



**Eufaula City Board
of Education**

FINANCIAL STATEMENTS

September 30, 2025



	Page
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	19
Notes to Financial Statements	20
Required Supplementary Information	
Teachers’ Retirement System of Alabama	
Schedule of the Employer’s Proportionate Share of the Net Pension Liability	49
Schedule of Employer’s Contributions	50
Alabama Retired Education Employees’ Health Care Trust	
Schedule of the Employer’s Proportionate Share of the Net OPEB Liability	51
Schedule of Employer’s Contributions	52
Notes to Required Supplementary Information	53
REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55
Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance	57
Schedule of Findings and Questioned Costs	60
Schedule of Expenditures of Federal Awards	62
Notes to Schedule of Expenditures of Federal Awards	64



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eufaula City Board of Education (the "Board"), a component unit of the City of Eufaula, Alabama, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of September 30, 2025, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11, schedules of the employer's proportionate share of the net pension liability and net OPEB liability and schedules of employer contributions, on pages 49 – 54, be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required

by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2026, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.


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

Enterprise, Alabama
June 18, 2026

Eufaula City Board of Education Management's Discussion and Analysis

Introduction

The Management's Discussion and Analysis (MD&A) of the Eufaula City Board of Education's (the "Board") financial performance provides an overall review of the Board's financial activities for the fiscal year ended September 30, 2025. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the Board's financial performance.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain comparative information between the current year and the prior year is required to be presented in the MD&A and is included in this analysis.

Financial Highlights

Our financial statements provide these insights into the results of this year's operations:

On the government-wide financial statements:

- The assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources at the close of the 2025 fiscal year by \$38.9 million (net position). Of this amount, there is \$8.43 million deficit in unrestricted net position. The net position invested in capital assets amounted to \$43.1 million. Restricted net position of \$4.28 million was restricted for debt service. The government-wide financial statements are a long-term availability approach to analyzing the financial statements.

On the fund financial statements:

- At the end of the current fiscal year, unassigned fund balance for the general fund was \$16.21 million.
- There was an overall increase of \$8.59 million in fund balance in governmental funds.
- The Board had a net decrease in its outstanding debt by \$161 thousand due to \$159 thousand in debt payments \$2 thousand due to premium amortization.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Board's basic financial statements, which are the government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements themselves.

The first two statements are government-wide financial statements - the *Statement of Net Position* and the *Statement of Activities*. These provide both long-term and short-term information about the Board's overall financial status. Although other governments may report governmental activities and business-type activities, the Board has no business-type activities.

Eufaula City Board of Education Management's Discussion and Analysis

The *Statement of Net Position* presents information on all of the Board's assets and deferred outflows of resources less liabilities and deferred inflows of resources, which results in net position. The statement is designed to display the financial position of the Board. Over time, increases and decreases in net position help determine whether the Board's financial position is improving or deteriorating.

The *Statement of Activities* provides information which shows how the Board's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid. The statement identifies the extent to which each expenditure function draws from general revenues of the Board (primarily local taxes) or is financed through charges for services (such as lunchrooms) and intergovernmental aid (primarily federal programs and state appropriations).

The fund financial statements provide more detailed information about the Board's most significant funds – not the Board as a whole. A fund is a grouping of related accounts that is used to keep track of specific sources of funding and spending for particular purposes. The Board uses fund accounting to ensure and demonstrate fiscal accountability. One kind of fund - governmental funds – is presented in the fund financial statements.

Governmental funds - All of the Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds statements – the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balances* – are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship (or differences) between them.

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

In addition to the basic financial statements and the accompanying notes, the report also presents certain *Required Supplementary Information* (RSI) other than the MD&A consisting of Schedules of Employer's Proportionate Share of Net Pension Liability and Net OPEB Liability, and Schedules of Employer's Contributions for the Teacher's Retirement System of Alabama and the Alabama Retired Educators Employees' Health Care Trust.

**Eufaula City Board of Education
Management's Discussion and Analysis**

Financial Analysis of the Board as a Whole

As noted earlier, the Board has no business-type activities. Consequently, the Board's net position is reported as Governmental Activities.

<i>September 30,</i>	2025	2024
Assets		
Current assets	\$ 46,601,685	\$ 36,947,954
Capital assets and right to use assets, net of depreciation	47,687,939	45,456,190
Total assets	94,289,624	82,404,144
Deferred Outflows of Resources		
Deferred outflows related to pension	5,641,772	9,117,569
Deferred outflows related to OPEB	19,380,991	4,957,053
Total deferred outflows of resources	25,022,763	14,074,622
Liabilities		
Current liabilities	7,260,830	6,380,604
Noncurrent liabilities	53,685,702	43,776,242
Total liabilities	60,946,532	50,156,846
Deferred Inflows of Resources		
Deferred inflows related to property taxes	3,174,749	2,994,799
Deferred inflows related to pension	6,108,000	1,310,000
Deferred inflows related to OPEB	10,151,462	13,720,996
Total deferred inflows of resources	19,434,211	18,025,795
Net Position		
Net investment in capital assets	43,083,853	40,690,379
Restricted	18,528,442	3,762,709
Unrestricted (deficit)	(22,680,651)	(16,156,963)
Total net position	\$ 38,931,644	\$ 28,296,125

The Board's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38.9 million at the close of the fiscal year. The majority of the Board's net position is invested in capital assets (land, buildings, and equipment) owned by the Board. Since these capital assets are used in governmental activities, this portion of net position is not available for future spending or funding of operations. Unrestricted net position (deficit) – the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements – is (\$8.43) million at the end of the year.

Eufaula City Board of Education Management's Discussion and Analysis

It is important to note that the deficit in unrestricted net position is largely due to the impact of GASB Statement 68 which became effective in 2015 and GASB Statement 75, which became effective in 2018. GASB 68 requires state and local governments and their related entities that participate in a defined benefit pension plan to disclose their proportionate share of any unfunded pension liability on their financial statements. GASB 75 established accounting and financial reporting requirements for governmental employers who provide other postemployment benefits (OPEB) to their employees through a trust. GASB 68 and 75 address only financial reporting requirements and have no impact on the funding requirements for pension and OPEB plans. Readers of the financial statements must understand that these reporting requirements do not change the Board's cash position, credit worthiness, or overall financial health. The Board's financial ability to fund daily operations, meet debt obligations and allocate resources to achieve goals and objectives is unchanged. More detailed information regarding the calculations and reporting requirements of GASB 68 and GASB 75 can be found in the notes to the financial statements.

The following table of the Board's total revenues and expenditures condenses the results of operations for the fiscal year into a format where the reader can easily see total revenues of the Board for the year. It also shows the impact operations had on changes in net position as of September 30, 2025.

**Eufaula City Board of Education
Management's Discussion and Analysis**

<i>Years ended September 30,</i>	2025	2024
Program Revenues		
Charges for services	\$ 2,970,583	\$ 2,819,301
Operating grants and contributions	63,536,850	59,522,309
Capital grants	2,273,718	2,094,521
General Revenues		
Local property taxes	3,875,739	3,484,333
Sales and use taxes	2,261,621	2,441,255
Miscellaneous taxes	264,753	263,071
Gain on disposition of capital assets	5,752	11,423
Investment earnings	1,238,057	1,063,649
Miscellaneous	1,109,106	1,348,670
Total revenues	77,536,179	73,048,532
Expenses		
Instructional services	47,899,862	42,463,075
Instructional support services	6,690,463	8,286,786
Operation and maintenance services	4,240,850	4,833,245
Student transportation services	1,149,170	1,032,790
Food services	2,313,490	2,324,263
General administration services	2,511,093	2,872,401
Interest and fiscal charges	120,834	124,936
Other expenses	1,974,898	2,794,089
Total expenses	66,900,660	64,731,585
Change in net position	10,635,519	8,316,947
Net position, beginning of year	28,296,125	19,979,178
Net position, end of year	\$ 38,931,644	\$ 28,296,125

Revenue Analysis:

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

- Operating grants and contributions make up 92% of program revenues and 82% 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, student meal purchases, and local school revenues.

Eufaula City Board of Education Management's Discussion and Analysis

- General revenues, primarily property taxes and sales taxes, are used to provide for expenses that are not covered by program revenues.

Expense Analysis:

- Instructional services expenses, primarily salaries and benefits for classroom teachers, are the largest expense of the Board (72%). In addition to teacher salaries and benefits, instructional services include teacher aides, substitute teachers, textbooks, depreciation of instructional buildings, professional development, and classroom instructional materials, supplies, and equipment.
- Instructional support services include salaries and benefits for school principals, assistant principals, librarians, counselors, school secretaries, school bookkeepers, speech therapists, school nurses, and professional development expenses. Instructional services and instructional support services account for 82% of total expenses.
- Operation and maintenance services include utilities, security services, janitorial services, maintenance services, and depreciation of maintenance-related assets.
- In addition to bus driver salaries and benefits, student transportation services include mechanics, bus aides, vehicle maintenance and repair expenses, vehicle fuel, depreciation of buses and the bus shop, and fleet insurance.
- Food services includes salaries and benefits for cooks, servers, lunchroom managers, and cashiers, as well as donated and purchased food, food preparation and service supplies, kitchen and lunchroom equipment, and depreciation of equipment and facilities.
- General administrative services include salaries and benefits for the superintendent, assistants, clerical and financial 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.
- Other expenses include for preschool teachers and aides. Also included are the materials, supplies, equipment, related depreciation, and other expenses for operating programs outside of those for educating students in the K through 12 instructional programs.
- Debt service includes interest, but not principal payments, on long-term debt issues and other expenses related to the issuance and continuance of debt issues.

Performance of School Board Funds

Governmental 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 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 on pages 15 and 17. The financial performance of the Board as a whole is reflected in its governmental funds as well. At the end of

Eufaula City Board of Education Management's Discussion and Analysis

the fiscal year, the Board's governmental funds reported combined ending fund balance of \$36.17 million.

General Fund – The general fund is the primary operating fund of the Board. The beginning fund balance was \$14.84 million. The fund balance at the end of the fiscal year was \$16.22 million. Each school system is required to have a one month general fund operating balance. Eufaula City Board of Education met this requirement for FY 2025.

Budgetary Highlights of Major Funds

The original 2025 fiscal year budget, adopted on September 10, 2024, was based on a bare bones approach that reflected only guaranteed revenues and necessary expenditures. The original budget was amended once during the year on June 24, 2025. The amendment was necessary to budget federal carryover funds, reflect actual beginning fund balances, add revenue and expenditures for fund sources not reflected in the original budget, and budget for additional expenditures not reflected in the original budget. In summary, the final budget is reasonable based on the financial activity of the Board.

General and Special Revenue Fund – The comparison of the general and special revenue funds original budget to the final amended budget is on pages 18 and 19.

Capital Asset and Debt Administration

Capital Assets – The Board's investment in capital assets for its governmental activities at September 30, 2025 totaled \$47.69 million, net of accumulated depreciation. The capital asset activity for the year is detailed in Note 2 to the financial statements. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and depreciation of depreciable assets for the year. Capital assets were decreased (depreciated and amortized) by \$2.0 million during fiscal year 2025. The Board expended available resources to acquire \$4.3 million in capital asset additions during the year.

Long-Term Debt – At year-end, the Board had \$4.60 million in warrants (net of unamortized premiums) leases payable, and notes payable. Of this amount, \$3.54 million was owed on the Series 2016 School Tax Warrants, and \$1 million on the Series 2017 QZAB School Tax Warrants. More information with regard to the Board's long-term debt is presented in Note 2 to the financial statements.

Factors Bearing on the Board's Future

Funding – The rolling reserve act took effect in fiscal year 2013. A 15-year average will provide a stable funding base to establish a cap on state Education Trust Fund (ETF) appropriations. The process directs reserves to a stabilization fund. The stabilization fund will enable the state to reliably provide funding when revenue growth fails to meet projections in any given year. The long-term stability will allow school boards, administrators and teachers to serve students consistently.

County and District Sales Tax – Sales tax revenues decreased by 7.36% for fiscal year 2025.

Property Tax - Property tax revenue increased by 11.23%.

Eufaula City Board of Education Management's Discussion and Analysis

Student Enrollment - The latest student enrollment figure, as of the 2025-2026 fall attendance report was 7,802 students of which 2,176 were enrolled at Eufaula City Schools and 5,626 were enrolled in the Alabama Virtual Academy. This indicates a increase in enrollment of 20.4%, or 1,324 students over the prior year and an increase of 23.4%, or 1,478 students over the last 5 years. State foundation program funds, our largest source of funds, are tied to student enrollment numbers. Because this funding is based on prior year enrollment numbers, we expect state foundation funding to increase for fiscal year 2025.

Medical and Retirement Costs - Employee health insurance is provided through the Public Education Employees' Health Insurance Program (PEEHIP). PEEHIP employer cost is \$904 per month per employee for fiscal year 2025. Employer contributions to the Teachers Retirement System (TRS) increase to 13.57% and 12.60% for Tier I and Tier II employees respectively for fiscal year 2025. The board must use local funds to pay the salary related benefit costs not paid by state and federal funds.

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 any questions about this report or need additional financial information, contact Mr. Patrick J. Brannan, Superintendent, at the Eufaula City Board of Education, 333 State Docks Road, Eufaula, AL 36027, or by calling (334) 687-1100 during office hours, Monday through Friday, from 8:00 a.m. to 4:00 p.m., central standard time.

Eufaula City Board of Education
Statement of Net Position

<i>September 30, 2025</i>	Governmental Activities
Assets	
Cash and cash equivalents	\$ 41,394,473
Investments	65,664
Receivables, net	4,211,090
Inventories	130,183
Restricted assets	
Cash and cash equivalents	800,000
Other assets	275
Capital assets, not being depreciated	3,750,000
Right-to-use assets, net of amortization	25,227
Capital assets, net of depreciation	43,912,712
Total assets	94,289,624
Deferred Outflows of Resources	
Deferred outflows related to pension	5,641,772
Deferred outflows related to OPEB	19,380,991
Total deferred outflows of resources	25,022,763
Liabilities	
Accounts payable	4,873,250
Salaries and benefits payable	2,369,845
Accrued interest payable	72
Unearned revenue	17,663
Long-term liabilities	
Net pension liability	27,065,000
Net OPEB liability	22,016,616
Due and payable within one year	152,497
Due and payable after one year	4,451,589
Total liabilities	60,946,532
Deferred Inflows of Resources	
Deferred inflows related to property taxes	3,174,749
Deferred inflows related to pension	6,108,000
Deferred inflows related to OPEB	10,151,462
Total deferred inflows of resources	19,434,211
Net Position	
Net investment in capital assets	43,083,853
Restricted for debt service	18,528,442
Unrestricted (deficit)	(22,680,651)
Total net position	\$ 38,931,644

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

Eufaula City Board of Education
Statement of Activities

For the year ended September 30, 2025

Functions / Programs	Expenses
Instructional services	\$ 47,899,862
Instructional support services	6,690,463
Operation and maintenance services	4,240,850
Student transportation services	1,149,170
Food services	2,313,490
General administrative services	2,511,093
Interest and fiscal charges	120,834
Other expenses	1,974,898
Total	\$ 66,900,660

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

Program Revenues				Net (Expenses)
Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions		Revenues and Changes In Net Position Governmental Activities
\$ 457,122	\$ 50,654,635	\$ 2,249,508	\$	5,461,403
142,622	5,875,013	-		(672,828)
42,097	3,719,480	24,210		(455,063)
195,618	722,378	-		(231,174)
1,954,721	140,159	-		(218,610)
25,241	852,354	-		(1,633,498)
-	-	-		(120,834)
153,162	1,572,831	-		(248,905)
\$ 2,970,583	\$ 63,536,850	\$ 2,273,718		1,880,491
General revenues				
Taxes				
Property taxes for general purposes				3,875,739
Local sales tax				2,261,621
Other taxes				264,753
Grants and contributions not restricted for specific programs				540,000
Gain on disposition of capital assets				5,752
Investment earnings				1,238,057
Miscellaneous				569,106
Total general revenues				8,755,028
Change in net position				10,635,519
Net position - beginning				28,296,125
Net position - ending				\$ 38,931,644

Eufaula City Board of Education Balance Sheet – Governmental Funds

September 30, 2025	General Fund	Special Revenue Fund	Capital Project Fund	Nonmajor Fund Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 21,027,820	\$ 1,540,081	\$ 15,348,863	\$ 3,477,709	\$ 41,394,473
Investments	-	65,664	-	-	65,664
Ad valorem property taxes receivable	3,174,749	-	-	-	3,174,749
Receivables	416,592	619,749	-	-	1,036,341
Due from other funds	296,630	-	-	-	296,630
Prepaid expenses	275	-	-	-	275
Inventories	12,184	117,999	-	-	130,183
Restricted assets					
Cash and cash equivalents	-	-	-	800,000	800,000
Total assets	\$ 24,928,250	\$ 2,343,493	\$ 15,348,863	\$ 4,277,709	\$ 46,898,315
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 3,445,754	\$ 329,366	\$ 1,098,130	\$ -	\$ 4,873,250
Due to other funds	-	296,630	-	-	296,630
Salaries and benefits payable	2,082,911	286,934	-	-	2,369,845
Unearned revenue	-	17,663	-	-	17,663
Total liabilities	5,528,665	930,593	1,098,130	-	7,557,388
Deferred inflows of resources					
Deferred inflows related to property taxes	3,174,749	-	-	-	3,174,749
Fund balances					
Non-spendable	12,459	117,999	-	-	130,458
Restricted	-	-	14,250,733	4,277,709	18,528,442
Assigned	-	1,294,901	-	-	1,294,901
Unassigned	16,212,377	-	-	-	16,212,377
Total fund balances	16,224,836	1,412,900	14,250,733	4,277,709	36,166,178
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,928,250	\$ 2,343,493	\$ 15,348,863	\$ 4,277,709	\$ 46,898,315

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

Eufaula City Board of Education
Reconciliation of Balance Sheet of Governmental Funds
to Statement of Net Position

September 30, 2025

Total fund balance - governmental funds \$ 36,166,178

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Governmental capital assets not being depreciated	\$ 3,750,000	
Governmental right-to-use assets being amortized	156,180	
Governmental capital assets being depreciated	77,220,092	
Accumulated amortization	(130,953)	
Accumulated depreciation	<u>(33,307,380)</u>	47,687,939

Deferred inflows and outflows related to pension and OPEB represent an acquisition or consumption of net position, respectively, that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.

Deferred outflows related to OPEB	\$ 19,380,991	
Deferred inflows related to OPEB	(10,151,462)	
Deferred outflows related to pension	5,641,772	
Deferred inflows related to pension	<u>(6,108,000)</u>	8,763,301

Long-term liabilities, including bonds payable, bond premiums, and accrued interest payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Accrued interest payable	\$ (72)	
Net OPEB liability	(22,016,616)	
Net pension liability	(27,065,000)	
Current portion of long-term debt	(152,497)	
Non-current portion of long-term debt	<u>(4,451,589)</u>	<u>(53,685,774)</u>

Total net position - governmental activities \$ 38,931,644

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

Eufaula City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds

<i>For the year ended September 30, 2025</i>	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Fund Debt Service Fund	Total Governmental Funds
Revenues					
State revenues	\$ 51,476,038	\$ -	\$ 9,766,962	\$ 240,863	\$ 61,483,863
Federal revenues	87,216	6,097,979	-	-	6,185,195
Local revenues	8,501,788	1,186,908	65,000	388	9,754,084
Other revenues	85,443	21,842	-	-	107,285
Total revenues	60,150,485	7,306,729	9,831,962	241,251	77,530,427
Expenditures					
Instructional services	43,315,008	2,781,570	-	-	46,096,578
Instructional support services	5,886,494	725,920	-	-	6,612,414
Operation and maintenance services	3,554,399	102,418	437,168	-	4,093,985
Auxillary services					
Student transportation services	824,768	172,705	-	-	997,473
Food services	-	2,497,862	-	-	2,497,862
General administrative services	2,229,304	343,908	-	-	2,573,212
Capital outlay	375,980	10,201	3,867,313	-	4,253,494
Debt service					
Principal	39,849	-	-	120,000	159,849
Interest	1,552	-	-	121,251	122,803
Other expenses	938,332	965,247	-	-	1,903,579
Total expenditures	57,165,686	7,599,831	4,304,481	241,251	69,311,249
Excess (deficiency) of revenues over (under) expenditures	2,984,799	(293,102)	5,527,481	-	8,219,178
Other Financing Sources (Uses)					
Indirect cost	367,888	-	-	-	367,888
Proceeds from sale of capital assets	6,397	-	-	-	6,397
Transfers in	1,101,667	874,673	1,950,000	515,000	4,441,340
Transfers out	(3,073,258)	(367,774)	(1,000,308)	-	(4,441,340)
Total other financing sources (uses)	(1,597,306)	506,899	949,692	515,000	374,285
Net change in fund balances	1,387,493	213,797	6,477,173	515,000	8,593,463
Fund balances - beginning of year	14,837,343	1,199,103	7,773,560	3,762,709	27,572,715
Fund balances - ending of year	\$ 16,224,836	\$ 1,412,900	\$ 14,250,733	\$ 4,277,709	\$ 36,166,178

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

Eufaula City Board of Education
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities

For the year ended September 30, 2025

Total net change in fund balances - governmental funds	\$	8,593,463
<p>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 useful lives as depreciation expense.</p>		
Capital outlays	\$	4,253,494
Depreciation and amortization expense	(2,021,100)	2,232,394
<p>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.</p>		
Principal payments on long-term debt		159,849
<p>In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balances this amount.</p>		
Proceeds from sale of capital assets	\$	(6,397)
Gain on disposition of capital assets	5,752	(645)
<p>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.</p>		
Interest	\$	92
Change in OPEB liability and related deferred inflows and outflows of resources		390,287
Change in pension liability and related deferred inflows and outflows of resources		(741,797)
Current year amortization of bond premium		1,876 (349,542)
Change in net position of governmental activities	\$	10,635,519

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

Eufaula City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – General Fund

<i>For the year ended September 30, 2025</i>	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
State revenues	\$ 49,914,197	\$ 50,541,699	\$ 51,476,038	\$ 934,339
Federal revenues	65,473	88,100	87,216	(884)
Local revenues	6,410,869	7,361,969	8,501,788	1,139,819
Other revenues	54,750	59,750	85,443	25,693
Total revenues	56,445,289	58,051,518	60,150,485	2,098,967
Expenditures				
Instructional services	42,901,837	44,422,631	43,649,345	773,286
Instructional support services	6,397,741	6,529,344	5,813,924	715,420
Operation and maintenance services	3,273,456	3,273,456	3,554,052	(280,596)
Student transportation services	810,248	810,248	823,950	(13,702)
General administrative services	2,503,825	2,532,075	2,243,782	288,293
Capital outlay	296,000	321,352	375,980	(54,628)
Principal retirement	-	-	39,849	(39,849)
Interest and fiscal charges	-	-	1,552	(1,552)
Other expenses	948,497	1,059,477	943,027	116,450
Total expenditures	57,131,604	58,948,583	57,445,461	1,503,122
Excess (deficiency) of revenues over (under) expenditures	(686,315)	(897,065)	2,705,024	3,602,089
Other Financing Sources (Uses)				
Indirect cost	350,942	407,744	367,888	(39,856)
Proceeds from sale of capital assets	-	-	6,397	6,397
Transfers in	66,333	66,333	1,101,667	1,035,334
Transfers out	(468,000)	(468,000)	(3,073,258)	(2,605,258)
Total other financing sources (uses)	(50,725)	6,077	(1,597,306)	(1,603,383)
Net change in fund balance	(737,040)	(890,988)	1,107,718	1,998,706
Fund balance, beginning of year	11,312,865	17,039,014	15,472,664	(1,566,350)
Fund balance, end of year	\$ 10,575,825	\$ 16,148,026	\$ 16,580,382	\$ 432,356
Reconciliation of Budgetary Basis to GAAP				
Budgetary basis expenditures	\$ 57,131,604	\$ 58,948,583	\$ 57,445,461	\$ 1,503,122
Non-budgeted accrued salaries and fringe benefits				
Instructional services	-	-	(334,337)	334,337
Instructional support services	-	-	72,570	(72,570)
Operation and maintenance services	-	-	347	(347)
Student transportation services	-	-	818	(818)
General administrative services	-	-	(14,478)	14,478
Other expenditures	-	-	(4,695)	4,695
GAAP basis expenditures	\$ 57,131,604	\$ 58,948,583	\$ 57,165,686	\$ 1,782,897

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

Eufaula City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – Special Revenue Fund

<i>For the year ended September 30, 2025</i>	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
Federal revenues	\$ 5,880,624	\$ 6,464,701	\$ 6,097,979	\$ (366,722)
Local revenues	965,990	965,990	1,186,908	220,918
Other revenues	18,000	18,000	21,842	3,842
Total revenues	6,864,614	7,448,691	7,306,729	(141,962)
Expenditures				
Instructional services	2,976,698	3,089,272	2,917,143	172,129
Instructional support services	553,588	640,306	764,504	(124,198)
Operation and maintenance services	177,193	124,476	102,418	22,058
Auxillary services				
Student transportation services	130,897	145,241	172,684	(27,443)
Food service	2,400,505	2,431,905	2,501,223	(69,318)
General administrative services	349,943	377,131	342,864	34,267
Capital outlay	-	-	10,201	(10,201)
Other expenses	644,699	1,309,120	963,737	345,383
Total expenditures	7,233,523	8,117,451	7,774,774	342,677
Excess (deficiency) of revenues over (under) expenditures	(368,909)	(668,760)	(468,045)	200,715
Other Financing Sources (Uses)				
Transfers in	575,000	575,000	874,673	299,673
Transfers out	(173,783)	(173,783)	(367,774)	(193,991)
Total other financing sources (uses)	401,217	401,217	506,899	105,682
Net change in fund balance	32,308	(267,543)	38,854	306,397
Fund balance, beginning of year	714,224	981,350	1,253,066	271,716
Fund balance, end of year	\$ 746,532	\$ 713,807	\$ 1,291,920	\$ 578,113
Reconciliation of Budgetary Basis to GAAP				
Budgetary basis expenditures	\$ 7,233,523	\$ 8,117,451	\$ 7,774,774	\$ 342,677
Non-budgeted accrued salaries and fringe benefits				
Instructional services	-	-	(135,573)	135,573
Instructional support services	-	-	(38,584)	38,584
Auxillary services				
Student transportation services	-	-	21	(21)
Food service	-	-	(3,361)	3,361
General administrative services	-	-	1,044	(1,044)
Other expenditures	-	-	1,510	(1,510)
GAAP basis expenditures	\$ 7,233,523	\$ 8,117,451	\$ 7,599,831	\$ 517,620

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

Eufaula City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Eufaula 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.

Reporting Entity

GASB 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 which should be included as part of the financial reporting entity of the Board.

The financial statements of the Board include local school activity funds and other funds under the control of school principals. These funds are reported in the reporting period ended September 30, 2025, as a special revenue fund.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Although other governments may report both governmental activities and business-type activities, the Board has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. 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. 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.

Eufaula City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

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 Board on a formula basis.

Special Revenue Fund – This fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Various federal, state and local funding sources are included in this fund. Some of the significant federal funding sources include the federal funds that are received for Special Education, Title I, COVID-19 assistance, and the Child Nutrition Program in addition to various smaller grants, which are required to be spent for the purposes of the applicable federal grants. Also included in this fund are the public and non-public funds received by the local schools which are generally not considered restricted or committed.

Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. Also included in this fund are Alabama Department of Education appropriations which are restricted to their use.

The Board reports the following nonmajor governmental fund type:

Debt Service Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and the accumulation of resources for principal and interest payments maturing in future years.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Eufaula City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a budgetary basis that differs from generally accepted accounting principles for all governmental funds. Salaries of teachers and other personnel with contracts of less than twelve months are paid over a twelve month period. Expenditures for salaries (and related fringe benefits) and interest expense are budgeted based on the amount that will be paid from budgeted revenues. However, salaries (and related benefits) earned but not paid are reported as expenditures on the financial statements. Similarly, unbudgeted capital asset acquisitions that are not financed are reported as expenditures in the fund financial statements but are not reported as expenditures for budgetary purposes.

State law requires Alabama school boards to prepare and submit to the State Superintendent of Education the annual budget adopted by the local board of education. In accordance with the regulations of the State Board of Education, the due date for submission of the budget for the 2025 fiscal year was September 15, 2024. The Board approved and submitted its original 2025 annual budget on September 10, 2024.

The 2025 budget was amended June 2025 primarily to budget carryover federal funds, adjust federal allocations, and add revenue and expenditures for fund sources not reflected in the original budget.

The City Superintendent of Education or Board cannot approve any budget for operations of the school system for any fiscal year that shows expenditures in excess of income estimated to be available plus any balances on hand. The Superintendent, with the approval of the Board, has the authority to make changes within the approved budget provided that a deficit is not incurred by such changes.

Eufaula City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at amortized cost. 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 and Allowance for Doubtful Accounts

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

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

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 acquisition 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:

Eufaula City Board of Education
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (continued)

Asset Class	Capitalization Threshold	Estimated Useful Life
Land improvements - exhaustible	\$ 50,000	40 years
Buildings	50,000	40 - 50 years
Building improvements	50,000	7 - 40 years
Furniture and equipment	5,000	5 - 20 years
Vehicles	5,000	5 - 7 years
Equipment under lease	5,000	5 - 20 years

The capitalization threshold for land, construction in progress, and inexhaustible land improvements is \$1 or more. However, these capital assets are not depreciated.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items reported in this category deferred outflows related to pension and deferred outflows related to OPEB. The deferred outflows related to pension are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. Deferred outflows related to OPEB result from OPEB contributions related to normal and accrued employer liability (net of any refunds or error service payments) subsequent to the measurement date, the net difference between projected and actual earnings on plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and differences between actual and expected experience. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense or a reduction in the net pension or OPEB liability in future reporting years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has three items that qualify for reporting in this category, deferred inflows related to property taxes, deferred inflows related to pension, and deferred inflows related to OPEB. Deferred inflows related to property taxes is the result of property taxes being levied in a different fiscal year than when the revenue becomes available to the Board. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. Deferred inflows related to pension and OPEB result from differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on plan

Eufaula City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows/Inflows of Resources (continued)

investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. The deferred inflows related to pensions or OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years.

Compensated Absences

For vacation leave and other compensated absences with similar characteristics, GASB Statement No. 101 requires the accrual of a liability (as the benefits are earned by the employees), if both of these conditions are met:

- a) The employee's right to receive compensation is attributable to services already rendered.
- b) It is more likely than not that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

Professional and support employees earn nonvesting sick leave at the rate of one day per month worked. Employees may accumulate an unlimited number of sick leave days. Employees may use their accrued sick leave as membership service in determining the total years of creditable service in the Teachers' Retirement System of Alabama, with no additional cost to the Board. The Board has analyzed their historical usage of sick leave and determined that employees have historically accumulated more sick leave in any given year than they used. As the Board utilizes the LIFO assumption for sick leave, no liability is recorded on the financial statements.

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

Certain employees are allowed two weeks of vacation per year with pay. Personnel considered full time support personnel and instructional personnel contracted for the fiscal year are eligible for vacation leave. Because unused vacation leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Unearned Revenues

Unearned revenues are a liability that represents amounts received but not yet earned.

Lease Obligations

Lease contracts that provide the Board with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a right-to-use lease asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and

Eufaula City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Lease Obligations (continued)

reasonably certain residual guarantees.

The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment. Any contract not meeting the 12-month period requirement is recognized as rental expense.

The Board uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Board uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of lease liability are composed of fixed payments and term options that the Board is reasonable certain to exercise.

The Board monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Long-Term Obligations

In the governmental fund financial statements, bonds premiums and discounts, as well as bond issuance costs, are expensed during the current period. The face amount of debt issued, and repayments are reported as other financing sources. Premiums received on debt issuances and discounts on debt issuances are reported as other financing sources.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are expensed during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

Pension Plan

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

Eufaula City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Other Postemployment Benefits (OPEB) Liability

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.

Categories and Classification of Net Position and Fund Balance

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

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 position categories:

Net investment in capital assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.

Restricted – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board.

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

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Eufaula City Board of Education
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board’s highest level of decision-making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as committed. Under the Board’s policy, only the Superintendent may assign amounts for specific purposes.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

The Board’s reported governmental fund balance at September 30, 2025, is comprised of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Fund Debt Service Fund	Total Governmental Funds
Nonspendable:					
Inventories	\$ 12,184	\$ 117,999	\$ -	\$ -	\$ 130,183
Prepaid Expense	275	-	-	-	275
Restricted:					
Debt service	-	-	-	4,277,709	4,277,709
Assigned:					
Subsequent year's budget	-	1,294,901	14,250,733	-	15,545,634
Unassigned	16,212,377	-	-	-	16,212,377
	\$ 16,224,836	\$ 1,412,900	\$ 14,250,733	\$ 4,277,709	\$ 36,166,178

Eufaula City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Annually, the Board receives funding from the Barbour County Revenue Commissioner related to taxes collected on the assessed value of real and personal property. Taxes are recognized as revenues in the year for which there is an enforceable claim. Millage rates for property taxes are levied at the first regular meeting of the Barbour County Commission in February of each year. Property is assessed for taxation as of October 1 of the preceding year based on the millage rates established by the Barbour County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31.

Economic Dependency

The Board receives a substantial amount of its support from federal and state government. A significant reduction in the level of support, if this were to occur, may have a significant impact on the Board's programs and activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the remaining useful life of property and equipment, the identification of allowable versus unallowable costs, the timing of revenue recognition, pension liability, and OPEB liability.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 18, 2026, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. There were no significant impacts from implementing this statement.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102). The objective of this Statement is to provide users of government financial statements with essential

Eufaula City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. There were no significant impacts from implementing this statement.

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

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

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

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

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public- Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale and that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and

Eufaula City Board of Education Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

all reporting periods thereafter.

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

Note 2: DETAILED NOTES ON ALL FUNDS

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 recover 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 deposit 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 institutions holding deposits of public funds must pledge securities as collateral against those deposits with original maturities of greater than three months. 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 Deposit Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

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

Custodial Credit Risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Board places its deposits are certified as "qualified public depositories," as required under the SAFE program. For an investment, this is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest Rate Risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Board has limited its interest rate risk by investing in money market funds which are required to maintain an average dollar-weighted portfolio maturity of 90 days or less and certificates of deposits held at local banks with an original maturity of one year or less.

**Eufaula City Board of Education
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable

Receivables as of September 30, 2025, consist of the following:

	Special Revenue		Total
	General	Fund	
Taxes	\$ 107,257	\$ -	\$ 107,257
Accounts	118,344	-	118,344
Intergovernmental	190,991	619,749	810,740
Total receivables	\$ 416,592	\$ 619,749	\$ 1,036,341

Additionally, accounts receivable includes \$3,174,749 for ad valorem taxes receivable in the current year.

The Board deems all amounts collectible and, therefore an allowance for doubtful accounts is not recorded.

Eufaula City Board of Education
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2025:

<i>For the year ended September 30, 2025</i>	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land and land improvements	\$ 979,731	\$ 9,089	\$ -	\$ 988,820
Construction in progress	3,379,660	2,786,137	3,404,617	2,761,180
Capital assets, not being depreciated	4,359,391	2,795,226	3,404,617	3,750,000
Capital assets, being depreciated				
Land improvements - exhaustible	2,595,797	-	-	2,595,797
Buildings	19,924,671	4,067,217	-	23,991,888
Building improvements	46,020,132	441,459	595	46,460,996
Furniture and equipment	2,006,310	34,201	23,250	2,017,261
Vehicles	1,879,695	320,008	45,553	2,154,150
Capital assets, being depreciated	72,426,605	4,862,885	69,398	77,220,092
Less accumulated depreciation for				
Land improvements - exhaustible	721,872	127,947	-	849,819
Buildings	14,150,384	258,038	-	14,408,422
Building improvements	14,505,159	1,286,047	400	15,790,806
Furniture and equipment	1,122,585	124,506	22,800	1,224,291
Vehicles	894,881	184,714	45,553	1,034,042
Total accumulated depreciation	31,394,881	1,981,252	68,753	33,307,380
Total capital assets being depreciated, net	41,031,724	2,881,633	645	43,912,712
Right-to-use lease assets, being amortized				
Equipment	156,180	-	-	156,180
Less accumulated amortization for				
Equipment	91,105	39,848	-	130,953
Right-to-use lease assets, being amortized, net	65,075	(39,848)	-	25,227
Total governmental activities capital assets, net	\$ 45,456,190	\$ 5,637,011	\$ 3,405,262	\$ 47,687,939

Eufaula City Board of Education
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Depreciation and amortization expense was allocated to the governmental functions in the statement of activities as follows:

<i>For the year ended September 30,</i>	2025
Instructional services	\$ 1,656,920
Instructional support services	9,147
Operation and maintenance services	141,996
Student transportation services	155,080
Food services	43,161
General and administrative	10,167
Other expenditures	4,629
Total governmental activities depreciation and amortization expense	\$ 2,021,100

Unearned Revenue

Daily lunch and breakfast sales received but not yet expended represent \$17,663 in revenues for the Special Revenue Fund that will be recognized subsequent to year end.

Long-Term Debt and Liabilities

Notes Payable

During fiscal year 2016, the Board issued Series 2016 School Tax Warrants in the principal amount of \$4,555,000. The proceeds of these warrants provided funds for construction and renovation of school facilities. Interest rates vary from 1.14% to 3.6%. Interest is due and payable each April 1 and October 1. Annual principal amounts due are payable April 1 each year through 2046.

Annual debt service requirements to maturity for the 2016 Tax Warrants are as follows:

<i>For the years ending September 30,</i>	Principal	Interest
2026	\$ 120,000	\$ 118,851
2027	125,000	116,451
2028	125,000	113,701
2029	130,000	110,951
2030	135,000	107,961
2031-2034	575,000	386,225
2035-2039	855,000	346,500
2040-2044	1,015,000	187,750
2045-2046	455,000	23,975
Total	\$ 3,535,000	\$ 1,512,365

During fiscal year 2016, the Board issued Series 2017 Qualified Zone Academy Project School Tax Warrants in the principal amount of \$1,000,000. The proceeds of these warrants provided funds for renovation of Admiral Moorer Middle School and Eufaula High School facilities. The warrants bear no interest and are payable June 15, 2027. Payments of \$100,000 are required to be paid into a debt service account annually beginning June 15, 2018 to accumulate the amount necessary to

Eufaula City Board of Education
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Notes Payable (continued)

retire the warrants at maturity.

<i>For the years ending September 30,</i>	Principal		Interest	
2026	\$	-	\$	-
2027		1,000,000		-
Total	\$	1,000,000	\$	-

Leases Payable

The Board implemented GASB Statement No. 87, *Leases*, in fiscal year 2022. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Board has entered into multiple leasing agreements as lessee for equipment that qualify as leases for accounting purposes.

During fiscal year 2022, the Board executed a lease with Canon Solutions of America in the principal amount of \$156,179 for various multi-purpose copiers/printers/scanners. The estimated interest rate on this lease is 2.79%. Quarterly payments of \$10,350 are due beginning August 31, 2022 through May 31, 2026.

<i>For the years ending September 30,</i>	Principal		Interest	
2026	\$	30,621	\$	215
Total	\$	30,621	\$	215

Eufaula City Board of Education
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2016 School Tax Warrants	\$ 3,655,000	\$ -	\$ (120,000)	\$ 3,535,000	\$ 120,000
Series 2017 QZAB School Tax Warrant	1,000,000	-	-	1,000,000	-
Canon Solutions America Lease	70,470	-	(39,849)	30,621	30,621
Bond premiums	40,341	-	(1,876)	38,465	1,876
Net Pension Liability	34,597,000	-	(7,532,000)	27,065,000	-
Net OPEB Liability	4,413,431	17,603,185	-	22,016,616	-
Governmental activity long-term liabilities	\$ 43,776,242	\$ 17,603,185	\$ (7,693,725)	\$ 53,685,702	\$ 152,497

Pledged Revenues

The Board issued the Series 2016 School Tax Warrants for the purpose of providing funds needed to finance the construction and renovation of public school improvements and to pay issuance expenses. The Board pledged to repay the warrants from the proceeds of the 1.0 mill county-wide, the 3.0 mill district, and the 5.0 mill district ad valorem taxes. Future revenues in the amount of \$2,828,247 are pledged to repay the principal and interest on the Series 2016 School Tax Warrants at September 30, 2025. The warrants will mature in fiscal year 2046.

The Board issued the Series 2017 School Tax Warrants for the purpose of providing funds for renovations at Admiral Moorer Middle School and Eufaula High School and to pay issuance expenses. The Board pledged to repay the warrants from the proceeds from the 8 and 5 mill city ad valorem tax. Future revenues in the amount of \$1,000,000 are pledged to repay the principal on the Series 2017 School Tax Warrants at September 30, 2025. The warrants will mature in fiscal year 2027.

Net Investment In Capital Assets

The elements of this calculation are as follows:

Capital and right-to-use assets (net)	\$ 47,687,939
Outstanding debt related to capital and right-to-use lease assets	(4,604,086)
Net investment in capital and right-to-use lease assets	\$ 43,083,853

Eufaula City Board of Education
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers

Transfers Out	Transfers In				Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
General Fund	\$ -	\$ 608,258	\$ 1,950,000	\$ 515,000	\$ 3,073,258
Special Revenue Fund	101,359	266,415	-	-	367,774
Capital Projects	1,000,308	-	-	-	1,000,308
	<u>\$ 1,101,667</u>	<u>\$ 874,673</u>	<u>\$ 1,950,000</u>	<u>\$ 515,000</u>	<u>\$ 4,441,340</u>

At September 30, 2025, the Special Revenue Fund owed the General Fund \$296,630. This is expected to be repaid during the next fiscal year.

Note 3: EMPLOYEE RETIREMENT PLAN

Description of Plan

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

Plan Membership and Benefits

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

Note 3: EMPLOYEE RETIREMENT PLAN (Continued)

Plan Membership and Benefits (continued)

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS and ERS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS or ERS on or after October 1, 2019. A TRS or ERS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

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

Contributions

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

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters' contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute. These Tier 2 member contribution rate increases were a result of Act 537 of the Legislature of 2021 which allows sick leave conversion for Tier 2 members.

Participating employers' contractually required contribution rate for the year ended September 30, 2025 was 13.57% of annual pay for Tier 1 members and 12.60% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were \$2,448,772.

Eufaula City Board of Education
Notes to Financial Statements

Note 3: EMPLOYEE RETIREMENT PLAN (Continued)

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

At September 30, 2025, the Board reported a liability of \$27,065,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023. 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, 2024, the System's proportion was 0.208063%, which was a decrease of 0.00874% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the Board recognized pension expense of \$3,190,532. At September 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,691,000	\$ 195,000
Changes of assumptions	415,000	-
Net difference between projected and actual earnings on pension plan investments	-	4,438,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,000	1,475,000
Employer contributions subsequent to the measurement date	2,448,772	-
Total	\$ 5,641,772	\$ 6,108,000

\$2,448,772 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending September 30,

2026	\$	(464,000)
2027		815,000
2028		(1,690,000)
2029		(1,576,000)

**Eufaula City Board of Education
Notes to Financial Statements**

Note 3: EMPLOYEE RETIREMENT PLAN (Continued)

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

The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	3.25% - 5.00%
Investment rate of return*	7.45%
* Net of pension plan investment expense	

The actuarial assumptions used in the actuarial valuation as of September 30, 2023, 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, 2021. The Board of Control accepted and approved these changes in September 2021, which became effective at the beginning of fiscal year 2021. Mortality rates for TRS were based on the Pub-2010 Teacher Tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

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

Eufaula City Board of Education
Notes to Financial Statements

Note 3: EMPLOYEE RETIREMENT PLAN (Continued)

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

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

	Long-Term Target Allocation	Expected Rate of Return*
Fixed income	15.00%	2.80%
U.S. large stocks	32.00%	8.00%
U.S. mid stocks	9.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stocks	12.00%	9.50%
International emerging market stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real estate	10.00%	6.50%
Cash	5.00%	.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.00%

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Board's net pension liability	\$ 37,632,000	\$ 27,065,000	\$ 18,171,000

Eufaula City Board of Education Notes to Financial Statements

Note 3: EMPLOYEE RETIREMENT PLAN (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2024. 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/>.

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Plan Description

The 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 Annual Comprehensive Financial Report.

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

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.

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

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 retired members and covered dependents are eligible to enroll in the PEEHIP Supplemental Medical Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan (Group 14000), VIVA Health Plan (offered through PEEHIP), Marketplace (Exchange) Plans, State Employees Insurance Board (SEIB), Local Government Board (LGB), Medicare, Medicaid, ALL Kids, Tricare, or Champus as their primary coverage, or are enrolled in a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The MAPDP plan is fully insured by UHC and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

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

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of

Eufaula City Board of Education Notes to Financial Statements

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Contributions (continued)

service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage. Total employer contributions for the year ended September 30, 2025 were \$729,292.

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

At September 30, 2025, the Board reported a liability of \$22,016,616 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023. The Board's proportion of the net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2024, the Board's proportion was 0.239481%, which was an increase of 0.009872% from its proportion measured as of September 30, 2023.

Eufaula City Board of Education
Notes to Financial Statements

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

For the year ended September 30, 2025, the System recognized OPEB expense of \$339,005, with no special funding situations. At September 30, 2025, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,267,650	\$ 4,751,791
Changes of assumptions	7,582,362	3,114,995
Net difference between projected and actual earnings on OPEB plan investments	-	543,186
Changes in proportion and differences between employer contributions and proportionate share of contributions	801,687	1,741,490
Employer contributions subsequent to the measurement date	729,292	-
Total	\$ 19,380,991	\$ 10,151,462

\$729,292 reported as deferred outflows related to OPEB resulting from the Board's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2026.

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

For the years ending September 30,

2026	\$ 1,095,874
2027	1,209,829
2028	823,803
2029	1,555,035
2030	2,878,649
Thereafter	937,047

**Eufaula City Board of Education
Notes to Financial Statements**

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases ¹	3.25% - 5.00%
Long-term investment rate of return ²	7.00%
Municipal Bond Index rate at the measurement date	3.89%
Municipal Bond Index rate at the prior measurement date	4.53%
Year fiduciary net position (FNP) is projected to be depleted	2040
Single equivalent interest rate the measurement date	4.32%
Single equivalent interest rate the prior measurement date	7.00%
Healthcare cost trend rate	
Pre-Medicare eligible	6.75%
Medicare eligible	**
Ultimate trend rate	
Pre-Medicare eligible	4.50% in 2033
Medicare eligible	4.50% in 2033

¹ Includes 2.75% wage inflation.

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

**Initial Medicare claims are set based on renewal premium rates through calendar year 2025 with an assumed 0% increase for the upcoming 2026-2028 negotiation period.

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

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

**Eufaula City Board of Education
Notes to Financial Statements**

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Actuarial Assumptions (continued)

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2023 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

	Target Allocation	Long-Term Expected 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	100.00%	

*Geometric mean, includes 2.5% inflation

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 was 4.32%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates.

**Eufaula City Board of Education
Notes to Financial Statements**

Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Discount Rate (continued)

Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per active member for participating employees. Approximately, 9.751% of the employer contributions were used to assist in funding retiree benefit payments in 2024, and it is assumed that the 9.751% will increase or decrease at the same rate as expected benefits for the closed group reaching 20.00%. It is assumed the \$800 rate will remain flat until, based on budget projections, it increases to \$904 in fiscal year 2026, \$1,114 in fiscal year 2027, and then will increase with inflation at 2.50% starting in fiscal year 2028. Retiree benefit payments for University members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Projected future benefit payments for all current plan members are projected through 2122.

Sensitivity of the Board’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease (5.75% decreasing to 3.50% for pre- Medicare, Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (6.75% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	1% Increase (7.75% decreasing to 5.50% for pre- Medicare, Known decreasing to 5.50% for Medicare eligible)
Net OPEB liability	\$ 17,710,506	\$ 22,016,616	\$ 27,569,350

The following table presents the Board’s proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 4.32%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.32%)	Current Discount Rate (4.32%)	1% Increase (5.32%)
Net OPEB liability	\$ 26,745,107	\$ 22,016,616	\$ 18,238,035

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, 2025. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2025. Additional financial and actuarial information is available at www.rsa-al.gov.

Eufaula City Board of Education Notes to Financial Statements

Note 5: 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 purchases commercial property and liability insurance for its buildings and contents, fidelity bonds, and vehicles. Errors and omissions insurance is purchased from Alabama Trust for Boards of Education (ATBE), a public entity risk pool. ATBE collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. 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. The fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are set annually based on the amounts necessary to fund coverage. The Board contributes the specified amount monthly to the PEEHIF for each employee.

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. No claims or related settlements have occurred in the past three years.

Note 6: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Board is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Board, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Board or results of activities.

The Board had various active construction projects as of September 30, 2025 with estimated commitments totaling \$13,331,582. Approximately, \$2,786,137 has been expended under these contracts as of September 30, 2025, the remainder of which will be funded with grant funds.

**Eufaula City Board of Education
Required Supplementary Information
Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of Alabama
Last Ten Fiscal Years**

<i>As of and for the year ended September 30,</i>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the collective net pension liability	0.208063%	0.216803%	0.218773%	0.228988%	0.224213%	0.212900%	0.216951%	0.217860%	0.216758%	0.213777%
Employer's proportionate share of the collective net pension liability	\$ 27,065,000	\$ 34,597,000	\$ 33,999,000	\$ 21,571,000	\$ 27,734,000	\$ 23,540,144	\$ 21,571,000	\$ 21,412,000	\$ 23,466,000	\$ 22,373,000
Employer's covered payroll during the measurement period*	\$ 18,261,838	\$ 18,038,111	\$ 16,984,253	\$ 16,728,721	\$ 15,979,346	\$ 15,224,810	\$ 14,567,508	\$ 14,458,676	\$ 13,970,707	\$ 13,554,786
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	148.21%	191.80%	200.18%	128.95%	173.56%	154.62%	148.08%	148.09%	167.97%	165.06%
Plan fiduciary net position as a percentage of the total pension liability	71.41%	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%

*Employer's covered payroll during the measurement period is the total payroll on which contributions to the pension plan are based. For FY 2025, the measurement period is October 1, 2023 through September 30, 2024.

**Eufaula City Board of Education
Required Supplementary Information
Schedule of Employer's Contributions
Teachers' Retirement System of Alabama
Last Ten Fiscal Years**

<i>As of and for the year ended September 30,</i>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 2,448,772	\$ 2,243,569	\$ 2,202,550	\$ 2,052,795	\$ 2,014,248	\$ 1,934,120	\$ 1,850,869	\$ 1,742,398	\$ 1,704,846	\$ 1,629,907
Contributions in relation to the actuarially determined contribution	2,448,772	2,243,569	2,202,550	2,052,795	2,014,248	1,934,120	1,850,869	1,742,398	1,704,846	1,629,907
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 18,586,275	\$ 18,261,838	\$ 18,038,111	\$ 16,984,253	\$ 16,728,721	\$ 15,979,346	\$ 15,224,810	\$ 14,567,508	\$ 14,458,676	\$ 13,970,707
Contributions as a percentage of covered payroll	13.18%	12.29%	12.21%	12.09%	12.04%	12.10%	12.16%	11.96%	11.79%	11.67%

Note to Schedule

Note 1: Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.

**Eufaula City Board of Education
Required Supplementary Information
Schedule of the Employer's Proportionate Share of the Net OPEB Liability
Alabama Retired Education Employees' Health Care Trust
Last Eight Fiscal Years**

<i>As of and for the year ended September 30,</i>	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the collective net OPEB liability	0.239481%	0.229609%	0.256159%	0.247683%	0.250236%	0.280238%	0.264879%	0.258102%
Employer's proportionate share of the collective net OPEB liability	\$ 22,016,616	\$ 4,413,431	\$ 4,463,438	\$ 12,797,318	\$ 16,239,968	\$ 10,572,729	\$ 21,769,680	\$ 19,170,342
Employer's covered-employee payroll during the measurement period*	\$ 18,261,838	\$ 18,038,111	\$ 16,984,253	\$ 17,266,975	\$ 16,249,537	\$ 15,611,082	\$ 14,858,645	\$ 14,630,784
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	120.56%	24.47%	26.28%	74.11%	99.94%	67.73%	146.51%	131.03%
Plan fiduciary net position as a percentage of the total collective OPEB liability	20.41%	49.42%	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

*Employer's covered-employee payroll during the measurement period is the total covered-employee payroll. For FY 2025, the measurement period is October 1, 2023 through September 30, 2024.

Note to Schedule

**Eufaula City Board of Education
Required Supplementary Information
Schedule of Employer's Contributions
Alabama Retired Education Employees' Health Care Trust
Last Eight Fiscal Years**

<i>As of and for the year ended September 30,</i>	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 729,292	\$ 308,411	\$ 358,039	\$ 490,801	\$ 425,821	\$ 494,774	\$ 799,004	\$ 654,546
Contributions in relation to the actuarially determined contribution	729,292	308,411	358,039	490,801	425,821	494,774	799,004	654,546
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 18,586,275	\$ 18,261,838	\$ 18,038,111	\$ 16,984,253	\$ 17,266,975	\$ 16,249,537	\$ 15,611,082	\$ 14,858,645
Contributions as a percentage of covered-employee payroll	3.92%	1.69%	1.98%	2.89%	2.47%	3.04%	5.12%	4.41%

Notes to Schedule

Note 1: Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.

Note 2: GASB Codification P52 requires information for 10 years. However, until a full 10-year trend is compiled, the Board is presenting information for only the years for which information is available.

Eufaula City Board of Education Notes to Required Supplementary Information

PENSION

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

Methods and Assumptions Used to Determine Contribution Rates

The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to periods included in the measurement:

	General Employees
Inflation	2.50%
Salary increases (including inflation)	3.25 - 5.00%
Investment rate of return * (net of investment expense, including inflation)	7.45%

*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2023, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

OPEB

Changes in Actuarial Assumptions

In 2024, assumptions regarding aging factors were adjusted to reflect actual and anticipated experience more closely. Additionally, future healthcare trend rates for the Medicare Advantage Plan were updated.

In 2022, rates of plan participation and tobacco usage assumptions were adjusted to reflect actual experience more closely.

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

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

Recent Plan Changes

The September 30, 2022 valuation reflects the impact of Act 2022-222.

Beginning in plan year 2021, the Medicare Advantage (MAPD) plan premium rates exclude the Affordable Care Act (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.

Eufaula City Board of Education Notes to Required Supplementary Information

The Health Plan is changed each year to reflect the Affordable Care Act maximum annual out-of-pocket amounts.

Methods and Assumptions Used to Determine Contribution Rates

The actuarially determined contribution rates in the Schedule of OPEB Contributions were calculated as of September 30, 2021, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	20 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Healthcare cost trend rates	
<i>Pre-Medicare Eligible</i>	6.50%
<i>Medicare Eligible</i>	**
Ultimate Trend Rate	
<i>Pre-Medicare Eligible</i>	4.50%
<i>Medicare Eligible</i>	4.50%
Year of Ultimate Trend Rate	2031 for Pre-Medicare Eligible 2027 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

***Initial Medicare claims are set based on scheduled increases through plan year 2025.*



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**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***

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

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eufaula City Board of Education (the “Board”) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements, and have issued our report thereon dated June 18, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

Enterprise, Alabama

June 18, 2026



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eufaula City Board of Education's (the “Board's”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Board’s major federal programs for the year ended September 30, 2025. The Board’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

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

Enterprise, Alabama

June 18, 2026

**Eufaula City Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025**

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
c. Noncompliance material to financial statements noted?	No

Federal Awards

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

Assistance Listing Number(s)

Name of Federal Program or Cluster

10.553	Child Nutrition Cluster
10.555	School Breakfast Program
	National School Lunch Program

5. Dollar threshold used to distinguish between type A and type B programs?	\$ 1,000,000
6. Auditee qualified as low-risk under 2 CFR 200.520?	Yes

**Eufaula City Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025**

Section II - Financial Statements Findings

No such findings in the current year.

Section III – Federal Award Findings and Questioned Costs

No such findings in the current year.

Section IV – Summary Schedule of Prior Audit Findings

No findings reported in the prior year.

**Eufaula City Board of Education
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025**

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
Social Security Administration				
Passed through the Alabama State Department of Education				
Disability Insurance/SSI Cluster				
Social Security Disability Insurance***	96.001	166	\$ -	\$ 860
U.S. Department of Education				
Direct Program				
Impact Aid	84.041	N/A	-	2,093
Passed through the Alabama State Department of Education				
Special Education Cluster				
Special Education - Grants to States**	84.027	166	-	1,304,374
Special Education - Preschool Grants**	84.173	166	-	20,588
Subtotal Special Education Cluster				- 1,324,962
Title I Grants to Local Educational Agencies	84.010	166	-	1,663,952
Title IV Part B Twenty First-Century Community Learning Centers	84.287	166	-	16,800
Supporting Effective Instruction State Grants	84.367	166	-	209,132
English Language Acquisition State Grants	84.365	166	-	14,511
Title VIB - Rural Education	84.358	166	-	256,728
Title IV Part A Student Support and Academic Enrichment Program	84.424	166	-	124,767
Preschool Development Grants	84.419A	166	-	415,000
Career and Technical Education – Basic Grants to States	84.048	166	-	59,726
Total U.S. Department of Education				- 4,087,671
U.S. Department of Agriculture				
Passed through the Alabama State Department of Education				
Child Nutrition Cluster				
National School Lunch Program*(N)	10.555	166	-	136,425
National School Lunch Program*	10.555	166	-	1,422,349
COVID-19 - National School Lunch Program*	10.555	166	-	18,672
Subtotal for 10.555				- 1,577,446
School Breakfast Program*	10.553	166	-	429,557
Subtotal Child Nutrition Cluster				2,007,003
State Admin Expense	10.560	N/A	-	5,396
Total U.S. Department of Agriculture				- 2,012,399

(Continued)

**Eufaula City Board of Education
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended September 30, 2025**

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Defense				
Direct Programs				
ROTC Language and Cultural Training Grants	12.357	N/A	-	84,263
Total U.S. Department of Defense			-	84,263
Total expenditures of federal awards			\$ -	\$ 6,185,193

* Child Nutrition Cluster

** Special Education Cluster

*** Disability Insurance / SSI Cluster

(N) USDA Donated Food – No actual cash transactions.

Eufaula City Board of Education
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal spending of the Eufaula City Board of Education (the "Board") and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not represent the financial position of the Board.

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

Special Education Cluster - Includes awards that ensure that all children with disabilities have available to them a free appropriate public education which emphasizes special education and related services designed to meet their unique needs; ensure that the rights of children with disabilities and their parents or guardians are protected; assist States, localities, educational service agencies and Federal agencies to provide for the education of all children with disabilities; and assess and ensure the effectiveness of efforts to educate children with disabilities.

Disability Insurance/SSI Cluster - Includes awards that provide benefits to disabled wage earners and their families in the event the family wage earner becomes disabled. These awards provide payments to financially needy individuals who are aged, blind, or disabled.

Note 2: INDIRECT COST RATE

The Board has not elected to use the de minimis cost rate allowed by the Uniform Guidance.

Note 3: LOANS AND LOAN GUARANTEES

The Board did not have any loans or loan guarantee programs required to be reported on the Schedule for the fiscal year ended September 30, 2025.

Note 4: SUBRECIPIENTS

The Board did not provide federal funds to subrecipients for the fiscal year ending September 30, 2025.

Eufaula City Board of Education
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Note 5: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

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

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

Note 6: FEDERAL PASS-THROUGH FUNDS

The Board is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as "pass-through" are considered direct.

Note 7: DONATED FOOD PROGRAM

The value of non-cash commodities received from the federal government in connection with the donated food program as part of the child nutrition cluster is reflected in the accompanying financial statements. The total assigned value of commodities donated was \$136,425 for fiscal year 2025.

Note 8: CONTINGENCIES

Grant monies received and disbursed by the Board are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Board does not believe that such disallowance, if any, would have a material effect on the financial position of the Board. As of June 18, 2026 there were no known material questioned or disallowed costs as a result of grant audits in process or completed.