

**JASPER CITY
BOARD OF EDUCATION**

BASIC FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED SEPTEMBER 30, 2021

JASPER CITY BOARD OF EDUCATION
JASPER, ALABAMA

YEAR ENDED SEPTEMBER 30, 2021

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JASPER CITY BOARD OF EDUCATION
JASPER, ALABAMA

YEAR ENDED SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jasper City Board of Education, Jasper, Alabama, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(Continued)

Opinion

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 Jasper City Board of Education as of September 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of the Board's Proportionate Share of the Net Pension Liability, Schedule of the Board's Proportionate Share of the Net OPEB Liability, Schedule of the Board's Contributions and Notes to Required Supplementary Information on pages 4-15 and 57-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jasper City Board of Education's basic financial statements. The Schedules of Debt Service, Insurance Coverage, Fidelity Bonds and Analysis of Expenditures - General Fund and Special Revenue Fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 - (Continued)

The Schedules of Debt Service, Insurance Coverage, Fidelity Bonds and Analysis of Expenditures - General Fund and Special Revenue Fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2022, on our consideration of the Jasper 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 grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Jasper 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 22, 2022

Management's Discussion and Analysis
(Required Supplementary Information)

Jasper City Board of Education
Management's Discussion and Analysis (MD&A)
September 30, 2021

The Management's Discussion and Analysis (MD&A) of the Jasper City Board of Education's financial performance provides an overall review of the Board's financial activities for the fiscal year ended September 30, 2021. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the financial statements and notes to the financial statements to enhance their understanding of the Jasper City Board of Education's financial performance.

Financial Highlights

In early 2020, a global pandemic of the COVID-19 virus began. By March 2020, the virus began to spread within the state of Alabama, and Alabama Governor Kay Ivey declared a state of emergency. The members of the Jasper City Board of Education voted to close in-person school on Monday, March 16, 2020. Only businesses and services deemed to be “essential” were allowed to remain open, closing most small businesses throughout the state. Schools reopened on Monday, March 30, 2020, in a virtual-only format, and continued virtually through the end of the 2019-2020 school year. In August 2020, Jasper City Schools reopened operating under a hybrid schedule. Students attended in-person school for two days per week; virtual attendance was required for the remaining three days. Most employees resumed their pre-COVID-19 schedule including classroom teachers now teaching from their classroom. By the end of the 2020-2021 school year, all classes had resumed a normal schedule for both students and teachers.

In response to the economic fallout of the COVID-19 pandemic in the United States, the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, a \$2.2 trillion economic stimulus bill, was passed by Congress and signed into law in March 2020. The Jasper City Board of Education was budgeted a total of \$1,461,982 through six different CARES funds, all with various restrictions and time-lines for spending. Funds were budgeted for the purposes of improving the equipment and WiFi services necessary for virtual learning, for cleaning and sanitizing of school buildings and school buses, for personal protection equipment used by students and school personnel, and to hire additional nurse aides within every school. All of these funds are to be expended by September 2022.

Additional pandemic relief packages were passed by Congress and signed into law. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was passed in December 2020, with funding specifically for education allocated to the Elementary and Secondary School Emergency Relief (ESSER) II Fund. Combined with the Alabama State Department of Education’s Reservation portion of the Act, the Jasper City Board of Education has been granted a total of \$2,328,166, with the main focus of spending to be professional development for English and math teachers, and learning loss for students. The final date of expenditures for these funds is September 2023.

The next round of funding, approved by Congress in March 2021, is called the American Rescue Plan (ARP). The Alabama State Department of Education again provided reserved funding to Alabama public schools, and the total for Jasper City Board of Education is \$5,508,781. These funds, known as ESSER III, are to be a resource for safely keeping schools open for in-person learning and rebounding from learning loss resulting from the temporary closings of schools caused by the pandemic. The deadline for expenditure of these funds is September 2024.

Management's Discussion & Analysis (Continued)

The total cost of the Board's programs for the year, which includes funds from each of the funding packages described above, was \$30,331,383. The State Foundation Program and other SDE appropriations provided \$17,766,255 of that amount. The 10 mill match requirement amounted to \$1,943,730, and is funded from local tax revenues. The liabilities and deferred inflows of resources of the Board exceeded its assets and deferred outflows of resources at the close of the 2021 fiscal year by \$8,484,697. Unrestricted net position increased by a total of \$2,497,257 due mainly to local revenues increasing.

The Jasper City Council voted in fiscal year 2017 to limit financial support to the Board to the 2016 level of \$2,741,550. The Council remits full City ad valorem collections to the Board, but now limits the annual City sales tax remittance to the difference between the \$2,741,550 limit and the ad valorem totals. As a result, City sales tax collections decreased by 3.07%, while the County sales tax collections increased by 10.44%.

Using the Financial Statements - An Overview for the User

The financial section of the annual report for the Board consists of five parts - management's discussion and analysis (this section), the independent auditors' report, the basic financial statements, required supplementary information, and other supplementary information.

The Board's basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements - The focus of these statements is to provide readers with a broad overview of the Board's finances as a whole instead of on an individual fund basis, in a manner similar to a private-sector business, indicating both long-term and short-term information about the Board's overall financial status. It is important to note that all of the activities of the Board reported in the government-wide financial statements are classified as governmental activities. These activities include the following: Instruction includes teacher salaries and benefits, teacher aides, substitute teachers, textbooks, depreciation of instructional buildings, professional development, and classroom instructional materials, supplies and equipment.

Instructional support includes salaries and benefits for school principals, assistant principals, librarians, counselors, school secretaries, school bookkeepers, speech therapists, school nurses, and professional development expenses.

Operation and maintenance includes utilities, janitorial services, maintenance services, and depreciation of maintenance vehicles.

Auxiliary services include student transportation expenses, such as bus driver salaries and benefits, bus aides, vehicle maintenance and repair expenses, vehicle fuel, depreciation of buses, and fleet insurance. Also included are food service expenses such as lunchroom managers, cooks, cashiers and servers' salaries and benefits, as well as donated and purchased food, food preparation and service supplies, kitchen and lunchroom equipment, and depreciation of food service equipment and facilities.

General administration and central office support includes salaries and benefits for the superintendent, assistants, clerical and financial staff, curriculum staff, and other personnel that provide system-wide support for the schools. Also included are legal expenses, liability insurance, training for board members and general administrative staff, printing costs, and depreciation of central office equipment and facilities.

Management's Discussion & Analysis (Continued)

Interest and fiscal charges include interest, but not principal payments, on long-term debt issues and other expenses related to the issuance and continuance of debt issues.

Other includes the salaries and benefits for preschool teachers and aides, extended day personnel, and community education instructors. Also included are the materials, supplies, equipment, related depreciation, and other expenses for operating programs outside of those for educating students in the kindergarten through 12th grade instructional programs.

Government-wide financial statements report the capitalization of capital assets and depreciation of all exhaustible capital assets and the outstanding balances of long-term debt and other obligations. These statements report all assets and liabilities perpetuated by these activities using the accrual basis of accounting. The accrual basis takes into account all of the Board's current year revenues and expenses regardless of when received or paid. This approach moves the financial reporting method for governmental entities closer to the financial reporting methods used in the private sector. The following government-wide financial statements report on all of the governmental activities of the Board as a whole.

The statement of net position is most closely related to a balance sheet. It presents information on all the Board's assets (what it owns) and liabilities (what it owes), with the difference between the two reported as net position. The net position reported in this statement represents the accumulation of changes in net assets for the current fiscal year and all fiscal years in the past combined. Over time, the increases or decreases in net assets reported in this statement may serve as a useful indicator of whether the financial position of the school board is improving or deteriorating.

The statement of activities is most closely related to an income statement. It presents information showing how the Board's net assets changed during the current fiscal year only. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when the cash is received or paid. This statement shows gross expenses and offsetting program revenues to arrive at net cost information for each major expense function or activity of the Board. By showing the change in net position for the year, the reader may be able to determine whether the Board's financial position has improved or deteriorated over the course of the current fiscal year. The change in net position may be financial or non-financial in nature. Non-financial factors which may have an impact on the Board's financial condition include: age and condition of facilities, mandated educational programs for which little or no funding is provided and increases or decreases in funding from state and federal governments, to name a few.

Fund financial statements - A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be classified into two categories: governmental funds and fiduciary funds.

Governmental Funds - These statements account for basically the same governmental activities reported in the government-wide financial statements. The fund financial statements presented herein display information on each of the Board's most important governmental funds or major funds. This is required in order to better assess the Board's accountability for significant governmental programs or certain dedicated revenue. The Board's major funds are the General Fund, Special Revenue Fund, and the Capital Projects fund.

The fund financial statements are measured on the modified-accrual basis of accounting where revenues and expenditures are recorded when they become measurable and available. As a result, the fund financial

Management's Discussion & Analysis (Continued)

statements focus more on the near-term use and availability of spendable resources. The information provided in these statements is useful in determining the Board's immediate financial needs. This is in contrast to the accrual-based government-wide financial statements, which focus more on overall long-term availability of spendable resources. The relationship between governmental activities reported in the government-wide financial statement and the governmental funds reported in the fund financial statement is reconciled in these financial statements. These reconciliations are useful to readers in understanding the long-term impact of the Board's short-term financial decisions.

Fiduciary funds - The Board can serve as a trustee, or fiduciary, for some of its booster and parent organization activity funds, which are under the control and administration of its schools. Fiduciary funds also include the balances of agency funds, such as accounts payable clearing and payroll clearing funds. The Board had a small amount of activity. These funds are not available to the Board to finance its operations, and therefore, are not included in the government-wide financial statements. The Board is responsible for ensuring that the assets reported by these funds are used for their intended purposes.

Notes to the Basic Financial Statements - The notes to the basic financial statements provide additional information that is essential for the statements to fairly represent the Board's financial position and its operations. The notes contain important information that is not part of the basic financial statements. However, the notes are an integral part of the statements, not an appendage to them. The notes to the basic financial statements begin following the financial statements.

After the presentation of the basic financial statements and accompanying notes to the basic financial statements, required supplementary information is presented following the notes to the basic financial statements. The required supplementary information provides a comparison of the original adopted budget to the final amended budget of the Board's General Fund and Special Revenue Fund, which is then further compared to the actual operating results for the fiscal year. The comparison of this data allows users to assess management's ability to project and plan for its operations throughout the year. The required supplementary information also includes the Schedule of Board's Proportionate Share of the Net Pension Liability, the Schedule of Board's Contributions, Schedule of Board's Proportionate Share of the Net OPEB Liability and the Schedule of Board's OPEB Contributions.

Fund Balance Policy in Accordance with GASB Statement No. 54

Purpose: The following policy is necessary in order to address the implications of Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions.

Governmental Fund Definitions: The following definitions will be used in reporting activity in governmental funds. The Board may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

General Fund - used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects, such as federal revenue and expenditures as well as local school activity.

Management's Discussion & Analysis
(Continued)

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest, even if it is being accumulated for future years' payments. Debt Service Fund should be used to report resources if legally mandated.

Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fund balances will be reported in governmental funds under the following five categories using the definitions provided by GASB Statement No. 54:

- A. Non-spendable fund balances include amounts that cannot be spent because they are either
 - (a) not in spendable form, or
 - (b) legally or contractually required to be maintained intact.

Examples of non-spendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, deferred expenditures, long-term receivables, and outstanding encumbrances.

- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Examples of restricted fund balances include: child nutrition programs, construction programs, and restricted grants.
- C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action of the Board before the end of the fiscal year and that require the same level of formal action to remove the constraint.
- D. Assigned fund balances consist of amounts that are intended to be used by the school system for specific purposes. The Board authorized the Superintendent or Chief School Finance Officer to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Board to consider restricted amounts to have been reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Board that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Management's Discussion & Analysis
(Continued)

The Board of Education along with the Superintendent and Chief School Finance Officer will periodically review all restricted, committed, and assigned fund balances. The Chief School Finance Officer will prepare and submit an annual report of all restricted, committed and assigned funds for the Board of Education

Financial Analysis of the Board as a Whole

Net capital assets of the board increased by approximately \$1.36 million. This increase is attributable to ongoing capital improvements including new baseball turf, new tennis courts, and a new outdoor track. This asset increase also resulted in an increase in the net investment in capital assets designation of the Board's net position at year-end.

Noncurrent liabilities increased by approximately \$8.38 million primarily the result of an increase in the net Other Post-Employment Benefits liability as explained in Note 9 to the financial statements.

Table 1: Summary of Net Position
As of September 30,
(in millions)

	2021 Governmental Activities	2021 Percent of Total	2020 Governmental Activities	2020 Percent of Total
Current assets	\$25.59	48.60%	\$24.62	48.88%
Noncurrent assets	<u>27.06</u>	<u>51.40%</u>	<u>25.75</u>	<u>51.12%</u>
Total Assets	<u>52.65</u>	<u>100.00%</u>	<u>50.37</u>	<u>100.00%</u>
Deferred Outflows of Resources	13.14	<u>100.00%</u>	<u>6.08</u>	<u>100.00%</u>
Current liabilities	3.19	5.31%	2.70	5.28%
Noncurrent liabilities	<u>56.89</u>	<u>94.69%</u>	<u>48.51</u>	<u>94.72%</u>
Total Liabilities	<u>60.08</u>	<u>100.00%</u>	<u>51.21</u>	<u>100.00%</u>
Deferred Inflows of Resources	14.19	<u>100.00%</u>	16.69	<u>100.00%</u>
Net Position:				
Invested in capital assets, net of related debt	12.50		10.56	
Restricted for:				
Capital Projects	6.97		8.50	
Other Purposes	0.17		0.11	
Unrestricted	<u>(28.13)</u>		<u>(30.62)</u>	
Total Net Position	<u>\$ (8.49)</u>		<u>\$(11.45)</u>	

Management's Discussion & Analysis
(Continued)

Table 2: Summary of Changes in Net Position from Operating Results
For the Year ended September 30,
(in millions)

	2021 Governmental Activities	2021 Percent of Total	2020 Governmental Activities	2020 Percent of Total
Revenues				
Program revenues:				
Charges for services	\$ 1.92	4.92%	\$ 1.55	4.92%
Operating grants and contributions	20.07	61.21%	19.27	61.21%
Capital grants and contributions	.83	2.73%	.86	2.73%
General revenues:				
Property taxes for general purposes	1.54	4.80%	1.51	4.80%
Property taxes for specific purposes	.50	1.56%	.49	1.56%
Sales tax	7.51	21.76%	6.85	21.76%
Other taxes	.17	.51%	.16	.51%
Interest	.06	.19%	.06	.19%
Other, including special item	<u>.70</u>	<u>2.32%</u>	<u>.73</u>	<u>2.32%</u>
Total revenues	\$ <u>33.30</u>	<u>100.00%</u>	\$ <u>31.48</u>	<u>100.00%</u>
Expenses				
Instructional services	\$ 17.26	56.91%	\$15.58	57.03%
Instructional support services	4.85	15.99%	4.31	15.77%
Operation and maintenance services	3.12	10.29%	2.74	10.03%
Student transportation services	1.02	3.36%	.99	3.62%
Food services	1.52	5.01%	1.30	4.76%
General administrative services	1.35	4.45%	1.27	4.65%
Other expenses	<u>1.21</u>	<u>3.99%</u>	<u>1.13</u>	<u>4.14%</u>
Total expenses	<u>30.33</u>	<u>100.00%</u>	<u>27.32</u>	<u>100.00%</u>
Increase (decrease) in net position	2.97		4.16	
Net position, beginning of year,	<u>(11.45)</u>			
Net position, end of year	\$ <u>(8.48)</u>			

Management's Discussion & Analysis (Continued)

Program revenues, primarily operating grants and contributions, are typically the largest component of total revenues.

- Operating grants and contributions contribute 91.57% of program revenues and 62.76% of total revenues. The major sources of revenues in this category are state foundation program funds, state transportation operating funds, and state and federal funds restricted for specific programs.
- Capital grants and contributions include state capital outlay funds and state funds to replace buses.
- Charges for services include federal reimbursement for meals, adult meal purchases, and local school revenues. All students were served meals at no cost to the student for the entire school year, per United States Department of Agriculture (USDA) mandate. Federal reimbursements for student meals were made by USDA at the maximum reimbursement rate.

General revenues are used to provide \$10,474,924 for expenses not covered by program revenues.

Instructional services expenses, primarily salaries and benefits for classroom teachers, are the largest expense function of the Board (56.91%).

Governmental Activities - the cost of services rendered from the Board's governmental activities for the year ended September 30, 2021 was \$30.33 million. It is important to note that not all of these costs were borne by the taxpayers of Jasper City Schools.

- Some of the cost, \$1.92 million, was paid by users, who benefited from services provided during the year, such as school lunches and summer school.
- State and federal governments subsidized certain programs with grants and contributions totaling \$20.07 million.
- Other program revenue sources, such as capital grants, donations, etc. provided \$830,165 in revenues.

Table 3 is a condensed statement taken from the Statement of Activities, showing the total cost and net cost for providing identified services for six major board activities. The total cost of services is compared to the net cost of providing these services. The net cost of services is the remaining cost of services after subtracting grants and charges for services that the Board used to offset the program's total cost. In other words, the net cost shows the financial burden that was placed on all taxpayers for each of these activities. This information allows citizens to consider the cost of each program in comparison to the benefits they believe are provided.

Management's Discussion & Analysis
(Continued)

Table 3: Cost of Governmental Activities
Fiscal Year Ended September 30,
(in millions)

	Total Cost of Services		Net Cost of Services	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instructional Services	\$17.26	\$15.58	\$3.09	\$1.45
Instructional Support	4.85	4.31	1.40	1.20
Operation and Maintenance	3.12	2.74	1.08	1.29
Auxiliary Services				
Food Service	1.52	.99	.10	(.31)
Transportation	1.02	1.30	.18	.40
General Administration and Central Support	1.35	1.27	.82	.66
Other	<u>1.21</u>	<u>1.13</u>	<u>.84</u>	<u>.95</u>
Totals	<u>\$30.33</u>	<u>\$27.32</u>	<u>\$5.64</u>	<u>\$5.64</u>

Financial Analysis of School Board Funds

As noted earlier, the Board uses fund accounting to control and manage resources in order to ensure compliance with finance-related legal requirements. Using funds to account for resources for particular purposes helps the reader to determine whether the Board is being accountable for the resources provided by taxpayers and other entities, and it may also help to provide more insight into the Board's overall financial health. The following analysis of the Board's funds should be read in reference to the fund financial statements.

Governmental Funds - The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financial requirements (Note that the relationship between the fund financial statements and the government-wide financial statements are reconciled). The financial performance of the Board as a whole is reflected in its governmental funds as well. At the end of the fiscal year, the Board's governmental funds reported combined ending fund balances of \$21.25 million.

- Approximately \$12.59 million of this amount constitutes the fund balance of the General Fund
- Approximately \$6.97 million is held in the Capital Projects Funds, mainly due to the Alabama PSCA loan proceeds.
- The remaining approximately \$1.69 million is allocated to Local School and Child Nutrition Funds.

Management's Discussion & Analysis (Continued)

General Fund - The general fund is the primary operating fund of the Board. The \$1.75 million increase in fund balance as a result of operations this year was primarily due to an increase in local revenues and a decrease in instructional expenses.

Capital Projects Fund - Local Funds

The \$1.5 million decrease in fund balance is due to expenditures related to construction of new tennis courts, a new outdoor track, and several roofing projects.

Special Revenue Fund - This is a combined total of several funds, including local school funds and child nutrition funds. The net change to fund balance was an increase of \$228,016.

Capital Asset and Debt Administration

Capital Assets

As of September 30, 2021, the Board had invested \$41,323,683 in a broad range of capital assets including land, buildings, school furniture, school buses, instructional equipment, computer hardware, maintenance vehicles, custodial equipment, and athletic equipment. Table 4 provides additional information on these assets.

Table 4: Capital Assets (net of accumulated depreciation)
Fiscal Year ended September 30,
(in millions)

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land and Land Improvements	\$ 3.78	\$ 3.78
Construction in Progress	5.78	4.10
Buildings and Improvements	27.74	27.56
Equipment and Furniture	4.02	3.88
Less: Accumulated Depreciation	(14.27)	(13.57)
Net Capital Assets	\$ <u>27.05</u>	\$ <u>25.75</u>

The additions to capital assets were primarily for building improvements and the construction in progress.

Long-Term Debt

The balance of long-term debt at September 30, 2021 is \$57,657,942, which includes \$42,920,301 for net pension and OPEB liabilities.

General Fund Budgetary Highlights

On or before October 1 of each year, the Board is mandated by state law to prepare and submit to the State Superintendent of Education the annual budget adopted by the Board. The annual budget for FY2021 was due on or before September 15, 2020. The original fiscal year 2021 budget was adopted by the Board on September 9, 2020. The FY2021 budget was amended twice, on December 21, 2020, and on May 24, 2021.

Management's Discussion & Analysis (Continued)

The comparison of the general fund original budget to the final amended budget is included in these financial statements. The differences between the general fund original and amended budgets are primarily due to additional grants received from the Alabama State Department of Education.

The amendments were necessary to budget actual beginning fund balances. We transferred the allowable portion of expenditures from general fund to capital fund, and budgeted for the additional expenditures of capital funds for the projects previously stated.

Economic Factors and Next Year's Budget

The following are currently known City of Jasper economic factors to be considered as we move into the 2021-2022 fiscal year.

- The unemployment rate in Walker County for October 2021 was 3.0%, as compared to the following:

	Walker County	State of Alabama	United States
October 2021	3.0%	3.1%	4.6%
October 2020	4.1%	4.7%	6.9%
October 2019	2.8%	2.7%	3.6%
October 2018	4.0%	3.8%	3.8%
October 2017	4.1%	3.8%	4.2%
October 2016	6.2%	5.8%	4.5%

When the COVID-19 pandemic began, unemployment rates soared. Six months later, as businesses began to reopen, the unemployment rates began to decrease, and they continue to decrease.

- The population in Jasper as of the year 2020 census is slightly smaller since the last ten-year census taken in 2010. The population decreased by approximately 750 people or 5% percent over a ten-year period for a total estimated population of 13,584. Student enrollment at September 30, 2021 was 2,554. The decrease of 132 students from the enrollment at September 30, 2019 is attributed to the effects of the COVID-19 pandemic. Enrollment numbers are expected to increase as vaccinations are now available and parents become less fearful of COVID-19. However, a decrease in state Foundation funding for fiscal year 2022 is inevitable due to the current enrollment decline.
- Beginning in FY2013, the State enacted a second tier of retirement costs applicable to new employees. Employees beginning full-time employment for the first time will now be classified as Tier 2 employees, and be subject to separate retirement rules and costs. Healthcare premiums remain identical for both tiers of employees. The following table shows the recent calculations for the retirement percentage and the medical insurance costs (PEEHIP).

Management's Discussion & Analysis
(Continued)

	Tier 1 Retirement <u>Percentage</u>	Tier 2 Retirement <u>Percentage</u>	PEEHIP <u>Per Month</u>
FY2021	12.36%	11.22%	\$800.00
FY2020	12.43%	11.34%	800.00
FY2019	12.41%	11.35%	800.00
FY2018	12.24%	11.01%	800.00
FY2017	12.01%	10.82%	800.00

Capital Projects

Capital improvements to existing athletic facilities continue this year. New tennis courts have been completed and a new track is under construction. New HVAC units have been installed at various buildings throughout the district. Roofing improvements are ongoing throughout the district, and building improvements are planned for Memorial Park School.

Contacting the School Board's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Monique Rector, Chief School Financial Officer, Jasper City Schools, 110 17th Street West, P. O. Box 500, Jasper, Alabama 35502-0500; or call 205-384-6880 during regular office hours, Monday through Friday, from 8:00 a.m. to 4:00 p.m., central time.

BASIC FINANCIAL STATEMENTS

JASPER CITY BOARD OF EDUCATION

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 8,912,046.00
Investments	13,129,462.50
Ad Valorem Property Taxes Receivable	1,970,000.00
Receivables, Net	1,528,706.79
Inventories	52,636.87
Capital Assets:	
Non-depreciable	7,765,145.26
Depreciable, Net	<u>19,290,649.98</u>
Total Assets	<u>52,648,647.40</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Employer Pension Contribution	1,946,771.40
Proportionate Share of Collective Deferred Outflows Related to Net Pension Liability	4,252,000.00
Employer Other Postemployment Benefits (OPEB) Contribution	414,488.00
Proportionate Share of Collective Deferred Outflows Related to Net Other Postemployment Benefits (OPEB) Liability	<u>6,530,113.00</u>
Total Deferred Outflows of Resources	<u>13,143,372.40</u>
<u>LIABILITIES</u>	
Accounts Payable	33,315.55
Unearned Revenue	36,426.35
Salaries and Benefits Payable	2,102,340.01
Accrued Interest Payable	252,480.27
Long-Term Liabilities:	
Portion Due or Payable Within One Year	763,915.96
Portion Due or Payable After One Year	<u>56,894,026.36</u>
Total Liabilities	<u>60,082,504.50</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unavailable Revenue - Property Taxes	1,970,000.00
Revenue Received in Advance - Motor Vehicle Taxes	82,978.73
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability	1,135,000.00
Proportionate Share of Collective Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability	<u>11,006,234.00</u>
Total Deferred Inflows of Resources	<u>14,194,212.73</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	12,497,066.58
Restricted For:	
Capital Projects	6,973,867.61
Other Purposes	174,941.52
Unrestricted	<u>(28,130,573.14)</u>
Total Net Position	<u>\$ (8,484,697.43)</u>

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

JASPER CITY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

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	\$ 17,264,286.91	\$ 390,247.61	\$ 13,355,050.89	\$ 428,553.49	\$ (3,090,434.92)
Instructional Support Services	4,851,323.75	35,191.98	3,415,686.72	0.00	(1,400,445.05)
Operation & Maintenance Services	3,117,694.65	114,849.45	1,642,608.15	301,006.50	(1,077,230.55)
Student Transportation Services	1,022,986.29	49,383.97	699,896.75	100,605.00	(173,100.57)
Food Services	1,514,862.33	1,250,179.40	163,804.94	0.00	(100,877.99)
General Administrative Services	1,350,072.72	1,259.97	526,245.58	0.00	(822,567.17)
Interest and Fiscal Charges	452,423.45	0.00	0.00	0.00	(452,423.45)
Other Expenses	<u>757,732.98</u>	<u>82,447.00</u>	<u>282,911.58</u>	<u>0.00</u>	<u>(392,374.40)</u>
Totals	\$ <u>30,331,383.08</u>	\$ <u>1,923,559.38</u>	\$ <u>20,068,204.61</u>	\$ <u>830,164.99</u>	<u>(7,509,454.10)</u>

General Revenues

Taxes:

Property Taxes for General Purposes	1,540,769.17
Property Taxes for Specific Purposes	500,535.72
Sales Tax	7,505,016.74
Other Taxes	171,323.23
Investment Earnings	60,333.78
Miscellaneous	<u>696,945.27</u>
Total General Revenues	<u>10,474,923.91</u>

Changes in Net Position	2,965,469.81
Net Position - Beginning of Year	<u>(11,450,167.24)</u>
Net Position - End of Year	\$ <u>(8,484,697.43)</u>

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

JASPER CITY BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,844,234.56	\$ 1,391,838.29	\$ 4,675,973.15	\$ 8,912,046.00
Investments	10,964,800.31	28,027.19	2,136,635.00	13,129,462.50
Ad Valorem Property Taxes Receivable	1,970,000.00	0.00	0.00	1,970,000.00
Receivables, Net	926,292.45	602,414.34	0.00	1,528,706.79
Due from Other Funds	12,835.39	0.00	161,259.46	174,094.85
Inventories	<u>0.00</u>	<u>52,636.87</u>	<u>0.00</u>	<u>52,636.87</u>
 Total Assets	 <u>\$ 16,718,162.71</u>	 <u>\$ 2,074,916.69</u>	 <u>\$ 6,973,867.61</u>	 <u>\$ 25,766,947.01</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0.00	\$ 33,315.55	\$ 0.00	\$ 33,315.55
Due to Other Funds	161,259.46	12,835.39	0.00	174,094.85
Unearned Revenues	0.00	36,426.35	0.00	36,426.35
Salaries and Benefits Payable	1,805,235.66	297,104.35	0.00	2,102,340.01
Estimated Liability for Compensated Absences	<u>105,746.56</u>	<u>3,945.98</u>	<u>0.00</u>	<u>109,692.54</u>
Total Liabilities	<u>2,072,241.68</u>	<u>383,627.62</u>	<u>0.00</u>	<u>2,455,869.30</u>
 <u>Deferred Inflows of Resources</u>				
Unavailable Revenue - Property Taxes	1,970,000.00	0.00	0.00	1,970,000.00
Revenue Received in Advance				
- Motor Vehicle Taxes	<u>82,978.73</u>	<u>0.00</u>	<u>0.00</u>	<u>82,978.73</u>
Total Deferred Inflows of Resources	<u>2,052,978.73</u>	<u>0.00</u>	<u>0.00</u>	<u>2,052,978.73</u>

(Continued)

BALANCE SHEET - GOVERNMENTAL FUNDS- (CONTINUED)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Fund Balances</u>				
Non-spendable	\$ 0.00	\$ 52,636.87	\$ 0.00	\$ 52,636.87
Restricted	0.00	122,304.65	6,973,867.61	7,096,172.26
Assigned	0.00	1,516,347.55	0.00	1,516,347.55
Unassigned	<u>12,592,942.30</u>	<u>0.00</u>	<u>0.00</u>	<u>12,592,942.30</u>
Total Fund Balances	<u>12,592,942.30</u>	<u>1,691,289.07</u>	<u>6,973,867.61</u>	<u>21,258,098.98</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ <u>16,718,162.71</u>	 \$ <u>2,074,916.69</u>	 \$ <u>6,973,867.61</u>	 \$ <u>25,766,947.01</u>

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

JASPER CITY BOARD OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds \$ 21,258,098.98

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	\$ 41,323,682.92	
Accumulated Depreciation	<u>(14,267,887.68)</u>	
Total Capital Assets		27,055,795.24

Deferred outflows and inflows of resources
related to pensions are applicable to future
periods and, therefore, are not reported in
the governmental funds. 5,063,771.40

Deferred outflows and inflows of resources
related to OPEB obligations are applicable
to future periods and, therefore, are not
reported in the governmental funds. (4,061,633.00)

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	654,223.42	
Non-current Portion of Long-Term Debt	<u>56,894,026.36</u>	
Total Long-Term Liabilities		(57,548,249.78)

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

Accrued Interest Payable		<u>(252,480.27)</u>
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Total Net Position - Governmental Activities \$ (8,484,697.43)

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

JASPER CITY BOARD OF EDUCATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
State Sources	\$ 16,937,986.75	\$ 0.00	\$ 828,267.99	\$ 17,766,254.74
Federal Sources	580.00	4,096,841.66	0.00	4,097,421.66
Local Sources	9,696,562.03	1,071,046.93	603,917.25	11,371,526.21
Other Sources	<u>55,154.71</u>	<u>6,495.57</u>	<u>0.00</u>	<u>61,650.28</u>
Total Revenues	<u>26,690,283.49</u>	<u>5,174,384.16</u>	<u>1,432,185.24</u>	<u>33,296,852.89</u>
 <u>Expenditures</u>				
Instructional Services	14,580,707.52	2,509,630.52	30,073.14	17,120,411.18
Instructional Support	4,145,816.71	775,806.09	0.00	4,921,622.80
Operation & Maintenance	2,902,761.56	142,950.63	115,906.64	3,161,618.83
Student Transportation Services	954,429.14	56,464.68	0.00	1,010,893.82
Food Services	0.00	1,678,809.54	0.00	1,678,809.54
General Administrative Services	1,293,153.89	100,531.83	0.00	1,393,685.72
Other	336,622.53	446,149.36	0.00	782,771.89
Capital Outlay	134,577.41	0.00	1,721,618.69	1,856,196.10
Debt Service:				
Principal Retirement	0.00	0.00	570,373.01	570,373.01
Interest & Fiscal Charges	<u>0.00</u>	<u>0.00</u>	<u>524,148.00</u>	<u>524,148.00</u>
Total Expenditures	<u>24,348,068.76</u>	<u>5,710,342.65</u>	<u>2,962,119.48</u>	<u>33,020,530.89</u>
 Excess (Deficiency) of Revenues over Expenditures	<u>2,342,214.73</u>	<u>(535,958.49)</u>	<u>(1,529,934.24)</u>	<u>276,322.00</u>

(Continued)

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Other Financing Sources (Uses)</u>				
Indirect Cost	\$ 171,108.11	\$ 0.00	\$ 0.00	\$ 171,108.11
Transfers In	25,214.75	806,817.88	0.00	832,032.63
Transfers Out	<u>(789,189.16)</u>	<u>(42,843.47)</u>	<u>0.00</u>	<u>(832,032.63)</u>
Total Other Financing Sources (Uses)	<u>(592,866.30)</u>	<u>763,974.41</u>	<u>0.00</u>	<u>171,108.11</u>
Net Changes in Fund Balances	1,749,348.43	228,015.92	(1,529,934.24)	447,430.11
Fund Balances – Beginning of Year	<u>10,843,593.87</u>	<u>1,463,273.15</u>	<u>8,503,801.85</u>	<u>20,810,668.87</u>
Fund Balances - End of Year	<u>\$ 12,592,942.30</u>	<u>\$ 1,691,289.07</u>	<u>\$ 6,973,867.61</u>	<u>\$ 21,258,098.98</u>

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

JASPER CITY BOARD OF EDUCATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

Net Changes in Fund Balances - Total Governmental Funds \$ 447,430.11

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	\$ 1,996,898.02	
Depreciation Expense	<u>(693,218.47)</u>	
Net Adjustment		1,303,679.55

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 570,373.01

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)	(11,203.51)	
Compensated Absences, Current Year		
Increase/(Decrease) in Non-current Portion	(3,870.33)	
Amortization of Bond Discounts/Premiums/Gain or		
Loss on Refunding/Issuance Costs (Prepaid Insurance)	(60,521.04)	
Pension Expense, Current Year Increase/(Decrease)	591,185.74	
OPEB Expense, Current Year Increase/(Decrease)	<u>(1,159,578.00)</u>	
Total		<u>643,987.14</u>

Total Changes in Net Position of Governmental Activities \$ 2,965,469.81

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

JASPER CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

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JASPER CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Jasper 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. 14 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 (the State). However, for financial reporting the Board is considered a component unit of the City of Jasper, Alabama (the City) due to the following reasons:

- (1) The City appoints the 5 members of the governing body of the Board.
- (2) The City issued bonds for the construction of facilities for the Board and the City is obligated for the debt.
- (3) The City levied a $\frac{1}{2}$ cent sales 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:

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Financial Statements - (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, Public and Nonpublic Local School Activity funds, Community Education Funds, and Other State and Local Funds.

Capital Projects Fund - This fund is used to account for proceeds used for the acquisition and construction of capital projects. The Capital Projects Fund primarily received revenue from local sales taxes.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

B. Basis of Presentation, Basis of Accounting

Basis of Presentation - (Continued)

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

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

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. Permanent Funds consist of a fund reserved for teachers' continuing education.

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. The Board reports the following fiduciary funds:

Agency Funds - These funds are used to report assets held by the Board in a purely custodial capacity. The Board collects these assets and transfers them to the proper individual, private organizations, or other government.

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.

(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)

Governmental Fund Financial Statements - (Continued): 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.

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 Walker County 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.

(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)

Property Tax Calendar - (Continued)

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.

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

Purchased or constructed capital assets are reported at cost or estimated historical costs in the Statement of Net Position. Donated assets are recorded at their estimated fair value at the date of donation.

The cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are recorded as expenditures at the acquisition date in the fund financial statements. The Board has no general infrastructure assets.

Depreciation of capital assets is recorded in the Statement of Activities on a straight-line basis over the estimated useful life of the asset. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and the estimated useful lives of capital assets reported in the government-wide statements are as follows:

(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)

Capital Assets - (Continued)

<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
Equipment Under Capital Lease	\$ 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.)

Long-Term Obligations

In the government-wide financial statements, the unmatured principal of long-term debt, capital leases, and compensated absences are reported in the Statement of Net Position. Interest expense for long-term debt, including accrued interest payable, is reported in the Statement of Activities. For warrants (bonds) and other long-term debt issued after October 1, 2003, the related debt issuance costs, premiums, and discounts are amortized under accrual accounting and the annual amortization of these accruals is included in the Statement of Activities. The unamortized portion is reported as a liability on the Statement of Net Position.

In the fund financial statements, bond premiums and the face amount of debt issued during the year are reported as an other financing sources. Debt issuance costs are not deducted from the amount reported as an other financing source but are reported as debt service expenditures. Any discount resulting from a disparity between the market rate and the stated rate of interest is reported as an other financing use. Expenditures for debt principal, interest and related costs are reported in the fiscal year payment is made. At the inception of a capital lease, an amount equal to the present value of the net minimum lease payments is reported as an other financing source and as an expenditure. The balance sheet does not reflect a liability for long-term debt.

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

(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)

Deferred Outflows/Inflows of Resources - (Continued)

that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

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.

Compensated Absences

The Board's vacation leave consists of the following: Twelve month employees with less than fifteen years service are entitled to ten days vacation leave per year, earned at the rate of .83 days per month. Twelve-month employees with fifteen years or more service are entitled to ten days vacation leave per year, earned at the rate of .83 days per month. Vacation days will be accrued from July 1 of each year through June 30 of the following year.

Vacation days accrued in a vacation year may be taken during that vacation year or may be carried over for six additional months. Vacation days not taken within the additional carryover period will be lost. Accumulated vacation days are not reimbursable upon resignation, termination or retirement.

As of September 30, 2021 the liability for accrued vacation leave is approximately \$178,913. Of this amount, \$109,693 is reported as due or payable within one year, an amount expected to be paid using expendable available financial resources, and \$69,220 as due or payable after one year in the governmental activities on the Statement of Net Position.

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 as revenues 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.

(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)

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. 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, 2021.

(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, 2021 are as follows:

Local School Accounts	\$ <u>1,516,348</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, 2021 are as follows:

Child Nutrition	\$ <u>52,637</u>
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Restricted Fund Balance - Represents amount 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, 2021 are as follows:

Child Nutrition Program	\$ 278,782
Capital Outlay	6,973,867
Federal Programs	<u>(156,477)</u>
Total Restricted Fund Balance	\$ <u>7,096,173</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.

NOTE 2 - RECONCILIATION OF FINANCIAL STATEMENTS:

The financial statements include summary reconciliations of the fund financial statements to the government-wide statements after each of the fund statements. GASB requires the following additional disclosures if aggregated information in the summary reconciliations obscures the nature of the individual elements of a particular reconciling item.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 2 - RECONCILIATION OF FINANCIAL STATEMENTS -(CONTINUED):

Explanation of Certain Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is followed by a reconciliation between *Total net change in fund balances-governmental funds* and *Change in net assets of governmental activities* as reported in government-wide statement of activities. One element of that reconciliation explains, "Some expense reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund."

The details of this \$643,987 differences are as follows:

Accrued Interest Payable,	
(Current Year Increase/Decrease)	\$ 11,204
Compensated Absence Changes, Noncurrent Portion	3,870
Amortization of Bond Discounts/Premiums/Gain or	
Loss on Refunding/Issuance Costs (Prepaid Insurance)	60,521
Pension Expense, Current Year Increase/Decrease	(591,186)
OPEB Expense, Current Year Increase/Decrease	<u>1,159,578</u>
Total	<u>\$ 643,987</u>

NOTE 3 - 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. 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 1st of each year, each City Board of Education shall prepare and submit to the State Superintendent of Education the annual budget to be adopted by the City Board of Education. The Superintendent or City 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 reappropriated and honored during the subsequent year.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - (CONTINUED):

B. Deficit Fund Balances/Net Position of Individual Funds

At September 30, 2021, the following governmental funds had deficit fund balances:

Idea - Part B	\$ 54,644
Preschool	2,101
Title I	69,488
Title II	7,250
Title III	1,786
Title IV	4,141
Title VI	937
ARPA	1,051
CARES Act - GEER	4,529
ARPA - ALSDE Reserve	14,823
ESSER II	64,908
ESSER III	3,692
ROTC	9,431

The deficit in the funds is a result of the salary accrual adjustment. Salaries and benefits payable at September 30, 2021 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, 2021.

NOTE 4 - UNEARNED REVENUES:

Governmental funds report unearned revenues in connection with receivables for resources that have been received, but not yet earned. At September 30, 2021, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Prepaid Student Meals	\$ <u>-0-</u>	\$ <u>36,426</u>	\$ <u>36,426</u>

NOTE 5 - DEPOSITS AND INVESTMENTS:

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 instructions holding deposits of public funds must pledge

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 5 - DEPOSITS AND INVESTMENTS - (CONTINUED):

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 of the Board's investments. All of the Board's investments were in certificates of deposit and money market accounts. These certificates of deposit and money market accounts are classified as "deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

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 6 - RECEIVABLES AND PAYABLES:

Receivables and payables (Accounts payable and accrued liabilities) balances reported on the Statement of Net Position and the Balance Sheet are aggregations of different components. Details of these balances are as follows:

STATEMENT OF NET POSITION

Receivables:

Ad Valorem Property Taxes Receivable	\$ 1,970,000
Due from Other Governments	<u>1,528,707</u>
Total Receivables	<u>\$ 3,498,709</u>

Accounts Payable and Accrued Liabilities:

Salaries and Employee Benefits Payable	\$ 2,102,340
Accounts Payable	33,316
Interest Payable	<u>252,480</u>
Total Accounts Payable and Accrued Liabilities	<u>\$ 2,388,136</u>

BALANCE SHEET

Receivables:

Ad Valorem Property Taxes Receivable	\$ 1,970,000
Due from Other Governments	1,528,707
Due from Other Funds	<u>174,095</u>
Total Receivables	<u>\$ 3,672,802</u>

Accounts Payable and Accrued Liabilities:

Salaries and Employee Benefits Payable	\$ 2,102,340
Compensated Absences	109,692
Accounts Payable	33,316
Due to Other Funds	<u>174,095</u>
Total Accounts Payable and Accrued Liabilities	<u>\$ 2,419,443</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2021 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	\$ 1,987,871	\$ -0-	\$ -0-	\$ 1,987,871
Construction in Progress	<u>4,102,652</u>	<u>1,799,696</u>	<u>125,074</u>	<u>5,777,274</u>
Total Capital Assets Not Being Depreciated	<u>6,090,523</u>	<u>1,799,696</u>	<u>125,074</u>	<u>7,765,145</u>
Capital Assets Being Depreciated:				
Land Improvements - Exhaustible	1,795,809	-0-	-0-	1,795,809
Buildings	16,257,941	-0-	-0-	16,257,941
Building Improvements	11,298,321	181,574	-0-	11,479,895
Equipment	1,486,747	45,215	-0-	1,531,962
Vehicles	<u>2,397,444</u>	<u>95,487</u>	<u>-0-</u>	<u>2,492,931</u>
Total Capital Assets Being Depreciated	<u>33,236,262</u>	<u>322,276</u>	<u>-0-</u>	<u>33,558,538</u>
Less Accumulated Depreciation For:				
Land Improvements - Exhaustible	427,221	79,547	-0-	506,768
Buildings	9,493,788	305,358	-0-	9,799,146
Building Improvements	1,476,069	101,109	-0-	1,577,178
Equipment	726,168	48,582	-0-	774,750
Vehicles	<u>1,451,423</u>	<u>158,623</u>	<u>-0-</u>	<u>1,610,046</u>
Total Accumulated Depreciation	<u>13,574,669</u>	<u>693,219</u>	<u>-0-</u>	<u>14,267,888</u>
Total Capital Assets Being Depreciated, Net	<u>19,661,593</u>	<u>(370,943)</u>	<u>125,074</u>	<u>19,290,650</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 25,752,116</u>	<u>\$ 1,428,753</u>	<u>\$ 125,074</u>	<u>\$ 27,055,795</u>

Depreciation expense was charged to governmental functions as follows:

Instructional Services	\$ 477,908
Instructional Support Services	20,970
Operation and Maintenance Services	13,424
Student Transportation Services	157,435
Food Services	19,526
General Administrative Services	<u>3,956</u>
Total Governmental Activities Depreciation Expense	<u>\$ 693,219</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - CAPITAL ASSETS - (CONTINUED):

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

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitments</u>	<u>Required Further Financing</u>
Walker High School Track & Tennis Court	\$ 3,484,726	\$ 2,637,505	\$ 847,221	\$ -0-
Walker High School Tennis Courts Lighting	502,387	423,632	78,755	-0-
Walker High School Track and Tennis Courts Toilet Facility	237,158	223,726	13,432	-0-
Walker High School Track and Tennis Courts Seating	55,700	54,288	1,412	-0-
Walker High School Synthetic Turf	1,298,287	1,173,354	124,933	-0-
Maddox Intermediate School Roof Replacement	1,013,324	971,381	41,943	-0-
Songer Gym Roof Replacement	280,517	257,310	23,207	-0-
Walker High Roof Replacement	<u>594,825</u>	<u>36,078</u>	<u>558,747</u>	<u>-0-</u>
Totals	\$ <u>7,466,924</u>	\$ <u>5,777,274</u>	\$ <u>1,689,650</u>	\$ <u>-0-</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN:

A. Plan Description

The Teachers' Retirement System of Alabama, a cost-sharing multi-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

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

B. Benefits Provide - (Continued)

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 allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of creditable 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.

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.

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

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

C. Contributions - (Continued)

Participating employers' contractually required contribution rate for the year ended September 30, 2021 was 12.36% (12.43% for 2020) of annual pay for Tier 1 members and 11.22% (11.34% for 2020) of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were \$1,946,771 for the year ended September 30, 2021.

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

At September 30, 2021, the Board reported a liability of \$27,505,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019.

The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2020 the Board's proportion was 0.222357% which was an increase (decrease) of 0.006664% from its proportion measured as of September 30, 2019.

For the year ended September 30, 2021, the Board recognized pension expense of \$2,538,000. At September 30, 2021 the Board reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 1,361,000	\$ 477,000
Changes of Assumptions	286,000	-0-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,043,000	-0-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	562,000	658,000
Employer Contributions Subsequent to the Measurement Date	<u>1,946,771</u>	<u>-0-</u>
Total	<u>\$ 6,198,771</u>	<u>\$ 1,135,000</u>

The amount of \$1,946,771, 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, 2022. 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:

2022	\$ 454,000
2023	\$ 954,000
2024	\$ 1,066,000
2025	\$ 643,000
2026	\$ -0-
Thereafter	\$ -0-

E. Actuarial Assumptions

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

Inflation	2.75%
Projected Salary Increases	3.25%-5.00%
Investment Rate of Return*	7.70%

*Net of pension plan investment expense

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

E. Actuarial Assumptions - (Continued)

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

Mortality rates were based on the RP-2000 White Collar Mortality Table projected to 2020 using Scale BB and adjusted 115% for males and 112% for females age 78 and older.

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

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

*Includes assumed rate of inflation of 2.50%

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

F. Discount Rate

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

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

	1% Decrease <u>(6.70%)</u>	Current Rate <u>(7.70%)</u>	1% Increases <u>(8.70%)</u>
Board's Proportionate Share of Collective Net Pension Liability	\$ <u>36,697,000</u>	\$ <u>27,505,000</u>	\$ <u>19,727,000</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, 2020. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2020. 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)

NOTE 9 - 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 PEEHIP Board. The PEEHIP 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 PEEHIP 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 9 - 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, 2020, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP. The plan is fully insured, and members are able to have all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. Retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Members 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 9 - 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 PEEHIP 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 PEEHIP 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 PEEHIP 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 PEEHIP 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 PEEHIP 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 PEEHIP 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 PEEHIP 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 PEEHIP Board. This reduction in the employer contribution ceases upon notification to the PEEHIP 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, 2021, the Board reported a liability of \$15,415,301 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019. The Board's proportion of the net OPEB liability was based on a projection of the Board's term share of contributions to the OPEB plan relative to the projected

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

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

contributions of all participating employers, actuarially determined. At September 30, 2020, the Board's proportion was 0.237529%, which was an increase (decrease) of (0.028362%) from its proportion measured as of September 30, 2019.

For the year ended September 30, 2021, the Board recognized OPEB expense of \$(742,715) with no special funding situations. At September 30, 2021, 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	\$ 390,921	\$ 5,542,170
Changes of Assumptions	5,384,444	2,862,481
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-0-	650
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	754,748	2,600,933
Employer Contributions Subsequent to the Measurement Date	<u>414,488</u>	<u>-0-</u>
Total	\$ <u>6,944,601</u>	\$ <u>11,006,234</u>

\$414,488 reported as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2022.

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

Year Ended September 30:

2022	\$ (1,537,996)
2023	\$ (1,514,514)
2024	\$ (1,040,284)
2025	\$ (1,030,825)
2026	\$ 318,374
Thereafter	\$ 329,124

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED):

E. Actuarial Assumptions

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

Inflation	2.75%
Projected Salary Increases ¹	3.25% - 5.00%
Long-Term Investment Rate of Return ²	7.25%
Municipal Bond Index Rate at the Measurement Date	2.25%
Municipal Bond Index Rate at the Prior Measurement Date	3.00%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	2040
Single Equivalent Interest Rate at the Measurement Date	3.05%
Single Equivalent Interest Rate at the Prior Measurement Date	5.50%
Healthcare Cost Trend Rate Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate Trend Rate Pre-Medicare Eligible	4.75% in 2027
Medicare Eligible	4.75% in 2024

¹Includes 3.00% wage inflation.

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

**Initial Medicare claims are set based on scheduled increases through plan year 2022

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

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

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

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 9 - 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
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 3.05%. The discount rate used to measure the total OPEB liability at the prior measurement date was 5.50%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 9 - 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. Approximately, 14.802% of the employer contributions were used to assist in funding retiree benefit payments in 2020. It is assumed that the 14.802% will increase at the same rate as expected benefit payments for the closed group until reaching an employer rate of 20.000%, at which point this amount will increase by 1.00% in subsequent years. 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 2118. The long-term rate of return is used until the assets are expected to be depleted in 2040, after which the municipal bond rate is used.

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:

	<u>1% Decrease</u> (5.75% decreasing to 3.75% for pre- Medicare, Known decreasing to 3.75% for Medicare Eligible)	<u>Current Healthcare</u> <u>Trend Rate</u> (6.75% decreasing to 4.75% for pre- Medicare, Known decreasing to 4.75% for Medicare Eligible)	<u>1% Increase</u> (7.75% decreasing to 5.75% for pre- Medicare, Known decreasing to 5.75% for Medicare Eligible)
Net OPEB Liability	\$ 12,185,846	\$ 15,415,301	\$ 19,618,955

The following table presents the Board's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 4.44%, 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:

	<u>1% Decrease</u> (2.05%)	<u>Current Discount</u> <u>Rate (3.05%)</u>	<u>1% Increase</u> (4.05%)
Net OPEB Liability	\$ 18,907,667	\$ 15,415,301	\$ 12,641,607

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 9 - 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, 2020. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2019. Additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 10 - LONG-TERM DEBT:

A. Long-Term Obligations

On July 12, 2016, the Board issued \$7,500,000 of Special Tax School Warrants, Series 2016. The purpose of the Warrants was to provide a portion of the funds needed to (a) construct a classroom wing at the new high school for grades 7 and 8 (b) certain energy conservation matters at Maddox Middle School, Memorial Park Elementary School, T.R. Simmons Elementary School, Songer Gym, Walker High School Field House and the Board's Central Office (c) three school buses (d) paying the costs of issuing the Warrants.

On May 29, 2019, the Board, as part of a pooled bond issuance with other school systems within the State of Alabama, issued Capital Outlay Pool Warrants, Series 2019, for the purpose of funding capital projects. The Board's obligation is paid solely from the Board's portion of the Public School Fund allocations, which are received from the Alabama Department of Education. The Alabama Department of Education withholds the required debt service payments from the Board's Public School Fund allocation.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 10 - LONG-TERM OBLIGATIONS - (CONTINUED):

B. Long-Term Obligation Activity

Long-term liability balances and activities for the year ended September 30, 2021 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Bonds and Notes Payable:</u>					
Special Tax School Warrants, 2016 Series	\$ 6,250,921	\$ -0-	\$ 310,114	\$ 5,940,807	\$ 319,417
PSCA Leveraged Funds, Series 2019	7,814,019	-0-	260,259	7,553,760	274,285
Unamortized Discount/Premium	<u>1,124,683</u>	<u>-0-</u>	<u>60,521</u>	<u>1,064,162</u>	<u>60,521</u>
Total Bonds and Notes Payable	<u>15,189,623</u>	<u>-0-</u>	<u>630,894</u>	<u>14,558,729</u>	<u>654,223</u>
<u>Other Liabilities:</u>					
Compensated Absences	182,003	-0-	3,090	178,913	109,693
Net Pension Liability	23,849,000	3,656,000	-0-	27,505,000	-0-
Net OPEB Liability	<u>10,031,450</u>	<u>5,383,851</u>	<u>-0-</u>	<u>15,415,301</u>	<u>-0-</u>
Total Other Liabilities	<u>34,062,453</u>	<u>9,039,851</u>	<u>3,090</u>	<u>43,099,214</u>	<u>109,693</u>
Governmental Activities Long-Term Debt	<u>\$ 49,252,076</u>	<u>\$ 9,039,851</u>	<u>\$ 633,984</u>	<u>\$ 57,657,943</u>	<u>\$ 763,916</u>

C. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2021 are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 593,702	\$ 503,408	\$ 1,097,110
2023	617,311	480,112	1,097,423
2024	641,207	455,826	1,097,033
2024	666,957	430,543	1,097,500
2026	693,013	404,176	1,097,189
2027-2031	3,898,395	1,585,366	5,483,761
2032-2036	4,696,191	787,102	5,483,293
2037-2039	<u>1,687,791</u>	<u>107,860</u>	<u>1,795,651</u>
Totals	<u>\$ 13,494,567</u>	<u>\$ 4,754,393</u>	<u>\$ 18,248,960</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 10 - LONG-TERM OBLIGATIONS - (CONTINUED):

D. Premium on Debt Issuance

The Board has a premium in connection with the PSCA Capital Improvement Pool Bonds, Series 2019. The premium is being amortized using the straight-line method over a period of 239 months.

Premium	\$ 1,205,378
Amount Amortized in Prior Years	<u>80,695</u>
Balance	1,124,683
Current Amount Amortized	<u>60,521</u>
Balance Premium	<u>\$ 1,064,162</u>

E. Pledged Revenues

The Board issued Series 2016 Capital Outlay Warrants, which are pledged to be repaid from the proceeds of (a) the 3 mill special district ad valorem tax levied by the Walker County Commission pursuant to the provisions of Section 2 of Amendment 3 to the Constitution of the State of Alabama, (b) the 2.5 mill special district ad valorem tax levied by the City of Jasper pursuant to the provisions of Amendment 56 to the Constitution of the State of Alabama and (c) any tax (or taxes) levied in continuation, or in lieu, thereof. The proceeds are to be used for school construction, improvement of facilities and the purchase of buses. Future revenues in the amount of \$7,464,618 are pledged to repay the principal and interest on the Series 2016 warrants. Proceeds of the special taxes in the amount of \$1,214,518 were received by the Board during the fiscal year ended September 30, 2021.

On May 29, 2019, the Board, as part of a pooled bond issuance with other school systems within the State of Alabama, issued PSCA Capital Outlay School Warrants, Series 2019, in anticipation of their Public School Fund allocations, which are received from the Alabama Department of Education. The proceeds were used for the acquisition, construction, and renovation of school facilities. Future revenues in the amount of \$10,784,342 are pledged to repay the remaining principal and interest on the bonds at September 30, 2021. Proceeds of the Public School Fund allocation in the amount of \$727,663 were received by the Board during the fiscal year ended September 30, 2021. Pledged funds in the amount of \$598,457 were used to pay principal and interest on the bonds during the fiscal year ended September 30, 2021. The Capital Outlay School Warrants, Series 2019, will mature in fiscal year 2039.

F. Lease Obligations

Operating Leases

The Board is committed under various leases for office equipment. These leases are considered for accounting purposes to be operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected as part of the Board's capital assets. The Board has no non-cancellable operating leases. Lease expenditures for the year ended September 30, 2021 amounted to \$50,889.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 11 - INTERFUND BALANCES AND ACTIVITY:

The interfund receivables and payables at September 30, 2021 were as follows:

<u>Interfund Receivables</u>	<u>Interfund Payables</u>			
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>
General Fund	\$ -0-	\$ 12,835	\$ -0-	\$ 12,835
Special Revenue Funds	-0-	-0-	-0-	-0-
Capital Projects Fund	161,260	-0-	-0-	161,260
Totals	\$ 161,260	\$ 12,835	\$ -0-	\$ 174,095

Interfund transfers for the fiscal year ended September 30, 2021 consist of the following:

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>
General Fund	\$ -0-	\$ 789,189	\$ -0-	\$ 789,189
Special Revenue Funds	25,215	17,629	-0-	42,844
Capital Projects Fund	-0-	-0-	-0-	-0-
Totals	\$ 25,215	\$ 806,818	\$ -0-	\$ 832,033

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.

NOTE 12 - 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. The Board has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, which operates as a common risk management and insurance program for state-owned properties and boards of education. The Board pays an annual premium based on the amount of coverage. The SIF is self-insured up to \$3.5 million per occurrence and purchases commercial insurance for claims in excess of \$3.5 million. 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 commercial insurance for the amount of coverage requested by pool participants. The Board purchases commercial insurance for fidelity bonds and a fleet policy. 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

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 12 - RISK MANAGEMENT - (CONTINUED):

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 13 - 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 14 - 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.

REQUIRED SUPPLEMENTARY INFORMATION

JASPER 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's Proportion of the Net Pension Liability	0.222357%	0.215693%	0.221973%	0.225463%	0.228618%
Board's Proportionate Share of the Net Pension Liability	\$ 27,505,000	\$ 23,849,000	\$ 22,070,000	\$ 22,160,000	\$ 24,750,000
Board's Covered-Employee Payroll during the Measurement Period (*)	\$ 15,815,800	\$ 15,424,647	\$ 13,558,560	\$ 14,997,066	\$ 14,769,000
Board's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	173.908370%	154.616180%	162.775398%	147.762236%	167.580743%
Plan Fiduciary Net Position as a Percentage of the Total Collective Pension Liability	67.720000%	69.850000%	72.290000%	71.500000%	67.930000%

(Continued)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Board's Proportion of the Net Pension Liability	0.236078%	0.234487%	Not Available	Not Available	Not Available
Board's Proportionate Share of the Net Pension Liability	\$ 24,707,000	\$ 21,302,000			
Board's Covered-Employee Payroll during the Measurement Period (*)	\$ 15,026,822	\$ 15,008,408			
Board's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	164.419330%	141.933775%			
Plan Fiduciary Net Position as a Percentage of the Total Collective Pension Liability	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 2021, the measurement period is October 1, 2019 through September 30, 2020.

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

JASPER CITY BOARD OF EDUCATION

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 1,946,771	\$ 1,917,957	\$ 1,873,995	\$ 1,781,866	\$ 1,764,914
Contributions in Relation to the Contractually Required Contributions	<u>1,946,771</u>	<u>1,917,957</u>	<u>1,873,995</u>	<u>1,781,866</u>	<u>1,764,914</u>
Contribution Deficiency (Excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Board's Covered-Employee Payroll	\$ 16,443,169	\$ 15,815,800	\$ 15,424,647	\$ 13,558,560	\$ 14,997,066
Contributions as a Percentage of Covered-Employee Payroll	11.839391%	12.126842%	12.149354%	13.142000%	11.768395%

SCHEDULE OF BOARD'S CONTRIBUTIONS - (CONTRIBUTIONS)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contributions	\$ 1,720,155	\$ 1,745,547	Not Available	Not Available	Not Available
Contributions in Relation to the Contractually Required Contributions	<u>1,720,155</u>	<u>1,745,547</u>			
Contribution Deficiency (Excess)	\$ <u>-0-</u>	<u>-0-</u>			
Board's Covered-Employee Payroll	\$ 14,769,900	\$ 15,026,822			
Contributions as a Percentage of Covered-Employee Payroll	11.646355%	11.616209%			

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

JASPER 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's Proportion of the Net OPEB Liability	0.237529%	0.265891%	0.252766%	0.255862%	Not Available
Board's Proportionate Share of the Net OPEB Liability	\$ 15,415,301	\$ 10,031,450	\$ 20,774,146	\$ 19,003,968	
Board's Covered-Employee Payroll during the Measurement Period (*)	\$ 15,775,396	\$ 15,266,995	\$ 13,493,558	\$ 14,960,348	
Board's Proportionate Share of the Collective Net OPEB Liability as a Percentage of its Covered-Employee Payroll	97.717363%	65.706775%	153.956028%	127.028917%	
Plan Fiduciary Net Pension as a Percentage of the Total Collective OPEB Liability	19.80%	28.14%	14.81%	15.37%	

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Board's Proportion of Share Available if the 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 Pension 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. For the fiscal year 2021, the measurement period is October 1, 2019 through September 30, 2020.

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

JASPER CITY BOARD OF EDUCATION

SCHEDULE OF BOARD'S CONTRIBUTIONS

ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
FOR THE YEARS ENDED SEPTEMBER 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 414,488	\$ 467,966	\$ 757,698	\$ 625,531	Not Available
Contributions in Relation to the Contractually Required Contributions	<u>414,488</u>	<u>467,966</u>	<u>757,698</u>	<u>625,531</u>	
Contribution Deficiency (Excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	
Board's Covered-Employee Payroll	\$ 16,289,514	\$ 15,775,396	\$ 15,266,995	\$ 13,493,558	
Contributions as a Percentage of Covered-Employee Payroll	2.544508%	2.966429%	4.962981%	4.635775%	

SCHEDULE OF BOARD'S CONTRIBUTIONS - (CONTINUED)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</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.

JASPER CITY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Changes in Actuarial Assumptions

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

In 2016, rates of withdrawal, retirement, disability, mortality, spouse coverage, and tobacco usage were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 and later, the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females.

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 each year to reflect the ACA maximum annual out-of-pocket amounts.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of OPEB Contributions were calculated as of September 30, 2017, which is three year 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	24 Years, Closed
Asset Valuation Method	Market Value of Assets
Inflation	2.750%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	7.00%
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
Investment Rate of Return	5.00%, including Inflation

JASPER CITY BOARD OF EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2021

	<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	\$ 16,113,908.00	\$ 16,143,384.00	\$ 16,937,986.75	\$ 0.00	\$ 16,937,986.75
Federal Sources	500.00	500.00	580.00	0.00	580.00
Local Sources	8,646,280.00	8,894,776.43	9,702,063.06	(5,501.03)	9,696,562.03
Other Sources	<u>64,700.00</u>	<u>64,700.00</u>	<u>55,154.71</u>	<u>0.00</u>	<u>55,154.71</u>
Total Revenues	<u>24,825,388.00</u>	<u>25,103,360.43</u>	<u>26,695,784.52</u>	<u>(5,501.03)</u>	<u>26,690,283.49</u>
 <u>Expenditures</u>					
Instructional Services	14,770,878.00	14,934,265.43	14,357,100.94	223,606.58	14,580,707.52
Instructional Support					
Services	4,136,822.28	4,192,722.28	4,136,299.14	9,517.57	4,145,816.71
Operation and Maintenance	2,500,490.60	2,804,526.03	2,892,772.09	9,989.47	2,902,761.56
Student Transportation	967,321.00	967,321.00	941,010.63	13,418.51	954,429.14
General Administrative					
Services	1,264,823.00	1,264,706.00	1,280,780.67	12,373.22	1,293,153.89
Other Expenditures	316,643.00	327,143.00	326,887.80	9,734.73	336,622.53
Capital Outlay	324,051.36	133,192.83	134,577.41	0.00	134,577.41
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>24,281,029.24</u>	<u>24,623,876.57</u>	<u>24,069,428.68</u>	<u>278,640.08</u>	<u>24,348,068.76</u>
 Excess (Deficiency) of					
Revenues Over Expenditures	<u>544,358.76</u>	<u>479,483.86</u>	<u>2,626,355.84</u>	<u>(284,141.11)</u>	<u>2,342,214.73</u>

(Continued)

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

	<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>Other Financing</u>					
<u>Sources (Uses)</u>					
Indirect Cost	\$ 179,887.48	\$ 179,887.48	\$ 171,108.11	\$ 0.00	\$ 171,108.11
Transfers In	0.00	0.00	25,214.75	0.00	25,214.75
Transfers Out	<u>(770,795.00)</u>	<u>(770,795.00)</u>	<u>(789,189.16)</u>	<u>0.00</u>	<u>(789,189.16)</u>
Total Other Financing					
Sources (Uses)	<u>(590,907.52)</u>	<u>(590,907.52)</u>	<u>(592,866.30)</u>	<u>0.00</u>	<u>(592,866.30)</u>
Net Changes in Fund Balances	(46,548.76)	(111,423.66)	2,033,489.54	(284,141.11)	1,749,348.43
Fund Balances					
- Beginning of Year	<u>11,248,534.31</u>	<u>12,670,664.71</u>	<u>12,497,258.78</u>	<u>(1,653,664.91)</u>	<u>10,843,593.87</u>
Fund Balances					
- End of Year	<u>\$ 11,201,985.55</u>	<u>\$ 12,559,241.05</u>	<u>\$ 14,530,748.32</u>	<u>\$ (1,937,806.02)</u>	<u>\$ 12,595,942.30</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.

\$ (284,141.11)

The Note to the Budgetary Comparison Schedule is an integral part of this statement.

JASPER CITY BOARD OF EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2021

	<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	3,280,127.00	3,291,910.48	4,096,841.66	0.00	4,096,841.66
Local Sources	1,693,079.00	1,693,079.00	1,071,046.93	0.00	1,071,046.93
Other Sources	<u>25,605.00</u>	<u>25,605.00</u>	<u>6,495.57</u>	<u>0.00</u>	<u>6,495.57</u>
Total Revenues	<u>4,998,811.00</u>	<u>5,010,594.48</u>	<u>5,174,384.16</u>	<u>0.00</u>	<u>5,174,384.16</u>
 <u>Expenditures</u>					
Instructional Services	2,519,416.95	2,579,496.73	2,439,240.93	70,389.59	2,509,630.52
Instructional Support					
Services	933,072.73	755,914.08	726,271.18	49,534.91	775,806.09
Operation and Maintenance	172,090.00	182,351.79	142,950.63	0.00	142,950.63
Student Transportation	76,240.00	76,275.00	56,464.68	0.00	56,464.68
Food Service	1,576,897.02	1,576,897.02	1,660,327.29	18,482.25	1,678,809.54
General Administrative					
Services	100,487.67	100,487.67	99,620.15	911.68	100,531.83
Other Expenditures	317,723.65	357,443.21	445,356.40	792.96	446,149.36
Capital Outlay	0.00	0.00	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>5,695,928.02</u>	<u>5,628,865.50</u>	<u>5,570,231.26</u>	<u>140,111.39</u>	<u>5,710,342.65</u>
 Excess (Deficiency) of					
Revenues Over Expenditures	<u>(697,117.02)</u>	<u>(618,271.02)</u>	<u>(395,847.10)</u>	<u>(140,111.39)</u>	<u>(535,958.49)</u>

(Continued)

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

	<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>Other Financing</u>					
<u>Sources (Uses)</u>					
Transfers In	\$ 791,795.00	\$ 791,795.00	\$ 806,817.88	\$ 0.00	\$ 806,817.88
Transfers Out	<u>(21,000.00)</u>	<u>(21,000.00)</u>	<u>(42,843.47)</u>	<u>0.00</u>	<u>(42,843.47)</u>
Total Other Financing					
Sources (Uses)	<u>770,795.00</u>	<u>770,795.00</u>	<u>763,974.41</u>	<u>0.00</u>	<u>763,974.41</u>
Net Changes in Fund Balances	73,677.98	152,523.98	368,127.31	(140,111.39)	228,015.92
Fund Balances					
- Beginning of Year	<u>1,409,439.52</u>	<u>1,624,212.09</u>	<u>1,624,212.09</u>	<u>(160,938.94)</u>	<u>1,463,273.15</u>
Fund Balances					
- End of Year	<u>\$ 1,483,117.50</u>	<u>\$ 1,776,736.07</u>	<u>\$ 1,992,339.40</u>	<u>\$ (301,050.33)</u>	<u>\$ 1,691,289.07</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.

\$ (140,111.39)

The Note to the Budgetary Comparison Schedule is an integral part of this statement.

JASPER 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, 2021

**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	\$ 26,695,784.52	\$ 5,174,384.16
<i>Differences - Budget to GAAP:</i>		
Local taxes are not budgeted as revenues unless receivable in time to pay budgeted expenditures	<u>(5,501.03)</u>	<u>0.00</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u>26,690,283.49</u>	\$ <u>5,174,384.16</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) available for expenditures shown as total expenditures on the Budgetary Comparison Schedule	\$ 24,069,428.68	\$ 5,570,231.26
<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>278,640.08</u>	<u>140,111.39</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u>24,348,068.76</u>	\$ <u>5,710,342.65</u>

SUPPLEMENTARY INFORMATION

JASPER CITY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

	<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 21	84.027	CLB137	\$ 649,546.02	\$ 649,546.02
Special Education - Preschool Grants - FY 21	84.173	CLB137	<u>21,764.00</u>	<u>21,764.00</u>
Subtotal Special Education Cluster			<u>671,310.02</u>	<u>671,310.02</u>
Title I Grants to Local Education Agencies - FY 20	84.010	CLB137	7,618.95	7,618.95
Title I Grants to Local Education Agencies -FY 21	84.010	CLB137	676,324.00	676,324.00
Vocational Education Basics Grants to States - FY 21	84.048	CLB137	33,375.00	33,375.00
Program Improvement Grant	84.048	CLB137	7,380.45	7,380.45
Title IV, Part A	84.358	CLB137	52,590.25	52,590.25
English Language Acquisition	84.365	CLB137	29,310.17	29,310.17
Improving Teacher Quality - FY 21	84.367	CLB137	86,145.48	86,145.48
Title V, Part B	84.424	CLB137	54,130.00	54,130.00
Education Stabilization Fund (ESF):				
CARES Act: Governor's Emergency				
Education Relief Fund (M)	84.425C	CLB137	157,151.52	157,151.52
CARES Act: Elementary and Secondary School				
Emergency Relief Fund (M)	84.425D	CLB137	214,213.78	214,213.78
CRRSA Act: Elementary and Secondary School				
Emergency Relief Fund II – ALSDE Reserve (M)	84.425D	CLB137	62,676.55	62,676.55
CRRSA Act: Elementary and Secondary School				
Emergency Relief Fund II (M)	84.425D	CLB137	378,638.77	378,638.77
ARPA Act: Elementary and Secondary School				
Emergency Relief Fund III (M)	84.425U	CLB137	6,488.58	6,488.58
ARPA Act: Elementary and Secondary School				
Emergency Relief Fund III – ALSDE Reserve (M)	84.425U	CLB137	<u>11,271.76</u>	<u>11,271.76</u>
Total U.S. Department of Education			<u>2,448,625.28</u>	<u>2,448,625.28</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	10.553	CLB137	\$ 331,865.35	\$ 331,865.35
National School Lunch Program	10.555	CLB137	892,389.13	892,389.13
National School Lunch Program – COVID Pandemic	10.555	CLB137	102,886.98	102,886.98
National School Lunch Program - Commodities (N)	10.555	CLB137	<u>52,669.43</u>	<u>52,669.43</u>
Subtotal Child Nutrition Cluster			1,379,810.89	1,379,810.89
State Administrative Expenses for Child Nutrition	10.560	CLB137	<u>8,248.53</u>	<u>8,248.53</u>
Total U. S. Department of Agriculture			<u>1,388,059.42</u>	<u>1,388,059.42</u>
 <u>Department of Defense</u>				
Federal Funds Received Direct:				
Army ROTC	12.XXX	N/A	<u>70,977.91</u>	<u>70,977.91</u>
Total Department of Defense			<u>70,977.91</u>	<u>70,977.92</u>
 <u>U.S. Department of Treasury</u>				
Passed through State Department of Education:				
Coronavirus Relief Fund - Education Health and Wellness Grant (M)	21.019	CLB137	117,806.26	117,806.26
Coronavirus Relief Fund - Education Remote Learning Devices Grant (M)	21.019	CLB137	<u>71,372.79</u>	<u>71,372.79</u>
Total U. S. Department of Treasury			<u>189,179.05</u>	<u>189,179.05</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>Social Security Administration</u>				
Passed Through State Department of Education:				
Social Security Disability Insurance	96.001	CLB137	\$ <u>580.00</u>	\$ <u>580.00</u>
Total Social Security Administration			<u>580.00</u>	<u>580.00</u>
Total Federal Awards			\$ <u>4,097,421.66</u>	\$ <u>4,097,421.66</u>

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

The accompanying notes are an integral part of this schedule.

JASPER CITY BOARD OF EDUCATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Jasper 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 Jasper City Board of Education, it is not intended to and does not present the financial position or changes in net position of the Jasper 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 are limited as to reimbursement. The Jasper 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
Jasper City Board of Education
Jasper, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jasper City Board of Education, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Jasper City Board of Education's basic financial statements, and have issued our report thereon dated June 22, 2022.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jasper City Board of Education's financial statements are free from material misstatement, we performed tests of its 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 an instance 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 22, 2022

STEVEN D. MOORE, C.P.A.
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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
Jasper City Board of Education
Jasper, Alabama

Report on Compliance for Each Major Federal Program

We have audited the Jasper City Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jasper City Board of Education's major federal programs for the year ended September 30, 2021. Jasper City Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Jasper City Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jasper City Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

(Continued)

Report on Internal Control Over Compliance

Management of the Jasper City Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Jasper City Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jasper City Board of Education's internal control over compliance.

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

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

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 22, 2022

JASPER CITY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021

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>
21.019	Coronavirus Relief Fund - Education Health and Wellness Grant
21.019	Coronavirus Relief Fund - Education Remote Learning Devices Grant
84.425C	Governor's Emergency Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425D	CRRSA Acts: Elementary and Secondary School Emergency Relief Fund II - ALSDE Reserve
84.425D	CRRSA Acts: Elementary and Secondary School Emergency Relief Fund II
84.425U	ARPA Act: Elementary and Secondary School Emergency Relief Fund III
84.425U	ARPA Act: ALSDE Reservation

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

POTTER, BRYANT, & MOORE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Jasper City Board of Education's basic financial statements. The additional information contained on pages 81 through 85 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion or provide any assurance on them.

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

Potter, Bryant & Moore, P.C.

Birmingham, Alabama
June 22, 2022

JASPER CITY BOARD OF EDUCATION

SCHEDULE OF DEBT SERVICE
SPECIAL TAX SCHOOL WARRANTS, SERIES 2016
SEPTEMBER 30, 2021

<u>Year</u>	<u>February 1st</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 319,416.94	\$ 178,224.24	\$ 497,641.18
2023	328,999.45	168,641.73	497,641.18
2024	338,869.43	158,771.75	497,641.18
2025	349,035.51	148,605.67	497,641.18
2026	359,506.58	138,134.60	497,641.18
2027	370,291.78	127,349.40	497,641.18
2028	381,400.53	116,240.65	497,641.18
2029	392,842.55	104,798.63	497,641.18
2030	404,627.82	93,013.36	497,641.18
2031	416,766.66	80,874.52	497,641.18
2032	429,269.66	68,371.52	497,641.18
2033	442,147.75	55,493.43	497,641.18
2034	455,412.18	42,229.00	497,641.18
2035	469,074.54	28,566.64	497,641.18
2036	<u>483,146.67</u>	<u>14,494.40</u>	<u>497,641.07</u>
Totals	\$ <u>5,940,808.05</u>	\$ <u>1,523,809.54</u>	\$ <u>7,464,617.59</u>

JASPER CITY BOARD OF EDUCATION

SCHEDULE OF DEBT SERVICE
SCHEDULE OF LEVERAGED PSCA FUNDS, SERIES 2019
SEPTEMBER 30, 2021

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2022	\$ 274,285.44	\$ 325,184.08	\$ 599,469.52
2023	288,311.40	311,469.84	599,781.24
2024	302,337.36	297,054.24	599,391.60
2025	317,921.76	281,937.38	599,859.14
2026	333,506.16	266,041.26	599,547.42
2027	349,090.56	249,365.96	598,456.52
2028	367,791.84	231,911.46	599,703.30
2029	384,934.67	213,521.86	598,456.53
2030	405,194.40	194,275.12	599,469.52
2031	425,454.15	174,015.44	599,469.59
2032	445,713.84	152,742.68	598,456.52
2033	464,415.12	134,914.16	599,329.28
2034	483,116.40	116,337.54	599,453.94
2035	501,817.68	97,012.88	598,830.56
2036	522,077.40	76,940.18	599,017.58
2037	542,337.12	56,057.10	598,394.22
2038	564,155.28	34,363.60	598,518.88
2039	<u>581,298.12</u>	<u>17,438.94</u>	<u>598,737.06</u>
Totals	\$ <u>7,553,758.70</u>	\$ <u>3,230,583.72</u>	\$ <u>10,784,342.42</u>

Coverage for the Warrants:

Payments for the leveraged PSCA funds are made through the reduction of subsequent years' PSCA allotments. The annual reduction is to be in the amounts reported above.

JASPER CITY BOARD OF EDUCATIONSCHEDULE OF INSURANCE COVERAGESEPTEMBER 30, 2021

The Cincinnati Insurance Company

Coverage: Property Coverage

Policy #: ETN 0211721

Period: 10/01/20 to 10/01/21

Amount of Coverage:

- Buildings	- \$ 129,280,080
- Contents	- \$ 9,430,000
- Earthquake	- \$ 37,532,061
- Flood	- \$ 26,676,141
- Deductible	- \$ 100,000

Annual Premium: \$208,506

Alabama Trust for Boards of Education

Coverage: General Liability/Errors and Omissions

Period: 09/01/21 to 09/01/22

Limits of Liability:

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

Annual Premium: \$651

Auto Owners Insurance

Coverage: Commercial Auto - 30 Buses, 8 Vehicles, 1 Trailer

Policy #:41-149-157-00

Period: 10/01/21to 10/01/22

Limits of Liability:

- Combined Liability	- \$ 50,000/Each Occurrence
----------------------	-----------------------------

Annual Premium: \$48,686

Auto Owners Insurance

Coverage: Flood

Policy #: 3002097864

Period: 01/12/21 to 01/12/22

Limits of Liability:

- Buildings	- \$ 1,249,700
- Contents	- \$ 941,000

Annual Premium: \$12,146

JASPER CITY BOARD OF EDUCATION

SCHEDULE OF FIDELITY BONDS

SEPTEMBER 30, 2021

Travelers

Policy: #106097967

Period: 08/05/20 to 08/05/23

Position: Superintendent of Jasper City Schools, Dr. Ann Jackson

Amount of Coverage: \$100,000

Annual Premium: \$875

Travelers

Policy #: 106018417

Period: 04/25/20 to 04/25/23

Position: Chief Finance Officer, Monique Rector

Amount of Coverage: \$100,000

Annual Premium: \$875

Auto Owners Insurance

Coverage: Commercial Crime Coverage

Policy #: 17-0334-00-38149157 - Employee Dishonesty

Period: 12/01/20 to 12/01/21

Amount of Coverage: \$100,000

Annual Premium: \$2,161

JASPER CITY BOARD OF EDUCATION

ANALYSIS OF EXPENDITURES
GENERAL FUND AND SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2021

	<u>Amount</u>	<u>Total</u>	<u>Percentage</u>
<u>Personal Services</u>			
Instructional Services	\$ 10,701,129.27		36.71%
Instructional Support Services	3,209,659.41		11.01%
Operation & Maintenance Services	706,327.57		2.42%
Auxiliary Services	893,667.39		3.07%
General Administrative Services	857,578.87		2.94%
Other Expenditures	<u>388,056.02</u>		<u>1.33%</u>
Total Personal Services		\$ 16,756,418.53	<u>57.48%</u>
<u>Employee Benefits</u>			
Employee Benefits		6,331,073.56	<u>21.72%</u>
<u>Other Expenditures</u>			
Instructional Services	1,846,276.78		6.34%
Instructional Support Services	469,554.71		1.61%
Operation & Maintenance Services	2,008,385.40		6.89%
Auxiliary Services	1,245,536.92		4.27%
General Administrative Services	288,190.98		0.99%
Capital Outlay	134,577.41		0.46%
Other Expenditures	<u>70,576.95</u>		<u>0.24%</u>
Total Other Expenditures		<u>6,063,099.15</u>	<u>20.80%</u>
Total Expenditures		<u>\$ 29,150,591.24</u>	<u>100.00%</u>