

# CITY OF LEEDS

## RESOLUTION NO.: 2025-05-04

### ACCEPTING 2023-2024 CITY AUDIT

**WHEREAS**, it is required by §11-43-85 of the Code of Alabama 1977 for the Mayor to present to the City Council the annual audit report; and

**WHEREAS**, Cork Hill and Company, CPA has completed the 2023-2024 Annual Audit Report, ending September 30, 2024, at the direction of the Mayor; and

**WHEREAS**, said audit report is due to be presented and the auditors paid therefor.

**NOW THEREFORE, BE IT RESOLVED**, by the City Council of the City of Leeds that:

1. The Recitals above are true, correct and included herein as if fully set forth.
2. The attached 2023-2024 annual City audit is hereby recognized and approved as presented.
3. The related expense for the subject audit shall be paid as determined by the Mayor.
4. The Mayor and staff shall have the full authority to do those things, perform those functions, make such decisions, and to sign necessary documentation in order to carry out and fully complete the actions so authorized herein.

**ADOPTED and APPROVED** this the 5th day of May, 2025.

CITY OF LEEDS, ALABAMA



DAVID MILLER, MAYOR

05-05-2025

DATE

ATTEST:

AYES:

6

NAYS:

\_\_\_\_\_

ABSENT FROM VOTING:

\_\_\_\_\_

ABSTAIN:

\_\_\_\_\_



TOUSHI ARBITELLE, CITY CLERK

In my capacity as City Clerk of the City of Leeds, I hereby certify that the above Resolution was duly adopted by the City Council of the City of Leeds at a regular meeting held on the 5th day of May 2025.



City Clerk

**THE CITY OF LEEDS, ALABAMA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2024**

**THE CITY OF LEEDS, ALABAMA**  
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**SEPTEMBER 30, 2024**

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Cork, Hill & Company, L.L.C.

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council of  
The City of Leeds, Alabama

### Opinions

We have audited the accompanying financial statements of the governmental activities of the City of Leeds, Alabama (the City), as of and for the year ended September 30, 2024, and the related Notes to the Financial Statements of the governmental activities, each major fund, and the aggregate remaining fund information which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities, each major fund and the remaining fund information of the City as of September 30, 2024 and the changes in its net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability, and the Schedule of Employer Contributions 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.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented in supplement to the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the method 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2025, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

*Cork, Hill & Company, L.L.C.*

Birmingham, Alabama

May 5, 2025



Cork, Hill & Company, L.L.C.

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

To the Honorable Mayor and  
Members of the City Council of  
The City of Leeds, 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, each major fund, and the aggregate remaining fund information of the City of Leeds, Alabama, as of and for the year ended September 30, 2024, and the related Notes to the Financial Statements, which collectively comprise the City of Leeds, Alabama's basic financial statements, and have issued our report thereon dated May 5, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Leeds, 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 of Leeds, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Leeds, Alabama's internal control.

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

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

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

As part of obtaining reasonable assurance about whether the City of Leeds, Alabama'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.

*Cork, Hill & Company, LLC.*

Birmingham, Alabama  
May 5, 2025

**THE CITY OF LEEDS, ALABAMA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

	<b>Governmental Activities</b>	<b>Component Unit</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 22,306,926	\$ -
Restricted cash and cash equivalents	18,755,047	678,832
Investments	5,281,954	-
Receivables, net	1,383,087	-
Prepaid expenses	511,486	-
Right-of-use lease asset	450,849	-
Capital assets:		
Land and construction in process, not being depreciated	11,442,161	2,459,408
Other capital assets, net of accumulated depreciation	24,375,283	25,545,928
Total capital assets	35,817,444	28,005,336
 Total assets	 84,506,793	 28,684,168
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 3,137,800	 -
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	 \$ 87,644,593	 \$ 28,684,168
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,138,274	\$ -
Long-term liabilities:		
Right-of-use lease liability	477,120	-
Due within one year	2,215,000	1,735,000
Due in more than one year	64,099,478	29,569,032
Accrued interest	802,548	678,816
Compensated absences	860,937	-
Pension liability	9,677,392	-
Bond premium	-	1,719,466
 Total liabilities	 79,270,749	 33,702,314
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 189,551	 -
 <b>NET POSITION</b>		
Net investment in capital assets	(31,299,582)	28,005,336
Restricted for:		
Debt service	10,758,393	678,832
Capital projects	4,194,550	-
Programs and services	2,346,692	-
Public safety	1,505,856	-
Unrestricted net position / (deficit)	20,678,384	(33,702,314)
 Total net position / (deficit)	 8,184,293	 (5,018,146)
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	 \$ 87,644,593	 \$ 28,684,168

See Independent Auditors' Report and Notes to the Financial Statements.

**THE CITY OF LEEDS, ALABAMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Function / Program	Expenses	Program Revenues			Net (Expense)/ Revenue and Change in Net Position	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Administrative services	\$ 7,936,240	\$ 66,963	\$ 37,859	\$ 13,798	\$ (7,817,620)	
Redevelopment expenses	757,872	-	-	25,000	(732,872)	
Public safety	8,853,171	884,177	118,325	105,323	(7,745,346)	
Streets and sanitation	2,239,610	348,203	-	-	(1,891,407)	
Parks and recreation	183,677	5,810	-	-	(177,867)	
Library	575,548	-	-	-	(575,548)	
Interest on long-term debt	1,762,965	-	-	-	(1,762,965)	
Total governmental activities	\$ 22,309,083	\$ 1,305,153	\$ 156,184	\$ 144,121	(20,703,625)	
Component Unit:						
Public Education Building Authority						\$ (2,071,274)
General Revenues:						
Taxes:						
					17,641,048	-
					1,851,081	-
					7,626,807	-
					1,210,538	-
					199,053	-
					28,528,527	-
					(3,050,743)	3,050,743
					4,774,159	979,469
					3,410,134	(5,997,615)
					\$ 8,184,293	\$ (5,018,146)

See Independent Auditors' Report and Notes to the Financial Statements.

**THE CITY OF LEEDS, ALABAMA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	<b>GENERAL</b>	<b>DEBT SERVICE</b>	<b>REDEVELOPMENT AUTHORITY</b>	<b>NONMAJOR GOVT. FUNDS</b>	<b>TOTALS - GOVT. FUNDS</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 22,306,926	\$ -	\$ -	\$ -	\$ 22,306,926
Restricted cash and cash equivalents	3,878,819	10,758,393	93,292	4,024,543	18,755,047
Investments	5,281,954	-	-	-	5,281,954
Receivables, net	1,306,372	-	-	76,715	1,383,087
Right-of-use lease asset	-	-	450,849	-	450,849
Prepaid expenses	511,486	-	-	-	511,486
<b>Total assets</b>	<b>\$ 33,285,557</b>	<b>\$ 10,758,393</b>	<b>\$ 544,141</b>	<b>\$ 4,101,258</b>	<b>\$ 48,689,349</b>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,138,274	\$ -	\$ -	\$ -	\$ 1,138,274
Right-of-use lease liability	-	-	477,120	-	477,120
<b>Total liabilities</b>	<b>1,138,274</b>	<b>-</b>	<b>477,120</b>	<b>-</b>	<b>1,615,394</b>
<b>Fund balances:</b>					
Nonspendable	511,486	-	-	-	511,486
Restricted	3,878,819	10,758,393	67,021	4,101,258	18,805,491
Committed	-	-	-	-	-
Unassigned	27,756,978	-	-	-	27,756,978
<b>Total fund balance</b>	<b>32,147,283</b>	<b>10,758,393</b>	<b>67,021</b>	<b>4,101,258</b>	<b>47,073,955</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,285,557</b>	<b>\$ 10,758,393</b>	<b>\$ 544,141</b>	<b>\$ 4,101,258</b>	<b>\$ 48,689,349</b>

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

Total governmental fund balance	\$ 47,073,955
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	35,817,444
Bonds, deferred inflows/outflows, and other long-term liabilities are not due and payable in the current period and are not reported in the funds	(74,707,106)
<b>Net position</b>	<b>\$ 8,184,293</b>

See Independent Auditors' Report and Notes to the Financial Statements.

**THE CITY OF LEEDS, ALABAMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	GENERAL FUND	DEBT SERVICE	REDEVELOPMENT AUTHORITY	NONMAJOR GOVT. FUNDS	TOTAL GOVT. FUNDS
<b>Revenues:</b>					
Taxes	\$ 17,102,504	\$ 2,291,566	\$ -	\$ -	\$ 19,394,070
Licenses and permits	3,951,849	-	-	-	3,951,849
Intergovernmental	2,805,013	-	-	958,596	3,763,609
Charges for services	538,105	-	-	-	538,105
Fines and forfeitures	917,984	-	-	-	917,984
Interest	874,744	225,477	-	72,173	1,172,394
Other	407,331	15,255	-	-	422,586
Total revenues	<u>26,597,530</u>	<u>2,532,298</u>	<u>-</u>	<u>1,030,769</u>	<u>30,160,597</u>
<b>Expenditures:</b>					
Current operations:					
General government	6,140,295	61,079	-	87	6,201,461
Public safety:					
Fire and rescue	4,053,899	-	-	-	4,053,899
Police and court	4,744,794	-	-	-	4,744,794
Streets and sanitation	1,970,956	-	-	-	1,970,956
Parks and recreation	72,989	-	-	-	72,989
Library	558,787	-	-	-	558,787
Redevelopment expenses	595,738	-	99,704	-	695,442
Total current operations	<u>18,137,458</u>	<u>61,079</u>	<u>99,704</u>	<u>87</u>	<u>18,298,328</u>
Capital outlays	2,112,753	-	-	-	2,112,753
Debt service:					
Principal	-	4,646,725	-	-	4,646,725
Interest and fiscal charges	-	1,560,286	-	-	1,560,286
Total expenditures	<u>20,250,211</u>	<u>6,268,090</u>	<u>99,704</u>	<u>87</u>	<u>26,618,092</u>
Revenues over / (under) expenditures	6,347,319	(3,735,792)	(99,704)	1,030,682	3,542,505
<b>Other financing sources / (uses):</b>					
Interfund transfers in	-	6,500,000	85,000	-	6,585,000
Interfund transfers out	(6,585,000)	-	-	-	(6,585,000)
Transfers to component unit	-	(3,050,743)	-	-	(3,050,743)
Total other financing sources / (uses)	<u>(6,585,000)</u>	<u>3,449,257</u>	<u>85,000</u>	<u>-</u>	<u>(3,050,743)</u>
Net change in fund balance	(237,681)	(286,535)	(14,704)	1,030,682	491,762
Fund balances, beginning	32,384,964	11,044,928	81,725	3,070,576	46,582,193
Fund balances, ending	<u>\$ 32,147,283</u>	<u>\$ 10,758,393</u>	<u>\$ 67,021</u>	<u>\$ 4,101,258</u>	<u>\$ 47,073,955</u>

See Independent Auditors' Report and Notes to the Financial Statements.

**THE CITY OF LEEDS, ALABAMA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net change in Fund Balances - Total Governmental Funds	\$	491,762
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset disposals, and related depreciation, exceeded capital asset additions in the current period.		439,017
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		4,646,724
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore; are not reported as expenditures in governmental funds.		<u>(803,344)</u>
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Change in net position of governmental activities	\$	<u><u>4,774,159</u></u>
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**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The financial statements of the City of Leeds, Alabama (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

**Reporting Entity**

The City of Leeds, Alabama was incorporated in 1887 under the laws of Alabama and is governed by an elected Mayor and City Council. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are in substance, part of the government's operations and so, data from these entities are combined with data from the City. Discretely presented component units are reported in a separate column of the financial statements to emphasize they are legally separate from the City and have the potential to impose a financial benefit or burden to the City.

Blended Component Units: There are two blended component units of the City of Leeds, Alabama: the Leeds Commercial Development Authority (CDA) and the Leeds Redevelopment Authority (RDA). The financial information of the CDA and RDA have been blended with that of the City because they provide services entirely for the City.

Leeds Commercial Development Authority - The Leeds Commercial Development Authority was formed for the purpose of promoting commercial development in the City. The members of the CDA are appointed by the Leeds City Council. The CDA is presented as a governmental fund. Separate financial statements are not issued by the CDA. The City of Leeds, Alabama is responsible for the operations of the CDA.

Leeds Redevelopment Authority - The Leeds Redevelopment Authority was formed for the purpose of promoting and fostering redevelopment of a defined portion of the City. The members of the RDA are appointed by the Leeds Mayor. The RDA is presented as a governmental fund. Separate financial statements are not issued by the RDA. The City of Leeds, Alabama is responsible for the operations of the RDA.

Discretely Presented Component Unit - There is one discretely presented component unit of the City of Leeds, Alabama, the Leeds Public Education Building Authority (PEBA).

Leeds Public Education Building Authority - The PEBA was formed for the purpose of managing the assets and revenue bonds used to build new schools for the City of Leeds Board of Education (Leeds BOE). The members of the board of directors of PEBA are appointed by the City of Leeds and a portion of the debt service on the 2008 Education Facilities Revenue Bonds is to be repaid by PEBA with certain pledged tax revenues it receives from the City of Leeds. The 2008 Education Facilities Revenue Bonds have been refunded and the terms of the agreement apply to the new bond issue. The City's obligation is limited to providing a portion of the City's supplemental sales and use tax revenues (with a general rate of one cent) and occupational tax (with a rate of one percent) to PEBA as a credit against the lease payments required to be paid to PEBA by the Leeds BOE. The lease payments required to be paid to PEBA by the Leeds BOE are equal to the debt service each year on the 2008 Educational Facilities Revenue Bonds. Leeds BOE is required to pay the difference in lease payments if the City's pledged tax revenues are not sufficient to cover the debt service on those bonds.

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Government-Wide Financial Statements**

Financial reporting requirements include a Management's Discussion and Analysis, basic financial statements consisting of government-wide and fund financial statements, required supplemental information, and other supplemental information. The City has elected not to present the Management's Discussion and Analysis.

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide Statement of Net Position is presented on a consolidated basis which includes all funds and blended component units and on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net costs by functional category that are being supported by general revenues, primarily taxes. The Statement of Activities reduces gross expenses by directly related program revenues. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported as general revenues. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are budgeted and presented on the *current financial resource measurement focus* and the *modified accrual* basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile them.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

All of the City's funds fall under the broad classification of governmental funds. Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The following is a description of the major governmental funds of the City:

General Fund - The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - Accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

Redevelopment Authority - Fund dedicated to redevelopment of the City of Leeds. Primary activity of this fund is for capital projects.

Non-major funds are aggregated and presented in a single column. The City's non-major funds are comprised of special revenue funds and blended component units. Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Property Tax Calendar**

All ad valorem (real property) taxes levied by municipalities in Jefferson County, St. Clair County and Shelby County are assessed by their respective County Tax Assessor and collected by their respective County Tax Collector. Property values are assessed, and property taxes attach as an enforceable lien on property as of October 1 of each fiscal year. The property taxes are due and payable on October 1 of the subsequent fiscal year and are delinquent after January 1.

**Cash and Cash Equivalent**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a duration of one year or less from the date of acquisition. Restricted cash represents amounts that have been placed into escrow for payment of bond principal and interest as it becomes due and amounts in special revenue accounts that are restricted by the revenue source.

**Receivables**

Receivables are reported net of an allowance for uncollectibles, which is based upon collection experience.

**Prepaid Items**

Payments to vendors for services that will benefit periods beyond year end are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**THE CITY OF LEEDS, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Fund accounting reports capital outlays as expenditures and does not recognize capital assets and depreciation. Under the government-wide, accrual basis of reporting, general capital assets are long-lived assets of the City as a whole. When purchased, such assets are capitalized subject to a \$5,000 capitalization threshold. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements - 15 to 60 years; improvements and infrastructure - 5 to 60 years; equipment - 5 to 15 years.

**Bond Premium**

On government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are shown as additional long-term liabilities on the Statement of Net Position.

On the governmental fund financial statements, bond premiums are recognized in the year the bonds are issued.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources, which represent a consumption of net position that applies to a future period and therefore, will not be recognized as an outflow of resources (expense) until then. The City currently has three types of items that qualify for reporting in this category; the deferred loss on refunding debt, differences between expected and actual pension service costs and deferred pension expense. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the lesser of the life of the refunded or refunding debt. The differences between expected and actual pension service costs occur when actuarially projected amounts differ from actual results. These differences are amortized over 5 to 10.5 years. Deferred pension expense results from contributions made after the liability measurement date. These contributions will be incorporated in the actuarial calculations of the next measurement date.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources, which represent an acquisition of net position that applies to a future period and as such, will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows for differences in expected and actual pension experience that are being amortized over 7 years and differences in projected and actual pension investment earnings that are being amortized over 5 to 10.5 years.

**Long-Term Obligations**

The government-wide financial statements present long-term debt and other long-term obligations as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

**THE CITY OF LEEDS, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Long-Term Obligations - continued**

In fund financial statements, bond premiums, discounts and issuance costs are recognized in the current period. The face amount of debt issued is reported as other financing sources, while premiums and discounts are reported as other financial sources and uses, respectively. Issuance costs are reported as debt service expenditures.

**Net Position and Fund Balance**

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt associated with the acquisition, construction, or improvement of these assets reduces this category.

Restricted Net Position - This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted - This category represents the net position of the City that is not restricted for any project or other purpose by third parties.

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which a City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Non-Spendable Fund Balance - Amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by an Ordinance, the City's highest level of decision-making authority (the City Council). The City Council must adopt an ordinance to modify or rescind committed fund balances.

Assigned Fund Balance - Amounts that are constrained by the City's expressed intent to use resources for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has the authority to assign amounts intended to be used for specific purposes.

Unassigned Fund Balance - All amounts not included in other spendable classifications. As of September 30, 2024, all funds report a positive ending fund balance amount.

**Compensated Absences**

The City accrues unused portions of vacation pay in the period the fund liability is incurred. The vesting method is used to accrue sick leave liability. The liability is based on the sick leave accumulated at year-end by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments.

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Pension Plan**

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

**Use of Estimates**

In preparing these financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Valuation of Investments**

The City records investments at fair value. Assets or liabilities recorded at fair value are classified according to a hierarchical disclosure framework for measuring fair value based upon the observability of inputs to the valuation of the asset or liability as of the measurement date. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The City's investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

- *Level 1:* Unadjusted quoted prices in active markets that are accessible by the City at the measurement date for identical assets or liabilities.
- *Level 2:* Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security.
- *Level 3:* Pricing inputs are unobservable for the asset or liability, that is, inputs that reflect the City's own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes private investments supported by little or no market activity.

Investment income includes dividend income, interest income, and realized gains and losses on investments, if any, and the net change for the year in the fair value of investments carried at fair value.

**NOTE 2 - DISCRETELY PRESENTED COMPONENT UNIT**

The Public Education Building Authority (PEBA) is included in the government-wide financial statements as a discretely presented component unit. The PEBA is comprised of a single fund and does not issue its own financial statements. The financial statements are presented on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The policies and disclosures related to the PEBA that are significant to the City of Leeds are summarized as follows:

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 2 - DISCRETELY PRESENTED COMPONENT UNIT - Continued**

**Nature of Operations**

The PEBA was formed for the purpose of managing the assets and revenue bonds used to build new schools for the Leeds Board of Education (BOE). The members of the board of directors of PEBA are appointed by the City of Leeds and a portion of the debt service on the 2008 Educational Facilities Revenue Bonds is to be repaid by PEBA with certain pledged tax revenues it receives from the City of Leeds. The 2008 Educational Facilities Revenue Bonds were refunded and the same terms apply to the new bond issue. The City's obligation is limited to providing a portion of the City's supplemental sales and use tax revenues and occupational tax both with tax rate of one cent to PEBA as a credit against the lease payments required to be paid to PEBA by the BOE. The lease payments required to be paid to PEBA by the BOE are equal to the debt service each year on the 2008 Educational Facilities Revenue Bonds. The BOE is required to pay the difference in lease payments if the City's pledged tax revenues are not sufficient to cover the debt service on the bonds.

**Restricted Cash and Cash Equivalents**

Restricted assets include cash and cash equivalents restricted for debt service. The PEBA had \$678,832 on deposit with the trustee at September 30, 2024.

**Accrued Interest**

Accrued expenses at September 30, 2024 includes accrued interest which totaled \$802,548.

**Bonds Payable**

The PEBA has three outstanding bond issues, Series 2015, Series 2016, and Series 2017. The 2015 Series bears interest from 1.65% to 4% and will mature April 1, 2032. The principal amount outstanding at September 30, 2024 totaled \$8,585,000. The 2016 Series bears interest ranging from 1.75% to 4.00% and will mature April 1, 2035. The principal amount outstanding at September 30, 2024 totaled \$6,630,000. The 2017 Series bears interest ranging from 2.13% to 5.00% and will mature April 1, 2038. The principal amount outstanding at September 30, 2024 totaled \$17,345,000. Bonds payable are presented net of the bond discounts and bond discount accumulated amortization. As of September 30, 2024, the bond discount, net of accumulated amortization, totaled \$1,255,968.

**Net Position**

Net position is accounted for by the PEBA in the same manner as it is accounted for the City.

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Balance Sheet - Governmental Funds includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "bonds and other long-term liabilities are not due and payable in the current period and are not reported in the funds." The details of that difference are as follows:

Bonds and notes payable	\$ (66,652,500)
Unamortized loss on refunding	338,022
Deferred inflows and outflows related to pension	2,948,249
Accrued interest payable	(802,548)
Compensated absences	(860,937)
Pension liability	<u>(9,677,392)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (74,707,106)</u>

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances include a reconciliation between changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of that difference are as follows:

Capital outlays	\$ 2,112,753
Capital disposals	(5,333)
Net depreciation	<u>(1,668,403)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 439,017</u>

**NOTE 4 - CASH DEPOSITS AND INVESTMENTS**

The City does not have a formal, written investment policy; however, state law limits the kinds of investments that Alabama municipalities can make to: (1) accounts and certificates of deposits with banks or savings associations that are qualified public depositories; (2) direct obligations of the U.S. Department of the Treasury and certain federal agencies (collectively referred in this note as "USTO"); (3) certain qualified obligations of any state and their agencies; and (4) common trust funds, collective investment funds maintained by qualified institutions, or any registered mutual funds, all of which must hold a prescribed amount of obligations meeting the requirements of 1-3 above.

**Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 4 - CASH DEPOSITS AND INVESTMENTS - Continued**

As of September 30, 2024, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
U.S. Treasuries	\$ 4,743,964	\$ 2,265,717	\$ 2,478,247	\$ -
Money Market and Cash	537,990	537,990	-	-
	<u>\$ 5,281,954</u>	<u>\$ 2,803,707</u>	<u>\$ 2,478,247</u>	<u>\$ -</u>

**Custodial Credit Risk - Deposits**

The City has a policy that all of its deposits be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE program, which was the case for all bank deposits as of September 30, 2024. The SAFE program is administered by the State Treasurer according to State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law. Since all of the City's deposits are covered by the SAFE program, its deposits are not subject to custodial credit risk.

**NOTE 5 - RECEIVABLES**

Receivables consist of the following as of September 30, 2024:

	<u>ENTITY WIDE</u>	<u>GENERAL FUND</u>	<u>DEBT SERVICE</u>	<u>REDEVELOPMENT AUTHORITY</u>	<u>NONMAJOR GOVT. FUNDS</u>	<u>COMP. UNIT</u>
Taxes	\$ 1,361,231	\$ 1,284,516	\$ -	\$ -	\$ 76,715	\$ -
Other	21,856	21,856	-	-	-	-
	<u>1,383,087</u>	<u>1,306,372</u>	<u>-</u>	<u>-</u>	<u>76,715</u>	<u>-</u>
Less allowance for uncollectibles	-	-	-	-	-	-
	<u>\$ 1,383,087</u>	<u>\$ 1,306,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,715</u>	<u>\$ -</u>

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 6 - INTERFUND TRANSFERS**

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due. The composition of interfund balances as of September 30, 2024, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Debt Service Fund	General Fund	\$ 6,500,000
Redevelopment Authority	General Fund	<u>85,000</u>
		<u>\$ 6,585,000</u>
 <b><u>Transfers to Component Unit</u></b>		
Public Education Building Authority (PEBA)	Debt Service Fund	<u>\$ 3,050,743</u>
		<u>\$ 3,050,743</u>

**NOTE 7 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended September 30, 2024 was as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ENDING BALANCE</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Not being depreciated:				
Land	\$ 11,442,161	\$ -	\$ -	\$ 11,442,161
	<u>11,442,161</u>	<u>-</u>	<u>-</u>	<u>11,442,161</u>
Other capital assets:				
Buildings and improvements	8,472,575	242,496	-	8,715,071
Equipment, technology, and rolling equipment	6,329,797	1,008,595	-	7,338,392
Roads, sidewalks, bridges and drainage structures	22,926,034	724,750	-	23,650,784
Vehicles	4,811,157	136,912	(5,333)	4,942,736
	<u>42,539,563</u>	<u>2,112,753</u>	<u>(5,333)</u>	<u>44,646,983</u>
Accumulated depreciation:				
Buildings and improvements	(2,384,270)	(591,767)	5,333	(2,970,704)
Equipment, technology, and rolling equipment	(3,830,969)	(391,696)	-	(4,222,665)
Roads, sidewalks, bridges and drainage structures	(10,003,810)	(492,911)	-	(10,496,721)
Vehicles	(2,384,248)	(197,362)	-	(2,581,610)
	<u>(18,603,297)</u>	<u>(1,673,736)</u>	<u>5,333</u>	<u>(20,271,700)</u>
Net other capital assets	<u>23,936,266</u>	<u>439,017</u>	<u>-</u>	<u>24,375,283</u>
Net capital assets	<u>\$ 35,378,427</u>	<u>\$ 439,017</u>	<u>\$ -</u>	<u>\$ 35,817,444</u>

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 7 - CAPITAL ASSETS AND DEPRECIATION - Continued**

**COMPONENT UNIT:**

Not being depreciated:

Land	\$ 2,459,408	\$ -	\$ -	\$ 2,459,408
	<u>2,459,408</u>	<u>-</u>	<u>-</u>	<u>2,459,408</u>
Other capital assets:				
Buildings and improvements	32,699,982	-	-	32,699,982
Furniture and equipment	2,795,467	-	-	2,795,467
Streets, sidewalks and infrastructure	1,743,452	-	-	1,743,452
	<u>37,238,901</u>	<u>-</u>	<u>-</u>	<u>37,238,901</u>
Accumulated depreciation	<u>(10,948,082)</u>	<u>(744,891)</u>	<u>-</u>	<u>(11,692,973)</u>
Net other capital assets	<u>26,290,819</u>	<u>(744,891)</u>	<u>-</u>	<u>25,545,928</u>
Net capital assets	<u>\$ 28,750,227</u>	<u>\$ (744,891)</u>	<u>\$ -</u>	<u>\$ 28,005,336</u>

Depreciation was charged to functions as follows:

	<b>CITY</b>
Streets and sanitation	\$ 39,253
Parks and recreation	160,350
Public safety	826,593
Administrative services	<u>647,540</u>
	<u>\$ 1,673,736</u>
Component unit	<u>\$ 744,891</u>

**NOTE 8 - ECONOMIC DEPENDENCY**

Sales and use tax revenue accounted for 62 percent of total governmental fund-type revenues for the year ended September 30, 2024.

**NOTE 9 - RISK MANAGEMENT**

The City maintains commercial insurance policies to mitigate the risk of significant losses. Management believes the amount of insurance maintained to be adequate. There have been no significant reductions in insurance coverage. Insurance settlements have not exceeded insurance coverage for the current year or the three prior years.

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 10 - BONDS, NOTES AND OTHER LONG-TERM LIABILITIES**

General Obligation Warrants

The City issues general obligation (“G.O.”) warrants, which are a direct obligation and pledge of the full faith and credit of the City, for the acquisition and construction of major capital facilities or to refund other G.O. warrants.

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

Description	Interest Rate	Balance 9/30/2023	Issued	Retired	Balance 9/30/2024	Amounts Due Within One Year
General Obligation Warrants:						
2017 Series	2.0 - 3.8	\$ 12,480,000	\$ -	\$ 445,000	\$ 12,035,000	\$ 465,000
2017 A Series	2.0 - 3.8	275,000	-	275,000	-	-
2017 B Series	2.0 - 3.8	275,000	-	135,000	140,000	140,000
2020A Series	1.63 - 3.09	3,990,000	-	-	3,990,000	-
2020B Series	1.63 - 3.07	46,470,000	-	365,000	46,105,000	370,000
2020C Series	3.275	2,476,724	-	2,476,724	-	-
2021A Series	1.06 - 2.36	2,195,000	-	20,000	2,175,000	25,000
2021B Series	.31 - 2.36	9,155,000	-	930,000	8,225,000	1,215,000
<b>Total General Obligation Warrants</b>		<u>\$ 77,316,724</u>	<u>\$ -</u>	<u>\$ 4,646,724</u>	\$ 72,670,000	<u>\$ 2,215,000</u>

Less:						
Funding agreements from Leeds Board of Education for Series 2017					(6,017,500)	
Unamortized discounts					<u>(338,022)</u>	
Net general obligation warrants payable					<u>\$ 66,314,478</u>	

**Component Unit**

Description	Interest Rate	Balance 9/30/2023	Issued	Retired	Balance 9/30/2024	Amounts Due Within One Year
Series 2015						
Revenue Bonds dated December 8, 2015 due in semi-annual payments on April 1 and October 1 through April 1, 2032 Principal due annually on April 1	1.65 - 4.0	\$ 8,655,000	\$ -	\$ 70,000	\$ 8,585,000	75,000
Series 2016						
Revenue Bonds dated March 15, 2016 due in semi-annual payments on April 1 and October 1 through April 1, 2035 Principal due annually on April 1	1.75 - 4.0	\$ 6,680,000	-	50,000	\$ 6,630,000	50,000
Series 2017						
Revenue Bonds dated March 15, 2017 due in semi-annual payments on April 1 and October 1 through April 1, 2038 Principal due annually on April 1	2.13 - 5.0	\$ 18,880,000	-	1,535,000	\$ 17,345,000	1,610,000
<b>Total long-term liabilities</b>		<u>\$ 34,215,000</u>	<u>\$ -</u>	<u>\$ 1,655,000</u>	\$ 32,560,000	<u>\$ 1,735,000</u>

Less:						
Unamortized discounts					(1,255,968)	
Net general obligation warrants payable					<u>\$ 31,304,032</u>	

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 10 - BONDS, NOTES AND OTHER LONG-TERM LIABILITIES - Continued**

Funding Agreement

The City issued the Series 2013 and 2014 General Obligation School Warrants while simultaneously entering into a funding agreement with the Leeds Board of Education (BOE). The funding agreement sets forth that the BOE agrees to pay the City such amounts as shall be required so that for each calendar year during the term, the City's net debt service payments will equal the lesser of 50% of all principal and interest maturities on the warrants or \$450,000. The Series 2013 and 2014 General Obligation School Warrants were refunded through the issuance of the Series 2017 General Obligation School Warrants in October 2017. The funding agreement transferred to the new Series 2017 General Obligation School Warrants with the same terms.

Source of Repayment of Long-Term Liabilities

The City's long-term debt is generally repaid from the Debt Service fund with resources provided by the General Fund. Compensated absences are generally paid with General Fund resources since most of the activities affecting the liability occur within General Fund departments.

Principal maturities of G.O. warrants and notes payable are as follows for the fiscal years ended:

<u>September 30,</u>	<u>CITY</u>		<u>COMPONENT UNIT</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	2,215,000	1,926,116	1,735,000	1,357,633
2026	2,230,000	1,897,282	1,825,000	1,274,070
2027	2,260,000	1,866,431	1,905,000	1,186,158
2028	2,305,000	1,831,187	2,000,000	1,094,083
2029	2,330,000	1,797,842	2,085,000	997,258
2030-2034	12,465,000	6,182,335	11,765,000	3,682,053
2035-2039	14,645,000	6,487,524	11,245,000	1,144,880
2040-2044	17,815,000	4,039,027	-	-
2045-2049	16,405,000	1,170,024	-	-
	<u>\$ 72,670,000</u>	<u>\$ 27,197,768</u>	<u>\$ 32,560,000</u>	<u>\$ 10,736,135</u>

**NOTE 11 - LEASE OBLIGATIONS**

The City leases certain parking lots under noncancelable operating lease agreements. Lease expense paid during the year ended September 30, 2024 totaled \$38,517.

Lease payable in 240 installments of \$3,210; maturing May 2038. An incremental borrowing rate of 2.36% was used in calculating net present value of future cash flows.

Future lease payments are as follows:

2025	\$	38,520
2026		38,520
2027		38,520
2028		38,520
2029		38,520
2030-2034		192,600
2035-2039		179,710
	<u>\$</u>	<u>564,910</u>

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 11 - LEASE OBLIGATIONS - Continued**

Operating Leases:

Future lease payments	\$	564,910
Less: discounted cash flows of future lease payments in calculating present value		114,061
Present value of future lease payments:	\$	450,849
 Operating lease right-of-use-assets	 \$	 450,849
 Operating lease liability - current portion	 \$	 27,553
Operating lease liability - noncurrent portion		449,567
Total operating lease liabilities:	\$	477,120

The right of use lease asset and lease liability balances decrease over the life of the lease as follows:

	ROU Asset	ROU Liability	
2025	\$ 30,740	\$ 27,553	
2026	30,740	28,211	
2027	30,740	28,884	
2028	30,740	29,573	
2029	30,740	30,278	
2030-2034	153,700	162,578	
2035-2039	143,449	170,043	
	\$ 450,849	\$ 477,120	

**NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES**

The City is involved in various lawsuits at September 30, 2024, substantially all of which will be covered by insurance in the event of a settlement or judgement against the City.

The City, in order to foster economic growth, has entered into the following agreements: The City has entered into tax abatement agreements with local businesses under the Tax Incentive Reform Act of 1992 to promote economic development. Under the Act, cities, counties and public industrial authorities have the ability to abate sales and use taxes and property taxes for various time periods depending on the type of business. The total amount rebated under these agreements for the year ended September 30, 2024 was \$1,705,201. The balances remaining to be paid under these agreements as of September 30, 2024 cannot be determined since the total to be paid is dependent upon future sales tax, rental tax and business license revenue from each development.

**THE CITY OF LEEDS, ALABAMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 13 - PENSION PLAN**

**Plan Description** - The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

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

- The Governor, ex officio.
- The State Treasurer, ex officio.
- The State Personnel Director, ex officio.
- The State Director of Finance, ex officio.
- 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.
- Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
  - 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.
  - Two vested active state employees.
  - One full time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - One full time employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - One full time employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

**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. 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 are allowed 2.0125% of their average final compensation for each year of service.

Tier 1 employees who retire after age 60 with 10 or more years 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, Tier 1 retirees are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 13 - PENSION PLAN - Continued**

Tier 2 employees 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 retirees 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 September 30 are paid to the beneficiary.

As of September 30, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	55
Vested inactive members	6
Non-vested inactive members	40
Active members	92
Post-DROP participants who are still in active service	-
Total	193

**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 were 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. Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation. Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The City's contractually required contribution rate for the year ended September 30, 2024 was 16.00% of pensionable pay for Tier 1 employees, and 14.23% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, a percent of annual pensionable payroll, and an actuarially determined amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$883,979 for the year ended September 30, 2024.

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 13 - PENSION PLAN - Continued**

**Net Pension Liability**

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

	<u>Expected</u>	<u>Actual Before Plan Changes</u>	<u>Actual After Plan Changes</u>
(a) Total Pension Liability as of September 30, 2022	\$ 20,072,506	\$ 21,390,009	\$ 21,390,009
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 - September 30, 2023	582,797	582,797	582,797
(d) Transfers Among Employers:	-	169,774	169,774
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 - September 30, 2023	<u>(1,377,251)</u>	<u>(1,377,251)</u>	<u>(1,377,251)</u>
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 20,722,151</u>	<u>\$ 22,307,583</u>	<u>\$ 22,307,583</u>
(g) Difference between Expected and Actual		\$ 1,585,432	
(h) Less Liability Transferred for Immediate Recognition		<u>169,774</u>	
(i) Difference between Expected and Actual - Experience (Gain)/Loss = (g) - (h)		<u>\$ 1,415,658</u>	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain)/Loss			<u>\$ -</u>

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

Inflation	2.50%
Salary increases	3.25% - 6.00%
Investment rate of return*	7.45%

\*Net of pension plan investment expense

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

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 13 - 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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	15.00%	2.80%
US Large Stocks	32.00%	8.00%
US Mid Stocks	9.00%	10.00%
US Small Stocks	4.00%	11.00%
Int'l Developed Market Stocks	12.00%	9.50%
Int'l Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	<u>100.00%</u>	

**Discount rate.** The discount rate used to measure the total pension liability at September 30, 2023 was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and a municipal bond rate was not used in determining the discount rate.

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 13 - PENSION PLAN - Continued**

**Changes in Net Pension Liability:**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Balances at September 30, 2022</b>	\$ 20,072,506	\$ 11,256,542	\$ 8,815,964
Changes for the year:			
Service cost	582,797	-	582,797
Interest	1,444,099	-	1,444,099
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,415,658	-	1,415,658
Contributions - employer	-	731,672	(731,672)
Contributions - employee	-	393,430	(393,430)
Net investment income	-	1,456,024	(1,456,024)
Benefit payments, including refunds of employee contributions	(1,377,251)	(1,377,251)	-
Administrative expense	-	-	-
Transfers among employers	169,774	169,774	-
Net changes	<u>2,235,077</u>	<u>1,373,649</u>	<u>861,428</u>
<b>Balances at September 30, 2023</b>	<u>\$ 22,307,583</u>	<u>\$ 12,630,191</u>	<u>\$ 9,677,392</u>

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

	<b>1% Decrease (6.45%)</b>	<b>Current Discount Rate (7.45%)</b>	<b>1% Increase (8.45%)</b>
Plan's Net Pension Liability (Asset)	\$ 12,380,647	\$ 9,677,392	\$ 7,454,413

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

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 13 - PENSION PLAN - Continued**

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

For the year ended September 30, 2024, the City recognized pension expense of \$1,454,845. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,361,311	\$ 189,551
Changes of assumptions	394,734	-
Net difference between projected and actual earnings on plan investments	497,776	-
Employer contributions subsequent to the Measurement Date	883,979	-
Total	\$ 3,137,800	\$ 189,551

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

Amortization of Deferred Inflows / Outflows:

Year ended September 30,

2025	\$ 1,359,477
2026	541,778
2027	815,262
2028	151,599
2029	80,133
Thereafter	-
	\$ 2,948,249

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 14 - FUTURE ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Statement No. 101, *Compensated Absences*, that will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective will be achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

**NOTE 15 - SUBSEQUENT EVENTS**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through May 5, 2025, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**THE CITY OF LEEDS, ALABAMA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - RETIREMENT SYSTEMS OF ALABAMA**  
**FOR THE YEAR ENDED SEPTEMBER 30,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>										
Service cost	\$ 582,797	\$ 465,241	\$ 424,445	\$ 342,404	\$ 375,585	\$ 348,488	\$ 399,675	\$ 367,882	\$ 358,605	\$ 381,946
Interest	1,444,099	1,373,338	1,294,750	1,290,503	1,289,420	1,306,503	1,287,757	1,234,560	1,185,534	1,156,691
Changes of benefit terms	-	6,834	-	315,103	-	-	-	-	-	-
Differences between expected and actual experience	1,415,658	223,345	162,216	(532,417)		(473,971)	(25,982)	224,420	330,754	-
Changes of assumptions	-	-	833,345	-	(59,956)	86,107	-	692,767	-	-
Benefit payments, including refunds of employee contributions	(1,377,251)	(1,395,970)	(1,293,180)	(1,359,241)	(1,468,161)	(1,338,653)	(1,353,226)	(1,330,876)	(1,193,260)	(1,162,956)
Transfers among employers	169,774	267,665	248,950	(34,231)	(177,274)	23,887	(73,621)	6,641	-	-
<b>Net change in total pension liability</b>	<b>2,235,077</b>	<b>940,453</b>	<b>1,670,526</b>	<b>22,121</b>	<b>(40,386)</b>	<b>(47,639)</b>	<b>234,603</b>	<b>1,195,394</b>	<b>681,633</b>	<b>375,681</b>
<b>Total pension liability - beginning</b>	<b>20,072,506</b>	<b>19,132,053</b>	<b>17,461,527</b>	<b>17,439,406</b>	<b>17,479,792</b>	<b>17,527,431</b>	<b>17,292,828</b>	<b>16,097,434</b>	<b>15,415,801</b>	<b>15,040,120</b>
<b>Total pension liability - ending (a)</b>	<b>\$22,307,583</b>	<b>\$20,072,506</b>	<b>\$19,132,053</b>	<b>\$17,461,527</b>	<b>\$17,439,406</b>	<b>\$17,479,792</b>	<b>\$17,527,431</b>	<b>\$17,292,828</b>	<b>\$16,097,434</b>	<b>\$ 15,415,801</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 731,672	\$ 744,044	\$ 626,477	\$ 523,802	\$ 477,559	\$ 461,968	\$ 482,623	\$ 486,514	\$ 468,873	\$ 439,609
Contributions - member	393,430	376,598	352,054	263,152	245,917	239,059	237,767	249,717	230,745	237,993
Net investment income	1,456,024	(1,651,259)	2,352,881	590,892	278,013	982,163	1,279,525	983,470	120,289	1,151,891
Benefit payments, including refunds of employee contributions	(1,377,251)	(1,395,970)	(1,293,180)	(1,359,241)	(1,468,161)	(1,338,653)	(1,353,226)	(1,330,876)	(1,193,260)	(1,162,956)
Transfers among employers	169,774	267,665	248,950	(34,231)	(177,274)	23,887	(73,621)	6,641	(123,502)	(123,408)
<b>Net change in plan fiduciary net position</b>	<b>1,373,649</b>	<b>(1,658,922)</b>	<b>2,287,182</b>	<b>(15,626)</b>	<b>(643,946)</b>	<b>368,424</b>	<b>573,068</b>	<b>395,466</b>	<b>(496,855)</b>	<b>543,129</b>
<b>Plan net position - beginning</b>	<b>11,256,542</b>	<b>12,915,464</b>	<b>10,628,282</b>	<b>10,643,908</b>	<b>11,287,854</b>	<b>10,919,430</b>	<b>10,346,362</b>	<b>9,950,896</b>	<b>10,447,751</b>	<b>9,904,622</b>
<b>Plan net position - ending (b)</b>	<b>\$12,630,191</b>	<b>\$11,256,542</b>	<b>\$12,915,464</b>	<b>\$10,628,282</b>	<b>\$10,643,908</b>	<b>\$11,287,854</b>	<b>\$10,919,430</b>	<b>\$10,346,362</b>	<b>\$ 9,950,896</b>	<b>\$ 10,447,751</b>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 9,677,392</b>	<b>\$ 8,815,964</b>	<b>\$ 6,216,589</b>	<b>\$ 6,833,245</b>	<b>\$ 6,795,498</b>	<b>\$ 6,191,938</b>	<b>\$ 6,608,001</b>	<b>\$ 6,946,466</b>	<b>\$ 6,146,538</b>	<b>\$ 4,968,050</b>
Plan fiduciary net position as a percentage of the total pension liability	56.62%	56.08%	67.51%	60.87%	61.03%	64.58%	62.30%	59.83%	61.82%	67.77%
Covered-employee payroll	\$ 5,911,211	\$ 5,604,593	\$ 5,146,765	\$ 4,019,877	\$ 3,995,600	\$ 3,916,606	\$ 3,973,863	\$ 4,227,319	\$ 4,128,559	\$ 4,076,199
Net pension liability (asset) as a percentage of covered-employee payroll	163.71%	157.30%	120.79%	169.99%	170.07%	158.09%	166.29%	164.32%	148.88%	121.88%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**THE CITY OF LEEDS, ALABAMA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - RETIREMENT SYSTEMS OF ALABAMA**  
**FOR THE YEAR ENDED SEPTEMBER 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 883,979	\$ 730,402	\$ 697,387	\$ 644,405	\$ 539,454	\$ 477,559	\$ 454,896	\$ 482,623	\$ 512,265	\$ 572,958
Contribution in relation to the actuarially determined contribution	<u>883,979</u>	<u>730,402</u>	<u>697,387</u>	<u>644,405</u>	<u>539,454</u>	<u>477,559</u>	<u>454,896</u>	<u>482,623</u>	<u>512,265</u>	<u>572,958</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,747,532	\$ 5,911,211	\$ 5,604,593	\$ 5,146,765	\$ 4,019,877	\$ 3,995,600	\$ 3,916,606	\$ 3,973,863	\$ 4,227,319	\$ 4,128,559
Contributions as a percentage of covered-employee payroll	13.10%	12.36%	12.44%	12.52%	13.42%	11.95%	11.61%	12.14%	12.12%	13.88%

Actuarial cost method:	Entry Age
Amortization Method:	Level percent closed
Remaining amortization period:	25.2 years
Asset valuation method:	Five-year smoothed market
Inflation:	2.50%
Salary increases:	3.25 – 6.00%, including inflation
Investment rate of return:	7.45%, net of pension plan investment expense, including inflation

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**THE CITY OF LEEDS, ALABAMA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>Revenues:</b>				
Taxes	\$ 17,710,860	\$ 17,710,860	\$ 17,102,504	\$ (608,356)
Licenses and permits	2,432,600	2,432,600	3,951,849	1,519,249
Intergovernmental	2,032,921	2,032,921	2,805,013	772,092
Charges for services	306,900	306,900	538,105	231,205
Fines and forfeitures	1,802,246	1,802,246	917,984	(884,262)
Interest	25,000	25,000	874,744	849,744
Other	206,265	206,265	407,331	201,066
Total revenues	<u>24,516,792</u>	<u>24,516,792</u>	<u>26,597,530</u>	<u>2,080,738</u>
<b>Expenditures:</b>				
Current operations:				
General government	7,838,248	7,838,248	6,140,295	1,697,953
Public safety:				
Fire and rescue	3,376,579	3,376,579	4,053,899	(677,320)
Police and court	3,987,023	3,987,023	4,744,794	(757,771)
Streets and sanitation	1,849,120	1,849,120	1,970,956	(121,836)
Parks and recreation	25,200	25,200	72,989	(47,789)
Library	413,076	413,076	558,787	(145,711)
Redevelopment expenses	1,174,570	1,174,570	595,738	578,832
Total current operations	<u>18,663,816</u>	<u>18,663,816</u>	<u>18,137,458</u>	<u>526,358</u>
Capital outlays	655,521	655,521	2,112,753	(1,457,232)
Debt service	-	-	-	-
Total expenditures	<u>19,319,337</u>	<u>19,319,337</u>	<u>20,250,211</u>	<u>(930,874)</u>
Revenues over / (under) expenditures	5,197,455	5,197,455	6,347,319	1,149,864
<b>Other financing sources / (uses):</b>				
Transfers to component unit	-	-	-	-
Interfund transfers out	(5,500,000)	(5,500,000)	(6,585,000)	(1,085,000)
Total other financing sources / (uses)	<u>(5,500,000)</u>	<u>(5,500,000)</u>	<u>(6,585,000)</u>	<u>(1,085,000)</u>
Net change in fund balance	<u>\$ (302,545)</u>	<u>\$ (302,545)</u>	(237,681)	<u>\$ 64,864</u>
Fund balances, beginning			<u>32,384,964</u>	
Fund balances, ending			<u>\$ 32,147,283</u>	

See notes to the required supplemental information.

**THE CITY OF LEEDS, ALABAMA  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 1 - COMPLIANCE AND ACCOUNTABILITY**

**Budget Requirements, Accounting, and Reporting**

**Requirements:**

A budget is adopted for the City's general fund. The budget is based on expected expenditures by program and estimated resources by source.

With the exception of construction in progress, appropriations lapse at the end of each fiscal year.

Appropriation control (City Council appropriated budget) is by department within a fund. The budget may be amended to transfer amounts between departments. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplemental information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual.

**SUPPLEMENTAL INFORMATION**

**THE CITY OF LEEDS, ALABAMA**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Commercial Development Authority	Special Revenue Funds		Total Nonmajor Governmental Funds
		State 4 Cent Gas Tax	State 7 Cent Gas Tax	
<b>Assets</b>				
Current assets				
Cash and cash equivalents - unrestricted	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents - restricted	63,134	1,079,763	2,881,646	\$ 4,024,543
Accounts receivable	-	31,266	45,449	76,715
<b>Total Assets</b>	<u>\$ 63,134</u>	<u>\$ 1,111,029</u>	<u>\$ 2,927,095</u>	<u>\$ 4,101,258</u>
<b>Liabilities and Fund Balance (deficit)</b>				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
<b>Fund Balance</b>				
Restricted for:				
Road maintenance and construction	-	1,111,029	-	1,111,029
Street and road maintenance	-	-	2,927,095	2,927,095
Commercial development	63,134	-	-	63,134
	<u>63,134</u>	<u>1,111,029</u>	<u>2,927,095</u>	<u>4,101,258</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 63,134</u>	<u>\$ 1,111,029</u>	<u>\$ 2,927,095</u>	<u>\$ 4,101,258</u>

**THE CITY OF LEEDS, ALABAMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**IN NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Commercial Development Authority	Special Revenue Funds		Total Nonmajor Governmental Funds
		State 4 Cent Gas Tax	State 7 Cent Gas Tax	
<b>Revenue</b>				
Intergovernmental	\$ -	\$ 374,362	\$ 584,234	\$ 958,596
Charges for services	-	-	-	-
Interest	316	-	71,857	72,173
	<u>316</u>	<u>374,362</u>	<u>656,091</u>	<u>1,030,769</u>
<b>Expenditures</b>				
General government	-	87	-	87
Redevelopment	-	-	-	-
	<u>-</u>	<u>87</u>	<u>-</u>	<u>87</u>
<b>Capital Outlay</b>				
<b>Other Financing Sources/(Uses)</b>				
Transfers In/(Out)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	316	374,275	656,091	1,030,682
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>62,818</u>	<u>736,754</u>	<u>2,271,004</u>	<u>3,070,576</u>
<b>Fund Balance (Deficit) - End of Year</b>	<u>\$ 63,134</u>	<u>\$ 1,111,029</u>	<u>\$ 2,927,095</u>	<u>\$ 4,101,258</u>