 32,138,215

Calculation of the Discount Rate

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

Investment Category	Allocation	Long-Term Real Annualized Return*	Weighted by Target Allocation
All Cap	10%	8.6%	0.9%
Large Cap	25	8.3	2.1
Mid Cap	17	10.0	1.7
International Equity	8	6.2	0.5
Real Assets	10	5.3	0.5
Fixed Income	30	2.2	0.7
	100%		6.3%

*For illustrative purposes, historical long-term average returns have been used as a reasonable expectation of returns by the investment monitor. The expected rate of inflation is 2.2%. The long term real annualized return weighted by target allocation plus the expected rate of inflation is 8.5%.

Note, however, that long-term expected net rates of return for actuarial valuations should be compared to geometric returns. It is unclear if the above information is being produced net of administrative expenses. In addition, we expect inflation at 2.0% whereas the investment monitor expects inflation at 2.2%.

The funding valuation of the Plan assumes the plan will earn 7.8% per year (net of investment and administrative expenses but including inflation). The discount rate used to measure the total pension liability was 7.80%. This is the single rate that reflects the long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits. A projection of cash flows used to determine the discount rate assumed the plan member contributions are made at the current contribution rate and that the City contributions will be made equal to the difference between the actuarily determined contribution and the member contributions. Based on those assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments is applied to all periods of projected benefit payments to determine the total pension liability. For purposes of this determination, we understand pension plan assets are expected to be invested using a strategy to achieve the discount rate.

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston's Policemen's and Firemen's Retirement Plan (Continued)

Changes on Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 9/30/2020	$ 78,428,838	$ 34,895,220	$ 43,533,618
Changes for the year:			
Service cost	1,126,875	-	1,126,875
Interest expense	5,910,193	-	5,910,193
Differences between expected and actual experience	584,620	-	584,620
Changes in assumptions	1,487,214	-	1,487,214
Contributions – employer	-	4,288,349	(4,288,349)
Contributions – employees	-	1,076,399	(1,076,399)
Net investment income	-	7,896,427	(7,896,427)
Benefits payments, including refunds of employee contributions	(6,491,619)	(6,491,619)	-
Administrative expenses	-	(205,292)	205,292
Net changes	2,617,283	6,564,264	(3,946,981)
Balances at 9/30/2021	$ 81,046,121	$ 41,459,484	$ 39,586,637

Pension Expense and Deferred Outflows and Inflows of Resources
For the year ended September 30, 2021, the City recognized pension expense of $7,990,717. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 945,612	$ 698,529
Changes in assumptions	1,149,211	10,025,390
Net difference between projected and actual earnings on pension plan investments	-	3,620,052
Total	$ 2,094,823	$ 14,343,971

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

Year Ended September 30:	
2022	$ (9,496,238)
2023	(1,438,044)
2024	(500,564)
2025	(814,302)
2026	-
	$ (12,249,148)

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston City Board of Education Retirement Plan

Plan Description

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

Plan Membership and Benefits

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

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

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

Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the TRS were required by a statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 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 TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation. Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation.

Participating employers' contractually required contribution rate for the year ended September 30, 2020 was 12.43% of annual pay for Tier 1 members and 11.34% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $1,379,768 for the year ended September 30, 2021.

(Continued)

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

Anniston City Board of Education Retirement Plan (Continued)

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

At September 30, 2021, the Board reported a liability of $20,868,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2020, the System's proportion was 0.168700%, which was a decrease of 0.030684% from its proportion measured as of September 30, 2019. For the year ended September 30, 2021, the Board recognized pension expense of $1,702,215. At September 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,033,000	$ 362,000
Changes in assumptions	217,000	-
Net difference between projected and actual earnings on pension plan investments	1,550,000	-
Changes in proportion and differences between employers contributions and proportionate share of contributions	3,464,000	4,266,000
Employer contributions subsequent to the measurement date	1,379,768	-
Total	$ 7,643,768	$ 4,628,000

$1,379,768 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022.

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

Year Ended September 30:

2022	$ 125,000
2023	520,000
2024	1,134,000
2025	(143,000)
2026	-
Thereafter	-

Actuarial assumptions. The total pension liability as of September 30, 2020 was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 5.00%
Investment rate of return*	7.70%

*Net of pension plan investment expense

(Continued)

NOTE 8 -RETIREMENT PLAN (Continued)

Anniston City Board of Education Retirement Plan (Continued)

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

The actuarial assumptions used in the actuarial valuation as of September 30, 2019, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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

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

	Long-Term Expected Real Rate of Return	Target Allocation
Fixed Income	4.40%	17.00%
U.S. Large Stocks	8.00%	32.00%
U.S. Mid Stocks	10.00%	9.00%
U.S. Small Stocks	11.00%	4.00%
International Developed Market Stocks	9.50%	12.00%
International Emerging Market Stocks	11.00%	3.00%
Alternatives	10.10%	10.00%
Real Estate	7.50%	10.00%
Cash	1.50%	3.00%
		100.0%

*Includes assumed rate of inflation of 2.50%

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Board's net pension liability	$ 27,842,000	$ 20,868,000	$ 14,967,000

(Continued)

NOTE 8 -RETIREMENT PLAN (Continued)

Anniston City Board of Education Retirement Plan (Continued)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2020. The auditors' report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at http://www.rsaal.gov/index.php/employers/financial-reports/gasb-68-reports/.

Discretely-Presented Component Unit – Public Library of Anniston/Calhoun County Pension Plan

General Information about the Pension Plan

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

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

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

The ERS membership is approximately 163,190 from 877 participating employers.

(Continued)

NOTE 8 -RETIREMENT PLAN (Continued)

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

Pension Benefits

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for Tier 1 ERS members vest after 10 years of creditable service. State employees who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 1 members of the ERS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

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

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 are calculated and paid to the beneficiary on the member's age, service, credit, employment status and eligibility for retirement.

As of September 30, 2020, the Library's membership consisted of:

Retired Members or their beneficiaries currently receiving benefits	11
Non-vested Inactive Members	6
Active Members	20
Total	37

Member and Employer Contributions

Tier 1 covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, Tier 1 covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members. The Library elected not to increase the employee contribution rate as provided by Act 2011-676. Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. These contribution rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2020, the Library's active employee contribution rate was 1.80 percent of covered payroll, and the Library's average contribution rate to fund the normal and accrued liability costs was 0 percent of covered employee payroll.

(Continued)

NOTE 8 -RETIREMENT PLAN (Continued)

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

The Library's contractually required contribution rate for the year ended September 30, 2020 was .37% of pensionable pay for Tier 1 employees, and .37% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were $1,661 for the year ended September 30, 2021.

Net Pension Liability

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

	Decrease Expected	Actual Before Act 2019-132	Actual After Act 2019-132
(a) TPL as of 9/30/19	$ 2,811,965	$ 2,607,838	$ 2,607,838
(b) Discount rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for October 1, 2019 – September 30, 2020	27,927	27,927	27,927
(d) Transfers Among Employers	-	(1,202)	(1,202)
(e) Actual Benefit Payments and Refunds for October 1, 2019 – September 30, 2020	(176,586)	(176,586)	(176,586)
(f) Total Pension Liability as of 9/30/20	$ 2,873,029	$ 2,651,982	$ 2,651,982
(g) Difference between Expected and Actual		$ (221,047)	
(h) Less Liability Transferred for Immediate Recognition:		(1,202)	
(i) Experience (Gain)/Loss		$ (219,845)	

Actuarial Assumptions

The total pension liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 5.00%
Investment rate of return*	7.70%

* Net of pension plan investment expense

Mortality rate for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2016 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

(Continued)

NOTE 8 -RETIREMENT PLAN (Continued)

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

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

	Long-Term Expected Real Rate of Return	Target Allocation
Fixed Income	5.00%	25.00%
U.S. Large Stocks	9.00%	34.00%
U.S. Mid Stocks	12.00%	8.00%
U.S. Small Stocks	15.00%	3.00%
International Developed Market Stocks	11.00%	15.00%
International Emerging Market Stocks	16.00%	3.00%
Real Estate	7.50%	10.00%
Cash	1.50%	2.00%
		100.00%

*Includes assumed rate of inflation of 2.50%.

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 9/30/2019	$ 2,811,965	$ 2,945,407	$ (133,442)
Changes for the year:			
Service cost	27,927	-	27,927
Interest expense	209,723	-	209,723
Differences between expected and actual experience	(219,845)	-	(219,845)
Contributions – employer	-	1,203	(1,203)
Contributions – employees	-	23,608	(23,608)
Net investment income	-	163,937	(163,937)
Benefits payments, including refunds of employee contributions	(176,586)	(176,586)	-
Administrative expenses	(1,202)	(1,202)	-
Net changes	(159,983)	10,960	(170,943)
Balances at 9/30/2020	$ 2,651,982	$ 2,956,367	$ (304,385)

(Continued)

NOTE 8 -RETIREMENT PLAN (Continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table presents the Library's net pension liability calculated using the discount rate of 7.70%, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Library's net pension asset	$ (88,613)	$ (304,385)	$ (490,684)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the Library recognized pension revenue of $49,104. At September 30, 2021, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 320,255
Changes in assumptions	25,050	-
Net difference between projected and actual earnings on pension plan investments	92,423	-
Employer contributions subsequent to the measurement date	1,661	-
Total	$ 119,134	$ 320,255

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

Year Ended September 30:	
2022	$ (68,870)
2023	(57,326)
2024	(36,568)
2025	(40,018)
2026	-
Thereafter	-
	$ (202,782)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

City of Anniston OPEB Health Care Plan – Primary Government

General Information about the OPEB Plan

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

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

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

Employees covered by benefit terms. At the measurement date of September 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	141
Active employees	278
	419

Contributions. The City contributed $716,268 to the OPEB Health Care Plan in fiscal year 2021. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Commission. The Council establishes and may amend the funding policy for the OPEB Health Care Plan.

Total OPEB Liability

The City's total OPEB liability of $10,118,298 was measured as of September 30, 2021, and was determined by an actuarial valuation as of October 1, 2020.

Actuarial assumptions and other inputs. The total OPEB liability as of September 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Changes in Total OPEB Liability

	Total OPEB Liability (a)
Balances at September 30, 2020	$ 8,967,975
Changes for the year:	
Service cost	216,132
Interest	396,703
Differences between expected and actual experience	1,135,708
Benefits payments,	(598,220)
Net changes	1,150,323
Balances at September 30, 2021	$ 10,118,298

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

	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	$ 10,866,211	$ 10,118,298	$ 9,423,476

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

	1% Decrease (4.0%)	Healthcare Cost Trend Rates (5.0%)	1% Increase (6.0%)
Total OPEB liability	$ 9,287,034	$ 10,118,298	$ 11,067,552

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

OPEB Expense. For the year ended September 30, 2021, the City recognized OPEB expense of $716,268.

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Deferred outflows of resources and deferred inflows of resources. At September 30, 2021, The City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ 2,247,383	$ -
Total	$ 2,247,383	$ -

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

Year Ended September 30:	
2022	$ (190,327)
2023	(190,327)
2024	(190,327)
2025	(190,327)
2026	(190,327)
Thereafter	(1,295,748)
	$ (2,247,383)

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

Payable to the OPEB Plan

At September 30, 2021, no amounts were payable to the OPEB plan by the City.

Anniston City Board of Education OPEB Plan - Discretely-Presented Component Unit

Plan Description

Plan Description. The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Plan (PEEHIP). In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Comprehensive Annual Financial Report.

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The PEEHIP was established in 1983 pursuant to the provisions of the Code of Alabama 1975, Title 16, Chapter 25A (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. The Code of Alabama 1975, Section 16-25A-4 provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Funding Requirements

The Code of Alabama 1975, Section 16-25A-8 and the Code of Alabama 1975, Section, 16-25A-8.1 provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.
For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

Plan Membership and Benefits

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

(Continued)

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

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the United Healthcare Group Medicare Advantage plan for PEEHIP retirees. The plan is fully insured, and members can have all their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. Retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Net OPEB Liability, Significant Assumptions, and Discount Rate

At September 30, 2021, the Board reported a liability of $12,010,396 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019. The Board's proportion of the net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2020, the Board's proportion was 0.185064%, which was a decrease of (0.019443%) from its proportion measured as of September 30, 2019.

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases[1]	3.25%-5.00%
Long-term investment rate of return[2]	7.25%
Municipal Bond Index rate at the measurement date	2.25%
Municipal Bond Index rate at the prior measurement date.	3.00%
Projected year for fiduciary net position (FNP) to be depleted	2040
Singe equivalent interest rate the measurement date	3.05%
Singe equivalent interest rate the prior measurement date	5.50%
Healthcare cost trend rate	
Pre-Medicare eligible	6.75%
Medicare eligible	**
Ultimate trend rate	
Pre-Medicare eligible	4.75% in 2027
Medicare eligible	4.75% in 2024

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Net OPEB Liability, Significant Assumptions, and Discount Rate (Continued)

[1] Includes 3% wage inflation
[2] Compounded annually, net of investment expense, and includes inflation.
**Initial Medicare claims are set based on scheduled increases through plan year 2022

Mortality rates for the period after service retirement are according to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2015, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2016.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2019 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class.

These ranges should be 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 then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns. The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized as follows:

	Long-Term Expected Rate of Return*	Target Allocation
Fixed Income	4.40%	30.00%
U.S. Large Stocks	8.00%	38.00%
U.S. Mid Stocks	10.00%	8.00%
U.S. Small Stocks	11.00%	4.00%
International Developed Market Stocks	9.50%	15.00%
Cash	1.50%	5.00%
	100.00%	

*Geometric mean, includes 2.5% inflation

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability at September 30, 2020 was 3.05%.

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Net OPEB Liability, Significant Assumptions, and Discount Rate (Continued)

The discount rate used to measure the total OPEB liability at the prior measurement date was 5.50%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately, 14.802% of the employer contributions were used to assist in funding retiree benefit payments in 2020 and it is assumed that the amount will increase by 1.00% per year and continue into the future. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. Therefore, the projected future benefit payments for all current plan members were projected through 2118. The long-term rate of return is used until the assets are expected to be depleted in 2040, after which the municipal bond rate is used.

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

For the year ended September 30, 2021, the System recognized OPEB expense of ($712,001), with no special funding situations. At September 30, 2021, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 304,575	$ 4,318,025
Changes in assumptions	4,195,137	2,230,221
Net difference between projected and actual earnings on pension plan investments	-	506
Changes in proportion and differences between employers contributions and proportionate share of contributions	-	1,972,114
Employer contributions subsequent to the measurement date	285,589	-
Total	$ 4,785,301	$ 8,520,866

$285,589 reported as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2022.

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 ended September 30,	
2022	$(1,347,968)
2023	(1,329,672)
2024	(949,051)
2025	(923,368)
2026	254,841
Thereafter	274,064

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following table presents the Board's proportionate share of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75% decreasing to 3.75% for pre-Medicare, known decreasing to 3.75% for Medicare Eligible)	Current Healthcare Trend Rate (6.75% decreasing to 4.75% for pre-Medicare, known decreasing to 4.75% for Medicare Eligible)	1% Increase (7.75% decreasing to 5.75% for pre-Medicare, known decreasing to 5.75% for Medicare Eligible
Net OPEB liability	$9,494,257	$12,010,396	$15,285,554

The following table presents the Board's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 3.05%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.05%)	Current Discount Rate (3.05%)	1% Increase (4.05%)
Net OPEB liability	$14,731,374	$12,010,396	$9,849,350

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2020. Additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 10 – TAX ABATEMENTS

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

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

The City's property tax revenues were reduced by $246,744 and sales and use tax revenues were not reduced during the reporting period.

In addition to the above program, the City of Anniston utilizes Amendment 772 to the Constitution of Alabama of 1901 to offer economic incentives to entities that are bringing new businesses to the City or expanding current ones. During the reporting period, the City rebated sales and use taxes totaling $377,473. The City's sales and use tax revenues were not reduced by this amount because the rebates were recorded as expenditures. The amount of sales and use taxes rebated depends on the scope of the project.

NOTE 11 – RESTRICTIONS AND CONTINGENCIES

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

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

NOTE 12 – RISK MANAGEMENT AND LITIGATION

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

Effective February 2019, a settlement was reached with an organization regarding a refund of sales tax. The resulting liability was $1,080,425 and was fully paid off during 2021.

NOTE 13 – DEFERRED COMPENSATION PLAN

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

NOTE 14 – RISKS AND UNCERTAINTIES

During 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel, size, and duration of group meetings. Many sectors are experiencing disruption to business operations and the impact of reduced customer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. If the pandemic continues, it may have an adverse effect on the City's future operations, financial position, and liquidity.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through June 30, 2022 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any other items requiring recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANNISTON, ALABAMA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND REALTED RATIOS
EMPLOYMENT RETIREMENT SYSTEM OF ALABAMA
Last 10 Fiscal Years ending September 30

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

This schedule will present 10 years as information is available.

CITY OF ANNISTON, ALABAMA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND REALTED RATIOS
POLICEMEN AND FIREMEN'S RETIREMENT FUND
Last 10 Fiscal Years

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

Notes to Schedule:

Effective October 1, 2018 total pension liability employs fully generational mortality. Prior to that the total pension liability includes mortality improvements to the valuation year. The total pension liability as of October 1, 2013 is determined using the assumed rate of investment return of 8.0% per year (net of investment and administrative expenses). The total pension liability as of October 1, 2014, 2015, 2016, 2017 and 2018 is determined using the 3.67%, 3.555, 3.09%, 3.85% and 4.42% single discount rate described in GASB 67. Effective October 1, 2017 a load was applied to final average salary to approximate the effect of accrued leave payouts at retirement.

This schedule will present 10 years as information is available.

CITY OF ANNISTON, ALABAMA

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DISCRETELY PRESENTED COMPONENT UNIT
TEACHERS' RETIREMENT SYSTEM OF ALABAMA
Last 10 Calendar Years

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

Notes to Schedule:

Valuation date:

*Employer's covered payroll during the measurement period is the total payroll on which contributions to the pension plan are based. For FY 2019, the measurement period is October 1, 2019 through September 30, 2020.

This schedule will present 10 years as information is available.

CITY OF ANNISTON, ALABAMA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
DISCRETELY PRESENTED COMPONENT UNIT
PUBLIC LIBRARY OF ANNISTON AND CALHOUN COUNTY
Last 10 Fiscal Years ending September 30

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

This schedule will present 10 years as information is available.

CITY OF ANNISTON, ALABAMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYMENT RETIREMENT SYSTEM OF ALABAMA
Last 10 Calendar Years

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 553,728	$ 494,659	$ 615,120	$ 601,725	$ 638,906	$ 558,928	$ 542,490
Contributions in relation to the actuarially determined contribution	553,728	494,659	615,120	601,725	638,906	558,928	542,490
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 6,974,763	$ 6,413,606	$ 7,096,189	$ 7,029,793	$ 7,431,288	$ 7,482,303	$ 7,258,581
Contributions as a percentage of covered-employee payroll	7.94%	7.71%	8.67%	8.56%	8.60%	7.47%	7.47%

Notes to Schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	27.5 years
Asset valuation method	Five year smoothed market
Inflation	2.750%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation expense, including inflation

This schedule will present 10 years as information is available.

CITY OF ANNISTON, ALABAMA

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 8,245,921	$ 8,750,826	$ 9,026,029	$ 9,291,821	$ 9,572,933	$ 9,641,839	$ 9,811,904	$ 9,930,690	$ 9,738,007	$ 8,797,577
Contributions in relation to the actuarially determined contribution	4,288,349	4,290,280	4,101,272	3,936,409	3,821,164	3,431,035	3,332,850	3,067,464	2,738,006	1,184,715
Contribution deficiency (excess)	$ 3,957,572	$ 4,460,546	$ 4,924,757	$ 5,355,412	$ 5,751,769	$ 6,210,804	$ 6,479,054	$ 6,863,226	$ 7,000,001	$ 7,612,862
Covered employee payroll	$ 7,688,564	$ 7,358,050	$ 7,753,543	$ 7,975,750	$ 7,557,979	$ 7,490,050	$ 7,594,786	$ 8,018,529	$ 7,729,129	$ 7,652,450
Actuarially determined contribution as a percentage of covered-employee payroll	107.2%	118.9%	116.4%	116.5%	126.7%	128.7%	129.2%	123.8%	126.0%	115.0%
Actual Contributions as a percentage of covered-employee payroll	55.8%	58.3%	52.9%	49.4%	50.6%	45.8%	43.9%	38.3%	35.4%	15.5%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

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

CITY OF ANNISTON, ALABAMA

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

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

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	25 Years
Asset valuation method	Market value of assets
Inflation	2.875%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.00%
Ultimate Trend Rate:	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.01%
Year of Ultimate Trend Rate	2022 for Pre-Medicare Eligible; 2018 for Medicare Eligible
Investment rate of return	5.00%, including inflation

This schedule will present 10 years as information is available.

CITY OF ANNISTON, ALABAMA

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

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 1,661	$ 2,895	$ 1	$ 1	$ 1,500	$ 6,106	$ 11,037
Contributions in relation to the actuarially determined contribution	1,661	2,895	1	1	1,500	6,106	11,037
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 490,088	$ 479,627	$ 440,011	$ 440,011	$ 440,011	$ 440,011	$ 440,011
Contributions as a percentage of covered-employee payroll	0.34%	0.60%	0.00%	0.00%	0.34%	1.39%	2.51%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	N/A Years
Asset valuation method	Five year smoothed market
Inflation	2.875%
Salary increases	3.38 - 5.13%, including inflation
Investment rate of return	7.88%, net of pension plan investment expense, including inflation expense, including inflation

This schedule will present 10 years as information is available.

CITY OF ANNISTON, ALABAMA

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

Last Fiscal Year Ending September 30

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 216,132	$ 174,744	$ 201,813	$ 166,827
Interest	396,703	351,142	340,177	312,630
Differences between actual and expected experience	1,135,708	240,385	1,026,112	35,291
Benefit payments, including refunds of employee contributions	(598,220)	(656,864)	(633,760)	(474,259)
Net change in total OPEB liability	1,150,323	109,407	934,342	40,489
Total OPEB liability - beginning	8,967,975	8,858,568	7,924,226	7,883,737
Total OPEB liability - ending (a)	$ 10,118,298	$ 8,967,975	$ 8,858,568	$ 7,924,226

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

CITY OF ANNISTON, ALABAMA

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

	2021	2020	2019	2018
Employer's proportion of the collective net OPEB liability	0.185064%	0.204507%	0.205070%	0.208873%
Employer's proportionate share of the collective net OPEB liability	$ 12,010,396	$ 7,715,574	$ 16,854,142	$ 15,513,893
Employer's covered-employee payroll during the measurement period*	$ 12,033,938	$ 11,415,280	$ 11,436,176	$ 11,887,371
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	100.20%	147.95%	67.85%	76.62%
Plan fiduciary net position as a percentage of the total collective OPEB liability	19.80%	28.14%	14.81%	15.37%

Notes to Schedule:

Valuation date:

*Employer's covered payroll during the measurement period is the total payroll on which contributions to the pension plan are based. For FY 2019, the measurement period is October 1, 2019 through September 30, 2020.

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

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

CITY OF ANNISTON, ALABAMA

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

	2021	2020	2019	2018
Contractually required contribution	$ 285,589	$ 362,800	$ 579,220	$ 500,040
Contributions in relation to the actuarially determined contribution	285,589	362,800	579,220	500,040
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 11,504,809	$ 12,033,937	$ 11,451,281	$ 11,436,176
Contributions as a percentage of covered-employee payroll	2.48%	3.01%	5.06%	4.37%

Notes to Schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	25 Years
Asset valuation method	Market value of assets
Inflation	2.875%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.00%
Ultimate Trend Rate:	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.01%
Year of Ultimate Trend Rate	2022 for Pre-Medicare Eligible; 2018 for Medicare Eligible
Investment rate of return	5.00%, including inflation

This schedule will present 10 years as information is available.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ANNISTON, ALABAMA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

September 30, 2021

	Special Revenue						
	Anniston Museum of Natural History	Berman Museum of World History	Longleaf Botanical Gardens	Corrections	Fire Tax District	Federal Seized Assets	State Seized Assets
ASSETS							
Cash and cash equivalents	$ 544,479	$ 200	$ -	$ 226,271	$ 326,447	$ 27,334	$ 1,781
Investments	-	-	-	-	567,836	-	-
Receivables, net of allowance:							
Taxes	-	-	-	-	-	-	-
Accounts receivables	225	30	30	2,152	-	-	-
Notes	-	-	-	-	-	-	-
Due from other funds	187,600	10,044	167,145	-	297,821	-	-
Due from other governments	-	-	-	-	12,033	-	-
Prepaid expenses	-	-	-	-	902	-	-
Total assets	$ 732,304	$ 10,274	$ 167,175	$ 228,423	$ 1,205,039	$ 27,334	$ 1,781
LIABILITIES							
Accounts payable	$ 35,596	$ 3,161	$ 4,477	$ -	$ 33,891	$ -	$ -
Other payables	-	-	-	-	-	-	-
Due to other funds	501,897	-	-	358,213	520,121	7,782	19,232
Due to other governments	-	-	-	-	-	-	-
Unearned revenue	156,014	-	-	-	-	-	-
Total liabilities	693,507	3,161	4,477	358,213	554,012	7,782	19,232
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - loans	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable							
Prepaid expenses	-	-	-	-	902	-	-
Restricted for:							
Capital projects	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-
Public safety	-	-	-	-	650,125	19,552	-
Road improvements	-	-	-	-	-	-	-
Culture and recreation	38,797	7,113	162,698	-	-	-	-
Economic and industrial development	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Unassigned	-	-	-	(129,790)	-	-	(17,451)
Total fund balances	38,797	7,113	162,698	(129,790)	651,027	19,552	(17,451)
Total liabilities, deferred inflows of resources, fund balances	$ 732,304	$ 10,274	$ 167,175	$ 228,423	$ 1,205,039	$ 27,334	$ 1,781

Special Revenue						
Alabama Trust Fund	Chief of Police Fee	Bulletproof Vest Grant	Airport Grants	Gasoline Tax	Seven Cents Gasoline Tax	Multiple Grants
$ 251,099	$ -	$ -	$ -	$ 47,375	$ 61,563	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	69	-	-	-	-	-
-	-	-	-	-	-	-
24,439	25,037	3,234	12,698	-	-	985,208
-	-	3,534	488,434	6,189	7,788	68,675
-	-	-	-	-	-	-
$ 275,538	$ 25,106	$ 6,768	$ 501,132	$ 53,564	$ 69,351	$ 1,053,883
$ -	$ -	$ -	$ 49,656	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	12,870	552,399	36,097	47,000	1,099,750
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	12,870	602,055	36,097	47,000	1,099,750
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
275,538	-	-	-	-	-	-
-	-	-	-	-	-	-
-	25,106	-	-	-	-	-
-	-	-	-	17,467	22,351	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(6,102)	(100,923)	-	-	(45,867)
275,538	25,106	(6,102)	(100,923)	17,467	22,351	(45,867)
$ 275,538	$ 25,106	$ 6,768	$ 501,132	$ 53,564	$ 69,351	$ 1,053,883

CITY OF ANNISTON, ALABAMA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

September 30, 2021

	Special Revenue						
	HOME	JAG 2015 Grant	JAG 2016 Grant	City Court Operations	Rebuild AL Gas Tax	Special Drug Task Force	Special Drug Task Force Office
ASSETS							
Cash and cash equivalents	$ 19,967	$ 100	$ 1,474,019	$ 136,949	$ 216,599	$ -	$ 391,256
Investments	-	-	-	-	-	-	-
Receivables, net of allowance							
Accounts receivables	-	-	-	285	-	-	-
Notes	425,201	-	-	-	-	-	-
Due from other funds	24,337	40,531	-	6,926	-	583,210	-
Due from other governments	70,469	-	-	-	12,293	96,344	-
Prepaid expenses	-	-	-	-	-	-	-
Total assets	$ 539,974	$ 40,631	$ 1,474,019	$ 144,160	$ 228,892	$ 679,554	$ 391,256
LIABILITIES							
Accounts payable	$ 50,417	$ -	$ -	$ -	$ -	$ -	$ -
Other payables	-	-	-	54,415	-	-	-
Due to other funds	216,275	-	1,474,019	-	-	635,405	583,210
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	266,692	-	1,474,019	54,415	-	635,405	583,210
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - loans	425,201	-	-	-	-	-	-
Total deferred inflows of resources	425,201	-	-	-	-	-	-
FUND BALANCES							
Nonspendable							
Prepaid expenses	-	-	-	-	-	-	-
Restricted for:							
Capital projects	-	-	-	-	-	-	-
Judicial	-	-	-	89,745	228,892	-	-
Public safety	-	40,631	-	-	-	44,149	-
Road improvements	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic and industrial development	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Unassigned	(151,919)	-	-	-	-	-	(191,954)
Total fund balances	(151,919)	40,631	-	89,745	228,892	44,149	(191,954)
Total liabilities, deferred inflows of resources, fund balances	$ 539,974	$ 40,631	$ 1,474,019	$ 144,160	$ 228,892	$ 679,554	$ 391,256

Special Revenue						
Police Equipment	Strategies in Police Innovation Grant	Community Development Block Grant	UDAG Revolving Loan	Anniston Industrial Development Authority	Anniston Downtown Development Authority	Total
$ -	$ -	$ 210,978	$ -	$ 14,796	$ 150,535	$ 4,101,748
-	-	-	-	-	-	567,836
-	-	-	-	-	-	2,791
-	-	192,510	116,579	-	-	734,290
172,098	165,844	167,795	-	-	-	2,873,967
-	-	98,675	-	-	-	864,434
-	-	-	-	-	-	902
$ 172,098	$ 165,844	$ 669,958	$ 116,579	$ 14,796	$ 150,535	$ 9,145,968
$ -	$ -	$ 1,797	$ -	$ -	$ -	$ 178,995
-	-	-	-	-	-	54,415
172,098	165,593	338,929	-	-	-	6,740,890
-	-	192,272	-	-	-	348,286
172,098	165,593	532,998	-	-	-	7,322,586
-	-	192,510	-	-	-	617,711
-	-	192,510	-	-	-	617,711
-	-	-	-	-	-	902
-	-	-	-	-	-	275,538
-	-	-	-	-	-	318,637
-	251	-	-	-	-	779,814
-	-	-	-	-	-	39,818
-	-	-	-	-	-	208,608
-	-	-	-	14,796	150,535	165,331
-	-	-	116,579	-	-	116,579
-	-	(55,550)	-	-	-	(699,556)
-	251	(55,550)	116,579	14,796	150,535	1,205,671
$ 172,098	$ 165,844	$ 669,958	$ 116,579	$ 14,796	$ 150,535	$ 9,145,968

CITY OF ANNISTON, ALABAMA

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

Year ended September 30, 2021

	Special Revenue						
	Anniston Museum of Natural History	Berman Museum of World History	Longleaf Botanical Gardens	Corrections	Fire Tax District	Federal Seized Assets	State Seized Assets
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ 985,913	$ -	$ -
Intergovernmental	63,813	13,965	-	225,600	-	25,400	-
Charges for services	157,692	58,661	32,704	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Contributions and donations	108,531	7,036	14,014	-	-	-	-
Investment income	-	-	-	-	2,234	-	-
Other revenue	134,172	722	32,148	-	14,974	-	-
Total revenues	464,208	80,384	78,866	225,600	1,003,121	25,400	-
EXPENDITURES							
Current							
Judicial	-	-	-	-	-	-	-
Public safety	-	-	-	89	827,360	2,124	-
Public works	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	725,106	239,278	170,957	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service -							
Principal	-	-	-	-	-	-	-
Total expenditures	725,106	239,278	170,957	89	827,360	2,124	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(260,898)	(158,894)	(92,091)	225,511	175,761	23,276	-
OTHER FINANCING SOURCES (USES)							
Transfers in	356,000	160,750	154,200	-	-	-	-
Transfers out	-	-	-	(82,851)	-	-	-
Total financing sources (uses)	356,000	160,750	154,200	(82,851)	-	-	-
NET CHANGE IN FUND BALANCES	95,102	1,856	62,109	142,660	175,761	23,276	-
Fund balance, beginning	(56,305)	5,257	100,589	(272,450)	475,266	(3,724)	(17,451)
Fund balance, ending	$ 38,797	$ 7,113	$ 162,698	$ (129,790)	$ 651,027	$ 19,552	$ (17,451)

Special Revenue						
Alabama Trust Fund	Chief of Police Fee	Bulletproof Vest Grant	Airport Grants	Gasoline Tax	Seven Cents Gasoline Tax	Multiple Grants
$ -	$ -	$ -	$ -	$ 67,108	$ 73,632	$ -
236,429	7,178	2,146	1,027,217	-	-	624,051
-	-	-	-	-	11,740	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
236,429	7,178	2,146	1,027,217	67,108	85,372	624,051
-	-	-	-	-	-	-
-	17,948	7,068	-	-	-	-
-	-	-	1,128,140	-	-	623,956
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	17,948	7,068	1,128,140	-	-	623,956
236,429	(10,770)	(4,922)	(100,923)	67,108	85,372	95
-	-	-	-	-	-	-
(150,000)	-	-	-	(64,000)	(81,500)	-
(150,000)	-	-	-	(64,000)	(81,500)	-
86,429	(10,770)	(4,922)	(100,923)	3,108	3,872	95
189,109	35,876	(1,180)	-	14,359	18,479	(45,962)
$ 275,538	$ 25,106	$ (6,102)	$ (100,923)	$ 17,467	$ 22,351	$ (45,867)

CITY OF ANNISTON, ALABAMA

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

Year ended September 30, 2021

	Special Revenue						
	HOME	JAG 2015 Grant	JAG 2016 Grant	City Court Operations	Rebuild AL Gas Tax	Special Drug Task Force	Special Drug Task Force Office
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ 133,055	$ -	$ -
Intergovernmental	851,770	48,394	-	-	-	163,244	562,449
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	91,926	-	-	-
Contributions and donations	-	-	-	-	-	-	-
Investment income	1,041	-	-	-	-	-	728
Other revenue	-	-	-	-	-	-	-
Total revenues	852,811	48,394	-	91,926	133,055	163,244	563,177
EXPENDITURES							
Current							
Judicial	-	-	-	65	-	-	-
Public safety	-	49,837	-	-	-	498,631	95,529
Public works	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Housing and development	905,729	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service -							
Principal	-	-	-	-	-	-	-
Total expenditures	905,729	49,837	-	65	-	498,631	95,529
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(52,918)	(1,443)	-	91,861	133,055	(335,387)	467,648
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	399,512	-
Transfers out	-	-	-	(50,000)	-	-	(313,830)
Total financing sources (uses)	-	-	-	(50,000)	-	399,512	(313,830)
NET CHANGE IN FUND BALANCES	(52,918)	(1,443)	-	41,861	133,055	64,125	153,818
Fund balance, beginning	(99,001)	42,074	-	47,884	95,837	(19,976)	(345,772)
Fund balance, ending	$ (151,919)	$ 40,631	$ -	$ 89,745	$ 228,892	$ 44,149	$ (191,954)

Police Equipment	Strategies in Police Innovation Grant	Community Development Block Grant	UDAG Revolving Loan	Anniston Industrial Development Authority	Anniston Downtown Development Authority	Total
Special Revenue						
$ -	$ -	$ -	$ -	$ -	$ -	$ 1,259,708
172,098	205,844	872,661	-	-	-	5,102,259
-	-	-	-	-	-	260,797
-	-	-	-	-	-	91,926
-	-	-	-	-	-	129,581
-	-	177	-	-	15	4,195
-	-	1,990	-	-	-	184,006
172,098	205,844	874,828	-	-	15	7,032,472
-	-	-	-	-	-	65
172,098	205,593	-	-	-	-	1,876,277
-	-	-	-	-	-	1,752,096
-	-	-	10,206	-	60	10,266
-	-	72	-	-	-	1,135,413
-	-	883,651	-	-	-	1,789,380
-	-	-	-	-	-	-
-	-	-	-	-	-	-
172,098	205,593	883,723	10,206	-	60	6,563,497
-	251	(8,895)	(10,206)	-	(45)	468,975
-	-	-	-	-	-	1,070,462
-	-	-	-	-	-	(742,181)
-	-	-	-	-	-	328,281
-	251	(8,895)	(10,206)	-	(45)	797,256
-	-	(46,655)	126,785	14,796	150,580	408,415
$ -	$ 251	$ (55,550)	$ 116,579	$ 14,796	$ 150,535	$ 1,205,671

COMPLIANCE SECTION

CITY OF ANNISTON, ALABAMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
CDBG - Entitlement Grants Cluster	14.218	N/A	$ 883,723
HOME Investment Partnerships Program	14.239	N/A	905,731
Total U.S. Department of Housing and Urban Development			1,789,454
U.S. DEPARTMENT OF JUSTICE			
Coronavirus Emergency Supplemental Funding Program	16.034	2020VDBX0147	172,098
Bulletproof Vest Partnership Program	16.607	N/A	3,534
FY 19 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019WYBX0007	210,630
FY 20 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020DJBX0478	48,394
Total U.S. Department of Justice			434,656
U.S. DEPARTMENT OF TRANSPORTATION			
Alabama Department of Transportation			
Airport Improvement Program	20.106	3-01-0008-035-2020	1,006,277
Airport Improvement Program	20.106	3-01-0008-037-2021	10,354
Highway Planning and Construction Cluster			
Chief Ladiga Trail - Anniston Segment	20.205	STPOA-0815(255)	7,633
Resurfacing/Intersection Impr to Noble Street from AL 202 to 4th Street	20.205	STPOA-0815	9,333
Sidewalks and Streetscape Improvements Along W. 15th Street and Project Dr.	20.205	TAPAA-TA21(901)	51,870
Iron Mountain Road Extension from SR-21 to Pappy Dunn Boulevard	20.205	ACOA59379-ATRP(010)	27,990
Total U.S. Department of Transportation			1,113,457
U.S. DEPARTMENT OF TREASURY			
American Rescue Plan Act	21.027	N/A	241,194
Coronavirus Relief Fund	21.019	N/A	527,209
Shuttered Venue Operators Grant	59.075	N/A	26,372
Total U.S. Department of Treasury			794,775
U.S. DEPARTMENT OF THE INTERIOR			
2016 HPF AACR - City of Anniston	15.904	P17AP00033	10,701
Total U.S. Department of the Interior			10,701
Total Expenditures of Federal Awards - Primary Government			$ 4,143,043

CITY OF ANNISTON, ALABAMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Anniston, Alabama (the "City") under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

HHM

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

Internal Control over Financial Reporting

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

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

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

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AN INDEPENDENT MEMBER OF THE BDO ALLIANCE USA

Compliance and Other Matters

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

Purpose of this Report

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

Chattanooga, Tennessee
June 30, 2022

Henderson Hutcherson
& McCullough, PLLC

HHM
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Anniston, Alabama's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City of Anniston, Alabama's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The City's basic financial statements include the operations of Anniston Board of Education, which expended federal awards during the year ended September 30, 2021. Our compliance audit, described below, did not include the operations of this entity because the entity engages another auditor to perform audits in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Anniston, Alabama's major federal programs based on our audit of the types of compliance requirements referred to above. 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* (CFR) Part 200, *Uniform Administrative Requirements*, *Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Anniston, Alabama 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, 2021.

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AN INDEPENDENT MEMBER OF THE BDO ALLIANCE USA

Report on Internal Control over Compliance

Management of the City of Anniston, Alabama, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Anniston, Alabama's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This 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.

Chattanooga, Tennessee
June 30, 2022

Henderson Hutcherson
& McCullough, PLLC

CITY OF ANNISTON, ALABAMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2021

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weaknesses identified:	___yes	_x_no
• Significant deficiencies identified that are not considered to be material weaknesses?	___yes	_x_ none reported
Noncompliance material to financial statements noted?	__yes	_x_no

Federal Awards

Internal control over major programs:		
• Material weaknesses identified:	___yes	_x_no
• Significant deficiencies identified that are not considered to be material weaknesses?	___yes	_x_ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed under the Uniform Guidance?	____yes	_x_no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.239	U.S. Department of Housing and Urban Development Home Investment Partnerships Program
21.019	U.S. Department of Treasury Coronavirus Relief Fund
20.106	U.S. Department of Transportation Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:		$ 750,000
Auditee qualified as low-risk auditee?	____yes	__x__no

CITY OF ANNISTON, ALABAMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

CITY OF ANNISTON, ALABAMA

SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2021

No findings for fiscal year ended September 30, 2020