Daleville City Board of Education

FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

Table of Contents

Table of Contents

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and the Child Nutrition Program of Daleville City Board of Education (the "Board"), as of and for the year ended September 30, 2021, and the related notes to financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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, 2021, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Child Nutrition Program for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 10, schedules of the employer's proportionate share of the net pension liability and net OPEB liability and schedules of employer contributions, on pages 53 - 58, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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.

Other 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 is presented for purposes of additional analysis 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,* 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Very truly yours,

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

CARR, RIGGS & INGRAM, LLC
Enterprise, Alabama
June 27, 2022

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, 2021. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the 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) 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, 2021 and 2020:

Net Position - Governmental Activities

September 30,	**2021**	2020
Assets		
Current and other assets	**$ 3,712,266**	$ 3,091,009
Capital assets, net of depreciation	**9,694,267**	9,987,566
Total assets	**13,406,533**	13,078,575
Deferred outflows of resources		
Deferred loss on refunding	**412,105**	455,990
Deferred outflows related to pension	**2,520,613**	1,484,415
Deferred outflows related to OPEB	**2,920,511**	1,025,483
Total deferred outflows of resources	**5,853,229**	2,965,888
Liabilities		
Current liabilities	**384,858**	1,336,647
Noncurrent liabilities	**24,123,994**	20,282,699
Total liabilities	**24,508,852**	21,619,346
Deferred inflows of resources		
Unearned property tax revenue	**-**	323,615
Deferred inflows related to pension	**345,000**	652,000
Deferred inflows related to OPEB	**4,257,682**	5,067,298
Total deferred inflows of resources	**4,602,682**	6,042,913
Net position		
Net investment in capital assets	**2,624,871**	2,605,386
Restricted	**625,195**	438,464
Unrestricted (deficit)	**(13,101,838)**	(14,661,646)
Total net position (deficit)	**$ (9,851,772)**	$ (11,617,796)

The Board's liabilities and deferred inflows exceeded its assets and deferred outflows by $9,851,772 at the close of FY 2021 resulting in a deficit in net position. 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 $13,101,838 at the end of FY 2021. 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 $10,379,000 and $6,263,494 at September 30, 2021, respectively. Restricted net position, consisting of those net assets restricted by debt covenants, federal program compliance, and future capital projects, is $625,195 at September 30, 2021.

Following is a condensed schedule of revenues and expenditures from the governmental activities for the year ended September 30, 2021, presented with comparative data for the previous year:

Summary of Changes in Net Position From Operating Results

Years ended September 30,	**2021**	2020
Program Revenues		
Charges for services	**$ 882,691**	$ 696,061
Operating grants and contributions	**9,960,456**	8,960,977
Capital grants and contributions	**727,155**	406,820
General Revenues		
Local property taxes	**652,485**	657,285
Sales and use taxes	**1,218,073**	1,067,332
Other taxes	**6,970**	9,741
Other	**332,011**	461,730
Total revenues	**13,779,841**	12,259,946
Expenses		
Instructional services	**6,477,351**	5,913,926
Instructional support services	**1,868,521**	1,552,309
Operation and maintenance services	**858,282**	864,484
Transportation services	**665,844**	646,885
Food services	**671,644**	561,517
General administration and central support services	**881,713**	872,217
Interest on long-term debt	**324,146**	319,296
Other expenses	**266,316**	310,801
Total expenses	**12,013,817**	11,041,435
Change in net position	**1,766,024**	1,218,511
Net position (deficit) beginning of year	**(11,617,796)**	(12,836,307)
Net position (deficit) end of year	**$ (9,851,772)**	$ (11,617,796)

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

- Operating grants and contributions contribute 86% of program revenues and 72% 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 2021 by $37,840.

Instructional services and instructional support expenses are the largest expense function of the Board (69%).

- 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 2021, the Board's combined governmental funds reported ending fund balances of $3,457,107 which is an increase from the FY 2020 ending balance of $1,534,482.

General Fund – The general fund is the primary operating fund of the Board. The general fund balance increased by $819,515. Each school system is required to have a one month general fund operating balance. Daleville City Board of Education met this requirement for FY 2021.

General Fund Budgetary Highlights

The original 2021 fiscal year budget, adopted on September 9, 2020, 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 2, 2021 The comparison of general fund original budget to the final amended budget is on page 17.

Capital Assets and Debt Administration

Capital Assets – At September 30, 2021, the Board had approximately $9,694,267 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 2021, improvement were made to the Daleville Middle School HVAC system in the amount of $167,507. In addition, $55,399 of improvements were made to the softball field. No assets were sold.

Long-Term Debt – At year-end, the Board had $6,886,095 in outstanding warrants, $96,583 outstanding principal debt to SunTrust Bank for energy management system/lighting, and $498,822 for the purchase of eight new buses in FY 2018.

Estimated Capital Needs – As of September 30, 2021, the Board's Five-Year Capital Plan, based upon critical needs, totaled $2,115,000 throughout the system. These estimated capital needs include $1,000,000 to build a new kitchen at Windham, $775,000 to replace carpeting and old flooring that is worn out in all three schools, $100,000 to replace technology at all three schools, $80,000 to replace old wooden lockers at Daleville High School that are not easily sanitized,

$120,000 for a roof for an outdoor classroom at Daleville Middle School, and $40,000 for an outdoor dining space.

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 2020-2021 school year was 1,085, which indicates a decrease in enrollment of approximately 16 students for the 2021 fiscal year.

Fiscal Year	Enrollment
2021	1,085
2020	1,101
2019	1,050
2018	937
2017	1,004
2016	1,076
2015	1,082
2014	1,143
2013	1,185
2012	1,201

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 Lisa Stamps, 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, 2021		Governmental Activities
Assets		
Cash and cash equivalents	$	1,721,001
Receivables		1,189,365
Inventories		15,623
Restricted assets		
Cash and cash equivalents		754,894
Prepaid expenses		31,383
Capital assets, not being depreciated		912,578
Capital assets, net of accumulated depreciation		8,781,689
Total assets		13,406,533
Deferred Outflows of Resources		
Deferred loss on refunding		412,105
Deferred outflows related to pension		2,520,613
Deferred outflows related to OPEB		2,920,511
Total deferred outflows of resources		5,853,229
Liabilities		
Accounts payable		13,248
Salaries and benefits payable		234,373
Accrued interest		129,699
Unearned revenue		7,538
Non-current liabilities		
Due within one year		
Capital leases payable		92,795
Warrants payable		277,998
Due in more than one year		
Capital leases payable		502,610
Warrants payable		6,608,097
Other post employment benefits		6,263,494
Net pension liability		10,379,000
Total liabilities		24,508,852
Deferred Inflows of Resources		
Deferred inflows related to pension		345,000
Deferred inflows related to OPEB		4,257,682
Total deferred inflows of resources		4,602,682
Net Position		
Net investment in capital assets		2,624,871
Restricted for		
Debt service		625,195
Unrestricted (deficit)		(13,101,838)
Total net position (deficit)	$	(9,851,772)

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

For the year ended September 30, 2021

Functions / Programs		Expenses
Instructional services	$	6,477,351
Instructional support services		1,868,521
Operation and maintenance services		858,282
Student transportation services		665,844
Food services		671,644
General administrative services		881,713
Interest and fiscal charges		324,146
Other expenses		266,316
Total	$	12,013,817

	Program Revenues			Net (Expenses) Revenues and Changes In
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Position Governmental Activities
	$ 2,957	$ 5,892,755	$ 609,094	$ 27,455
	114,535	1,593,331	-	(160,655)
	52,905	1,164,316	17,456	376,395
	10,399	564,834	100,605	9,994
	644,953	111,310	-	84,619
	-	429,035	-	(452,678)
	-	-	-	(324,146)
	56,942	204,875	-	(4,499)
	$ 882,691	$ 9,960,456	$ 727,155	(443,515)

General Revenues	
Taxes	
Property taxes, levied for general purposes	652,485
Local sales tax	1,218,073
Other taxes	6,970
Grants and contributions not restricted for specific programs	53,089
Miscellaneous	278,922
Total general revenues	2,209,539
Change in net position	1,766,024
Net position (deficit), beginning of year	(11,617,796)
Net position (deficit), end of year	$ (9,851,772)

Daleville City Board of Education
Balance Sheet – Governmental Funds

September 30, 2021		General Fund		Child Nutrition Fund
Assets				
Cash and cash equivalents	$	1,549,914	$	51,333
Receivables		284,978		136,418
Due from other funds		-		9,366
Inventories		-		15,623
Prepaid expenses		31,383		-
Restricted assets:				
Cash and cash equivalents		-		-
Total assets	$	1,866,275	$	212,740
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$	9,164	$	-
Due to other funds		9,366		5,174
Salaries and benefits payable		200,232		5,731
Unearned revenue		-		7,538
Total liabilities		218,762		18,443
Fund Balances				
Nonspendable		31,383		15,623
Restricted		-		-
Assigned		-		178,674
Unassigned		1,616,130		-
Total fund balances		1,647,513		194,297
Total liabilities and fund balances	$	1,866,275	$	212,740

Debt Service	Other Governmental Funds	Total Governmental Funds
$ -	$ 119,754	$ 1,721,001
-	767,969	1,189,365
-	5,174	14,540
-	-	15,623
-	-	31,383
746,086	8,808	754,894
$ 746,086	$ 901,705	$ 3,726,806
$ -	$ 4,084	$ 13,248
-	-	14,540
-	28,410	234,373
-	-	7,538
-	32,494	269,699
-	-	47,006
746,086	8,808	754,894
-	860,403	1,039,077
-	-	1,616,130
746,086	869,211	3,457,107
$ 746,086	$ 901,705	$ 3,726,806

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

September 30, 2021

Total fund balances - governmental funds			$	3,457,107
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	$	21,975,712		
Less accumulated depreciation and amortization		(12,281,445)		9,694,267
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.				412,105
Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.				2,520,613
Deferred inflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.				(345,000)
Deferred outflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.				2,920,511
Deferred inflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.				(4,257,682)
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	$	(10,379,000)		
Warrants payable		(6,886,095)		
Capital leases payable		(595,405)		
Other post employment benefits		(6,263,494)		
Accrued interest		(129,699)		(24,253,693)
Net position of governmental activities			$	(9,851,772)

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, 2021		General Fund		Child Nutrition Fund
Revenues				
State revenues	$	7,638,899	$	-
Federal revenues		113,399		789,030
Local revenues		2,104,772		2,583
Other revenues		18,454		4,841
Total revenues		9,875,524		796,454
Expenditures				
Instructional services		4,933,435		-
Instructional support services		1,503,588		-
Operation and maintenance services		674,628		32,145
Student transportation services		558,300		-
Food services		7,125		731,556
General administrative services		678,508		-
Capital outlay		37,944		-
Debt service				
Principal		-		-
Interest		-		-
Other expenses		197,557		-
Total expenditures		8,591,085		763,701
Excess (deficiency) of revenues over (under) expenditures		1,284,439		32,753
Other Financing Sources (Uses)				
Indirect cost		84,219		-
Transfers in		818		-
Transfers out		(549,961)		-
Net other financing sources (uses)		(464,924)		-
Net change in fund balances		819,515		32,753
Fund balances, beginning of year		827,998		161,544
Fund balances, end of year	$	1,647,513	$	194,297

Debt Service	Other Governmental Funds	Total Governmental Funds
$ -	$ 726,350	$ 8,365,249
-	2,117,086	3,019,515
-	283,765	2,391,120
-	-	23,295
-	3,127,201	13,799,179
-	1,303,263	6,236,698
-	369,242	1,872,830
-	113,227	820,000
-	8,138	566,438
-	-	738,681
-	250,116	928,624
-	239,238	277,182
143,750	220,259	364,009
221,252	57,178	278,430
-	68,467	266,024
365,002	2,629,128	12,348,916
(365,002)	498,073	1,450,263
-	-	84,219
546,223	44,141	591,182
-	(41,221)	(591,182)
546,223	2,920	84,219
181,221	500,993	1,534,482
564,865	368,218	1,922,625
$ 746,086	$ 869,211	$ 3,457,107

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,		2021
Net change in fund balances - total governmental funds		$ 1,534,482
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 depreciation expense exceeds capital outlays in the period.		(293,299)
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		364,009
Accrued interest expense decreased in the current year, which increases net position.		5,510
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		(51,224)
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	(200,802)	
Change in OPEB expense	407,348	206,546
Change in net position of governmental activities		$ 1,766,024

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

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

For the year ended September 30, 2021	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues				
State revenues	$ 7,254,323	$ 7,358,909	$ 7,638,899	$ 279,990
Federal revenues	107,000	107,000	113,399	6,399
Local revenues	1,825,320	1,825,320	2,104,772	279,452
Other revenues	11,000	11,000	18,454	7,454
Total revenues	9,197,643	9,302,229	9,875,524	573,295
Expenditures				
Instructional services	5,127,228	5,171,892	4,933,435	238,457
Instructional support services	1,387,944	1,439,145	1,503,588	(64,443)
Operation and maintenance services	758,265	758,265	674,628	83,637
Student transportation services	571,148	571,148	558,300	12,848
Food services	-	-	7,125	(7,125)
General administrative services	655,174	664,324	678,508	(14,184)
Capital outlay	252,618	252,618	37,944	214,674
Other expenses	207,615	207,615	197,557	10,058
Total expenditures	8,959,992	9,065,007	8,591,085	473,922
Excess (deficiency) of revenues over (under) expenditures	237,651	237,222	1,284,439	1,047,217
Other Financing Sources (Uses)				
Indirect cost	99,051	106,316	84,219	(22,097)
Other financing sources	-	-	-	-
Transfers in	-	-	818	818
Transfers out	(442,680)	(442,680)	(549,961)	(107,281)
Net other financing sources (uses)	(343,629)	(336,364)	(464,924)	(128,560)
Net change in fund balance	(105,978)	(99,142)	819,515	918,657
Fund balance, beginning of year	827,998	827,998	827,998	-
Fund balance, end of year	$ 722,020	$ 728,856	$ 1,647,513	$ 918,657
Reconciliation of GAAP to Budgetary Basis				
GAAP Basis Expenditures	8,959,992	9,065,007	8,591,085	473,922
Non-budgeted accrued salaries				
Instructional services	-	-	(109,137)	109,137
Instructional support services	-	-	(15,467)	15,467
Operation and maintenance services	-	-	(5,647)	5,647
Student transportation services	-	-	(8,431)	8,431
General administrative services	-	-	(7,340)	7,340
Other expenses	-	-	(3,707)	3,707
Budgetary basis expenditures	$ 8,959,992	$ 9,065,007	$ 8,441,356	$ 623,651

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

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

	Budgeted Amounts			Variance with Final
For the year ended September 30, 2021	Original	Final	Actual	Budget
Revenues				
Federal revenues	$ 484,084	$ 484,084	$ 789,030	$ 304,946
Local revenues	16,650	16,650	2,583	(14,067)
Other revenues	21,300	21,300	4,841	(16,459)
Total revenues	522,034	522,034	796,454	274,420
Expenditures				
Operation and maintenance services	53,900	53,900	32,145	21,755
Food services	677,370	677,370	731,556	(54,186)
Total expenditures	731,270	731,270	763,701	(32,431)
Excess (deficiency) of revenues (under) expenditures	(209,236)	(209,236)	32,753	241,989
Other Financing Sources				
Transfers in	209,236	209,236	-	(209,236)
Net change in fund balance	-	-	32,753	32,753
Fund balance beginning of year	161,544	161,544	161,544	-
Fund balance end of year	$ 161,544	$ 161,544	$ 194,297	$ 32,753
Reconciliation of GAAP to Budgetary Basis				
GAAP Basis Expenditures	731,270	731,270	763,701	(32,431)
Non-budgeted accrued salaries				
Food services	-	-	(6,479)	6,479
Budgetary basis expenditures	$ 731,270	$ 731,270	$ 757,222	$ (25,952)

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, 2021 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. Education Stabilization Fund – CARES Act ESSER
10. Education Stabilization Fund – CARES Act ESSER II
11. Education Stabilization Fund – CARES Act GEER
12. CARES Act – Coronavirus Relief Fund (Health)
13. CARES Act – Coronavirus Relief Fund (Devices)
14. 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

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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases 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 9, 2020 for the 2021 fiscal year.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

The 2021 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.

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 expenditures on the financial statements. Similarly, interest expense incurred but not paid as of year-end is reported as an expenditure on the financial statements.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Cash and Cash Equivalents

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

Investments

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

Receivables and Allowance for Doubtful Accounts

Receivables are reported 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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, 2021 consist of cash and cash equivalents which are restricted by debt agreements for debt service payments. Cash and cash equivalents restricted for debt service payments totaled $754,894.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (continued)

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	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.

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 two items that qualify

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows/Inflows of Resources (Continued)

for reporting in this category, deferred inflows related to pension and deferred inflows related to OPEB. 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.

Compensated Absences

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

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

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

Professional and support employees earn 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. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on the financial statements.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Obligations

In the government-wide financial statements, the unmatured principal of long-term debt, capital leases, and compensated absences are reported in the statement of net position. Interest expense for long-term debt, including accrued interest payable, is reported in the statement of activities. For warrants (bonds) and other long-term debt issued after October 1, 2003, the related 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.

Pensions

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 Comprehensive Annual Financial Report.

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.

Net Position and Fund Balances

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position and Fund Balances (continued)

Net Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt and deferred inflows or outflows of resources attributable to the acquisition, construction, or improvement of those assets.

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 balances are reported in the fund financial statements in accordance with GASB 54. The intent of GASB 54 is to provide a more structured classification of fund balances and to improve the usefulness of fund balance reporting to the users of the Board's financial statements. The reporting standard established a hierarchy for fund balance classifications and the constraints imposed on the users of those resources. In governmental funds, the Board's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

As of September 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Board, the highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used or specific purposes. Under the Board's policy, only the Superintendent may assign amounts for specific purposes.

Unassigned - All other spendable amounts.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position and Fund Balances (continued)

Fund balances at September 30, 2021 are as follows:

	General Fund	Child Nutrition Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	$ -	$ 15,623	$ -	$ -	$ 15,623
Prepaid expenses	31,383	-	-	-	31,383
Restricted:					
Debt service	-	-	746,086	8,808	754,894
Assigned:					
Child Nutrition	-	178,674	-	-	178,674
Subsequent years' budget	-	-	-	860,403	860,403
Unassigned	1,616,130	-	-	-	1,616,130
	$ 1,647,513	$ 194,297	$ 746,086	$ 869,211	$ 3,457,107

The financial statements include summary reconciliations of the fund financial statements to the government-wide statements after each of the fund statements. The governmental fund balance sheet is followed by a reconciliation between *Total fund balance - governmental funds* and *net position* of *governmental activities* as reported in the government-wide statement of net position. The governmental funds statement of revenues, expenditures and changes in fund balances is followed by a reconciliation between *net change in fund balances - governmental funds* and *Change in net position of governmental activities* as reported in the government-wide statement of 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 27, 2022 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 is effective for the fiscal years beginning after December 15, 2019. The implementation of this statement had no impact on the financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The implementation of this statement had no impact on the financial statements.

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

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases,* and Implementation Guide No. 2019-3, *Leases,* for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans,* as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities,* to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Recently Issued and Implemented Accounting Pronouncements (continued*)**

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Recently Issued and Implemented Accounting Pronouncements (continued*)**

of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

In October 2021, the GASB issued GASB Statement No. 98, *The Annual Comprehensive Financial Report.* This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR.* That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021.

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.

Note 2: DETAILED NOTES ON ALL FUNDS (continued)

Accounts Receivable

Receivables at September 30, 2021 consist of the following:

	General	Child Nutrition Fund	Other Governmental Funds	Total
State Department of Education				
Basic Grant	$ -	$ -	$ 13,145	$ 13,145
IDEA, Part B	-	-	55,215	55,215
Pre-School Part B - Ages 3-5	-	-	3,863	3,863
Title I, Part A	-	-	152,931	152,931
Title I, Part A - School Improvement	-	-	44,109	44,109
Title II, Part A - Supportive Instruction	-	-	1,065	1,065
Title III, English Lang. Acq., Lang. Enhance. & Acad.	-	-	3,507	3,507
Title IV, Student Support and Academic Achievement	-	-	16,855	16,855
Title V, Part A of the Higher Education Act	-	-	4,756	4,756
COVID Relief and CARES Act	-	-	470,247	470,247
School Lunch Program	-	136,418	-	136,418
Catastrophic Education	44,800	-	-	44,800
Dale County Rev. Commissioner	14,762	-	-	14,762
City of Daleville	66,000	-	-	66,000
Dale County Board of Education	58,928	-	-	58,928
Tallasee Board of Education	85,247	-	-	85,247
Other	15,241	-	2,276	17,517
Total receivables	$ 284,978	$ 136,418	$ 767,969	$ 1,189,365

All receivables are considered fully collectible and, accordingly, no allowance for uncollectible accounts has been recorded.

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, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	$ 912,578	$ -	$ -	$ 912,578
Construction in progress	123,435	-	123,435	-
Capital assets, not being depreciated	1,036,013	-	123,435	912,578
Capital assets, being depreciated				
Exhaustible land Improvements	1,041,225	178,835	-	1,220,060
Buildings	11,491,417	-	-	11,491,417
Building improvements	6,061,550	167,507	-	6,229,057
Furniture and equipment	552,926	11,600	-	564,526
Vehicles	1,558,074	-	-	1,558,074
Total capital assets being depreciated	20,705,192	357,942	-	21,063,134
Less accumulated depreciation for				
Exhaustible land improvements	643,260	22,769	-	666,029
Buildings	5,248,594	206,481	-	5,455,075
Building improvements	4,564,087	200,778	-	4,764,865
Furniture and equipment	456,904	3,923	-	460,827
Vehicles	840,794	93,855	-	934,649
Total accumulated depreciation	11,753,639	527,806	-	12,281,445
Total capital assets being depreciated, net	8,951,553	(169,864)	-	8,781,689
Governmental activities capital assets, net	$ 9,987,566	$ (169,864)	$ 123,435	$ 9,694,267

Depreciation expense was charged to governmental functions as follows

Depreciation expense was charged to governmental functions as follows

Instructional services	$ 347,289
Instructional support services	16,966
Operation and maintenance services	9,137
Student transportation services	130,036
Food services	15,073
General and administrative	9,305
Total governmental activities depreciation expense	$ 527,806

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

During the year ended September 30, 2021, 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					
Limited Obligation School Warrant Series 2009	$ 55,000	$ -	$ -	$ 55,000	$ 55,000
School Refunding Warrant Series 2013	1,340,000	-	(175,000)	1,165,000	180,000
School Refunding Warrant Series 2015	5,675,000	-	(100,000)	5,575,000	50,000
School Warrant Series 2015-A	155,000	-	-	155,000	-
Unamortized bond discounts	(71,244)	-	7,339	(63,905)	(7,002)
Total warrants payable	7,153,756	-	(267,661)	6,886,095	277,998
Other liabilities					
Capital leases					
Buses	560,404	-	(61,582)	498,822	63,830
TAC Equipment	124,010	-	(27,427)	96,583	28,965
Total other liabilities	684,414	-	(89,009)	595,405	92,795
Total long-term liabilities	$ 7,838,170	$ -	$ (356,670)	$ 7,481,500	$ 370,793

Limited Obligation School Warrant Series 2009

On April 1, 2009, the City of Daleville, on behalf of the Board, issued $5,345,000 of Limited Obligation School Warrants Series 2009 with interest rates ranging between 3.25% and 5.00% to purchase land, construct a gymnasium, and construct or renovate various other facilities. The net proceeds of $4,989,259 (after a bond discount of $110,770 and issuance, underwriting and insurance cost of $244,791) were deposited into the capital project fund for the new buildings. As described below, a portion of the Limited Obligation School Warrants Series 2009 was refunded with the Board’s issuance of School Refunding Warrant Series 2015.

Annual debt service requirements to maturity for the Limited Obligation School Warrant Series 2009 are as follows:

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Limited Obligation School Warrant Series 2009 (continued)

Year Ending September 30,		Principal		Interest
2022	$	55,000	$	1,100

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.

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, 2021 was $5,292.

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

Year Ending September 30,		Principal		Interest
2022	$	180,000	$	32,890
2023		185,000		28,050
2024		190,000		22,705
2025		195,000		16,928
2026		205,000		10,523
2027		210,000		3,570
	$	1,165,000	$	114,666

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

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, 2021 was $406,813.

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

Year Ending September 30,	Principal	Interest
2022	$ 50,000	$ 185,706
2023	105,000	184,001
2024	115,000	181,466
2025	115,000	178,706
2026	120,000	175,676
2027-2031	1,555,000	769,350
2032-2036	2,085,000	457,920
2037-2039	1,430,000	81,750
	$ 5,575,000	$ 2,214,575

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.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

School Warrant Series 2015-A (continued)

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

Year Ending September 30,	Principal	Interest
2022	$ -	$ 6,200
2023	-	6,200
2024	-	6,200
2025	-	6,200
2026	-	6,200
2027-2031	-	31,000
2032-2036	-	31,000
2037-2039	155,000	15,500
	$ 155,000	$ 108,500

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.

The Series 2013, Series 2015, Series 2015-A, and Non-Refunded Series 2009 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.

Capital Leases

The Board has entered into a lease agreement as lessee for financing the acquisition of eight school buses. This lease agreement qualifies as a capital lease for accounting purposes (fair market value of buses 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 Board has entered into a lease agreement as lessee for financing the acquisition of Energy Saving TAC equipment. This lease agreement qualifies as a capital lease 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.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Leases (continued)

The following is an analysis of equipment under a capital lease as of September 30, 2021:

		Capital Assets
Eight 2018 school buses (net of accumulated depreciation of $241,082)	$	435,990
Energy Saving TAC equipment (net of accumulated depreciation of $371,162)		199,857
Total	$	635,847

The following is a schedule of the total lease service on the Board's capital lease obligations:

Year Ending September 30,		Principal		Interest
2022	$	92,795	$	23,360
2023		96,750		19,405
2024		105,601		15,274
2025		71,077		10,959
2026		73,672		8,365
2027-2028		155,510		8,565
	$	595,405	$	85,928

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, 2021, $5,040,000 of bonds outstanding are considered defeased.

Interfund Receivables, Payables and Transfers

Due to/from other funds at September 30, 2021 consisted of the following amounts:

Receivable Fund	Payable Fund	Amount
Child Nutrition	General	$ 9,366
Nonmajor governmental	Child Nutrition	5,174
		$ 14,540

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers (continued)

Amounts due are for reimbursement of expenses.

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

	Transfers In			
Transfers Out	General	Debt Service	Nonmajor Governmental	Total
General	$ -	$ 546,223	$ 3,738	$ 549,961
Nonmajor governmental	818	-	40,403	41,221
	$ 818	$ 546,223	$ 44,141	$ 591,182

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, 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.

Funding Requirements

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the TRS were required by 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.

Note 3: RETIREMENT PLAN (Continued)

Funding Requirements (continued)

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

Participating employers' contractually required contribution rate for the year ended September 30, 2021 was 12.36% of annual pay for Tier 1 members and 11.22% of annual pay for Tier 2 members.

These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $750,613 for the year ended September 30, 2021.

Plan Membership and Benefits

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit.

Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. 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 TRS Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Note 3: RETIREMENT PLAN (Continued)

Net Pension Liability, Significant Assumptions, and Discount Rate

At September 30, 2021, the Board reported a liability of $10,379,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2020, the System's proportion was 0.083905%, which was an increase of 0.003997% from its proportion measured as of September 30, 2019.

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

Inflation	2.75%
Projected salary increases	3.25% - 5.00%
Investment rate of return	7.70%
(net of pension plan investment expense)	

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

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

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

Note 3: RETIREMENT PLAN (Continued)

Net Pension Liability, Significant Assumptions, and Discount Rate (continued)

	Long-Term Target Allocation	Expected Rate of Return*
Fixed income	17.00%	4.40%
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%	10.10%
Real estate	10.00%	7.50%
Cash equivalents	3.00%	1.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.50%

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

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

For the year ended September 30, 2021, the Board recognized pension expense of $951,415. At September 30, 2021, 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	$ 514,000	$ 180,000
Changes of assumptions	108,000	-
Net difference between projected and actual earnings on pension plan investments	771,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	377,000	165,000
Employer contributions subsequent to the measurement date	750,613	-
Total	$ 2,520,613	$ 345,000

Note 3: RETIREMENT PLAN (Continued)

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions (continued)

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

Year Ended September 30,		
2022	$	961,613
2023		460,000
2024		475,000
2025		279,000
2026		-
Thereafter		-

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

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

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Board's proportionate share of collective net pension liability	$ 13,847,000	$ 10,379,000	$ 7,444,000

Pension Plan Financial Statements

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2020. The auditors' 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)

Description of Plan

The Trust is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board ("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 Comprehensive Annual Financial Report.

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

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.

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

Benefits Provided (continued)

The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eye glasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board ("SEIB").

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP. The plan is fully insured, and members are able to have all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. Retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national 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 PEEHIP Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the PEEHIP Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

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

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

Contributions (continued)

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

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

At September 30, 2021, the Board reported a liability of $6,263,494 for its proportionate share of the net OPEB liability. The net OPEB liability measured as of September 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019. The Board's proportion of the net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2020, the Board's proportion was 0.096512%, which was a decrease of 0.008615% from its proportion measured as of September 30, 2019.

For the year ended September 30, 2021, the System recognized OPEB expense of ($234,845), with no special funding situations. At September 30, 2021, 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	$ 158,838	$ 2,251,876
Changes of assumptions	2,187,790	1,163,074
Net difference between projected and actual earnings on OPEB plan investments	-	264
Changes in proportion and differences between employer contributions and proportionate share of contributions	401,380	842,468
Employer contributions subsequent to the measurement date	172,503	-
Total	$ 2,920,511	$ 4,257,682

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

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

$172,503 reported as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2022.

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

Year Ended September 30,	
2022	$ (558,591)
2023	(549,050)
2024	(344,616)
2025	(374,969)
2026	164,487
Thereafter	153,065

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

Inflation	2.75%
Projected salary increases[1]	3.25% - 5.00%
Long-term investment rate of return[2]	7.25%
Municipal Bond Index rate at the measurement date	2.25%
Municipal Bond Index rate at the prior measurement date	3.00%
Projected year for fiduciary net position ("FNP") to be depleted	2040
Singe equivalent interest rate the measurement date	3.05%
Singe equivalent interest rate the prior measurement date	5.50%
Healthcare cost trend rate	
Pre-Medicare eligible	6.75%
Medicare eligible	**
Ultimate trend rate	
Pre-Medicare eligible	4.75% in 2027
Medicare eligible	4.75% in 2024

[1] Includes 3.00% wage inflation.
[2] Compounded annually, net of investment expense, and includes inflation.
**Initial Medicare claims are set based on scheduled increases through plan year 2022

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

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

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

Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

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

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

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

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	30.00%	4.40%
U.S. large stocks	38.00%	8.00%
U.S. mid stocks	8.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

*Geometric mean, includes 2.5% inflation

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

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

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate ("SEIR"), as described by GASB 74) used to measure the total OPEB liability at September 30, 2020 was 3.05%. The discount rate used to measure the total OPEB liability at the prior measurement date was 5.50%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately, 14.802% of the employer contributions were used to assist in funding retiree benefit payments in 2020. It is assumed that the 14.802% will increase at the same rate as expected benefit payments for the closed group until reaching 20.000%, at which point this amount will increase by 1.00% in subsequent years. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2118. The long term rate of return is used until the assets are expected to be depleted in 2040, after which the municipal bond rate is used.

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 3.75% for pre-Medicare, Known decreasing to 3.75% for Medicare eligible)	Current Healthcare Trend Rate (6.75% decreasing to 4.75% for pre-Medicare, Known decreasing to 4.75% for Medicare eligible)	1% Increase (7.75% decreasing to 5.75% for pre-Medicare, Known decreasing to 5.75% for Medicare eligible)
Net OPEB liability	$ 4,951,313	$ 6,263,494	$ 7,971,509

The following table presents the Board's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 3.05%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.05%)	Current Discount Rate (3.05%)	1% Increase (4.05%)
Net OPEB liability	$ 7,682,501	$ 6,263,494	$ 5,136,496

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

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 74 *Report for PEEHIP* prepared as of September 30, 2020. 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.

The Board had no open construction commitments at September 30, 2021.

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

As of September 30,	**2021**	2020	2019	2018	2017	2016	2015
Employer's proportion of the collective net pension liability	**0.083905%**	0.079908%	0.080560%	0.079647%	0.083729%	0.088792%	0.091323%
Employer's proportionate share of the collective net pension liability	**$ 10,379,000**	$ 8,835,000	$ 8,010,000	$ 7,828,000	$ 9,064,000	$ 9,293,000	$ 8,296,000
Employer's covered payroll*	**$ 6,508,939**	$ 5,724,456	$ 5,390,756	$ 5,287,698	$ 5,338,874	$ 5,626,038	$ 5,796,024
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	**159.46%**	154.34%	148.59%	148.04%	169.77%	165.18%	143.13%
Plan fiduciary net position as a percentage of the total pension liability	**67.72%**	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

* Employer's covered payroll during the measurement period is the total payroll on which contributions to the pension plan are based. For FY 2021, the measurement period is October 1, 2019 through September 30, 2020.

Note to Schedule

Note 1: GASB Codification P20 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.

Daleville City Board of Education
Required Supplementary Information
Schedule of Employer Contributions
Teacher's Retirement System of Alabama

For the year ended September 30,	**2021**	2020	2019	2018	2017	2016	2015
Contractually required contribution	**$ 750,613**	$ 716,415	$ 694,197	$ 646,693	$ 623,458	$ 629,458	$ 655,209
Contributions in relation to the actuarially determined contribution	**750,613**	716,415	694,197	646,693	623,458	629,458	655,209
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	**$ 6,205,909**	$ 6,508,939	$ 5,724,456	$ 5,390,756	$ 5,287,698	$ 5,338,874	$ 5,626,038
Contributions as a percentage of covered payroll	**12.10%**	11.01%	12.13%	12.00%	11.79%	11.79%	11.65%

Notes to Schedule

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

Note 2: GASB Codification P20 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.

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

As of September 30,	**2021**	2020	2019	2018
Employer's proportion of the net OPEB liability	**0.096512%**	0.105127%	0.099803%	0.097563%
Employer's proportionate share of the collective net OPEB liability	**$ 6,263,494**	$ 3,966,198	$ 8,202,536	$ 7,246,422
Employer's covered payroll during the measurement period*	**$ 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 payroll	**96.23%**	69.29%	152.16%	137.04%
Plan fiduciary net position as a percentage of the total collective OPEB liability	**19.80%**	28.14%	14.81%	15.37%

*Employer's covered payroll during the measurement period is the total covered payroll. For FY 2021, the measurement period is October 1, 2019 through September 30, 2020.

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.

Note 2: For years following the valuation date (when no new valuation is performed), covered payroll has been set to equal to the covered payroll from the most recent valuation.

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

For the year ended September 30,	**2021**	2020	2019	2018
Contractually required contribution	**$ 172,503**	$ 191,718	$ 300,502	$ 247,196
Contributions in relation to the actuarially determined contribution	**172,503**	191,718	300,502	247,196
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -
Employer's covered-employee payroll	**$ 6,205,909**	$ 6,508,939	$ 5,724,456	$ 5,390,756
Contributions as a percentage of covered payroll	**2.78%**	2.95%	5.25%	4.59%

Notes to Schedule

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

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

Note 1: PLAN CHANGES IN BENEFIT TERMS

Teachers' Retirement System of Alabama

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

Alabama Retired Education Employees' Health Care Trust

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019. Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan. The Health Plan is changed each year to reflect the ACA maximum annual out-of-pocket amounts.

Note 2: CHANGES OF ASSUMPTIONS

Teachers' Retirement System of Alabama

The discount rate used was 7.70%, as compared to 7.75% at the prior measurement date.

Alabama Retired Education Employees' Health Care Trust

The discount rate used was 3.05%, as compared to 5.50% at the prior measurement date.

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Teachers' Retirement System of Alabama

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	25.7 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES (Continued)

Alabama Retired Education Employees' Health Care Trust

The actuarially determined contribution rates in the schedule of employer contributions were calculated as of September 30, 2016, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	24 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible	4.75%
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2026 for Pre-Medicare Eligible 2024 for Medicare Eligible
Investment Rate of Return	5.00%, including inflation

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

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, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and the Child Nutrition Program of the Daleville City Board of Education (the "Board") as of and for the year ended September 30, 2021, and the related notes to financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated June 27, 2022.

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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

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

CARR, RIGGS & INGRAM, LLC
Enterprise, Alabama
June 27, 2022

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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

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 direct and material effect on each of the Board's major federal programs for the year ended September 30, 2021. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Very truly yours,

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

CARR, RIGGS & INGRAM, LLC
Enterprise, Alabama
June 27, 2022

Daleville City Board of Education
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing No.	Pass Through Grantor's Number	Passed Through to Subrecipients	Expenditures
Social Security Administration				
Passed through State Department of Education				
Disability Insurance/SSI Cluster				
Social Security - Disability Insurance	96.001	126	$ -	$ 100
U.S. Department of Education				
Direct Program				
Impact Aid	84.041	N/A	-	53,089
Passed through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	126	-	807,887
Improving Teacher Quality State Grants	84.367	126	-	29,388
English Language Acquisition State Grants	84.365B	126	-	12,753
Rural Education	84.358B	126	-	22,475
Career and Technical Education - Basic Grants to States	84.048	126	-	27,789
Student Support and Academic Enrichment Program	84.424A	126	-	30,496
COVID-19 - Education Stabilization Fund - CARES Act GEER	84.425C	126	-	27,889
COVID-19 - Education Stabilization Fund - CARES Act ESSER	84.425D	126	-	296,307
COVID-19 - Education Stabilization Fund - CARES Act ESSER II	84.425D	126	-	340,648
Subtotal for ALN 84.425			-	664,844
Subtotal			-	1,595,632
Special Education Cluster				
Special Education Grants to States	84.027	126	-	324,759
Special Education Preschool Grants	84.173	126	-	4,343
Subtotal Special Education Cluster (IDEA)			-	329,102
Total U.S. Department of Education			-	1,977,823

(Continued)

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

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing No.	Pass Through Grantor's Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Passed through State Department of Education				
Child Nutrition Cluster				
School Breakfast Program (SBP)	10.553	126	-	171,092
National School Lunch Program*	10.555	126	-	26,969
National School Lunch Program	10.555	126	-	553,486
Subtotal Child Nutrition Cluster			-	751,547
State Administrative Expenses for Child Nutrition	10.560	126	-	2,310
Fresh Fruit and Vegetable Program*	10.582	126	-	35,174
Total U.S. Department of Agriculture			-	789,031
U.S. Department of Treasury				
Passed through State Department of Education				
COVID-19 - Coronavirus Relief Fund	21.019	126	-	192,352
U.S. Department of Defense				
Direct Programs				
ROTC Language and Culture Training Grants	12.357	N/A	-	60,210
Total expenditures of federal awards			$ -	$ 3,019,516

*National School Lunch Program and Fresh Fruit and Vegetable Program - No actual cash transactions.

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 10% 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 27, 2022, 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 is reflected in the accompanying financial statements. The total assigned value of commodities donated was $62,143 for fiscal year 2021.

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, 2021.

Note 9: SUBRECIPIENTS

The Board did not provide federal funds to subrecipients for the fiscal year ending September 30, 2021.

Section I: Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
3. Noncompliance material to the financial statements noted?	No

Federal Awards

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

ALN Number	Federal Program
84.425C	Education Stabilization Fund - GEER
84.425D	Education Stabilization Fund – ESSER
	Education Stabilization Fund – ESSER II

5. Dollar threshold used to distinguish between type A and type B programs	$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	Yes

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.