Daleville City Board of Education

FINANCIAL STATEMENTS

For the Year Ended September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Daleville City Board of Education
Daleville, 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 Daleville 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 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 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 Standard*s, 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 – 10, schedule of budgetary comparison information on pages 47 – 48, schedules of the employer's proportionate share of the net pension liability and OPEB and schedules of employer contributions, on pages 49 – 52, 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 26, 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 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.

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

Enterprise, Alabama
June 26, 2026

Introduction

The Management's Discussion and Analysis (MD&A) of Daleville City Board of Education's 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 Daleville City Board of Education'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 issued in June 1999*. 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 report.

Summary of Significant Accounting Policies

The Daleville City Board of Education is a public educational agency operating under the applicable laws and regulations of the State of Alabama. A five member Board appointed by the City Council of the City of Daleville, Alabama, governs it. The Daleville City Board of Education prepares its basic financial statements as set forth by the Alabama State Department of Education's financial planning, budgeting and reporting guidelines and the requirements of grants of federal agencies from which it receives funds.

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* (page 11) and the *Statement of Activities* (page 12). 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.

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 result 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 (major) 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. Governmental funds are 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 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.

This report also presents budgetary comparison schedules for the general fund and the Child Nutrition Program (CNP) fund that is prepared in accordance with GAAP.

Financial Analysis of the Board as a Whole

As noted earlier, the Daleville City Board of Education has no business-type activities. Consequently, the Board's net position is reported as Governmental Activities. Program revenues, specifically operating grants and contributions, are the largest component of total revenues.

Following is a condensed financial analysis, presented in comparative format, of the government-wide net position of the Board as of September 30, 2025 and 2024:

Net Position - Governmental Activities

September 30,	**2025**	2024
Assets		
Current and other assets	**$ 12,010,405**	$ 9,465,676
Capital assets, net of depreciation	**12,596,303**	12,465,961
Total assets	**24,606,708**	21,931,637
Deferred Outflows of Resources		
Deferred loss on refunding	**254,808**	291,401
Deferred outflows related to pension	**2,963,141**	4,350,688
Deferred outflows related to OPEB	**8,052,013**	2,429,072
Total deferred outflows of resources	**11,269,962**	7,071,161
Liabilities		
Current liabilities	**1,436,980**	1,184,169
Noncurrent liabilities	**26,565,908**	22,429,469
Total liabilities	**28,002,888**	23,613,638
Deferred Inflows of Resources		
Deferred inflows related to property taxes	**793,526**	770,985
Deferred inflows related to pension	**2,055,000**	199,000
Deferred inflows related to OPEB	**3,969,741**	5,550,418
Total deferred inflows of resources	**6,818,267**	6,520,403
Net Position		
Net investment in capital assets	**6,900,284**	6,431,263
Restricted	**2,302,107**	1,595,372
Unrestricted (deficit)	**(8,146,876)**	(9,157,878)
Total net position (deficit)	**$ 1,055,515**	$ (1,131,243)

The Board's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of FY 2025 resulting in a net position of $1,055,515. The majority of the Board's net position is invested in capital assets (land, buildings, and equipment) owned by the Board. These assets are not available for future expenditures since they will not be sold. The balance in unrestricted net position, 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 a deficit of $8,146,876 at the end of FY 2025. The deficit in unrestricted net position is due primarily to the recognition of the Board's proportionate share of the collective net pension and OPEB

liabilities. The balances of the pension and OPEB liabilities were $12,000,000 and $9,008,294 at September 30, 2025, respectively. Restricted net position, consisting of those net assets restricted by debt covenants, federal program compliance, and future capital projects, is $2,302,107 at September 30, 2025.

Following is a condensed schedule of revenues and expenditures from the governmental activities for the year ended September 30, 2025, presented with comparative data for the previous year:

Summary of Changes in Net Position From Operating Results

Years ended September 30,	**2025**	2024
Program Revenues		
Charges for services	**$ 1,239,275**	$ 1,179,126
Operating grants and contributions	**14,448,387**	14,831,632
Capital grants and contributions	**483,760**	448,051
General Revenues		
Local property taxes	**896,559**	840,891
Sales and use taxes	**1,638,807**	1,457,515
Other taxes	**6,974**	7,401
Other	**581,521**	758,127
Total revenues	**19,295,283**	19,522,743
Expenses		
Instructional services	**8,976,147**	8,340,528
Instructional support services	**2,783,915**	2,849,836
Operation and maintenance services	**1,281,939**	1,163,365
Transportation services	**1,043,235**	886,547
Food services	**1,162,127**	1,015,296
General administration and central support services	**1,156,489**	1,115,074
Interest on long-term debt	**249,024**	257,996
Other expenses	**455,649**	436,017
Total expenses	**17,108,525**	16,064,659
Change in net position	**2,186,758**	3,458,084
Net position (deficit) beginning of year	**(1,131,243)**	(4,589,327)
Net position (deficit) end of year	**$ 1,055,515**	$ (1,131,243)

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

- Operating grants and contributions contribute 89.35% of program revenues and 74.88% 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 fleet renewal funds to replace bus fleet.
- Charges for services include federal reimbursement for meals, student meal purchases, and local school revenues.
- General revenues, primarily property taxes, sales tax, and impact aid funds, are used to provide for expenses not covered by program revenues. Due to the location of our school system directly outside a military base, our revenues are impacted by funds received as a direct result of military related students who attend our school system. Impact Aid Funds decreased in FY 2025 by $47,592.

Instructional services and instructional support expenses are the largest expense function of the Board (70%).

- 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, school nurses, and professional development expenses.
- Operation and maintenance services include utilities, security services, janitorial services, maintenance services, and depreciation of maintenance vehicles.
- Unallocated depreciation is used to report depreciation expense only for those assets that are used by multiple functions.
- Student transportation services include salaries and benefits for the bus mechanic, transportation director, bus drivers and transportation secretary. These funds also include depreciation of buses, bus maintenance supplies, fuel, bus cell phones, and fleet insurance.
- Food services include salaries and benefits for cooks, servers, cashiers, lunchroom managers, the program director and secretary, as well as professional development for the program staff, donated and purchased food, food preparation and service supplies, kitchen and lunchroom equipment, lunchroom vehicle 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, office supplies, printing costs, and depreciation of central office equipment and facilities.
- Debt service includes interest and principal on long-term debt issues and other expenses related to the issuance and continuance of debt issues.
- Other expenses include the salaries and benefits for preschool teachers and aides, extended day personnel, and community education coordinator.

Financial Analysis of the Board's Funds

The analysis of governmental funds serves the purpose of looking at what resources came into the funds, how they were spent, and what is available for future expenditures. Did the Board generate enough revenue to pay for current obligations? What is available for spending at the end of the year? The financial performance of the Board as a whole is reflected in its governmental funds as well. At the end of the FY 2025, the Board's combined governmental funds reported ending fund balances of $10,272,976 which is an increase from the FY 2024 ending balance of $7,991,828.

General Fund – The general fund is the primary operating fund of the Board. The general fund balance increased by $1,711,951. Each school system is required to have a one month general fund operating balance. Daleville City Board of Education met this requirement for FY 2025.

General Fund Budgetary Highlights

The original 2025 fiscal year budget, adopted on September 11, 2024, was based on guaranteed revenues and necessary expenditures. Amendment #1 includes the beginning balances, carry-over funds for federal programs and budgeting some state and federal programs that had not been authorized at the time the original budget was due. The Child Nutrition Program was over their two month operating balance which allowed the General Fund to keep some of the Pass-Thru funds. There were also some changes in various funds such as Perkins, Title I and IDEA Part B to bring the budget more in line with actual expenditures. The Daleville City Board of Education approved amendment #1 on June 11, 2025. The comparison of general fund original budget to the final amended budget is on page 47.

Capital Assets and Debt Administration

Capital Assets – At September 30, 2025, the Board had approximately $12,596,303 invested in capital assets including land, buildings, equipment costing $5,000 or more, vehicles, buildings, and new construction. This amount is net of accumulated depreciation to date. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year and depreciation of depreciable assets for the year.

Capital Projects – In FY 2025, improvements were made to the kitchen of Windham Elementary school in the amount of $152,758 and a Maintenance Shop in the amount of $215,823. Additionally, there were building improvements made in the amount of $20,181

Long-Term Debt – At year-end, the Board had $5,721,646 in outstanding warrants and $229,181 for the purchase of eight new buses in FY 2018.

Estimated Capital Needs – As of September 30, 2025, the Board's Five-Year Capital Plan, based upon critical needs, totaled $2,090,000 throughout the system. These estimated capital needs include 1,000,000 to build a secure vestibule at Daleville High School, $200,000 to improve playing surface in football stadium, $120,000 to replace 28 year old HVAC units at Daleville High School, $250,000 for bathroom renovations at Daleville High School, $120,000 to build an outdoor classroom at Daleville Middle School, $100,000 to add additional welding stations in the Ag shop

upgrade, $100,000 to upgrade bandwidth and technology at all three campuses, and $200,000 for roof maintenance at Daleville High School.

Economic Factors Affecting Next Year's Budget

Student Enrollment

The following table shows the student enrollment figure as of the forty-day report for the 2024-2025 school year was 1,109, which indicates an decrease in enrollment of approximately 52 students for the 2025 fiscal year.

Fiscal Year	Enrollment
2025	1,109
2024	1,161
2023	1,091
2022	1,127
2021	1,085
2020	1,101
2019	1,050
2018	937
2017	1,004
2016	1,076

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 Josh Robertson, Superintendent, Daleville City Board of Education, 626 North Daleville Avenue, Daleville, AL 36322 or by calling (334) 598-2456.

Daleville City Board of Education
Statement of Net Position

September 30, 2025		Governmental Activities
Assets		
Cash and cash equivalents	$	7,815,315
Receivables		1,739,188
Inventories		22,547
Restricted assets		
Cash and cash equivalents		2,401,971
Prepaid expenses		31,384
Capital assets, not being depreciated		992,954
Capital assets, net of accumulated depreciation		11,603,349
Total assets		24,606,708
Deferred Outflows of Resources		
Deferred loss on refunding of debt		254,808
Deferred outflows related to pension		2,963,141
Deferred outflows related to OPEB		8,052,013
Total deferred outflows of resources		11,269,962
Liabilities		
Accounts payable		232,057
Salaries and benefits payable		704,252
Accrued interest		99,864
Unearned revenue		7,594
Non-current liabilities		
Due within one year		
Lease liability		73,672
Warrants payable		319,541
Due in more than one year		
Lease liability		155,509
Warrants payable		5,402,105
Other post employment benefits		9,008,294
Net pension liability		12,000,000
Total liabilities		28,002,888
Deferred Inflows of Resources		
Deferred inflows related to property taxes		793,526
Deferred inflows related to pension		2,055,000
Deferred inflows related to OPEB		3,969,741
Total deferred inflows of resources		6,818,267
Net Position (Deficit)		
Net investment in capital assets		6,900,284
Restricted for		
Debt service		2,293,299
Capital outlay		8,808
Unrestricted (deficit)		(8,146,876)
Total net position (deficit)	$	1,055,515

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

Daleville City Board of Education
Statement of Activities

For the year ended September 30, 2025

Functions / Programs		Expenses
Governmental activities		
Instructional services	$	8,976,147
Instructional support services		2,783,915
Operation and maintenance services		1,281,939
Student transportation services		1,043,235
Food services		1,162,127
General administrative services		1,156,489
Interest and fiscal charges		249,024
Other expenses		455,649
Total governmental activities	$	17,108,525

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

	Program Revenues			Net (Expenses) Revenues and Changes In Net Position Governmental Activities
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
$	45,301	$ 8,162,323	$ 483,760	$ (284,763)
	134,938	2,375,946	-	(273,031)
	41,353	1,316,348	-	75,762
	12,460	844,928	-	(185,847)
	966,110	66,188	-	(129,829)
	93	1,325,334	-	168,938
	-	-	-	(249,024)
	39,020	357,320	-	(59,309)
$	1,239,275	$ 14,448,387	$ 483,760	(937,103)

General revenues	
Taxes	
Property taxes, levied for general purposes	896,559
Property taxes for specific purposes	26,336
Local sales tax	1,612,471
Other taxes	6,974
Investment Earnings	284,882
Miscellaneous	296,639
Total general revenues	3,123,861
Change in net position	2,186,758
Net position (deficit), beginning of year	(1,131,243)
Net position (deficit), end of year	$ 1,055,515

Daleville City Board of Education
Balance Sheet – Governmental Funds

September 30, 2025		General Fund		Child Nutrition Fund
Assets				
Cash and cash equivalents	$	7,188,073	$	230,765
Receivables		1,200,112		119,799
Due from other funds		-		9,366
Inventories		-		22,547
Prepaid expenses		31,384		-
Restricted assets				
Cash and cash equivalents		-		-
Total assets	$	8,419,569	$	382,477
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$	182,452	$	-
Due to other funds		9,366		-
Salaries and benefits payable		619,416		43,868
Unearned revenue		-		7,594
Total liabilities		811,234		51,462
Deferred inflows of resources				
Deferred inflows related to property taxes		793,526		-
Fund Balances				
Nonspendable		31,384		22,547
Restricted		-		-
Assigned		-		308,468
Unassigned		6,783,425		-
Total fund balances		6,814,809		331,015
Total liabilities and fund balances	$	8,419,569	$	382,477

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

Debt Service	Other Governmental Funds	Total Governmental Funds
$ -	$ 396,477	$ 7,815,315
747	418,530	1,739,188
-	-	9,366
-	-	22,547
-	-	31,384
1,692,281	709,690	2,401,971
$ 1,693,028	$ 1,524,697	$ 12,019,771

$ -	$ 49,605	$ 232,057
-	-	9,366
-	40,968	704,252
-	-	7,594
-	90,573	953,269
-	-	793,526
-	-	53,931
1,693,028	709,690	2,402,718
-	724,434	1,032,902
-	-	6,783,425
1,693,028	1,434,124	10,272,976
$ 1,693,028	$ 1,524,697	$ 12,019,771

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

September 30, 2025

Total fund balances - governmental funds		$ 10,272,976
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 27,546,636	
Less accumulated depreciation and amortization	(14,950,333)	12,596,303
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current-period expenditures and therefore, are deferred on the statement of net position.		254,808
Deferred outflow of resources related to pension are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		2,963,141
Deferred inflow of resources related to pension are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(2,055,000)
Deferred outflow of resources related to OPEB are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		8,052,013
Deferred inflow of resources related to OPEB are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(3,969,741)
Long-term liabilities, including bonds payable, bond discounts, accrued interest payable, net pension liability, and OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	$ (12,000,000)	
Warrants payable	(5,721,646)	
Lease liability	(229,181)	
Other post employment benefits	(9,008,294)	
Accrued interest	(99,864)	(27,058,985)
Net position (deficit) of governmental activities		$ 1,055,515

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

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

For the year ended September 30, 2025	General Fund	Child Nutrition Fund
Revenues		
State revenues	$ 12,810,736	$ -
Federal revenues	40,122	1,010,153
Local revenues	2,921,658	22,882
Other revenues	40,543	12,944
Total revenues	15,813,059	1,045,979
Expenditures		
Instructional services	7,007,970	-
Instructional support services	2,338,402	-
Operation and maintenance services	1,177,126	15,296
Student transportation services	864,840	-
Food services	9,514	1,181,080
General administrative services	898,201	-
Capital outlay	788,331	-
Debt service		-
Principal	-	-
Interest	-	-
Other expenses	351,979	-
Total expenditures	13,436,363	1,196,376
Excess (deficiency) of revenues over (under) expenditures	2,376,696	(150,397)
Other Financing Sources (Uses)		
Indirect cost	83,162	-
Transfers in	7,401	237,758
Transfers out	(755,308)	-
Net other financing sources (uses)	(664,745)	237,758
Net change in fund balances	1,711,951	87,361
Fund balances, beginning of year	5,102,858	243,654
Adjustments	-	-
Fund balances, beginning of year, after adjustments	5,102,858	243,654
Fund balances, end of year	$ 6,814,809	$ 331,015

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

Debt Service	(Formerly Major) ESSER III	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 482,940	$ 13,293,676
-	-	1,530,148	2,580,423
5,230	-	417,928	3,367,698
-	-	-	53,487
5,230	-	2,431,016	19,295,284
-	-	1,110,573	8,118,543
-	-	329,249	2,667,651
-	-	80,215	1,272,637
-	-	20,507	885,347
-	-	-	1,190,594
-	-	233,406	1,131,607
-	-	15,840	804,171
115,000	-	266,077	381,077
184,905	-	27,888	212,793
-	-	80,899	432,878
299,905	-	2,164,654	17,097,298
(294,675)	-	266,362	2,197,986
-	-	-	83,162
517,550	-	51,950	814,659
-	-	(59,351)	(814,659)
517,550	-	(7,401)	83,162
222,875	-	258,961	2,281,148
1,470,153	(19,522)	1,194,685	7,991,828
-	19,522	(19,522)	-
1,470,153	-	1,175,163	7,991,828
$ 1,693,028	$ -	$ 1,434,124	$ 10,272,976

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

For the year ended September 30,		2025
Net change in fund balances - total governmental funds		$ 2,281,148
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay expense exceeds depreciation expense in the period.		130,342
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.		
Principal payments on long-term debt		381,077
Accrued interest expense decreased in the current year, which increases net position.		6,170
Discounts, premiums, and deferred losses on refundings do not require the use of current financial resources, and therefore, are not reported as an expenditure in governmental funds		(42,398)
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 the governmental funds.		
Change in pension expense	$ (666,547)	
Change in OPEB expense	96,966	(569,581)
Change in net position of governmental activities		$ 2,186,758

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Daleville 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 Board's primary function is to oversee the education of students within the City of Daleville, Alabama. The Board provides education at the elementary, middle and high school levels. The Board is a legally separate agency of the State of Alabama.

The financial statements of the Board include local school activity funds and other funds under the control of school principals. These funds are reported on a 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. 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 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 that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

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.
The Board reports the following major governmental funds:

General Fund is the board's primary operating fund which accounts for all financial resources, except those required to be accounted for in another fund. The Board's general fund primarily receives 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.

Child Nutrition accounts for the funds received from the State Department of Education and received from other sources which are to be used to provide breakfast and lunch to students.

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

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

Special Revenue Funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. Special revenue funds consist of the following:

1. IDEA – Part B
2. Preschool Ages 3 – 5 Part B
3. Vocational Education – Basic Grant
4. Title I Part A
5. Title II Part A Supporting Effective Instruction
6. Title III English Language Acquisition
7. Title IV - Student Support and Academic Achievement
8. Title VI Rural Education
9. ROTC
10. Local School Activity Funds

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

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental 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 thirty (30) 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. Expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under lease liability are reported as other financing sources.

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 basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end. 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 Board approved the budget and submitted it on September 11, 2024 for the 2025 fiscal year.

The 2025 budget was amended primarily to budget carryover federal funds, adjust federal allocations, and budget additional state and other grant funds that became available after submission of the original budget.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

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. The Superintendent may approve amendments to program budgets without Board approval.

The budget is prepared under a budgetary basis of accounting that differs from GAAP. 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. For the year ended September 30, 2025, expenditures exceeded appropriations in the child nutrition fund by $141,009. The over-expenditure was funded by unanticipated revenues.

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.

Receivables and Allowance for Doubtful Accounts

Receivables are reported as *receivables* in the government-wide financial statements and as *receivables* 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.

Property Tax Calendar

The Dale County Commission (the "Commission") levies property taxes for all jurisdictions including the school boards and municipalities within the county. Millage rates for property taxes are levied at the first regular meeting of the Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31.

Inventories

Inventories are valued at cost using the first-in/first-out ("FIFO") method. GAAP requires only material balances of inventories accounted for using the purchases method to be reported as an asset in the appropriate governmental fund. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Prepaid Items

Prepaid items, such as insurance premiums, are accounted for using the interperiod allocation method for both the government-wide financial statements and the governmental funds financial statements. Under this method, the cash outlay is reported as an asset in the governmental funds balance sheet and amortized ratably over the number of months the payment benefits.

Interfund Loans and Transfers

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Restricted Assets

Restricted assets at September 30, 2025 consist of cash and cash equivalents which are restricted by debt agreements for debt service payments or capital improvements. Cash and cash equivalents restricted for debt service payments and capital improvements totaled $2,393,163 and $8,808, respectively.

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:

Capital Asset Classes	Capitalization Threshold	Estimated Useful Life
Land improvements – exhaustible	$ 50,000	10 - 30 years
Buildings	50,000	20 - 50 years
Building improvements	50,000	7 - 30 years
Equipment under lease	25,000	5 - 10 years
Equipment	5,000	5 - 10 years
Vehicles	5,000	8 - 10 years

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

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

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 three items reported in this category, deferred loss on refunding of debt, deferred outflows related to pension and deferred outflows related to OPEB. A deferred loss on refunding of debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows 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 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 pension, deferred inflows related to OPEB, and deferred inflows related to property taxes. 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 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. Deferred inflows related to property taxes relate to property taxes levied during the year-ended September 30, 2025. However, they are due in and budgeted for a future fiscal year.

Compensated Absences

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences (continued)

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.

Long-Term Obligations

In the government-wide financial statements, the unmatured principal of long-term debt, lease liability, and compensated absences are reported in the statement of net position. Interest expense for long-term debt, including accrued interest payable, is reported in the statement of activities. For warrants (bonds) and other long-term debt issued after October 1, 2002, the related premiums and discounts are amortized under accrual accounting and the annual amortization of these accruals is included in the statement of activities. The unamortized portion is reported as an addition or deduction from the related debt on the statement of net position.

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

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 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Other Post-Employment 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).

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 Codification Section 1800, *Classification and Terminology 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	Child Nutrition Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Inventories	$ -	$ 22,547	$ -	$ -	$ 22,547
Prepaid expenses	31,384	-	-	-	31,384
Restricted					
Debt service	-	-	1,693,028	700,882	2,393,910
Capital outlay				8,808	8,808
Assigned					
Child Nutrition	-	308,468	-	-	308,468
Subsequent years' budget	-	-	-	724,434	724,434
Unassigned	6,783,425	-	-	-	6,783,425
	$ 6,814,809	$ 331,015	$ 1,693,028	$ 1,434,124	$ 10,272,976

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.

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 GAAP 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 26, 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. 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. The objective of this Statement is to provide users of government financial statements with essential 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

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 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.

Accounts Receivable

Receivables at September 30, 2025 consist of the following:

	General	Child Nutrition Fund	Debt Service Fund	Other Governmental Funds	Total
State Department of Education					
Basic Grant	$ -	$ -	$ -	$ 8,886	$ 8,886
IDEA, Part B	-	-	-	94,715	94,715
Pre-School Part B - Ages 3-5	-	-	-	6,065	6,065
Title I, Part A	-	-	-	189,223	189,223
Title II, Part A - Supportive Instruction	-	-	-	60,056	60,056
Title III, English Lang. Acq., Lang. Enhance. & Acad.	-	-	-	8,946	8,946
Title IV, Student Support and Academic Achievement	-	-	-	26,614	26,614
Stronger Connections Grant	-	-	-	10,833	10,833
Title V, Rural Education	-	-	-	7,088	7,088
School Lunch Program	-	119,799	-	-	119,799
Teams	26,340	-	-	-	26,340
Dale County Rev. Commissioner	817,332	-	-	-	817,332
City of Daleville	76,095	-	-	-	76,095
Dale County Board of Education	80,361	-	-	-	80,361
Medicaid Outreach	76,678	-	-	-	76,678
ROTC	3,697	-	-	-	3,697
OSR Preschool	84,815	-	-	-	84,815
Other	34,794	-	747	6,104	41,645
Total receivables	$ 1,200,112	$ 119,799	$ 747	$ 418,530	$ 1,739,188

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

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:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 912,578	$ -	$ -	$ 912,578
Construction in progress	1,935,502	80,376	1,935,502	80,376
Capital assets, not being depreciated	2,848,080	80,376	1,935,502	992,954
Capital assets, being depreciated				
Exhaustible land Improvements	1,538,781	-	-	1,538,781
Buildings	11,491,417	215,823	-	11,707,240
Building improvements	8,542,443	2,108,441	-	10,650,884
Furniture and equipment	668,976	64,503	-	733,479
Vehicles	1,652,768	270,530	-	1,923,298
Total capital assets being depreciated	23,894,385	2,659,297	-	26,553,682
Less accumulated depreciation for				
Exhaustible land improvements	799,409	46,260	-	845,669
Buildings	6,070,461	200,896	-	6,271,357
Building improvements	5,717,259	310,893	-	6,028,152
Furniture and equipment	478,396	12,139	-	490,535
Vehicles	1,210,979	103,641	-	1,314,620
Total accumulated depreciation	14,276,504	673,829	-	14,950,333
Capital assets being depreciated, net	9,617,881	1,985,468	-	11,603,349
Capital assets, net	$ 12,465,961	$ 2,065,844	$ 1,935,502	$ 12,596,303

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

For the year ended September 30, 2025	
Instructional services	$ 482,173
Instructional support services	14,711
Operation and maintenance services	12,887
Student transportation services	139,822
Food services	14,931
General and administrative	9,305
Total governmental activities depreciation expense	$ 673,829

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

During the year ended September 30, 2025, the following changes occurred in long-term liabilities reported in the statement of net position:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Warrants Payable					
School Refunding Warrant Series 2013	$ 610,000	$ -	$ (195,000)	$ 415,000	$ 205,000
School Refunding Warrant Series 2015	5,305,000	-	(115,000)	5,190,000	120,000
School Warrant Series 2015-A	155,000	-	-	155,000	-
Unamortized bond discounts	(44,159)	-	5,805	(38,354)	(5,459)
Total warrants payable	6,025,841	-	(304,195)	5,721,646	319,541
Other liabilities					
Lease liability Buses	300,258	-	(71,077)	229,181	73,672
Total long-term liabilities	$ 6,326,099	$ -	$ (375,272)	$ 5,950,827	$ 393,213

School Refunding Warrant Series 2013

On October 1, 2013, the Board issued $2,350,000 of School Refunding Warrant Series 2013, with interest rates ranging between 1.00% and 3.40% to refund and retire, on an advanced basis, the Limited Obligation School Warrants, Series 2004, dated January 1, 2004, finance certain capital improvements, and pay the expenses of issuing the Series 2013 Warrants. The Limited Obligation School Warrant Series 2004, with an average interest rate of 4.399%, was issued by the Board to advance refund $230,000 of Capital Outlay Tax Anticipation Warrants Series 1986 with an average interest rate of 7.50%, to advance refund $1,115,000 of Capital Outlay Tax Anticipation Warrants Series 1995 with an average interest rate of 5.65%, and to construct a new band building and a new physical education building. The net proceeds of $2,253,430 (after a bond discount of $18,820 and issuance, underwriting and insurance cost of $77,750) were used to deposit $133,764 into the capital project fund for capital improvements and to deposit $2,119,666 in irrevocable trusts with escrow agents to provide for all future debt service payments on the Series 2004 Warrants. As a result, the Series 2004 Warrants are considered to be defeased and the liabilities for those warrants have been removed from the financial statements.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

School Refunding Warrant Series 2013 (continued)

As a result of the refunding of the School Refunding Warrant Series 2013, the Board has recorded a deferred outflow of resources of $37,430 in the government-wide Statement of Net Position. These charges represent the difference between the reacquisition price and the net carrying amounts of the refunded warrants. These costs are being amortized over the average remaining life of the refunded warrants. The unamortized portion of these costs as of September 30, 2025 was $543.

Annual debt service requirements to maturity for the School Refunding Warrant Series 2013 are payable as follows:

Year Ending September 30,		Principal		Interest
2026	$	205,000	$	10,523
2027		210,000		3,570
Total	$	415,000	$	14,093

School Refunding Warrant Series 2015

On January 1, 2015, the Board issued $5,905,000 of School Refunding Warrant Series 2015, with interest rates ranging between 1.00% and 3.75% to refund and retire, on an advanced basis, a portion of the Limited Obligation School Warrants Series 2009, dated April 1, 2009, and pay the expenses of issuing the Series 2015 Warrants. The net proceeds of $5,638,219 (after a bond discount of $103,097 and issuance, underwriting and insurance cost of $163,684) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Refunded Series 2009 Warrants. As a result, the Refunded Series 2009 Warrants are considered to be defeased and the liabilities for those warrants have been removed from the financial statements.

As a result of the refunding of the School Refunding Warrant Series 2015, the Board has recorded deferred outflow of resources of $689,639 in the government-wide Statement of Net Position.

These charges represent the difference between the reacquisition price and the net carrying amounts of the refunded warrants. These costs are being amortized over the average remaining life of the refunded warrants. The unamortized portion of these costs as of September 30, 2025 was $254,265.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

School Refunding Warrant Series 2015 (continued)

Annual debt service requirements to maturity for the School Refunding Warrant Series 2015 are payable as follows:

Year Ending September 30,	Principal	Interest
2026	$ 120,000	$ 175,676
2027	120,000	172,376
2028	345,000	165,551
2029	350,000	155,126
2030	360,000	144,116
2031-2035	2,020,000	528,132
2036-2039	1,875,000	143,719
Total	$ 5,190,000	$ 1,484,696

School Warrant Series 2015-A

On May 1, 2015, the Board issued $155,000 of School Warrant Series 2015-A, with an interest rate of 4.00% to renovate classrooms at Daleville High School and pay the expenses of issuing the Series 2015-A Warrants. The net proceeds of $150,294 (after a bond discount of $4,706) were deposited into the capital projects funds for classroom renovations.

Annual debt service requirements to maturity for the School Warrant Series 2015-A are payable as follows:

Year Ending September 30,	Principal	Interest
2026	$ -	$ 6,200
2027	-	6,200
2028	-	6,200
2029	-	6,200
2030	-	6,200
2031-2035	-	31,000
2036-2039	155,000	21,700
Total	$ 155,000	$ 83,700

The Non-Refunded Series 2009 Warrants and titles to new buildings are in the name of the City of Daleville. The Board has a lease arrangement with the City of Daleville for lease payments equal to the debt service requirements of the warrants, and a bargain purchase arrangement to buy the buildings for $100 when the warrants are paid. The warrants and fixed assets are treated as liabilities and assets of the Board on these financial statements.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

School Warrant Series 2015-A (continued)

The Series 2013, Series 2015, and Series 2015-A Warrants are payable, as to both principal and interest, out of the proceeds of sales tax levied by Dale County and the City of Daleville. Pledged revenues recognized for the year ended September 30, 2025 were $1,526,362 while total debt service collateralized was $511,834. The revenue pledge is expected to require a total of $7,342,489 in total debt service payments through the year ending September 30, 2039.

Lease Liability

The Board has entered into lease agreements as lessee for financing the acquisition of eight school buses and Energy Saving TAC equipment. These lease agreements qualify as a financed purchase for accounting purposes (fair market value of equipment equals the net present value of lease payments, and the Board has a nominal purchase option at the end of the lease) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the inception.

The following is an analysis of equipment under lease as of September 30, 2025:

		Capital Assets
Eight 2018 school buses (net of accumulated depreciation of $490,489)	$	190,706

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

Year Ending September 30,		Principal		Interest
2026	$	73,672	$	8,365
2027		76,361		5,676
2028		79,148		2,889
Total	$	229,181	$	16,930

In prior years, the Board defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Board's financial statements. At September 30, 2025, $4,800,000 of bonds outstanding are considered defeased.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers

Due to/from other funds at September 30, 2025 consisted of the following amounts:

Receivable Fund	Payable Fund	Amount
Child Nutrition	General	$ 9,366

Amounts due are for reimbursement of expenses.

Interfund transfers consisted of the following for the year ended September 30, 2025:

	Transfers In				
Transfers Out	General	Child Nutrition	Debt Service	Nonmajor Governmental	Total
General	$ -	$ 237,758	$ 517,550	$ -	$ 755,308
Nonmajor governmental	7,401	-	-	51,950	59,351
	$ 7,401	$ 237,758	$ 517,550	$ 51,950	$ 814,659

Interfund transfers are for debt service and to meet the operational needs of the Board.

Note 3: RETIREMENT PLAN

Description of Plan

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

Note 3: RETIREMENT PLAN (Continued)

Plan Membership and Benefits (continued)

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.

Act 2022 of the Legislature of 2022 for TRSA provides that any Tier 2 member who withdraws from service after the completion of at least 30 years of creditable service is entitled to an annual retirement benefit.

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.

Note 3: RETIREMENT PLAN (Continued)

Contributions (continued)

These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $1,101,141 for the year ended September 30, 2025.

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

At September 30, 2025, the Board reported a liability of $12,000,000 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 0.092247%, which was an increase of 0.000897% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the Board recognized pension expense of $1,767,688. 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	$ 1,193,000	$ 87,000
Changes of assumptions	184,000	-
Net difference between projected and actual earnings on pension plan investments	-	1,968,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	485,000	-
Employer contributions subsequent to the measurement date	1,101,141	-
Total	$ 2,963,141	$ 2,055,000

$1,101,141 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 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:

Note 3: RETIREMENT PLAN (Continued)

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

Year ending September 30,	
2026	$ 178,000
2027	739,000
2028	(516,000)
2029	(594,000)

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 (net of pension plan investment expense)	7.45%

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.

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

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:

Note 3: RETIREMENT PLAN (Continued)

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

	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 equivalents	5.00%	2.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.00%

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

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

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 proportionate share of collective net pension liability	$ 16,685,000	$ 12,000,000	$ 8,056,000

Note 3: 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 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 Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board ("PEEHIP 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 PEEHIP Board. The PEEHIP Board is a corporate body for purposes of management of the health insurance plan. The *Code of Alabama 1975, Section 16-25A-4* provides the PEEHIP Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The 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) (Continued)

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, (VIVA Health Plan (offered through Puplic Education Employee's Health Insurance Fund), Marketplace (Exchange) Plans, Alabama State Employees Insurance Board, Local Government Health Insurance Board, 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 for Medicare eligible retirees and Medicare eligible dependents of retirees. The Medicare Advantage Prescription Drug Plan (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.

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

Contributions (continued)

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

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage. Total employer contributions to the OPEB plan from the Board were $354,679 for the year ended September 30, 2025.

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 $9,008,294 for its proportionate share of the net OPEB liability. The net OPEB liability 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 0.097986%, which was an decrease of 0.000947% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the System recognized OPEB expense of $257,713, 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	$ 4,201,100	$ 1,944,237
Changes of assumptions	3,102,391	1,274,528
Net difference between projected and actual earnings on OPEB plan investments	-	222,250
Changes in proportion and differences between employer contributions and proportionate share of contributions	393,843	528,726
Employer contributions subsequent to the measurement date	354,679	-
Total	$ 8,052,013	$ 3,969,741

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)

$354,679 reported as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 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:

Year Ended September 30,	
2026	$ 565,206
2027	594,185
2028	398,691
2029	653,918
2030	1,145,156
Thereafter	370,437

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%
Projected year for fiduciary net position ("FNP") 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 FYE
Medicare eligible	4.50% in 2033 FYE

[1] Includes 2.75% wage inflation.
[2] Compounded annually, net of investment expense, and includes inflation.
**Initial Medicare claims are set based on scheduled increases through plan 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.

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

Actuarial Assumptions (continued)

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

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

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

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

Actuarial Assumptions (continued)

	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. 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 employers. 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 with a cap of 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 2028. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members 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	$ 7,246,411	$ 9,008,294	$ 11,280,244

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

Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates (continued)

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	$ 10,942,998	$ 9,008,294	$ 7,462,254

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, 2024. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 5: RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. The Board has insurance for its buildings and contents through the State Insurance Fund ("SIF"), Alabama Department of Finance, Division of Risk Management, which operates as a common risk management and insurance program for state-owned properties and boards of education. The Board pays an annual premium based on the amount of coverage. The SIF is self-insured up to $3.5 million per occurrence. The SIF purchases commercial insurance for claims, which in the aggregate exceed $3.5 million. Errors and omissions insurance is purchased from Alabama Risk Management for Schools ("ARMS"), a public entity risk pool. ARMS collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. The Board purchases commercial insurance for vehicle liability and fidelity bonds. 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.

As of September 30, 2025, the Board was obligated under the following significant construction contracts:

	Estimated Cost of Project	Costs Incurred as of September 30, 2025	Remaining Commitment
DHS Secure Vestibule	$ 941,000	$ 80,376	$ 860,624
Total	$ 941,000	$ 80,376	$ 860,624

Daleville City Board of Education
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund

For the year ended September 30, 2025	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance with Final Budget
Revenues				
State revenues	$ 11,499,315	$ 12,099,893	$ 12,810,736	$ 710,843
Federal revenues	90,100	90,100	40,122	(49,978)
Local revenues	1,970,750	1,970,750	2,921,658	950,908
Other revenues	10,000	10,000	40,543	30,543
Total revenues	13,570,165	14,170,743	15,813,059	1,642,316
Expenditures				
Instructional services	7,037,110	7,165,921	6,880,352	285,569
Instructional support services	2,160,047	2,160,047	2,301,972	(141,925)
Operation and maintenance services	1,485,122	2,440,947	1,172,651	1,268,296
Student transportation services	1,150,992	1,150,992	852,300	298,692
Food services	3,408	3,408	9,514	(6,106)
General administrative services	930,805	1,080,805	892,660	188,145
Capital outlay	444,892	704,892	788,331	(83,439)
Other expenses	223,035	240,735	346,729	(105,994)
Total expenditures	13,435,411	14,947,747	13,244,509	1,703,238
Excess (deficiency) of revenues over (under) expenditures	134,754	(777,004)	2,568,550	3,345,554
Other Financing Sources (Uses)				
Indirect cost	78,550	83,879	83,162	(717)
Transfers in	-	-	7,401	7,401
Transfers out	(452,037)	(452,037)	(755,308)	(303,271)
Net other financing sources (uses)	(373,487)	(368,158)	(664,745)	(296,587)
Net change in fund balance	(238,733)	(1,145,162)	1,903,805	3,048,967
Fund balance, beginning of year	5,102,858	5,102,858	5,102,858	-
Fund balance, end of year	$ 4,864,125	$ 3,957,696	$ 7,006,663	$ 3,048,967
Reconciliation of budgetary basis to GAAP				
Budgetary basis expenditures			$ 13,244,509	
Non-budgeted accrued salaries				
Instructional services			127,618	
Instructional support services			36,430	
Operation and maintenance services			4,475	
Student transportation services			12,540	
General administrative services			5,541	
Other expenses			5,250	
GAAP Basis Expenditures			$ 13,436,363	

Daleville City Board of Education
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Child Nutrition Fund

For the year ended September 30, 2025	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance with Final Budget
Revenues				
Federal revenues	$ 732,084	$ 732,084	$ 1,010,153	$ 278,069
Local revenues	16,650	16,650	22,882	6,232
Other revenues	21,300	21,300	12,944	(8,356)
Total revenues	770,034	770,034	1,045,979	275,945
Expenditures				
Operation and maintenance services	54,500	54,500	15,296	39,204
Food services	973,829	973,829	1,154,042	(180,213)
Total expenditures	1,028,329	1,028,329	1,169,338	(141,009)
Excess (deficiency) of revenues (under) expenditures	(258,295)	(258,295)	(123,359)	134,936
Other Financing Sources				
Transfers in	317,010	317,010	237,758	(79,252)
Net change in fund balance	58,715	58,715	114,399	55,684
Fund balance, beginning of year	243,654	243,654	243,654	-
Fund balance, end of year	$ 302,369	$ 302,369	$ 358,053	$ 55,684

Reconciliation of budgetary basis to GAAP	
Budgetary basis expenditures	$ 1,169,338
Non-budgeted accrued salaries	
Food services	27,038
GAAP Basis Expenditures	$ 1,196,376

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

As of and for the year ended September 30,	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the collective net pension liability	**0.092247%**	0.091350%	0.086923%	0.085563%	0.083905%	0.079908%	0.080560%	0.079647%	0.083729%	0.088792%
Employer's proportionate share of the collective net pension liability	**$ 12,000,000**	$ 14,577,000	$ 13,509,000	$ 8,060,000	$ 10,379,000	$ 8,835,000	$ 8,010,000	$ 7,828,000	$ 9,064,000	$ 9,293,000
Employer's covered payroll during the measurement period*	**$ 8,164,221**	$ 7,641,608	$ 6,791,782	$ 6,205,909	$ 6,508,939	$ 5,724,456	$ 5,390,756	$ 5,287,698	$ 5,338,874	$ 5,626,038
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	**146.98%**	190.76%	198.90%	129.88%	159.46%	154.34%	148.59%	148.04%	169.77%	165.18%
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.

Daleville City Board of Education
Required Supplementary Information
Schedule of Employer Contributions - Pension
Teacher's Retirement System of Alabama
Last Ten Fiscal Years

For the year ended September 30,	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially required contribution	**$ 1,101,141**	$ 984,688	$ 921,451	$ 809,071	$ 750,613	$ 716,415	$ 694,197	$ 646,693	$ 623,458	$ 629,458
Contributions in relation to the actuarially determined contribution	**1,101,141**	984,688	921,451	809,071	750,613	716,415	694,197	646,693	623,458	629,458
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	**$ 8,435,422**	$ 8,164,221	$ 7,641,608	$ 6,791,782	$ 6,205,909	$ 6,508,939	$ 5,724,456	$ 5,390,756	$ 5,287,698	$ 5,338,874
Contributions as a percentage of covered payroll	**13.05%**	12.06%	12.06%	11.91%	12.10%	11.01%	12.13%	12.00%	11.79%	11.79%

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.

Daleville 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

As of and for the year ended September 30,	**2025**	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the collective net OPEB liability	**0.097986%**	0.098933%	0.106807%	0.099804%	0.096512%	0.105127%	0.099803%	0.097563%
Employer's proportionate share of the collective net OPEB liability	**$ 9,008,294**	$ 1,901,642	$ 1,861,058	$ 5,156,686	$ 6,263,494	$ 3,966,198	$ 8,202,536	$ 7,246,422
Employer's covered-employee payroll during the measurement period*	**$ 8,164,221**	$ 7,641,608	$ 6,791,782	$ 6,205,909	$ 6,508,939	$ 5,724,456	$ 5,390,756	$ 5,287,698
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	**110.34%**	24.89%	27.40%	83.09%	96.23%	69.29%	152.16%	137.04%
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 payroll. For FY 2025, the measurement period is October 1, 2023 through September 30, 2024.

Notes to Schedule

Note 1: GASB Codification P52 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

Daleville City Board of Education
Required Supplementary Information
Schedule of Employer Contributions – OPEB
Alabama Retired Education Employees' Health Care Trust
Last Eight Fiscal Years

For the year ended September 30,	**2025**	2024	2023	2022	2021	2020	2019	2018
Actuarially required contribution	**$ 354,679**	$ 140,713	$ 155,222	$ 203,735	$ 172,503	$ 191,718	$ 300,502	$ 247,196
Contributions in relation to the actuarially determined contribution	**354,679**	140,713	155,222	203,735	172,503	191,718	300,502	247,196
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	**$ 8,435,422**	$ 8,164,221	$ 7,641,608	$ 6,791,782	$ 6,205,909	$ 6,508,939	$ 5,724,456	$ 5,390,756
Contributions as a percentage of covered-employee payroll	**4.20%**	1.72%	2.03%	3.00%	2.78%	2.95%	5.25%	4.59%

Notes to Schedule

Note 1: 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.

PENSION

In 2021, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience, including a change in the discount rate from 7.70% to 7.45%. In 2021 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Retiree Below Median Tables projected generationally with 66-2/3% of the MP-2020 scale beginning in 2019.

In 2018, the discount rate was changed from 7.75% to 7.70%.

In 2016, rates of retirement, disability, withdrawal and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life mortality as changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

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 all periods included in the measurement:

	General Employees
Inflation	2.50 percent
Salary increase (including inflation)	3.25 percent to 5.00 percent
Investment rate of return	7.45 percent, net of pension plan investment expense, including inflation

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.

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 employer contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Therefore, the actuarially determined employer contribution for fiscal year ending September 30, 2024 is determined based on the actuarial valuation as of September 30, 2021. 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	21 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare cost trend rates	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	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
Daleville City Board of Education
Daleville, 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 Daleville City Board of Education (the "Board") as of and for the year ended September 30, 2025, and the related notes to financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated June 26, 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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 26, 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
Daleville City Board of Education
Daleville, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Daleville City Board of Education's (the "Board's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Board's major federal program for the year ended September 30, 2025. The Board's major federal program is 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 the major federal program 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 26, 2026

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP	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 noted
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 noted
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
	Child Nutrition Cluster
10.555	National School Lunch Program
10.553	School Breakfast Program
84.010	Title I Grants to Local Education Agencies

5. Dollar threshold used to distinguish between type A and type B programs?	$ 1,000,000
6. Auditee qualified as low-risk under 2CFR 200.520?	No

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 – Prior Findings and Questioned Costs for Federal Awards

There were no findings reported in the prior year.

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
Social Security Administration				
Passed through Alabama State Department of Education				
Disability Insurance/SSI Cluster				
Social Security - Disability Insurance*	96.001	126	$ -	$ 80
U.S. Department of Education				
Passed through Alabama State Department of Education				
Special Education Cluster				
Special Education Grants to States**	84.027	126	-	388,225
Special Education Preschool Grants**	84.173	126	-	8,505
Subtotal Special Education Cluster (IDEA)			-	396,730
Student Support and Academic Enrichment Program	84.424A	126	-	63,543
Student Support and Academic Enrichment Program	84.424F	126	-	121,495
Subtotal for 84.424			-	185,038
Title I Grants to Local Educational Agencies	84.010	126	-	696,459
Supporting Effective Instruction State Grants	84.367	126	-	167,588
English Language Acquisition State Grants	84.365	126	-	19,267
Rural Education	84.358	126	-	34,962
Career and Technical Education - Basic Grants to States	84.048	126	-	30,104
Subtotal			-	948,380
Total U.S. Department of Education			-	1,530,148

(Continued)

See independent auditor's report and accompanying notes to the schedule of expenditures of federal awards.

Daleville 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	Assistance Listing Number	Pass Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through Alabama State Department of Education				
Child Nutrition Cluster				
National School Lunch Program (N)***	10.555	126	-	60,405
National School Lunch Program***	10.555	126	-	674,111
Subtotal for 10.555			-	734,516
School Breakfast Program***	10.553	126	-	273,340
Subtotal Child Nutrition Cluster			-	1,007,856
State Administrative Expenses	10.560	126	-	2,297
Total U.S. Department of Agriculture			-	1,010,153
U.S. Department of Defense				
Direct Programs				
ROTC Language and Culture Training Grants	12.357	N/A	-	40,042
Total expenditures of federal awards			$ -	$ 2,580,423

(N) National School Lunch Program - No actual cash transactions.

*Disability Insurance / SSI Cluster
** Special Education Cluster
*** Child Nutrition Cluster

See independent auditor's report and accompanying notes to the schedule of expenditures of federal awards.

Note 1: BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed in the schedule of expenditures of federal awards (the "SEFA" or the "Schedule"). Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred. In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of such revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Board; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e., revocable only for failure to comply with prescribed compliance requirements, such as with equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria.

For purposes of the SEFA, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass through entities. The Board has obtained Assistance Listing Numbers ("ALN") to ensure that all programs have been identified in the SEFA. ALN have been appropriately listed by applicable programs. Federal programs with different ALN that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. Three clusters are separately identified in the SEFA and are the following:

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 COSTS

The Board has not elected to use the de minimis indirect cost rate.

Note 3: 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 SEFA 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 SEFA, 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.

Note 4: 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 and will be designated accordingly.

Note 5: SCHOOL-WIDE PROGRAM

The Board utilizes its funding under Title I to operate a "school-wide program". School-wide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to a targeted group of students.

Note 6: 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 26, 2026, there were no known material questioned or disallowed costs as a result of grant audits in process or completed.

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 $60,405 for fiscal year 2025.

Note 8: 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 ending September 30, 2025.

Note 9: SUBRECIPIENTS

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