

**ALEXANDER CITY
BOARD OF EDUCATION**

**BASIC FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED SEPTEMBER 30, 2022

ALEXANDER CITY BOARD OF EDUCATION
ALEXANDER CITY, ALABAMA

YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	1
 <u>BASIC FINANCIAL STATEMENTS:</u>	
Statement of Net Position	5
Statement of Activities	6
Balance Sheet - Governmental Funds	7
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position	14
Index - Notes to the Financial Statements	15
Notes to the Financial Statements	16
 <u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Schedule of Board's Proportionate Share of the Net Pension Liability	57
Schedule of Board's Contributions - Teachers' Retirement System of Alabama	59
Schedule of Board's Proportionate Share of the Net OPEB Liability	61
Schedule of Board's Contributions - Alabama Retired Education Employees' Health Care Trust	63
Notes to Required Supplementary Information	65
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	67
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Special Revenue Fund	69

(Continued)

ALEXANDER CITY BOARD OF EDUCATION

ALEXANDER CITY, ALABAMA

YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
Note to the Schedules of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Fund	71
<u>SUPPLEMENTARY INFORMATION:</u>	
Schedule of Expenditures of Federal Awards	72
Notes to the Schedule of Expenditures of Federal Awards	74
<u>AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL:</u>	
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 <i>Government Auditing Standards</i>	75
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	77
Schedule of Findings and Questioned Costs	80
<u>ADDITIONAL INFORMATION:</u>	
Schedule of Debt Service - Capital Outlay Pool Warrants, Series 2011-QZCB	81
Schedule of Debt Service - School Tax Warrants, Series 2017	82
Schedule of Debt Service - School Tax Warrants, Series 2017-QZCB	83
Schedule of Debt Service - School Tax Warrants, Series 2020-A	84
Schedule of Debt Service - Taxable School Tax Warrants, Series 2020-B	85
Schedule of Debt Service - School Tax Warrants, Series 2020-C	86
Schedule of Debt Service - School Tax Warrants, Series 2022	87
Schedule of Debt Service - Note Payable - School Buses	88
Schedule of Debt Service - Note Payable - School Buses	89
Schedule of Insurance Coverage	90

(Continued)

ALEXANDER CITY BOARD OF EDUCATION

ALEXANDER CITY, ALABAMA

YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

(Continued)

Schedule of Fidelity Bonds	91
Analysis of Expenditures - General Fund and Special Revenue Fund	92

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Alexander City Board of Education
Alexander City, Alabama

Opinion

We have audited the accompanying financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Alexander City Board of Education, component unit of Alexander City, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Alexander City Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander City Board of Education, as of September 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As described in Note 13, Alexander City Board of Education has adopted the provisions of Governmental Accounting Standards Board (GASB) Statements No. 87, Leases. GASB 87 establishes a single approach to accounting for and reporting leases by state and local governments. Our opinion is not modified with respect to this matter.

(Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alexander City Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override internal control. Misstatements are considered material if there is 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 misstatements of the financial statements, whether due to fraud of 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 Alexander City Board of Education'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, the raise substantial doubt about Alexander City Board of Education's ability to continue as a going concern for a reasonable period of time.

(Continued)

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the Employer's Proportionate Share of the Collective Net Pension Liability, the Schedule of the Employer's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability, and the Schedules of the Employer's Contributions, and the Schedules of Revenues, Expenditures and Changes in Fund Balances Budget and Actual on Pages 57-71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in and appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement 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 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.

Supplementary Information

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

(Continued)

Other Information

Management is responsible for the other information included in the annual report. The other information on pages 81 to 92 consist of additional financial information but does not include the basic statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work preformed, we conclude that and uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2023, on our consideration of the Alexander City Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 Alexander City Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit preformed in accordance with Governmental Auditing Standards in considering Alexander City Board of Education's internal control over financial reporting and compliance.

POTTER, BRYANT, & MOORE, P. C.
Certified Public Accountants

Potter, Bryant & Moore, P.C.

Birmingham, Alabama
June 12, 2023

BASIC FINANCIAL STATEMENTS

ALEXANDER CITY BOARD OF EDUCATION

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 86,585,466.79
Investments	41,781.40
Ad Valorem Property Taxes Receivable	2,950,000.00
Receivables, Net	5,881,434.34
Inventories	155,453.39
Capital Assets:	
Non-depreciable	9,198,463.27
Depreciable, Net	<u>15,635,267.20</u>
Total Assets	<u>120,447,866.39</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Employer Pension Contribution	2,286,305.10
Proportionate Share of Collective Deferred Outflows Related to Net Pension Liability	4,217,000.00
Employer Other Postemployment Benefits (OPEB) Contribution	506,323.00
Proportionate Share of Collective Deferred Outflows Related to Net Other Postemployment Benefits (OPEB) Liability	<u>5,832,804.00</u>
Total Deferred Outflows of Resources	<u>12,842,432.10</u>
<u>LIABILITIES</u>	
Accounts Payable	27,387.92
Unearned Revenue	19,573.00
Salaries and Benefits Payable	2,541,882.12
Accrued Interest Payable	825,171.39
Long-Term Liabilities:	
Portion Due or Payable Within One Year	1,341,392.33
Portion Due or Payable After One Year	<u>124,963,784.98</u>
Total Liabilities	<u>129,719,191.74</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unavailable Revenue - Property Taxes	2,950,000.00
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability	7,043,000.00
Proportionate Share of Collective Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability	<u>12,070,781.00</u>
Total Deferred Inflows of Resources	<u>22,063,781.00</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	(66,425,281.84)
Restricted For:	
Debt Service	1,759,428.82
Capital Projects	79,191,168.86
Other Purposes	1,055,495.61
Unrestricted	<u>(34,073,485.70)</u>
Total Net Position	<u>\$ (18,492,674.25)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

(Continued)

ALEXANDER CITY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues & Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Instructional Services	\$ 20,100,352.09	\$ 290,531.87	\$ 17,075,158.91	\$ 831,204.00	\$ (1,903,457.31)
Instructional Support Services	6,173,845.83	88,727.01	5,190,529.90	0.00	(894,588.92)
Operation & Maintenance Services	2,284,258.38	71,635.55	1,017,570.83	2,097.00	(1,192,955.00)
Student Transportation Services	1,784,585.13	42,742.03	1,158,772.64	197,106.00	(385,964.46)
Food Services	2,455,025.61	2,431,114.23	226,651.35	0.00	202,739.97
General Administrative Services	1,919,816.66	6,912.37	885,534.13	0.00	(1,027,370.16)
Interest and Fiscal Charges	2,625,778.61	10.03	0.00	0.00	(2,625,768.58)
Other Expenses	<u>1,697,686.43</u>	<u>326,347.90</u>	<u>1,457,568.55</u>	<u>0.00</u>	<u>86,230.02</u>
Totals	<u>\$ 39,041,348.74</u>	<u>\$ 3,258,020.99</u>	<u>\$ 22,011,786.31</u>	<u>\$ 1,030,407.00</u>	<u>(7,741,134.44)</u>
<u>General Revenues</u>					
Taxes:					
Property Taxes for General Purposes					3,180,081.36
Sales Tax					4,447,670.16
Alcohol Beverage Tax					101,965.72
Other Taxes					2,152,439.71
Grants and Contributions Not Restricted For Specific Programs					141,112.73
Investment Earnings					458,194.41
Miscellaneous					<u>833,822.97</u>
Total General Revenues					<u>11,315,287.06</u>
Changes in Net Position					3,574,152.62
Net Position - Beginning of Year					<u>(22,066,826.87)</u>
Net Position - End of Year					<u>\$ (18,492,674.25)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

ALEXANDER CITY BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	<u>General</u> <u>Fund</u>	<u>Special Revenue</u> <u>Funds</u>	<u>Debt Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 4,039,050.66	\$ 1,595,818.45	\$ 1,759,428.82	\$ 79,191,168.86	\$ 86,585,466.79
Investments	0.00	41,781.40	0.00	0.00	41,781.40
Ad Valorem Property Taxes Receivable	2,950,000.00	0.00	0.00	0.00	2,950,000.00
Receivables, Net	638,387.72	5,243,046.62	0.00	0.00	5,881,434.34
Due from Other Funds	4,908,241.98	62,757.97	0.00	0.00	4,970,999.95
Inventories	<u>0.00</u>	<u>155,453.39</u>	<u>0.00</u>	<u>0.00</u>	<u>155,453.39</u>
Total Assets	<u>\$ 12,535,680.36</u>	<u>\$ 7,098,857.83</u>	<u>\$ 1,759,428.82</u>	<u>\$ 79,191,168.86</u>	<u>\$ 100,585,135.87</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 15,467.20	\$ 11,920.72	\$ 0.00	\$ 0.00	\$ 27,387.92
Due from Other Funds	62,757.97	4,908,241.98	0.00	0.00	4,970,999.95
Unearned Revenues	0.00	19,573.00	0.00	0.00	19,573.00
Salaries and Benefits Payable	<u>2,145,936.78</u>	<u>395,945.34</u>	<u>0.00</u>	<u>0.00</u>	<u>2,541,882.12</u>
Total Liabilities	<u>2,224,161.95</u>	<u>5,335,681.04</u>	<u>0.00</u>	<u>0.00</u>	<u>7,559,842.99</u>
<u>Deferred Inflows of Resources</u>					
Unavailable Revenue - Property Taxes	<u>2,950,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,950,000.00</u>
<u>Fund Balances</u>					
Non-spendable	0.00	155,453.39	0.00	0.00	155,453.39
Restricted	0.00	900,042.22	1,759,428.82	79,191,168.86	81,850,639.90
Committed	0.00	0.00	0.00	0.00	0.00
Assigned	0.00	707,681.18	0.00	0.00	707,681.18
Unassigned	<u>7,361,518.41</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>7,361,518.41</u>
Total Fund Balances	<u>7,361,518.41</u>	<u>1,763,176.79</u>	<u>1,759,428.82</u>	<u>79,191,168.86</u>	<u>90,075,292.88</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,535,680.36</u>	<u>\$ 7,098,857.83</u>	<u>\$ 1,759,428.82</u>	<u>\$ 79,191,168.86</u>	<u>\$ 100,585,135.87</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

ALEXANDER CITY BOARD OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds \$ 90,075,292.88

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 as assets in governmental funds.

Cost of Capital Assets	\$ 52,687,963.10	
Accumulated Depreciation	<u>(27,854,232.63)</u>	
Total Capital Assets		24,833,730.47

Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the governmental funds. (539,694.90)

Deferred outflows and inflows of resources related to OPEB obligations are applicable to future periods, and therefore, are not reported in the governmental funds. (5,731,654.00)

Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

Current Portion of Long-Term Debt	1,341,392.33	
Noncurrent Portion of Long-Term Debt	<u>124,963,784.98</u>	
		(126,305,177.31)

Interest on long-term debt is not accrued in the funds but rather is recognized as an expenditure when due.

Accrued Interest Payable	<u>(825,171.39)</u>
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Total Net Position - Governmental Activities \$ (18,492,674.25)

The accompanying Notes to the Financial Statements are an integral part of this statement.

ALEXANDER CITY BOARD OF EDUCATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
State Sources	\$ 20,423,163.76	\$ 0.00	\$ 916,698.78	\$ 111,611.22	\$ 21,451,473.76
Federal Sources	102,606.16	9,126,736.29	0.00	0.00	9,229,342.45
Local Sources	7,005,732.22	655,773.00	3,826,526.65	362,473.91	11,850,505.78
Other Sources	<u>37,001.95</u>	<u>41,177.42</u>	<u>0.00</u>	<u>0.00</u>	<u>78,179.37</u>
Total Revenues	<u>27,568,504.09</u>	<u>9,823,686.71</u>	<u>4,743,225.43</u>	<u>474,085.13</u>	<u>42,609,501.36</u>
 <u>Expenditures</u>					
Instructional Services	16,543,851.38	4,670,057.58	0.00	0.00	21,213,908.96
Instructional Support Services	4,830,492.02	1,290,206.60	0.00	71,634.30	6,192,332.92
Operation and Maintenance Services	2,058,202.02	169,494.07	0.00	74,111.15	2,301,807.24
Student Transportation Services	1,338,009.41	18,559.61	0.00	0.00	1,356,569.02
Food Services	0.00	2,573,182.17	0.00	0.00	2,573,182.17
General Administrative Services	1,494,819.35	585,245.11	0.00	0.00	2,080,064.46
Other Expenditures	1,073,893.40	697,516.53	0.00	0.00	1,771,409.93
Capital Outlay	121,992.81	0.00	0.00	2,021,314.21	2,143,307.02
Debt Service:					
Principal Retirement	10,698.38	0.00	2,194,995.81	0.00	2,205,694.19
Interest and Fiscal Charges	1,301.50	0.00	1,939,930.51	0.00	1,941,232.01
Other	<u>0.00</u>	<u>0.00</u>	<u>362,371.29</u>	<u>0.00</u>	<u>362,371.29</u>
Total Expenditures	<u>27,473,260.27</u>	<u>10,004,261.67</u>	<u>4,497,297.61</u>	<u>2,167,059.66</u>	<u>44,141,879.21</u>
Excess (Deficiency) of					
Revenues over Expenditures	<u>95,243.82</u>	<u>(180,574.96)</u>	<u>245,927.82</u>	<u>(1,692,974.53)</u>	<u>(1,532,377.85)</u>

(Continued)

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

	<u>General Fund</u>	<u>Special Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>
<u>Other Financing Sources (Uses)</u>					
Indirect Cost	\$ 268,569.89	\$ 0.00	\$ 0.00	\$ 0.00	\$ 268,569.89
Long - Term Debt Issued	101,611.23	0.00	0.00	24,200,000.00	24,301,611.23
Premiums on Long - Term Debt Issued	0.00	0.00	362,371.29	804,871.41	1,167,242.70
Transfers In	211,990.62	232,560.38	0.00	333,950.02	778,501.02
Transfers Out	<u>(358,582.66)</u>	<u>(85,968.34)</u>	<u>(333,950.02)</u>	<u>0.00</u>	<u>(778,501.02)</u>
Total Other Financing Sources (Uses)	<u>223,589.08</u>	<u>146,592.04</u>	<u>28,421.27</u>	<u>25,338,821.43</u>	<u>25,737,423.82</u>
Net Changes in Fund Balances	318,832.96	(33,982.92)	274,349.09	23,645,846.90	24,205,045.97
Fund Balances - Beginning of Year	<u>7,042,685.51</u>	<u>1,797,159.71</u>	<u>1,485,079.73</u>	<u>55,545,321.96</u>	<u>65,870,246.91</u>
Fund Balances - End of Year	<u>\$ 7,361,518.41</u>	<u>\$ 1,763,176.79</u>	<u>\$ 1,759,428.82</u>	<u>\$79,191,168.86</u>	<u>\$ 90,075,292.88</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

ALEXANDER CITY BOARD OF EDUCATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

Net Changes in Fund Balances - Total Governmental Funds \$ 24,205,045.97

Amounts reported for governmental activities in the
Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds 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 depreciation expense exceeds capital outlays in the period.

Capital Outlays	\$ 2,244,918.25	
Depreciation Expense	<u>(1,255,234.66)</u>	
Net Adjustment		989,683.59

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is report in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in statement of activities, but rather constitute long-term liabilities in the Statement of Net Position. (101,611.23)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 2,205,694.19

Proceeds from the issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Position but does not affect the Statement of Activities. (24,200,000.00)

Premiums on debt issuance are reported as other financing sources in the governmental funds, but are amortized in the Statement of Activities. (1,167,242.70)

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

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

Accrued Interest Payable, Current Year Increase/(Decrease)	\$	364,951.21	
Amortization of Bond Discounts/Premiums/Gain or Loss Refunding/ Issuance Costs (Prepaid Insurance)		(42,775.90)	
Pension Expense, Current Year Increase/(Decrease)		(478,277.11)	
OPEB Expense, Current Year Increase/(Decrease)		<u>(1,480,481.00)</u>	
Total	\$		1,636,582.80

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Donated Assets			<u>6000.00</u>
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Changes in Net Position of Governmental Activities	\$		<u><u>3,574,152.62</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

ALEXANDER CITY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
AS OF SEPTEMBER 30, 2022

	<u>Agency Funds</u>
 <u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>366,957.74</u>
 Total Assets	 <u>366,957.74</u>
 <u>LIABILITIES</u>	
 Total Liabilities	 <u>0.00</u>
 Net Position	 \$ <u>366,957.74</u>

ALEXANDER CITY BOARD OF EDUCATION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AS OF SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
 <u>ADDITIONS:</u>	
Other Sources	\$ <u>534,821.41</u>
 <u>DEDUCTIONS:</u>	
Instructional	330,952.56
Instructional Support	117,147.06
Operation and Maintenance	1,125.00
Auxiliary Service:	
Student Transportation	118.60
Other	82,387.51
Other Uses	<u>39,149.14</u>
Total Deductions	570,879.87
 Changes in Net Assets	 (36,058.46)
Net Position – Beginning of Year	<u>403,016.20</u>
Net Position – End of Year	<u>\$ 366,957.74</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

ALEXANDER CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

INDEX

<u>Note #</u>		<u>Page</u>
1	Summary of Significant Accounting Policies	16
2	Stewardship, Compliance and Accountability	26
3	Unearned Revenues	27
4	Deposits and Investments	27
5	Capital Assets	29
6	Defined Benefit Pension Plan	31
7	Other Postemployment Benefits (OPEB)	36
8	Long-Term Obligations	44
9	Interfund Balances and Activity	53
10	Risk Management	54
11	Contingent Liabilities	54
12	Commissions, Map and Appraisal Costs	54
13	Accounting Changes.....	55

ALEXANDER CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Alexander City Board of Education (the Board) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

Statement No. 61 of the Governmental Accounting Standards Board establishes standards for defining and reporting on the financial reporting entity. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency if its officials appoint a voting majority of that agency's governing body and either it is able to impose its will on that agency or there is a potential for the agency to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. There are no component units that should be included as part of the financial reporting entity of the Board.

The Board is a legally separate agency of the State of Alabama. However, for financial reporting, the Board is considered a component unit of Alexander City due to the following reasons:

1. The City appoints the five (5) members of the governing body of the Board.
2. The City issues bonds for the construction of facilities for the Board, and the City is obligated for the debt.
3. The City makes annual appropriations to the Board.
4. The City levied a $\frac{1}{4}$ cent sales tax and $7\frac{1}{2}$ mill district ad valorem tax specifically for the operations of the Board.

The financial statements of the Board include local school activity funds and other funds under the control of school principals.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED):

B. Basis of Presentation, Basis of Accounting - (Continued)

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Although other governments may report both governmental activities and business-type activities, the Board has no business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Board does not allocate indirect expenses to the various functions. Program revenues include (a) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and (b) charges to recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all local taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The Board reports the following major governmental funds:

General Fund - This is the Board's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund. The Board's General Fund primarily received revenues from the Education Trust Fund (ETF), appropriated by the Alabama Legislature, and from local taxes. The State Department of Education allocated amounts appropriated from the ETF to the school board on a formula basis.

Special Revenue Funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. Special revenue funds consist of the following: Federal Programs, Child Nutrition Funds, Local School Activity Funds, Community Education Funds, and Other State and Local Funds.

Debt Service Fund account for the accumulation of resources for, and the payment of, the Board's principal and interest payments on long-term debt.

Capital Projects Fund account for financial resources to be used for the acquisition or construction of major capital facilities the Board reports the following governmental fund types in the "Other Governmental Funds" column.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED):

B. Basis of Presentation, Basis of Accounting - (Continued)

The Board reports the following governmental fund typed in the "Other Governmental Funds" column:

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Board's programs. The Board did not report any permanent funds.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the Board's programs. Fiduciary funds consist of local school club and activity funds.

Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental Fund Financial Statements. Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues reported in the governmental funds (excluding state and federal reimbursements) to be available if the revenues are collected within sixty (60) days after year-end. Revenues from state and federal funds are considered available if transactions eligible for reimbursement have taken place. Expenditures generally are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

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

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED):

B. Basis of Presentation, Basis of Accounting - (Continued)

Measurement Focus, Basis of Accounting - (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Board. Investments are stated at fair value.

The State Attorney General has issued a legal opinion that boards of education may not put public funds at risk by investing in companies not insured by the federal government.

Receivables

Receivables are reported as *Receivables* and *Due from other governments* in the government-wide financial statements and as *Receivables, Due from other funds*, and *Due from other governments* in the fund financial statements. Receivables due from other governments include amounts due from grantors for grants issued for specific programs and local taxes. No allowances are made for uncollectible amounts because the amounts are considered immaterial.

Property Tax Calendar

The Tallapoosa Commission levies property taxes for all jurisdictions including the school boards and municipalities within the county. Millage rates for property taxes are levied at the first regular meeting of the County Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year. However, since the amounts are not available to fund current year operations, the revenue is deferred and recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED):

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances - (Continued)

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than capitalized as an asset. GAAP require only material balances of inventories accounted for using the purchases method to be reported as an asset in the appropriate governmental fund. Prepaid items, such as insurance premiums and rent, are recorded as expenditures in governmental funds when paid.

In the government-wide financial statements, inventories and prepaid items are recorded on an accrual basis using the consumption method. Expenses reflect the amount of materials and supplies consumed and the amount of prepaid items applicable to the current period. Prepaid items on the Statement of Net Position are included in *Other Assets*.

Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), and intangible right-to-use assets (e.g., lease assets) are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized a projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented school department are depreciated using the straight-line method over the following estimated useful lives. Right-to-use assets are amortized over the shorter of the lease term or useful life.

<u>Asset Class</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land Improvements - Exhaustible	\$ 50,000	20 years
Buildings	\$ 50,000	20 - 50 years
Building Improvements	\$ 50,000	7 - 30 years
Equipment	\$ 5,000	5 - 20 years
Right-to-use Assets	\$ 5,000	5 - 20 years
Vehicles	\$ 5,000	8 - 10 years

(The capitalization threshold for Land, Construction in Progress, and Inexhaustible Land Improvements is \$1 or more. However, these capital assets are not depreciated.)

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED):

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances - (Continued)

Long-term Debt, Lease Obligations, and Long-term Obligations

In the government-wide financial statements, long-term debt, lease obligations, and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Debt premiums and discounts are deferred and are amortized over the life of the new debt using the straight-line method. Debt payable is reported net of the applicable debt premium or discount. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt 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.

Lease obligations are recognized in the government-wide financial statements. At the commencement of a lease, a lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable and lease obligations, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, other postemployment benefits, and claims and judgments, are recognized to the extent that the liabilities have matured (come due for payment) each period.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position or fund balances that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED):

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances - (Continued)

Deferred Outflows/Inflows of Resources - (Continued)

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents a consumption of net position or fund balances that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until then.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

For vacation leave and other compensated absences with similar characteristics, GASB Statement No. 16 requires the accrual of a liability as the benefits are earned by the employees, if both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Professional and support employees earn non-vesting sick leave at the rate of one day per month worked. Employees may accumulate an unlimited number of sick leave days. Employees may use their accrued sick leave as membership service in determining the total years of creditable service in the Teachers' Retirement System, with no additional cost to the Board. Because employees do not receive compensation for unused sick leave at termination no liability is recorded on the financial statements.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED):

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances - (Continued)

Compensated Absences - (Continued)

Professional and support personnel are provided 2 days of personal leave per year with pay. The State provides funding, at the substitute rate, for up to 2 days of personal leave per employee per year. Professional employees are paid, at the Board's substitute rate, for up to 2 days of unused personal leave. Professional and support personnel may convert unused, unreimbursed personal leave to sick leave at the end of the scholastic year. Because unused personal leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Certain employees are allowed up to 9 weeks of vacation per year with pay. (Twelve month employees are allowed vacation pay and can carry over up to 30 days.) Because unused vacation leave can be carried over to succeeding years, a liability for unpaid leave is accrued in the financial statement.

Pensions

The Teachers' 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 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.

Postemployment Benefits Other Than Pensions (OPEB)

The Alabama Retired Education Employees' Health Care Trust (Trust) financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the Net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Fiduciary Net Position of the Trust and additions to/deductions from the Trust's Fiduciary Net Position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED):

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances - (Continued)

Postemployment Benefits Other Than Pensions (OPEB) - (Continued)

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date the financial statements were issued.

Net Position/Fund Equity

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following net asset categories:

- Invested in Capital Assets, Net of Related Debt - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Constraints imposed on net assets by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- Unrestricted - Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board.

Fund Balances

Fund balances are reported on the fund financial statements and are required to be classified for accounting and reporting purposes into the following fund balance categories:

Unassigned Fund Balance - Represents resources available to meet current and future years' expenditures.

Committed Fund Balance - Represents amounts constrained for a specific purpose by the Board. It requires action by the Board to remove or change the constraints placed on the resources. The Board had no Committed Fund Balance amounts as of September 30, 2022.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED):

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances - (Continued)

Fund Balances - (Continued)

Assigned Fund Balance - Represents amounts constrained by the Board's intent to be used for a specific purpose, but are not restricted or committed. Intent is expressed by the Board itself, or an official to whom the Board has delegated the authority to assign amounts to be used for specific purposes. The action to remove or modify assignments is not as strict as for Committed Fund Balance. Assigned Fund Balance amounts as of September 30, 2022 are as follows:

Local Schools	\$ <u>707,681</u>
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Non-Spendable Fund Balance - Represents amounts that cannot be spent due to form such as inventories and prepaid accounts. This also includes amounts that must be maintained intact legally or contractually. Non-spendable Fund Balance amounts as of September 30, 2022 are as follows:

Child Nutrition	\$ <u>155,453</u>
-----------------	-------------------

Restricted/Reserved Fund Balance - Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. The Board had no Reserved Fund Balance amounts as of September 30, 2022.

Restricted Fund Balance - Represents amounts that can be spent only for specific purpose by construction, external resource providers, or through enabling legislation. Constraints are placed on the use of resources either by: externally imposed creditors, grantors, contributions, or laws or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation. Restricted Fund Balance amounts as of September 30, 2022 are as follows:

Child Nutrition	\$ 1,199,351
Debt Service	1,759,429
Capital Projects	79,191,169
Other Funds	<u>(299,309)</u>
Total Restricted Funds	\$ <u>81,850,640</u>

The Board's policy is to first apply restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted balances are available. The Board's policy is to first apply assigned, committed and unassigned resources, respectively, when an expense is incurred for the purposes for which assigned, committed and/or unassigned balances are available.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. Also, ad valorem taxes are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. The Child Nutrition Program Fund budgets on a basis of accounting consistent with GAAP with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. All other governmental funds adopt budgets on the modified accrual basis of accounting. Capital projects funds adopt project-length budgets. All appropriations lapse at fiscal year-end.

On or before October 1 of year, each Board of Education shall prepare and submit to the State Superintendent of Education the annual budget to be adopted by the Board of Education. The Superintendent or Board of Education shall not approve any budget for operations of the school for any fiscal year which shall show expenditures in excess of income estimated to be available plus any balances on hand.

Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Deficit Fund Balances/Net Assets of Individual Funds

At September 30, 2022, the following governmental funds had deficit fund balances:

Idea Part B	\$	58,313
Title I	\$	53,804
Title II	\$	1,466
CRSSA Act - ESSER II CO	\$	184,605
CRSSA Act - ESSER III	\$	1,120

The deficit in the funds is a result of the salary accrual adjustment. Salaries and benefits payable at September 30, 2022, are funded with an appropriation from the State of Alabama that is not legally available to the Board until October 1st and therefore, is not reflected as revenue in the Board's financial statements as of September 30, 2022.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 3 - UNEARNED REVENUES:

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At September 30, 2022, the various components and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Grant Draw Downs Prior to Meeting All Eligibility Requirements	\$ -0-	\$ -0-	\$ -0-
Student Meals Prepaid	<u>-0-</u>	<u>19,153</u>	<u>19,153</u>
Totals	<u>\$ -0-</u>	<u>\$ 19,153</u>	<u>\$ 19,153</u>

NOTE 4 - DEPOSITS AND INVESTMENTS:

A. Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Board will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Board's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institution holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance. All of the Board's investments were in certificates of deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

B. Cash with Fiscal Agents

Statutes authorize the Board to invest in obligations of the U. S. Treasury, obligations of any state of the United States, general obligations of an Alabama county or city board of education secured by pledge of three-mill school tax and other obligations as outlined in the *Code of Alabama 1975*, Section 19-3-120 and Section 19-3-120.1.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED):

B. Cash with Fiscal Agents - (Continued)

As of September 30, 2022, the Board had cash with fiscal agents invested as follows:

Money Market Account	\$ 839,614
U. S. Treasury Notes, various maturities, with Fair Value	<u>685,145</u>
Total	<u>\$ 1,524,759</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

Credit Risk - Credit risk is the risk that the issuer or other counter party to an investment will not fulfill its obligation. The Board does not have a formal investment policy that addresses its investment choices.

Custodial Credit Risk - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments of collateral securities that are in the possession of an outside party. The board does not have an investment policy that limits the amount of securities that can be held by counterparties.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Board does not have a formal policy that places limits on the amount the Board may invest in any one issuer.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 859,920	\$ 168,859	\$ -0-	\$ 1,025,779
Construction in Progress	<u>6,317,229</u>	<u>1,855,455</u>	<u>-0-</u>	<u>8,172,684</u>
Total Capital Assets Not Being Depreciated	<u>7,177,149</u>	<u>2,021,314</u>	<u>-0-</u>	<u>9,198,463</u>
Capital Assets Being Depreciated:				
Land Improvements - Exhaustible	190,487	-0-	-0-	190,487
Buildings	29,785,247	-0-	-0-	29,785,247
Buildings and Improvements	6,053,347	121,993	-0-	6,175,340
Equipment	4,045,895	107,611	-0-	4,153,506
Vehicles	<u>3,184,920</u>	<u>-0-</u>	<u>-0-</u>	<u>3,184,920</u>
Total Capital Assets Being Depreciated	<u>43,259,896</u>	<u>229,604</u>	<u>-0-</u>	<u>43,489,500</u>
Less Accumulated Depreciation For:				
Land Improvements - Exhaustible	80,829	10,573	-0-	91,402
Buildings	20,339,061	482,911	-0-	20,821,972
Buildings and Improvements	1,353,100	277,905	-0-	1,631,005
Equipment	2,888,544	208,386	-0-	3,096,930
Vehicles	<u>1,937,464</u>	<u>275,460</u>	<u>-0-</u>	<u>2,212,924</u>
Total Accumulated Depreciation	<u>26,598,998</u>	<u>1,255,235</u>	<u>-0-</u>	<u>27,854,233</u>
Total Capital Assets Being Depreciated, Net	<u>16,660,898</u>	<u>(1,025,631)</u>	<u>-0-</u>	<u>15,632,267</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 23,838,047</u>	<u>\$ 995,683</u>	<u>\$ -0-</u>	<u>\$ 24,833,730</u>

Depreciation expense was charged to governmental functions as follows:

Instructional Services	\$ 237,850
Instructional Support Services	325,654
Operation and Maintenance Services	44,040
Student Transportation	555,553
General Administrative Services	<u>92,138</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,255,235</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 5 - CAPITAL ASSETS - (CONTINUED):

The Board has entered into contracts for the construction or renovation of various facilities as follows:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitments</u>	<u>Required Further Financing</u>
<u>Building Renovations</u>				
Jim Pearson Elementary School:				
Building Addition	\$ 5,353,358	\$ 5,228,662	\$ 124,696	\$ -0-
Benjamin Russell High:				
New Construction	<u>3,710,639</u>	<u>2,944,022</u>	<u>766,617</u>	<u>-0-</u>
Totals	<u>\$ 9,063,997</u>	<u>\$ 8,172,684</u>	<u>\$ 891,313</u>	<u>\$ -0-</u>

NOTE 6 - DEFINED BENEFIT PENSION PLAN:

A. Plan Description

The Teachers' Retirement System of Alabama, 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 operation of the 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.

B. 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 members 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, 2014. Tier 2 TRS members are eligible for retirement after age 62 with 10 years 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 up to 80% of their average final compensation. 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.

(Continued)

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

C. 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 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.

Effective 10/1/2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective 10/1/2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rate for the year ended September 30, 2022 was 12.43% (12.36% for 2021) of annual pay for Tier 1 members and 11.32% (11.22 for 2021) 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 \$2,286,305 for the year ended September 30, 2022.

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

At September 30, 2022 the Board reported a liability of \$22,616,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020. 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, 2021 the Board's proportion was 0.240076% which was an increase (decrease) of 0.006521% from its proportion measured as of September 30, 2020.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

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

For the year ended September 30, 2022, the Board recognized pension expense of \$1,808,000. At September 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 1,047,000	\$ 1,318,000
Changes of Assumptions	2,374,000	-0-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-0-	5,338,000
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	796,000	387,000
Employer Contributions Subsequent to the Measurement Date	<u>2,286,305</u>	<u>-0-</u>
Total	<u>\$ 6,503,305</u>	<u>\$ 7,043,000</u>

The amount of \$2,286,305 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 ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended September 30:

2023	\$ (355,000)
2024	\$ (301,000)
2025	\$ (730,000)
2026	\$ (1,440,000)
2027	\$ -0-
Thereafter	\$ -0-

E. Actuarial Assumptions

The total pension liability as of September 30, 2021 was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Projected Salary Increases	3.25-5.00%
Investment Rate of Return*	7.45%

*Net of pension plan investment expense

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

E. Actuarial Assumptions - (Continued)

The actuarial assumptions used in the actuarial valuation as of September 30, 2020, 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, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forwar</u>	<u>Adjustment to</u>
Service Retirees	Teacher Retiree-Below Median	Male: +2, Female:+2	Male: 108% ages < 63, 96% ages >67; Phasing down 63-67 Female: 112% ages <69 98% > age74
Beneficiaries	Contingent Survivor Below Median	Male:+2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female:+3	None

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	15.0%	2.8%
U. S. Large Stocks	32.0%	8.0%
U. S. Mid Stocks	9.0%	10.0%
U. S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash Equivalentents	5.0%	2.5%
Total	<u>100.0%</u>	

*Includes assumed rate of inflation of 2.50%

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

F. Discount Rate

The discount rate used to measure the total pension liability was 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 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.

G. Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.45%, 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 (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	<u>1% Decrease</u> <u>(6.45%)</u>	<u>Current Rate</u> <u>(7.45%)</u>	<u>1% Increases</u> <u>(8.45%)</u>
Board's Proportionate Share of Collective Net Pension Liability	\$ <u>33,288,000</u>	\$ <u>22,616,000</u>	\$ <u>13,627,000</u>

H. 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, 2021. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2021. The auditor's 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/rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

A. 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.

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.

B. Benefits Provided

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)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED):

B. Benefits Provided - (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, eye glasses, 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, 2017, Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the United Healthcare (UHC) Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2020, Humana replaced the UHC contract. The MAPDP plan is fully insured by Humana and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the MAPDP plan for PEEHIP, 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.

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED):

C. Contributions

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.

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2022, the Board reported a liability of \$12,430,165 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020. 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, 2021, the Board's proportion was 0.240577%, which was an increase (decrease) of 0.011338% from its proportion measured as of September 30, 2020

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED):

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - (Continued)

For the year ended September 30, 2022, the Board recognized OPEB expense of \$(976,889) with no special funding situations. At September 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 294,098	\$ 4,324,477
Changes of Assumptions	4,426,883	4,818,038
Net Difference between projected and actual earnings on OPEB plan investments	-0-	387,740
Changes in proportion and differences between Employers contributions and proportionate share of contributions	1,111,823	2,540,526
Employer contributions subsequent to the measurement date	<u>506,323</u>	<u>-0-</u>
Total	<u>\$ 6,339,127</u>	<u>\$ 12,070,781</u>

\$506,323 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, 2023.

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:

2023	\$ (2,021,285)
2024	\$ (1,670,351)
2025	\$ (1,790,415)
2026	\$ (351,574)
2027	\$ (136,456)
Thereafter	\$ (267,891)

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED):

E. Actuarial Assumptions

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

Inflation	2.50%
Projected Salary Increases ¹	3.25% - 5.00%
Long-Term Investment Rate of Return ²	7.00%
Municipal Bond Index Rate at the Measurement Date	2.29%
Municipal Bond Index Rate at the Prior Measurement Date	2.25%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	2051
Single Equivalent Interest Rate at the Measurement Date	3.97%
Single Equivalent Interest Rate at the Prior Measurement Date	3.05%
Healthcare Cost Trend Rate	
Initial Trend rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.75% in 2028
Medicare Eligible	4.75% in 2028

¹Includes 2.75% wage inflation.

²Compounded annually, net of investment expense, and includes inflation.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED):

E. Actuarial Assumptions - (Continued)

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below.

Group	Membership Table	Set Forward (+) / Set Back (-)	Adjustment to Rates
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages <63, 96% ages >67; Phasing down 63-67 Female: 112% ages <69, 98% ages >74; Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2 Female: None	None

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021.

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 with the September 30, 2020 valuation.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED):

E. Actuarial Assumptions - (Continued)

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 below:

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

*Geometric mean, includes 2.5% inflation

F. Discount Rate

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 3.97%. The discount rate used to measure the total OPEB liability at the prior measurement date was 3.05%. 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

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED):

F. Discount Rate - (Continued)

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. Currently, the monthly employer rate is \$800 per non-university active member. Approximately, 12.990% of the employer contributions were used to assist in funding retiree benefit payments in 2021. It is assumed that the 12.990% will increase at the same rate as expected benefit payments for the closed group until reaching and employer rate of 20.000%. It is assumed the \$800 rate will increase with inflation at 2.50% starting in 2024. Retiree benefit payments for University members are paid by the Universities and are not included in the cash flow projections. 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. Therefore, the projected future benefit payments for all current plan members were projected through 2119. The long term rate of return is used until the assets are expected to be depleted in 2051, after which the municipal bond rate is used.

G. 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 (5.50% decreasing to 3.50% for pre- Medicare known decreasing to 3.50% for Medicare Eligible)	Current Healthcare Trend Rate (6.50% decreasing to 4.50% for pre- Medicare known decreasing to 4.50% for Medicare Eligible)	1% Increase (7.50% decreasing to 5.50% for pre- Medicare known decreasing to 5.50% for Medicare Eligible)
Net OPEB Liability	\$ 9,753,610	\$ 12,430,165	\$ 15,878,646

The following table presents the Board's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 3.97%, 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 (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Net OPEB Liability	\$ 15,289,652	\$ 12,430,165	\$ 10,136,540

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED):

H. OPEB Plan Fiduciary Net Position

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, 2021. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2021. Additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 8 - LONG-TERM OBLIGATIONS:

A. Long-Term Obligations

The City of Alexander City entered into a General Obligation Warrant Issue with BBVA Compass. These warrants were issued for the purpose of providing funds to construct and acquire capital improvements for the public schools in the City (including a major expansion of Benjamin Russell High School). These warrants are parity warrants with the Series of General Obligation Warrants previously issued.

On June 2, 2011, the Alabama Public School and College Authority issued Capital Improvement Pool QZAB Bonds, Series 2011-A, on behalf of various Boards of Education in the State. The Board's participation in the bonds resulted in the Board's share of principal, issuance costs and net proceeds of \$1,000,000, \$3,740, and \$996,260 respectively. The Board is required to make sinking fund deposits of \$50,095.61 on May 1 in each year for fifteen years so that such deposits and any interest earned thereon shall be used to pay the principal of the bonds upon maturity and are pledged to pay the debt service requirements of the bonds. The sinking fund deposits and interest payments are payable from and secured by a pledge of the Board's allocable share of Public School Capital Outlay Funds.

On January 28, 2014, the Alexander City Board of Education obtained financing to purchase five buses for \$450,887. The note matures January 28, 2024 and is secured by the five buses. The note is payable in 9 annual consecutive principal payments of \$45,088.70 beginning January 28, 2015, plus interest at a rate of 2.75% and one final payment of principal and interest of \$46,345.86 on January 28, 2024.

On December 6, 2016, the Alexander City Board of Education obtained financing to purchase five buses for \$455,455. The note matures December 6, 2026 and is secured by the five buses. The note is payable in 10 annual consecutive principal payments of \$52,109.18 beginning December 6, 2017, including interest at a rate of 2.49%.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - LONG-TERM OBLIGATIONS - (CONTINUED):

A. Long-Term Obligations - (Continued)

On June 30, 2017, the Board issued School Tax Warrants, Series 2017 in the amount of \$1,250,000. The Board's principal, issuance costs and net proceeds were \$1,215,000, \$105,951 and \$1,109,049 respectively. The principle and interest payments are payable from and secured by a pledge of the Board's 1.5 mill special county wide ad valorem tax and a 3.0 mill special county wide ad valorem tax.

The Board issued \$2,500,000 Series 2017 Qualified Zone Academy Bonds for the purpose of rehabilitating or repairing the school facilities in various qualified zone schools in Alexander City. The Boards principal, issuance costs and net proceeds were \$250,000,000, \$50,000 and \$2,000,000 respectively. The Board is required to make sinking fund deposits of \$166,666.67 on July 15 in each year for fifteen years so that such deposits and any interest earned thereon shall be used to pay the principal of the bonds upon maturity and are pledged to pay the debt service requirements of the bonds. The sinking fund deposits and interest payments are payable from and secured by a pledge of the Board's 1.5 mill special county wide ad valorem tax and a 3.0 mill special county wide ad valorem tax.

On June 25, 2020 the Board issued \$47,950,000 of Special Tax School Warrants, Series 2020-A. The purpose of the Warrants was to provide the funds needed for capital improvements, as well as to pay the expenses of issuing the Warrants.

On June 25, 2020, the Board issued \$7,190,000 of Special Tax School Warrants, Series 2020-B. The purpose of the Warrants was to provide the funds needed to refund Alexander City for Warrants issued by the City on behalf of the Board, as well as to pay the expenses of issuing the Warrants.

On June 25, 2020, the Board issued \$7,490,000 of Special Tax School Warrants, Series 2020-C. The purpose of the Warrants was to provide the funds needed for capital improvements, as well as to pay the expenses of issuing the Warrants.

On March 23, 2022, the Board issued \$24,200,000 of School Tax Warrants, Series 2022. The purpose of Warrants was to construct a new high school, as well as to pay the expenses of issuing the Warrants.

On May 3, 2022, the Board entered into leases for eighteen copiers to be used at the schools. Since the leases contain a bargain purchase clause, the leases are classified as financed purchases for accounting purchases. The total amount financed was \$101,611, of which \$90,913 was outstanding at year end.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - LONG-TERM OBLIGATIONS - (CONTINUED):

B. Long-Term Obligation Activity

Long-term liability balances and activities for the year ended September 30, 2022, were as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Warrants:</u>					
2011-A Series, QZAB Warrants	\$ 1,000,000	\$ -0-	\$ -0-	\$ 1,000,000	\$ -0-
2017 Series, School Tax Warrants	1,215,000	-0-	1,215,000	-0-	-0-
2017 Series QZAB Warrants	2,500,000	-0-	-0-	2,500,000	-0-
2020-A Series, School Tax Warrants	47,950,000	-0-	-0-	47,950,000	-0-
2020-B Series, Taxable School Tax Warrants	7,190,000	-0-	890,000	6,300,000	905,000
2020-C Series, School Tax Warrants	7,490,000	-0-	-0-	7,490,000	-0-
2022 Series, School Tax Warrants	-0-	24,200,000	-0-	24,200,000	250,000
Unamortized Discount/Premium 22	271,562	-0-	23,213	248,349	23,213
Unamortized Discount/Premium 20	-0-	<u>167,243</u>	<u>19,563</u>	<u>147,680</u>	<u>39,125</u>
Total Warrants Payable	<u>67,616,562</u>	<u>24,367,243</u>	<u>2,147,776</u>	<u>89,836,029</u>	<u>1,217,338</u>
<u>Notes Payable:</u>					
Notes Payable - Buses	35,266	-0-	45,089	(9,823)	45,089
Notes Payable - Buses	<u>286,800</u>	<u>-0-</u>	<u>44,907</u>	<u>241,893</u>	<u>46,002</u>
Total Notes Payable	<u>322,066</u>	<u>-0-</u>	<u>89,996</u>	<u>232,070</u>	<u>91,091</u>
<u>Financed Purchases</u>					
Copiers - JPES	-0-	22,223	2,340	19,883	7,208
Copiers - SES	-0-	16,710	1,759	14,951	5,421
Copiers - RES	-0-	16,709	1,759	14,950	5,421
Copiers - ACMS	-0-	16,710	1,759	14,951	5,421
Copiers - BRHS	<u>-0-</u>	<u>29,259</u>	<u>3,081</u>	<u>26,178</u>	<u>9,492</u>
Total Financed Purchases	<u>-0-</u>	<u>101,611</u>	<u>10,698</u>	<u>90,913</u>	<u>32,963</u>
Total Warrants and Notes Payable	<u>67,938,628</u>	<u>24,468,854</u>	<u>2,248,470</u>	<u>90,159,012</u>	<u>1,341,392</u>

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - LONG-TERM OBLIGATIONS - (CONTINUED):

B. Long-Term Obligation Activity - (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Other Liabilities:</u>					
Net Pension Liability	\$ 28,890,000	\$ -0-	\$ 6,274,000	\$ 22,616,000	\$ -0-
Net OPEB Liability	<u>14,877,292</u>	<u>-0-</u>	<u>2,447,127</u>	<u>12,430,165</u>	<u>-0-</u>
Total Other Liabilities	<u>43,767,292</u>	<u>-0-</u>	<u>8,721,127</u>	<u>35,046,165</u>	<u>-0-</u>
Governmental Activities					
Long - Term Obligations	\$ <u>111,705,920</u>	\$ <u>24,468,854</u>	\$ <u>10,969,597</u>	\$ <u>125,205,177</u>	\$ <u>1,341,392</u>

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - LONG-TERM OBLIGATIONS - (CONTINUED):

C. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2022, are as follows:

Fiscal Year Ending September 30,	Bonds/Warrants Payable		Notes Payable		Total Principal and Interest Requirements to Maturity
	Principal	Interest	Principal	Interest	
2023	\$ 1,155,000	\$ 2,487,369	\$ 91,091	\$ 8,622	\$ 3,742,082
2024	1,810,000	2,455,319	92,252	6,203	4,363,774
2025	1,850,000	2,415,169	48,344	3,765	4,317,278
2026	1,895,000	2,372,769	49,574	2,535	4,319,878
2027	2,940,000	2,323,719	50,810	1,299	5,315,828
2028-2032	13,205,000	10,398,218	-0-	-0-	23,603,218
2033-2037	13,400,000	8,534,956	-0-	-0-	21,934,956
2038-2042	15,325,000	6,605,719	-0-	-0-	21,930,719
2043-2047	17,605,000	4,330,706	-0-	-0-	21,935,706
2048-2052	20,255,000	1,670,997	-0-	-0-	21,925,997
Totals	<u>\$ 89,440,000</u>	<u>\$ 43,594,941</u>	<u>\$ 332,071</u>	<u>\$ 22,424</u>	<u>\$ 133,389,436</u>

Fiscal Year Ending September 30,	Notes Payable		Total Principal and Interest Requirements to Maturity
	Principal	Interest	
2023	\$ 32,963	\$ 3,037	\$ 36,000
2024	34,306	1,693	35,999
2025	23,644	356	24,000
	<u>\$ 90,913</u>	<u>\$ 5,086</u>	<u>\$ 95,999</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - LONG-TERM OBLIGATIONS - (CONTINUED):

D. Pledged Revenues

On June 2, 2011, the Board entered into a special pool loan agreement for \$1,000,000 with the Alabama Public School and College Authority (the "PSCA"). The PSCA issued bonds known as "qualified zone academy bonds" under Section 54E of the Internal Revenue Code of 1986 in order to finance loans to various local Boards of Education throughout the State of Alabama. The proceeds of these bonds are limited to rehabilitating, repairing or equipping public school facilities. The interest rates on these bonds are 4.6%; however, the PSCA expects to receive subsidy payments from the United States Treasury in amounts equal to the interest due on the bonds making the effective interest payment due from the Board equal zero. Annual sinking fund deposits of \$96,095 are required beginning in fiscal year 2012. The bonds mature on May 1, 2026. The Board has pledged the capital outlay funds allocated to the Board from the Public School Fund pursuant to Section 16-3-234, Code of Alabama (1975), as amended, for the payment of the principal, sinking fund deposits and interest payable on the Capital Outlay Pool Warrants, Series 2011-QZAB. The Board received \$790,351 of Public School Capital Outlay funds of which \$96,095 was used for the sinking fund and interest payments during the fiscal year ending September 30, 2022.

On June 30, 2017, the Board issued Series 2017 School Tax Warrants for the purpose of acquiring and constructing certain energy savings improvement to school buildings and related equipment. The Board pledged to repay the school tax warrants from (1) that certain special 1.5-mill county wide ad valorem tax which was levied for public school purposes pursuant to Sections 269 and 217 of the Constitution of Alabama of 1901, and (2) that certain special 3.0-mill county wide ad valorem tax levied for public school purposes on all property in the County pursuant to Amendment No. 3 and proceedings under Amendment No. 373 to the Constitution of Alabama of 1901. Future revenues of \$1,688,934 are pledged to repay the principal on the warrants at September 30, 2022. The Series 2017 School Tax Warrants will mature in fiscal year 2037. Proceeds of the pledged taxes in the amount of \$1,765,593 were received and used for the interest payment of \$37,681 during the fiscal year ending September 30, 2022.

On August 23, 2017, the Board issued in School Tax Warrants (Qualified Zone Academy Bonds), Series 2017-QZAB, for the purpose of making energy-savings capital improvements to two of its public school facilities in which the Qualified Zone Academy is established. The Board pledged to repay the school tax warrants from (1) that certain special 1.5-mill county wide ad valorem tax which was levied for public school purposes pursuant to Sections 269 and 217 of the Constitution of Alabama of 1901, and (2) that certain special 3.0-mill county wide ad valorem tax levied for public school purposes on all property in the County pursuant to Amendment No. 3 and proceedings under Amendment No. 373 to the Constitution of Alabama of 1901. Future revenues of \$1,666,666 are pledged for annual payments of the sinking fund deposits

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - LONG-TERM OBLIGATIONS - (CONTINUED):

D. Pledged Revenues - (Continued)

on the bonds at September 30, 2022. The Series 2017-QZAB Qualified Zone Academy Bonds will mature in fiscal year 2032. Proceeds from the pledged taxes of \$1,765,593 were received during fiscal year ending September 30, 2022 and interest or sinking fund payments of \$166,666 were made on this Series.

On June 25, 2020 the Board issued Series 2020-A Special Tax School Warrants, Series 2020-A for the purpose of capital improvements. The Board pledged to repay the school tax warrants from (1) City sales tax allocated to the Board and (2) the 7.5- mill city ad valorem tax levied for public school purposes on all property within the city limits. Future revenues of \$70,104,088 are pledged to repay the principal on the warrants at September 30, 2022. The Series 2020-A School Tax Warrants will mature in fiscal year 2050.

On June 25, 2020, the Board issued Series 2020-B Special Tax School Warrants, Series 2020-B for the purpose to provide the funds needed to refund Alexander City for Warrants issued by the City on behalf of the Board. The Board pledged to repay the school tax warrants from (1) City sales tax allocated to the Board and (2) the 7.5-mill city ad valorem tax levied for public school purposes on all property within the city limits. Future revenues of \$6,602,600 are pledged to repay the principal on the warrants at September 30, 2022. The Series 2020-B School Tax Warrants will mature in fiscal year 2027.

On June 25, 2020, the Board issued Series 2020-C Special Tax School Warrants, Series 2020-C for the purpose of capital improvements. The Board pledged to repay the school tax warrants from (1) the 1.5-mill county wide ad valorem tax levied for public school purposes on all property within the County and (2) the 3.0-mill county wide ad valorem tax levied for public school purposes on all property within the County. Future revenues of \$10,218,391 are pledged to repay the principal on the warrants at September 30, 2022. The Series 2020-C School Tax Warrants will mature in fiscal year 2044.

On March 23, 2022, the Board issued \$24,200,000 of School Tax Warrants, Series 2022 for the purpose of constructing a new high school. The Board pledged to repay school tax warrants (1) the 1.5 mill county wide ad valorem tax levied for public school purposes on all property within the county and (2) the 3.0 mil county wide ad valorem tax levied for public school purposes on all property within the county. Future revenues of \$42,379,863 are pledged to repay the on the warrants at September 30, 2022. The series 2022 School Tax Warrants will mature in fiscal year 2052.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - LONG-TERM OBLIGATIONS - (CONTINUED):

E. Bond Issuance Costs, Premiums and Discounts

For warrants (bonds) and other long-term debt issued after October 1, 2002, the related debt issuance costs, premiums, and discounts are amortized using the straight-line method over the life of the debt in the government-wide statements.

	<u>Issuance Costs</u>	<u>Premiums</u>	<u>Discounts</u>
Series 2020-A, Capital Outlay			
Warrants (at issuance)	\$ -0-	\$ 98,307	\$ -0-
Amount Amortized			
in years prior	<u>-0-</u>	<u>4,456</u>	<u>-0-</u>
Unamortized Amount	-0-	93,851	-0-
Current Year Amortization	<u>-0-</u>	<u>3,442</u>	<u>-0-</u>
Unamortized Amount			
- End of Fiscal Year	<u>\$ -0-</u>	<u>\$ 90,509</u>	<u>\$ -0-</u>
Series 2020-B, Capital Outlay			
Warrants (at issuance)	\$ -0-	\$ 98,557	\$ -0-
Amount Amortized			
in years prior	<u>-0-</u>	<u>20,480</u>	<u>-0-</u>
Unamortized Amount	-0-	78,077	-0-
Current Year Amortization	<u>-0-</u>	<u>15,359</u>	<u>-0-</u>
Unamortized Amount			
- End of Fiscal Year	<u>\$ -0-</u>	<u>\$ 62,718</u>	<u>\$ -0-</u>
Series 2020-C, Capital Outlay			
Warrants (at issuance)	\$ -0-	\$ 105,649	\$ -0-
Amount Amortized			
in years prior	<u>-0-</u>	<u>6,016</u>	<u>-0-</u>
Unamortized Amount	-0-	99,633	-0-
Current Year Amortization	<u>-0-</u>	<u>4,511</u>	<u>-0-</u>
Unamortized Amount			
- End of Fiscal Year	<u>\$ -0-</u>	<u>\$ 95,122</u>	<u>\$ -0-</u>
Series 2022 School Tax			
Warrants (at issuance)	\$ -0-	\$1,167,243	\$ -0-
Amount Amortized in Prior			
Years	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Unamortized Amount	-0-	1,167,243	-0-
Current Year Amortization	<u>-0-</u>	<u>19,563</u>	<u>-0-</u>
Unamortized Amount - End of			
Fiscal Year	<u>\$ -0-</u>	<u>\$1,147,680</u>	<u>\$ -0-</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - LONG-TERM OBLIGATIONS - (CONTINUED):

F. Lease Obligations

Operating Leases

In FY 2022, the Board implemented GASB Statement 87, Leases, which changed the accounting and reporting for items which were previously reported as capital leases and operating leases. See Note 13 - Accounting Changes for details of GASB Statement 87, Leases. The Board has no material leases.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 9 - INTERFUND BALANCES AND ACTIVITY:

Interfund transfers for the fiscal year ended September 30, 2022 consist of the following:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>				
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
General Fund	\$ -0-	\$ 4,908,242	\$ -0-	\$ -0-	\$ 4,908,242
Special Revenue Fund	62,758	-0-	-0-	-0-	62,758
Debt Service Fund	-0-	-0-	-0-	-0-	-0-
Capital Projects Fund	-0-	-0-	-0-	-0-	-0-
Totals	<u>\$ 62,758</u>	<u>\$ 4,908,242</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,971,000</u>

The Board typically used transfers to fund ongoing operating subsidies, to recoup certain expenditures paid on-behalf of the local schools, and to transfer the portion from the general fund to the debt service funds to service current-year debt requirements.

<u>Transfers Out</u>	<u>Transfers In</u>				
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
General Fund	\$ 126,023	\$ 232,560	\$ -0-	\$ -0-	\$ 358,583
Special Revenue Fund	85,968	-0-	-0-	-0-	85,968
Debt Service Fund	-0-	-0-	-0-	333,950	333,950
Capital Projects Fund	-0-	-0-	-0-	-0-	-0-
Totals	<u>\$ 211,991</u>	<u>\$ 232,560</u>	<u>\$ -0-</u>	<u>\$ 333,950</u>	<u>\$ 778,501</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 10 - RISK MANAGEMENT:

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Errors and omissions insurance is purchased from the Alabama Risk Management for Schools (ARMS), a public entity risk pool. The ARMS collects the premiums and purchases excess insurance for any amount of coverage requested by pool participants in excess of the coverage provided by the pool. The Board purchases commercial insurance for fidelity bonds, fleet insurance, buildings and contents. Settled claims in the past three years have not exceeded the commercial insurance coverage.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF) administered by the Public Education Employees' Health Insurance Board. PEEHIF was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining.

Monthly premiums for employee and dependent coverage are set annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The Board contributes the specified amount monthly to the PEEHIF for each employee. The Board contribution is applied against the employees' premiums for the coverage selected and the employee pays any remaining premium.

The State Board of Adjustments is a state agency with which people can file claims against the Board to collect reimbursement for damages when all other means have been exhausted. The Board does not have insurance coverage for job-related injuries. Claims for employee job-related injuries may be filed with the State Board of Adjustment. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from state appropriated funds at no cost to the Board. Settled claims resulting from these risks have not exceeded the Board's coverage in any of the past three fiscal years.

NOTE 11 - CONTINGENT LIABILITIES:

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 or the general fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Board expects such amounts, if any, to be immaterial.

NOTE 12 - COMMISSIONS, MAP AND APPRAISAL COSTS:

Commissions, county commission expense, current use interest (per court order), homestead exemptions, and various other costs of the Board were deducted from current years' taxes by the taxing authorities before they were remitted to the Board. The costs are excluded from the revenues in the financial statements as prescribed by the State Department of Education.

(Continued)

NOTE 13 – ACCOUNTING CHANGES:

GASB Statement No. 87, *Leases*, became effective for fiscal year ending June 30, 2022. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation. GASB Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability, (2) an intangible asset representing the lessee's right to use the leased asset, (3) report the amortization expense for using the lease asset over the shorter of 103 the term of the lease or the useful life of the underlying asset, (4) interest expense on the lease liability and (5) note disclosures about the lease. A lessor must recognize (1) a lease receivable (measured at the present value of lease payments expected to be received during the lease term), (2) deferred inflow of resources, (3) interest revenue on the lease receivable and (4) note disclosures of leasing arrangements and the total inflows of resources recognized from leases. This statement provides exceptions for leases of assets held as investments, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements) and leases with related parties.

GASB Statement No. 92, *Omnibus 2020*, became effective during the fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provision about the following:

- The effective date of GASB Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 13 - ACCOUNTING CHANGES - (Continued)

- The applicability of certain requirements of GASB Statement No. 84 to postemployment benefit arrangements · Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instrument

REQUIRED SUPPLEMENTARY INFORMATION

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF ALABAMA
FOR THE YEARS ENDED SEPTEMBER 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Board's Proportion of the Net Pension Liability	0.240076%	0.233555%	0.230050%	0.238768%	0.239669%
Board's Proportionate Share of the Net Pension Liability	\$ 22,616,000	\$ 28,890,000	\$ 25,436,000	\$ 23,740,000	\$ 23,556,000
Board's Covered-Employee Payroll during the Measurement Period (*)	\$ 17,795,023	\$ 16,579,439	\$ 16,508,108	\$ 16,056,644	\$ 15,906,908
Board's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	127.091715%	174.251976%	154.081861%	147.851568%	148.086605%
Plan Fiduciary Net Position as a Percentage of the Total Collective Pension Liability	76.440000%	67.720000%	69.850000%	72.290000%	71.500000%

(Continued)

SCHEDULE OF BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - (CONTINUED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Board's Proportion of the Net Pension Liability	0.237613%	0.234236%	0.234302%	Not Available	Not Available
Board's Proportionate Share of the Net Pension Liability	\$ 25,724,000	\$ 24,514,000	\$ 21,285,000		
Board's Covered-Employee Payroll during the Measurement Period (*)	\$ 15,026,651	\$ 14,928,612	\$ 14,799,912		
Board's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	171.189176%	164.208166%	143.818423%		
Plan Fiduciary Net Position as a Percentage of the Total Collective Pension Liability	67.930000%	67.510000%	71.010000%		

(*)The employer's covered-employee payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For the fiscal year 2022, the measurement period is October 1, 2020 through September 30, 2021.

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

ALEXANDER CITY BOARD OF EDUCATION
SCHEDULE OF BOARD'S CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF ALABAMA
FOR THE YEARS ENDED SEPTEMBER 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contributions	\$ 2,286,305	\$ 2,100,028	\$ 2,014,350	\$ 1,999,936	\$ 1,916,000
Contributions in Relation to the Contractually Required Contributions	<u>2,286,305</u>	<u>2,100,028</u>	<u>2,014,350</u>	<u>1,999,936</u>	<u>1,916,000</u>
Contribution Deficiency (Excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Board's Covered-Employee Payroll	\$ 19,460,936	\$ 17,795,023	\$ 16,579,439	\$ 16,508,108	\$ 16,056,644
Contributions as a Percentage of Covered-Employee Payroll	11.748176%	11.801210%	12.149687%	12.114871%	11.932755%

SCHEDULE OF BOARD'S CONTRIBUTIONS - (CONTRIBUTIONS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions	\$ 1,786,319	\$ 1,728,465	\$ 1,724,952	Not Available	Not Available
Contributions in Relation to the Contractually Required Contributions	<u>1,786,319</u>	<u>1,728,465</u>	<u>1,725,952</u>		
Contribution Deficiency (Excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>		
Board's Covered-Employee Payroll	\$ 15,906,908	\$ 15,026,651	\$ 14,928,612		
Contributions as a Percentage of Covered-Employee Payroll	11.229832%	11.502663%	11.554671%		

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

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
FOR THE YEARS ENDED SEPTEMBER 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Board's Proportion of the Net OPEB Liability	0.240577%	0.229239%	0.273436%	0.268326%	0.263022%
Board's Proportionate Share of the Net OPEB Liability	\$ 12,430,165	\$ 14,877,292	\$ 10,316,106	\$ 22,052,980	\$ 19,535,772
Board's Covered-Employee Payroll during the Measurement Period (*)	\$ 17,516,028	\$ 16,298,652	\$ 16,152,486	\$ 15,834,702	\$ 15,768,857
Board's Proportionate Share of the Collective Net OPEB Liability as a Percentage of its Covered-Employee Payroll	70.964519%	91.279279%	63.866986%	139.269940%	123.888320%
Plan Fiduciary Net Position as a Percentage of the Total Collective OPEB Liability	27.11%	19.80%	28.14%	14.81%	15.37%

(Continued)

SCHEDULE OF BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - (CONTINUED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Board's Proportion of Share Net OPEB Liability	Not Available	Not Available	Not Available	Not Available	Not Available
Board's Proportionate Share of the Net OPEB Liability					
Board's Covered-Employee Payroll during the Measurement Period (*)					
Board's Proportionate Share of the Collective Net OPEB Liability as a Percentage of its Covered-Employee Payroll					
Plan Fiduciary Net Position as a Percentage of the Total Collective OPEB Liability					

(*) The employer's covered-employee payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For the fiscal year 2022, the measurement period is October 1, 2020 through September 30, 2021.

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

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF BOARD'S CONTRIBUTIONS
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
FOR THE YEARS ENDED SEPTEMBER 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contributions	\$ 506,323	\$ 418,151	\$ 452,038	\$ 778,976	\$ 662,018
Contributions in Relation to the Contractually Required Contributions	<u>506,323</u>	<u>418,151</u>	<u>452,038</u>	<u>778,976</u>	<u>662,018</u>
Contribution Deficiency (Excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Board's Covered-Employee Payroll	\$ 18,705,727	\$ 17,516,028	\$ 16,298,652	\$ 16,152,486	\$ 15,834,702
Contributions as a Percentage of Covered-Employee Payroll	2.706781%	2.387248%	2.773469%	4.822638%	4.180805%

SCHEDULE OF BOARD'S CONTRIBUTIONS - (CONTINUED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions	Not Available	Not Available	Not Available	Not Available	Not Available
Contributions in Relation to the Contractually Required Contributions					
Contribution Deficiency (Excess)					
Board's Covered-Employee Payroll					
Contributions as a Percentage of Covered-Employee Payroll					

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

ALEXANDER CITY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Changes in actuarial assumptions

Changes to the actuarial assumptions as a result of the experience study for the five-year period ending June 30, 2020 are summarized below.

Assumption	Description
Price Inflation	2.50%
Investment Return	7.00%
Wage Inflation	2.75%
Mortality Rates (Pre-Retirement, Post-Retirement Healthy and Disabled)	Update to Pub-2010 Public Mortality Plans Mortality Tables. For future mortality improvement, generational mortality improvement with mortality improvement scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.
Retirement Rates	Decreased rates of retirement at most ages and extended retirement rates at age 80.
Withdrawal Rates	Changed from an age-based table broken down by service bands to a pure service-based table. Used a liability weighted methodology in analyzing rates.
Disability Rates	Lowered rates of disability retirement at most ages.
Salary Increases	No change to total assumed rates of salary increases, but increased merit salary scale by 0.25% to offset the recommended decrease in the wage inflation assumption by 0.25%.

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to more closely reflect actual experience.

Recent Plan Changes

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

The Health Plan is changed in each year to reflect the ACA Maximum annual out-of-pocket amounts.

(Continued)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - (CONTINUED)

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions rates in the schedule of employer contributions are calculated as of September 30, 2018, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	23 Years, Closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.00%
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2026 for Pre-Medicare Eligible 2024 for Medicare Eligible
Optional Plans Trend Rate	2.80%
Investment Rate of Return	5.00%, including Inflation

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Budget to GAAP</u>	<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Differences</u>	<u>GAAP Basis</u>
<u>Revenues</u>					
State Sources	\$ 19,173,602.00	\$ 20,032,721.99	\$ 20,423,163.76	\$ 0.00	\$ 20,423,163.76
Federal Sources	65,481.00	65,481.00	102,606.16	0.00	102,606.16
Local Sources	7,125,524.14	6,411,823.14	7,005,732.22	0.00	7,005,732.22
Other Sources	<u>26,232.00</u>	<u>26,232.00</u>	<u>37,001.95</u>	<u>0.00</u>	<u>37,001.95</u>
Total Revenues	<u>26,390,839.14</u>	<u>26,536,258.13</u>	<u>27,568,504.09</u>	<u>0.00</u>	<u>27,568,504.09</u>
<u>Expenditures</u>					
Instructional Services	15,514,145.74	16,066,787.11	16,714,072.77	(170,221.39)	16,543,851.38
Instructional Support	4,586,121.00	4,672,539.50	4,796,916.57	33,575.45	4,830,492.02
Operation and Maintenance	2,737,958.00	2,827,807.19	2,049,601.16	8,600.86	2,058,202.02
Auxiliary Services:					
Student Transportation	1,236,041.00	1,313,991.00	1,344,172.24	(6,162.83)	1,338,009.41
General Administrative	1,135,455.09	1,116,405.09	1,490,147.39	4,671.96	1,494,819.35
Other	1,026,716.00	1,005,405.93	1,117,314.49	(43,421.09)	1,073,893.40
Capital Outlay	0.00	0.00	121,992.81	0.00	121,992.81
Debt Service:					
Principal Retirement	0.00	0.00	10,698.38	0.00	10,698.38
Interest and Fiscal Charges	<u>0.00</u>	<u>0.00</u>	<u>1,301.50</u>	<u>0.00</u>	<u>1,301.50</u>
Total Expenditures	<u>26,236,436.83</u>	<u>27,002,935.82</u>	<u>27,646,217.31</u>	<u>(172,957.04)</u>	<u>27,473,260.27</u>
Excess (Deficiency) of					
Revenues Over Expenditures	<u>154,402.31</u>	<u>(466,677.69)</u>	<u>(77,713.22)</u>	<u>172,957.04</u>	<u>95,243.82</u>

(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND - (CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
	<u>Original</u>	<u>Final</u>			
<u>Other Financing Sources</u>					
<u>(Uses)</u>					
Indirect Cost	\$ 177,010.82	\$ 565,100.29	\$ 268,569.89	\$ 0.00	\$ 268,569.89
Transfers In	0.00	0.00	101,611.23	0.00	101,611.23
Sale of Capital Assets	34,905.00	44,105.00	211,990.62	0.00	211,990.62
Transfers Out	<u>(58,100.00)</u>	<u>(76,987.00)</u>	<u>(358,582.66)</u>	<u>0.00</u>	<u>(358,582.66)</u>
Total Other Financing Sources (Uses)	<u>153,815.82</u>	<u>532,218.29</u>	<u>223,589.08</u>	<u>0.00</u>	<u>223,589.08</u>
Net Changes in Fund Balances	308,218.13	65,540.60	145,875.86	172,957.04	318,832.90
Fund Balances -					
Beginning of Year	<u>7,997,741.74</u>	<u>9,361,579.33</u>	<u>9,361,579.33</u>	<u>(2,318,893.82)</u>	<u>7,042,685.51</u>
Fund Balances -					
End of Year	<u>\$ 8,305,959.87</u>	<u>\$ 9,427,119.93</u>	<u>\$ 9,507,455.19</u>	<u>\$ (2,145,936.78)</u>	<u>\$ 7,361,518.41</u>

Explanation of Differences

The Board budgets revenues and expenditures to the extent they are expected to be received or paid in the current fiscal period, rather than on the modified accrual basis.

\$ 172,957.04

(Continued)

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Budget to GAAP</u>	<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Differences</u>	<u>GAAP Basis</u>
<u>Revenues</u>					
State Sources	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Federal Sources	6,530,204.00	17,903,077.46	9,126,736.29	0.00	9,126,736.29
Local Sources	556,837.00	548,749.00	655,773.00	0.00	655,773.00
Other Sources	<u>45,218.00</u>	<u>49,985.00</u>	<u>41,177.42</u>	<u>0.00</u>	<u>41,177.42</u>
Total Revenues	<u>7,132,259.00</u>	<u>18,501,811.46</u>	<u>9,823,686.71</u>	<u>0.00</u>	<u>9,823,686.71</u>
<u>Expenditures</u>					
Instructional Services	5,269,987.96	6,981,832.31	4,387,352.29	282,705.29	4,670,057.58
Instructional Support	1,027,363.75	2,544,728.75	1,277,884.76	12,321.84	1,290,206.60
Operation and Maintenance	188,773.64	172,187.64	169,494.07	0.00	169,494.07
Student Transportation	50,751.12	110,023.12	18,559.61	0.00	18,559.61
Food Service	0.00	0.00	2,476,545.34	96,636.83	2,573,182.17
General Administrative	620,193.52	943,059.29	580,963.73	4,281.38	585,245.11
Other Expenditures	3,104,397.00	3,248,884.42	697,516.53	0.00	697,516.53
Capital Outlay	5,540,986.90	4,573,489.25	0.00	0.00	0.00
Debt Service	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>15,802,453.89</u>	<u>18,574,204.78</u>	<u>9,608,316.33</u>	<u>395,945.34</u>	<u>10,004,261.67</u>
Excess (Deficiency) of					
Revenues Over Expenditures	<u>(8,670,194.89)</u>	<u>(72,393.32)</u>	<u>215,370.38</u>	<u>(395,945.34)</u>	<u>(180,574.96)</u>

(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND - (CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
	<u>Original</u>	<u>Final</u>			
<u>Other Financing Sources</u> <u>(Uses)</u>					
Transfers In	\$ 112,525.00	\$ 122,212.00	\$ 232,560.38	\$ 0.00	\$ 232,560.38
Transfers Out	<u>(77,175.00)</u>	<u>(77,175.00)</u>	<u>(85,968.34)</u>	<u>0.00</u>	<u>(85,968.34)</u>
Total Other Financing Sources (Uses)	<u>35,350.00</u>	<u>45,037.00</u>	<u>146,592.04</u>	<u>0.00</u>	<u>146,592.04</u>
Net Changes in Fund Balances	(8,634,844.89)	(27,356.32)	361,962.42	(395,945.34)	(33,982.92)
Fund Balances - Beginning of Year	<u>8,933,941.46</u>	<u>1,809,219.38</u>	<u>1,797,159.71</u>	<u>0.00</u>	<u>1,797,159.71</u>
Fund Balances - End of Year	<u>\$ 299,096.57</u>	<u>\$ 1,781,863.06</u>	<u>\$ 2,159,122.13</u>	<u>\$ (395,945.34)</u>	<u>\$ 1,763,176.79</u>

Explanation of Differences

The Board budgets revenues and expenditures to the extent they are expected to be received or paid in the current fiscal period, rather than on the modified accrual basis.

\$ (395,945.34)

ALEXANDER CITY BOARD OF EDUCATION

NOTE TO THE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2022

**Note A - Explanation of Differences between Budgetary
Inflows and Outflows and GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) available for appropriation shown as total revenues on the Budgetary Comparison Schedule	\$ 27,568,504.09	\$ 9,823,686.71
<i>Differences - Budget to GAAP:</i>		
Local taxes are not budgeted as revenues unless receivable in time to pay budgeted expenditures	<u>0.00</u>	<u>0.00</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ <u>27,568,217.31</u>	\$ <u>9,823,686.71</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) available for expenditures shown as total expenditures on the Budgetary Comparison Schedule	\$ 27,646,217.31	\$ 9,608,316.33
<i>Differences - Budget to GAAP:</i>		
Salaries of teachers and other personnel with contracts of less than 12 months are paid over a 12 month period. Expenditures for salaries (and related fringe benefits) are budgeted based on the amount that will be paid from budgeted revenues. However, salaries (and related benefits) earned but not paid are reported expenditures on the financial statements.	<u>(172,957.04)</u>	<u>395,945.34</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ <u>27,473,260.27</u>	\$ <u>10,004,261.67</u>

SUPPLEMENTARY INFORMATION

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022

	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Revenue Recognized</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
Special Education Cluster:				
Special Education Grants to States - FY 22	84.027	CLB102	\$ 822,141.68	\$ 822,141.68
Special Education - Preschool Grants - FY 22	84.173	CLB102	<u>16,966.52</u>	<u>16,966.52</u>
Subtotal Special Education Cluster			839,108.20	839,108.20
Title I Grants to Local Education Agencies - FY 21	84.010	CLB102	160,462.26	160,462.26
Title I Grants to Local Education Agencies - FY 22	84.010	CLB102	1,326,487.31	1,326,487.31
Vocational Education Basic Grants to States - FY 22	84.048	CLB102	48,448.00	48,448.00
Title IV, Part B: 21 st Century Community Learning Centers - FY 22	84.287	CLB102	541,745.00	541,745.00
Title V, Rural Education Initiative - FY 22	84.358	CLB102	111,682.20	111,682.20
Title III, English Language Acquisition	84.365	CLB102	6,710.74	6,710.74
Improving Teacher Quality - FY 22	84.367	CLB102	146,996.82	146,996.82
Title IV, Part A: Student Support and Academic Advancement - FY 22	84.424	CLB102	99,656.66	99,656.66
CRRSA Act: Elementary and Secondary School Emergency Relief Fund II (M)	84.425D	CLB102	34,694.90	34,694.90
CRRSA Act: Elementary and Secondary School Emergency Relief Fund II- ALSDE Reserve (M)	84.425D	CLB102	71,354.00	71,354.00
CRRSA Act: Elementary and Secondary School Emergency Relief Fund II (M)	84.425D	CLB102	1,835,416.56	1,835,416.56
ARPA Act: Elementary and Secondary School Emergency Relief Fund III (M)	84.425U	CLB102	805,895.88	805,895.88
ARPR Act: ALSDE Reservation (M)	84.425U	CLB102	<u>207,063.47</u>	<u>207,063.47</u>
Total U. S. Department of Education			<u>6,235,722.00</u>	<u>6,235,722.00</u>

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (CONTINUED)

	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Revenue Recognized</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program (M)	10.553	CLB102	\$ 919,100.99	\$ 919,100.99
National School Lunch Program (M)	10.555	CLB102	1,456,849.80	1,456,849.80
National School Lunch Program – Supply Chain Assistance (M)	10.555	CLB102	61,234.68	61,234.68
National School Lunch Program Commodities (M) (N)	10.555	CLB102	156,481.55	156,481.55
Summer Food Service Program for Children (M)	10.559	CLB102	<u>44,290.48</u>	<u>44,290.48</u>
Subtotal Child Nutrition Cluster (M)			<u>2,637,957.50</u>	<u>2,637,957.50</u>
Pandemic EBT Local Level Cost	10.649	CLB102	1,935.18	1,935.18
Child and Adult Care Food Program	10.558	CLB102	242,186.49	242,186.49
State Administrative Expenses for Child Nutrition	10.560	CLB102	<u>5,935.12</u>	<u>5,935.12</u>
Total U. S. Department of Agriculture			<u>2,888,014.29</u>	<u>2,888,014.29</u>
<u>U. S. Department of Defense</u>				
Federal Funds Received Direct:				
Navy ROTC	12.XXX	N/A	<u>101,186.16</u>	<u>101,186.16</u>
Total U. S. Department of Defense			<u>101,186.16</u>	<u>101,186.16</u>
<u>Social Security Administration</u>				
Passed Through State Department of Education:				
Social Security - Disability Insurance	96.001	CLB102	<u>1,420.00</u>	<u>1,420.00</u>
Total Social Security Administration			<u>1,420.00</u>	<u>1,420.00</u>
Total Federal Awards			<u>\$ 9,226,342.45</u>	<u>\$ 9,226,342.45</u>

(M) - Major Program
(N) - Noncash Assistance
N/A - Not Available

The accompanying notes are an integral part of this schedule.

ALEXANDER CITY BOARD OF EDUCATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Alexander City Board of Education and is presented on the modified accrual basis of accounting. 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 Alexander City Board of Education, it is not intended to and does not present the financial position or changes in net position of the Alexander City Board of Education.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the 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 re limited as to reimbursement. The Alexander City Board of Education has not elected to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

NOTE 3 - INDIRECT COST RATE

The Alexander City Board of Education has not elected to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

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 Members of the Alexander City Board of Education
Alexander City, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alexander City Board of Education, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Alexander City Board of Education's basic financial statements, and have issued our report thereon dated June 12, 2023.

Internal Control Over Financial Reporting

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

(Continued)

As part of obtaining reasonable assurance about whether Alexander City Board of Education'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 determination of financial statement amounts. 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.

POTTER, BRYANT, & MOORE, P.C.
Certified Public Accountants

Potter, Bryant & Moore, P.C.

Birmingham, Alabama
June 12, 2023

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

To the Members of the Alexander City Board of Education
Alexander City, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alexander City Board of Education's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Alexander City Board of Education's major federal programs for the year ended September 30, 2022. Alexander City Board of Education's major federal are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Alexander City Board of Education 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

(Continued)

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

POTTER, BRYANT, & MOORE, P. C.
Certified Public Accountants

Potter, Bryant & Moore, P.C.

Birmingham, Alabama
June 12, 2023

ALEXANDER CITY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? yes x no
 Reportable condition(s) identified 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 weakness(es) identified? yes x no
 Reportable condition(s) identified 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 that are
 required to be reported in accordance
 with 2 CFR 200.516 (a)? yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559 84.425 D, U	Child Nutrition Cluster COVID 19- Education Stabilization Fund

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? x yes no

Section II - Financial Statement Findings

There were no matters to be reported

Section III - Federal Award Findings and Questioned Costs

There were no matters to be reported.

ADDITIONAL INFORMATION

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF DEBT SERVICE
CAPITAL OUTLAY SCHOOL WARRANTS, SERIES 2011 - QZCB
SEPTEMBER 30, 2022

<u>Year</u>	<u>Sinking Fund Deposit</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 50,095.61	\$ 46,000.00	\$ 96,095.61
2024	50,095.61	46,000.00	96,095.61
2025	50,095.61	46,000.00	96,095.61
2026	50,095.61	46,000.00	96,095.61
2027	<u>50,095.61</u>	<u>46,000.00</u>	<u>96,095.61</u>
	<u>\$ 250,478.05</u>	<u>\$ 230,000.00</u>	<u>\$ 480,478.05</u>

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF DEBT SERVICE
SCHOOL TAX WARRANTS, SERIES 2017
SEPTEMBER 30, 2022

<u>Year</u>	<u>Due February 1st</u>			<u>Due</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>August 1st</u> <u>Interest</u>	
2023	\$ 0.00	\$ 18,840.63	\$ 18,840.63	\$ 18,840.63	\$ 37,681.26
2024	0.00	18,840.63	18,840.63	18,840.63	37,681.26
2025	0.00	18,840.63	18,840.63	18,840.63	37,681.26
2026	0.00	18,840.63	18,840.63	18,840.63	37,681.26
2027	0.00	18,840.63	18,840.63	18,840.63	37,681.26
2028	0.00	18,840.63	18,840.63	18,840.63	37,681.26
2029	0.00	18,840.63	18,840.63	18,840.63	37,681.26
2030	0.00	18,840.63	18,840.63	18,840.63	37,681.26
2031	0.00	18,840.63	18,840.63	18,840.63	37,681.26
2032	0.00	18,840.63	18,840.63	18,840.63	37,681.26
2033	230,000.00	18,840.63	248,840.63	15,390.55	264,231.18
2034	235,000.00	15,390.55	250,390.55	11,718.75	262,109.30
2035	240,000.00	11,718.75	251,718.75	7,968.75	259,687.50
2036	250,000.00	7,968.75	257,968.75	4,062.50	262,031.25
2037	<u>260,000.00</u>	<u>4,062.50</u>	<u>264,062.50</u>	<u>0.00</u>	<u>264,062.50</u>
	<u>\$ 1,215,000.00</u>	<u>\$ 246,387.48</u>	<u>\$ 1,461,387.48</u>	<u>\$ 227,546.85</u>	<u>\$ 1,688,934.33</u>

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF DEBT SERVICE
SCHOOL TAX WARRANTS SERIES 2017-QZCB
SEPTEMBER 30, 2022

<u>Year</u>	<u>Sinking Fund</u> <u>Deposit</u>
2023	\$ 166,666.67
2024	166,666.67
2025	166,666.67
2026	166,666.67
2027	166,666.67
2028	166,666.67
2029	166,666.67
2030	166,666.67
2031	166,666.67
2032	<u>166,666.62</u>
Total	<u>\$ 1,666,666.65</u>

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF DEBT SERVICE
SCHOOL TAX WARRANTS, SERIES 2020-A
SEPTEMBER 30, 2022

<u>Year</u>	<u>Due November 1st</u>			<u>Due</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>May 1st</u>	
				<u>Interest</u>	<u>Debt Service</u>
2023	\$ 0.00	\$ 630,156.25	\$ 630,156.25	\$ 630,156.25	\$ 1,260,312.50
2024	0.00	630,156.25	630,156.25	630,156.25	1,260,312.50
2025	0.00	630,156.25	630,156.25	630,156.25	1,260,312.50
2026	0.00	630,156.25	630,156.25	630,156.25	1,260,312.50
2027	835,000.00	630,156.25	1,465,156.25	617,631.25	2,082,787.50
2028	1,440,000.00	617,631.25	2,057,631.25	596,031.25	2,653,662.50
2029	1,485,000.00	596,031.25	2,081,031.25	573,756.25	2,654,787.50
2030	1,525,000.00	573,756.25	2,098,756.25	550,881.25	2,649,637.50
2031	1,575,000.00	550,881.25	2,125,881.25	527,256.25	2,653,137.50
2032	1,620,000.00	527,256.25	2,147,256.25	502,956.25	2,650,212.50
2033	1,720,000.00	502,956.25	2,222,956.25	477,156.25	2,700,112.50
2034	1,775,000.00	477,156.25	2,252,156.25	450,531.25	2,702,687.50
2035	1,825,000.00	450,531.25	2,275,531.25	432,281.25	2,707,812.50
2036	1,865,000.00	432,281.25	2,297,281.25	412,465.63	2,709,746.88
2037	1,905,000.00	412,465.63	2,317,465.63	391,034.38	2,708,500.01
2038	1,720,000.00	391,034.38	2,111,034.38	371,684.38	2,482,718.76
2039	1,760,000.00	371,684.38	2,131,684.38	350,784.38	2,482,468.76
2040	1,800,000.00	350,221.88	2,150,784.38	328,284.38	2,479,068.76
2041	1,845,000.00	328,284.38	2,173,284.38	305,221.88	2,478,506.26
2042	1,890,000.00	305,784.38	2,195,221.88	280,415.63	2,475,637.51
2043	1,940,000.00	280,415.63	2,220,415.63	254,953.13	2,475,368.76
2044	1,995,000.00	254,953.13	2,249,953.13	228,768.75	2,478,721.88
2045	2,720,000.00	228,768.75	2,948,768.75	193,068.75	3,141,837.50
2046	2,790,000.00	193,068.75	2,983,068.75	156,450.00	3,139,518.75
2047	2,865,000.00	156,450.00	3,021,450.00	118,846.88	3,140,296.88
2048	2,940,000.00	118,846.88	3,058,846.88	80,259.38	3,139,106.26
2049	3,020,000.00	80,259.38	3,100,259.38	40,621.88	3,140,881.26
2050	<u>3,095,000.00</u>	<u>40,621.88</u>	<u>3,135,621.88</u>	<u>0.00</u>	<u>3,135,621.88</u>
	<u>\$47,950,000.00</u>	<u>\$11,392,121.93</u>	<u>\$59,342,121.93</u>	<u>\$10,761,965.68</u>	<u>\$70,104,087.61</u>

ALEXANDER CITY BOARD OF EDUCATION
SCHEDULE OF DEBT SERVICE
TAXABLE SCHOOL TAX WARRANTS, SERIES 2020-B
SEPTEMBER 30, 2022

<u>Year</u>	<u>Due November 1st</u>			<u>Due</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>May 1st</u> <u>Interest</u>	
2023	\$ 905,000.00	\$ 63,000.00	\$ 968,000.00	\$ 53,950.00	\$ 1,021,950.00
2024	1,580,000.00	53,950.00	1,633,950.00	38,150.00	1,672,100.00
2025	1,610,000.00	38,150.00	1,648,150.00	22,050.00	1,670,200.00
2026	1,640,000.00	22,050.00	1,662,050.00	5,650.00	1,667,700.00
2027	<u>565,000.00</u>	<u>5,650.00</u>	<u>570,650.00</u>	<u>0.00</u>	<u>570,650.00</u>
	<u>\$ 6,300,000.00</u>	<u>\$ 182,800.00</u>	<u>\$ 6,482,800.00</u>	<u>\$ 119,800.00</u>	<u>\$ 6,602,600.00</u>

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF DEBT SERVICE
SCHOOL TAX WARRANTS, SERIES 2020-C
SEPTEMBER 30, 2022

<u>Year</u>	<u>Due November 1st</u>			<u>Due</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>May 1st</u> <u>Interest</u>	
2023	\$ 0.00	\$ 96,603.13	\$ 96,603.13	\$ 96,603.13	\$ 193,206.26
2024	0.00	96,603.13	96,603.13	96,603.13	193,206.26
2025	0.00	96,603.13	96,603.13	96,603.13	193,206.26
2026	0.00	96,603.13	96,603.13	96,603.13	193,206.26
2027	285,000.00	96,603.13	381,603.13	92,328.13	473,931.26
2028	295,000.00	92,328.13	387,328.13	87,903.13	475,231.26
2029	305,000.00	87,903.13	392,903.13	83,328.13	476,231.26
2030	315,000.00	83,328.13	398,328.13	78,603.13	476,931.26
2031	325,000.00	78,603.13	403,603.13	73,728.13	477,331.26
2032	335,000.00	73,728.13	408,728.13	68,703.13	477,431.26
2033	285,000.00	68,703.13	353,703.13	64,428.13	418,131.26
2034	290,000.00	64,428.13	354,428.13	60,078.13	414,506.26
2035	300,000.00	60,078.13	360,078.13	57,078.13	417,156.26
2036	305,000.00	57,078.13	362,078.13	53,837.50	415,915.63
2037	310,000.00	53,837.50	363,837.50	50,350.00	414,187.50
2038	550,000.00	50,350.00	600,350.00	44,162.50	644,512.50
2039	565,000.00	44,162.50	609,162.50	37,453.13	646,615.63
2040	575,000.00	37,453.13	612,453.13	30,625.00	643,078.13
2041	590,000.00	30,625.00	620,625.00	23,250.00	643,875.00
2042	605,000.00	23,250.00	628,250.00	15,687.50	643,937.50
2043	620,000.00	15,687.50	635,687.50	7,937.50	643,625.00
2044	635,000.00	7,937.50	642,937.50	0.00	642,937.50
	<u>\$ 7,490,000.00</u>	<u>\$ 1,412,496.95</u>	<u>\$ 8,902,496.95</u>	<u>\$ 1,315,893.82</u>	<u>\$ 10,218,390.77</u>

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF DEBT SERVICE
SCHOOL TAX WARRANTS, SERIES 2022
SEPTEMBER 30, 2022

<u>Year</u>	<u>Due February 1st</u>			<u>Due</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>August 1st</u> <u>Interest</u>	<u>Debt Service</u>
2023	\$ 250,000.00	\$ 437,325.00	\$ 687,325.00	\$ 433,575.00	\$ 1,120,900.00
2024	230,000.00	433,575.00	663,575.00	430,125.00	1,093,700.00
2025	240,000.00	430,125.00	670,125.00	425,325.00	1,095,450.00
2026	255,000.00	425,325.00	680,325.00	420,225.00	1,100,550.00
2027	255,000.00	420,225.00	675,225.00	415,125.00	1,090,350.00
2028	265,000.00	415,125.00	680,125.00	408,500.00	1,088,625.00
2029	280,000.00	408,500.00	688,500.00	401,500.00	1,090,000.00
2030	300,000.00	401,500.00	701,500.00	394,000.00	1,095,500.00
2031	310,000.00	394,000.00	704,000.00	386,250.00	1,090,250.00
2032	330,000.00	386,250.00	716,250.00	378,000.00	1,094,250.00
2033	525,000.00	378,000.00	903,000.00	367,500.00	1,270,500.00
2034	545,000.00	367,500.00	912,500.00	356,600.00	1,269,100.00
2035	560,000.00	356,600.00	916,600.00	345,400.00	1,262,000.00
2036	580,000.00	345,400.00	925,400.00	333,800.00	1,259,200.00
2037	610,000.00	333,800.00	943,800.00	321,600.00	1,265,400.00
2038	630,000.00	321,600.00	951,600.00	309,000.00	1,260,600.00
2039	650,000.00	309,000.00	959,000.00	296,000.00	1,255,000.00
2040	685,000.00	296,000.00	981,000.00	282,300.00	1,263,300.00
2041	715,000.00	282,300.00	997,300.00	268,000.00	1,265,300.00
2042	745,000.00	268,000.00	1,013,000.00	253,100.00	1,266,100.00
2043	775,000.00	253,100.00	1,028,100.00	241,475.00	1,269,575.00
2044	795,000.00	241,475.00	1,036,475.00	229,550.00	1,266,025.00
2045	795,000.00	229,550.00	1,024,550.00	217,625.00	1,242,175.00
2046	825,000.00	217,625.00	1,042,625.00	205,250.00	1,247,875.00
2047	850,000.00	205,250.00	1,055,250.00	192,500.00	1,247,750.00
2048	875,000.00	192,500.00	1,067,500.00	177,428.13	1,244,928.13
2049	905,000.00	177,428.13	1,082,428.13	161,865.63	1,244,293.76
2050	945,000.00	161,865.63	1,106,865.63	145,612.50	1,252,478.13
2051	4,165,000.00	145,612.50	4,310,612.50	74,037.50	4,384,650.00
2052	<u>4,310,000.00</u>	<u>74,037.50</u>	<u>4,384,037.50</u>	<u>0.00</u>	<u>4,384,037.50</u>
	<u>\$ 24,200,000.00</u>	<u>\$ 9,308,593.76</u>	<u>\$ 33,508,593.76</u>	<u>\$ 8,871,268.76</u>	<u>\$ 42,379,862.52</u>

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF DEBT SERVICE
NOTE PAYABLE - SCHOOL BUSES
SEPTEMBER 30, 2022

<u>Year</u>	<u>Due January 28th</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 45,088.70	\$ 2,514.32	\$ 47,603.02
2024	<u>45,088.70</u>	<u>1,257.16</u>	<u>46,345.86</u>
Total	\$ <u>90,177.40</u>	\$ <u>3,771.48</u>	\$ <u>93,948.88</u>

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF DEBT SERVICE
NOTE PAYABLE - SCHOOL BUSES
SEPTEMBER 30, 2022

<u>Year</u>	<u>Due December 6th</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 46,001.97	\$ 6,107.21	\$ 52,109.18
2024	47,163.33	4,945.85	52,109.18
2025	48,343.72	3,765.46	52,109.18
2026	49,574.48	2,534.70	52,109.18
2027	<u>50,809.76</u>	<u>1,299.42</u>	<u>52,109.18</u>
Total	<u>\$ 241,893.26</u>	<u>\$ 18,652.64</u>	<u>\$ 260,545.90</u>

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF INSURANCE COVERAGE

SEPTEMBER 30, 2022

State of Alabama - Division of Risk Management

Policy #: ALE - 0700

Policy Term: 10/01/21 to 09/30/2022

Coverage:

- Property
 - Blanket Buildings - \$133,565,649
 - Business Personal Property - \$25,169,600

Annual Premium: \$114,138

Alabama Trust for Boards of Education

Coverage: General Liability/Errors and Omissions

Policy Term: 09/01/21 to 09/01/2022

Limits of Liability:

- Errors and Omissions
 - \$1,000,000 Per Claim
 - \$2,000,000 Per Aggregate
- General Liability
 - \$ 300,000 Per Claim
 - \$ 600,000 Per Aggregate
- Sexual Misconduct and Harassment
 - \$ 100,000 Per Claim
 - \$ 300,000 Per Aggregate
- Deductible
 - \$ 15,000

Annual Premium: \$737

Auto - Owners Insurance

Commercial Auto Policy

Coverage: 32 Buses, 15 Vehicles

Policy #: 41-177-162-00

Policy Term: 10/23/20 to 10/23/21

Limits of Liability:

- Bodily Injury
 - \$ 100,000 Each Person
 - \$ 300,000 Each Accident
- Property Damage
 - \$ 100,000 Each Accident
- Uninsured Motorist
 - \$ 25,000 Each Person
 - \$ 50,000 Each Accident
- Medical Payments
 - \$ 5,000 Each Person
- Deductible
 - \$ 250

Annual Premium: \$50,112

State Farm Insurance Company

Coverage: Driver's Ed Car, Driver's Ed Golf Cart

Policy #: 093-750-F01-01-F

Policy Term: 06/01/21 to 06/01/22

- Bodily Injury
 - \$ 100,000/300,000 Each Person
 - \$ 50,000 Each Accident
- Medical Payments
 - \$ 5,000 Each Accident
- Deductible
 - \$ 100

Annual Premium: \$944

(Continued)

ALEXANDER CITY BOARD OF EDUCATION

SCHEDULE OF FIDELITY BONDS

SEPTEMBER 30, 2022

Western Surety Company

Policy #: 64453704

Policy Term: 01/01/19 to 01/01/2024

Coverage: Superintendent School District

Daniel Keith Lankford

Amount of Coverage: \$200,000

Annual Premium: \$2,975

Auto Owners Insurance

Policy #: 66368950

Policy Term: 06/01/21 to 06/01/22

Coverage: Public Official Bond

Cody Patterson, Chief School Financial Officer

Amount of Coverage: \$200,000

Annual Premium: \$397

ALEXANDER CITY BOARD OF EDUCATION

ANALYSIS OF EXPENDITURES
GENERAL FUND AND SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2022

	Amount	Total	Percentage
<u>Personal Services</u>			
Instructional Services	\$ 13,494,620.45		36.26%
Instructional Support Services	3,781,104.70		10.16%
Operation & Maintenance Services	466,811.02		1.25%
Auxiliary Services	769,769.73		2.07%
General Administrative Services	990,954.01		2.66%
Other Expenditures	997,532.47		2.68%
Total Personal Services		\$ 20,500,792.38	55.08%
<u>Employee Benefits</u>			
Instructional Services	4,638,606.31		12.46%
Instructional Support Services	1,297,034.23		3.48%
Operation & Maintenance Services	200,423.41		0.54%
Auxiliary Services	428,096.33		1.15%
General Administrative Services	303,816.13		0.82%
Other Expenditures	262,925.88		0.71%
Employee Benefits		7,130,902.29	19.16%
<u>Other Expenditures</u>			
Instructional Services	2,866,587.07		7.70%
Instructional Support Services	996,662.40		2.68%
Operation & Maintenance Services	1,673,853.61		4.49%
Auxiliary Services	2,663,950.80		7.16%
General Administrative Services	788,340.86		2.12%
Other Expenditures	599,692.30		1.61%
Total Other Expenditures		9,589,087.04	25.76%
Total Expenditures		\$ 37,220,781.71	100.00%

ALEXANDER CITY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2022

There were no prior year findings reported.