PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 10, 2024

NEW ISSUE - BOOK-ENTRY ONLY

RATING: S&P "AA" (stable outlook) Insured
S&P "A+" (stable outlook) Underlying
(See "RATINGS" herein)

In the opinion of Bond Counsel, under existing law and upon the conditions and under the circumstances described herein under "TAX EXEMPTION" interest on the Series 2024 Bonds is presently (i) excludable from gross income for federal income tax purposes if the District complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2024 Bonds in order that interest thereon be and remain excludable from gross income, and (ii) will not be an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that under existing law interest on the Series 2024 Bonds will be exempt from State of Alabama income taxation. See "TAX EXEMPTION" herein for further information and certain other federal tax consequences arising with respect to the Series 2024 Bonds.

NORTHEAST ALABAMA WATER, SEWER AND FIRE PROTECTION DISTRICT

$5,720,000*
WATER REVENUE BONDS
SERIES 2024

Dated: Date of Delivery

Due: May 15, as shown on inside front cover

The Series 2024 Bonds are limited obligations of the District payable, on a parity of lien with certain indebtedness of the District, solely out of the revenues from the District's water system remaining after payment of the reasonable and necessary expenses of maintaining and operating the System. See "SECURITY FOR SERIES 2024 BONDS; SOURCE OF PAYMENT". The Series 2024 Bonds are not general obligations of the State of Alabama, Cherokee County, DeKalb County, Marshall County, Etowah County, Jackson County or any other county or any municipality. The District has no taxing power. The principal of the Series 2024 Bonds is payable on May 15 in the years and amounts as shown on the inside front cover. The interest on the Series 2024 Bonds is payable on May 15 and November 15 in each year, first interest payable May 15, 2025. The Series 2024 Bonds are subject to optional redemption prior to maturity (in whole or in part) as more fully described herein.

The Series 2024 Bonds are initially issuable as fully registered bonds without coupons in denominations of $5,000 and any integral multiple thereof pursuant to a book-entry only system to be administered by The Depository Trust Company, New York, New York, or any successor or assign thereof or substitute therefor as such securities depository (the "Securities Depository") and, when issued, will be registered in the name of and held by Cede & Co., as nominee. During the period in which the book-entry only system is in effect for the Series 2024 Bonds, purchases and transfers of ownership of beneficial interests in the Series 2024 Bonds will be evidenced by book-entry only and all payments of principal of, premium (if any) and interest on the Series 2024 Bonds will be made by The Bank of New York Mellon Trust Company, National Association, as trustee, to the Securities Depository for disbursement thereby to the Direct Participants and for subsequent disbursement by the Direct Participants (and, where appropriate, by the Indirect Participants) to the owners of beneficial interests in the Series 2024 Bonds, as more particularly provided in the Indenture and described herein.

The scheduled payment of principal of and interest on the Series 2024 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2024 Bonds by **ASSURED GUARANTY INC.**

ASSURED GUARANTY®

FOR MATURITIES, AMOUNTS, INTEREST RATES, YIELDS, & CUSIP NUMBERS, SEE INSIDE COVER.

The Series 2024 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of validity thereof by Maynard Nexsen, PC, Birmingham, Alabama, Bond Counsel, and certain other conditions. It is expected that the Series 2024 Bonds in definitive form will be available for delivery through The Depository Trust Company, in New York, New York, on __________________, 2024, against payment therefor.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to an informed investment decision.

RAYMOND JAMES®

The date of this Official Statement is _____________.

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*Preliminary; subject to change

Assured Guaranty Inc. (“AG”) makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE” and “Appendix E - Specimen Municipal Bond Insurance Policy”.

NORTHEAST ALABAMA WATER, SEWER AND FIRE PROTECTION DISTRICT

$5,720,000*
Water Revenue Bonds
Series 2024

Maturity	Principal Amount	Interest Rate	Yield	CUSIP[(1)]
2026	$75,000			
2027	85,000			
2028	85,000			
2029	90,000			
2030	75,000			
2031	95,000			
2032	60,000			
2033	60,000			
2034	60,000			
2035	475,000			
2036	505,000			
2037	515,000			
2038	545,000			
2039	570,000			
2040	2,425,000			

$________ ____% Term Bonds maturing on May 15, 20___ (Yield: _____%), CUSIP No.______ [(1)]

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* Preliminary; subject to change.

[(1)] CUSIP is a registered trademark of the American Bankers Association. CUSIP data contained herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of the McGraw Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

NORTHEAST ALABAMA WATER, SEWER AND FIRE PROTECTION DISTRICT

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OFFICIAL STATEMENT

Regarding

$5,720,000*
Water Revenue Bonds
Series 2024

INTRODUCTION

This Official Statement of Northeast Alabama Water, Sewer and Fire Protection District (the "District") is furnished to provide certain information concerning the above referenced bonds (the "Series 2024 Bonds"), to be issued by the District.

The District is a public corporation organized under the laws of the State of Alabama which owns and operates a water supply and distribution system (the "System") authorized to operate in parts of five counties in northeast Alabama.

The Series 2024 Bonds are being issued pursuant to a Trust Indenture dated as of May 1, 1988 (the "Original Indenture"), as heretofore supplemented and amended and as further supplemented by a supplemental trust indenture (the "Series 2024 Supplemental Indenture") between the District and The Bank of New York Mellon Trust Company, National Association, as trustee (the "Trustee"). The Original Indenture, as heretofore supplemented and amended, and the Series 2024 Supplemental Indenture are herein collectively referred to as the "Indenture".

The Series 2024 Bonds are being issued for the purposes of: (1) financing the cost of certain improvements to the System, and (2) paying costs of issuance of the Series 2024 Bonds. See "THE PLAN OF FINANCING".

The Series 2024 Bonds will not constitute general obligations of or a charge against the general credit or taxing power of the State of Alabama, or any county or any municipality. The District has no taxing power. The Series 2024 Bonds will be limited obligations of the District payable solely out of and secured by a pledge of the revenues from the System remaining after payment of the reasonable and necessary expenses of maintaining and operating the System (the "Net System Revenues") on an equal and proportionate basis and a parity of lien with the District's (i) Water Revenue Bonds, Series 2014 (the "Series 2014 Bonds") which are outstanding in the aggregate principal amount of $2,690,000, (ii) Water Revenue Bonds, Series 2015-A (the "Series 2015-A Bonds"), which are outstanding in the aggregate principal amount of $3,405,000, (iii) Water Revenue Bonds, Series 2016-A (the "Series 2016-A Bonds"), which are outstanding in the aggregate principal amount of $7,360,000, (iv) Water Revenue Bonds, Series 2017 (the "Series 2017 Bonds"), which are outstanding in the aggregate principal amount of $4,715,000, and (v) Water Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), which are outstanding in the aggregate principal amount of $5,815,000. The Series 2014 Bonds, Series 2015-A Bonds, Series 2016-A Bonds, Series 2017 Bonds and Series 2019 Bonds are hereafter collectively referred to as the "Outstanding Bonds". The Series 2024 Bonds are further secured by a non-foreclosable, statutory mortgage lien on the System. See "SECURITY FOR SERIES 2024 BONDS; SOURCE OF PAYMENT".

In the Indenture the District has reserved the right to issue additional bonds payable from and secured by a pledge of the Net System Revenues on a parity of lien with the Outstanding Bonds and the Series 2024 Bonds, subject to the terms and conditions set forth in the Indenture. See APPENDIX B – "SUMMARY OF THE INDENTURE - Additional Bonds".

An investment in the Series 2024 Bonds is subject to certain risks. See "RISK FACTORS".

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* Preliminary; subject to change.

The scheduled payment of principal of and interest on the Series 2024 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2024 Bonds by Assured Guaranty Inc. (the "Insurer"). See "BOND INSURANCE".

The District has covenanted to undertake certain continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE".

This Official Statement speaks only as of its date, and the information contained herein is subject to change. For further information during the initial offering period with respect to the Series 2024 Bonds, contact Raymond James & Associates, Inc., located at 2900 Highway 280, Suite 100, Birmingham, Alabama 35223, telephone number (205) 802-4282.

Changes to the Preliminary Official Statement

This Preliminary Official Statement and the information herein is subject to change, completion, and amendment. A definitive Official Statement will be made available prior to the delivery of the Series 2024 Bonds.

For purposes of this Preliminary Official Statement, selling compensation, delivery dates, and certain other information dependent on pricing of the Series 2024 Bond have been omitted. Further, for purposes of this Preliminary Official Statement, offering prices, interest rates, aggregate principal amount, principal amount per maturity, and certain other information dependent on pricing of the Series 2024 Bonds have been estimated. Actual information dependent on pricing will be established after pricing of the Series 2024 Bonds and will be reflected in the final Official Statement. Such actual information will vary from the estimates.

Investors should check under the heading "INTRODUCTION – Changes to the Preliminary Official Statement" in the final Official Statement for guidance regarding information dependent on pricing of the Series 2024 Bonds and for guidance regarding other information that is changed between the date of this Preliminary Official Statement and the date of the final Official Statement.

DEFINITIONS

Certain capitalized terms used frequently in this Official Statement and not defined in the foregoing Introduction shall have the following meanings:

"**Authorized Denominations**" means the amount of $5,000 and any integral multiple thereof for each maturity.

"**Book-Entry System**" means a book-entry only system of evidence of purchase and transfer of beneficial ownership interests in the Series 2024 Bonds.

"**Business Day**" means a day, other than a Saturday or Sunday, on which commercial banking institutions are open for business in the state where the designated corporate trust office of the Trustee is located and a day on which the payment system of the Federal Reserve System is operational.

"**Federal Securities**" means direct general obligations of, or obligations the payment of which is unconditionally guaranteed by, the United States of America.

"**Fiscal Year**" means the period beginning on July 1 of each calendar year and ending on June 30 of the next succeeding calendar year or such other fiscal year as may hereafter be adopted by the District.

"**Holder**" or "**Holders**" refers to a holder or holders of the Series 2024 Bonds.

"**Insurer**" or "**AG**" means Assured Guaranty Inc.

"**Outstanding Bonds**" means, collectively, the outstanding Series 2014 Bonds, Series 2015-A Bonds, Series 2016-A, Series 2017 Bonds and Series 2019 Bonds.

"**Policy**" means the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on the Series 2024 Bonds.

"**Regular Record Date**" means, for each interest payment date, the 15th day (whether or not a Business Day) next preceding any interest payment date.

"**Reserve Fund Insurance Policy**" means the financial guaranty insurance policy issued by the Insurer, effective with respect to the Outstanding Bonds and the Series 2024 Bonds.

"**Series 2014 Bonds**" means the District's Water Revenue Bonds, Series 2014, which are outstanding in the aggregate principal amount of $2,690,000.

"**Series 2015-A Bonds**" means the District's Water Revenue Bonds, Series 2015-A, which are outstanding in the aggregate principal amount of $3,405,000.

"**Series 2016-A Bonds**" means the District's Water Revenue Bonds, Series 2016-A, which are outstanding in the aggregate principal amount of $7,360,000.

"**Series 2017 Bonds**" means the District's Water Revenue Bonds, Series 2017, which are outstanding in the aggregate principal amount of $4,715,000.

"**Series 2019 Bonds**" means the District's Water Revenue Bonds, Series 2019, which are outstanding in the aggregate principal amount of $5,815,000.

"**Series 2024 Bonds**" means the Authority's Water Revenue Bonds, Series 2024, which are being offered by this Official Statement.

"**Trustee**" means The Bank of New York Mellon Trust Company, National Association, and its successors.

THE SERIES 2024 BONDS

General Provisions

The Series 2024 Bonds will be issued as fully registered bonds, without coupons, in Authorized Denominations pursuant to the Book-Entry System. The Series 2024 Bonds will be dated the date of delivery and will mature in the amounts and on the dates and will bear interest at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the Series 2024 Bonds will be payable on May 15, 2025 and on each November 15 and May 15 thereafter.

Book-Entry Only System

The Series 2024 Bonds will be issued in book-entry only form, as described more particularly in Appendix D to this Official Statement.

Authority for Issuance.

The Series 2024 Bonds are being issued by the District under the authority of the Constitution and laws of the State of Alabama, including particularly Article 1 of Chapter 89 of Title 11 of the Code of Alabama 1975 (the "Enabling Law").

The Enabling Law authorizes the incorporation in the State of public corporations for the purposes of operating water systems and sanitary sewer systems, and providing fire protection and solid waste disposal facilities, or any of them. Such corporations are empowered, among other things, to acquire, purchase, construct, operate, maintain, enlarge, extend and improve any system or systems the operation of which is provided for in the certificate of incorporation of such corporation; to refund outstanding bonds; to capitalize interest on bonds issued for construction during the period of construction and up to twelve months thereafter; to borrow money for any corporate function and to issue in evidence of such borrowing interest-bearing bonds payable solely from the revenues derived from the operation of any one or more of such systems; and to pledge for payment of its bonds any revenues from which such bonds are made payable and to pledge or otherwise convey as security for such bonds the revenues of such system or systems.

All debts created and bonds issued by any such corporation are solely and exclusively an obligation of the corporation and shall not create an obligation or debt of any municipality or county.

Optional Redemption.

The Series 2024 Bonds maturing on and after _____________, ____ are subject to redemption at the option of the District on any date on or after _____________, ____, in whole, or in Authorized Denominations, in such order and amounts of maturities as the District may determine, and by random selection within a maturity, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

Mandatory Redemption.

The Series 2024 Bonds having a stated maturity on _____________ (the "_____ Term Bonds") are subject to scheduled mandatory redemption, by lot, on _____________ in each of the years and in the aggregate principal amounts set forth below (subject to a credit for the principal amount of the _____ Term Bonds then cancelled or redeemed and not previously claimed as a credit), at a redemption price for each ______ Term Bond to be redeemed equal to the principal amount thereof, plus accrued interest thereon to the redemption date, without premium or penalty:

Year	**Amount**

____

$____________ principal amount of the _______ Term Bonds
is scheduled to be retired at maturity.

Selection for Redemption

If less than all of the Series 2024 Bonds of a maturity are to be redeemed during a period in which the Book-Entry System is in effect for the Series 2024 Bonds, the Securities Depository shall determine the amount of the interest of each Direct Participant in the Series 2024 Bonds to be redeemed, on the basis of the smallest Authorized Denomination of the Series 2024 Bonds, by lot or by such other method as the Securities Depository shall deem fair and appropriate.

If less than all the Series 2024 Bonds of a maturity are to be redeemed during a period in which the Book-Entry System is not in effect for the Series 2024 Bonds, the Trustee shall select the particular Series 2024 Bonds to be redeemed not less than 30 nor more than 60 days prior to the redemption date from the Series 2024 Bonds which have not previously been called for redemption, on the basis of the smallest Authorized Denomination of the Series 2024 Bonds, by lot or by such method as the Trustee shall deem fair and appropriate.

During a period in which the Book-Entry System is in effect for the Series 2024 Bonds, the recordation and evidence of any reduction in the aggregate principal amount of the Series 2024 Bonds as a result of the redemption of a portion thereof shall be made in accordance with the Letter of Representation and the rules and procedures of the Securities Depository with respect thereto from time to time in effect.

During a period in which the Book-Entry System shall not be in effect for the Series 2024 Bonds, unless otherwise provided in the Indenture, any Series 2024 Bond which is to be redeemed only in part shall be surrendered at the designated corporate trust office of the Trustee (with, if the District or the Trustee requires, due endorsement by, or a written instrument of assignment or transfer in form satisfactory to the District and the Trustee duly executed by the Holder thereof or his attorney duly authorized in writing) and the District shall execute and the Trustee shall authenticate and deliver to the Holder of such Series 2024 Bond, without service charge, a new Series 2024 Bond or Bonds of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2024 Bond surrendered.

Notice of Redemption; Interest Ceases to Accrue After Redemption Date

Notice of any intended redemption shall be given by the Trustee to the Holder of each Series 2024 Bond, all or a portion of the principal of which is to be redeemed, not less than 30 days prior to the proposed redemption date by the Trustee by United States registered or certified mail (first class, postage prepaid), or, if the Securities Depository or Securities Depository Nominee is the Holder, at the times and in the manner as provided in the Letter of Representation, at the address of such Holder appearing in the Bond Register; provided, however, any Holder may waive the requirement of notice as to the redemption (in whole or in part) of the Series 2024 Bond or Bonds thereof.

During a period in which the Book-Entry System is in effect for the Series 2024 Bonds, notice of any intended redemption may also be given to each Beneficial Owner, all or portion of the interest of which in the Series 2024 Bonds is to be redeemed, by the Direct Participants and, where appropriate, by the Indirect Participants, pursuant to arrangements among said parties, subject to statutory and regulatory requirements in effect from time to time; provided, however, any Beneficial Owner may waive the requirement of notice as to the redemption of the interest thereof in the Series 2024 Bonds.

Notice of redemption shall specify the Series 2024 Bonds or the interests therein to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable (which shall be the corporate trust office of the Trustee) and, if less than all of the Series 2024 Bonds are to be redeemed, the numbers or other identification of the Series 2024 Bonds or the interests therein to be redeemed and the principal amounts of Series 2024 Bonds to be redeemed.

Series 2024 Bonds (or portions thereof) for the redemption and payment of which provision shall have been made and notice thereof given all in accordance with the Indenture shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption unless and to the extent default shall be made in payment of the redemption price.

THE PLAN OF FINANCING

General

The Series 2024 Bonds are being issued for the purposes of: (i) financing the cost of certain capital improvements to the System, and (ii) paying costs of issuance.

Proposed Capital Improvements

The District proposes to use a portion of the proceeds of the Series 2024 Bonds to finance the cost of certain capital improvements to the System. Such capital improvements are expected to include, without limitation, construction of two water supply wells at the Cherokee County Treatment Plant site and construction of distribution line upgrades and water storage tank rehabilitation. The District expects the development of the water supply wells to yield annual operating expense savings by bypassing the conventional water treatment process.

SOURCES AND USES OF FUNDS

The expected sources and uses of funds for the plan of financing are as follows:

SOURCES

Series 2024 Bonds	$
Original Issue Discount (Premium)	
TOTAL SOURCES	

USES

Capital Improvements	
Legal, underwriter's discount, bond insurance premium, surety bond fee, and other financing expenses	
TOTAL USES	$

SECURITY AND SOURCE OF PAYMENT

General

The Series 2024 Bonds are not obligations of the State of Alabama, any county, or any other political subdivision of the State of Alabama. The Series 2024 Bonds will not constitute a charge against the general credit of the District. The District has no taxing power.

The Series 2024 Bonds are limited obligations of the District payable solely out of the Net System Revenues and are secured by (i) a non-foreclosable statutory mortgage lien on the System, and (ii) a pledge of the Net System Revenues on an equal and proportionate basis with the pledge thereof made for the benefit of the Outstanding Bonds and any Additional Parity Bonds hereafter issued under the Indenture, and (iii) a Reserve Fund. See "APPENDIX B - SUMMARY OF THE INDENTURE".

An investment in the Series 2024 Bonds includes certain risks. See "RISK FACTORS" hereinafter.

The Enabling Law and the Indenture provide that, upon default, the System may not be sold and the Indenture may not be foreclosed.

The Insurer has issued the Reserve Fund Insurance Policy for the Reserve Fund and such policy is presently applicable with respect to the Outstanding Bonds. Upon issuance of the Series 2024 Bonds, the Reserve Fund Insurance Policy will be supplemented such that it will also be applicable with respect to the Series 2024 Bonds. The Reserve Fund Insurance Policy is described under "THE RESERVE FUND INSURANCE POLICY" hereinbelow. See APPENDIX B – SUMMARY OF THE INDENTURE – Reserve Funds".

The District has the full power under the Enabling law and its certificate of incorporation to incur indebtedness without limitation as to aggregate principal amount and has reserved the right to issue Additional Bonds for any lawful purpose payable from and secured by a pledge of the Net System Revenues on an equal and proportionate basis and parity of lien with the Outstanding Bonds, the Series 2024 Bonds, and any Additional Bonds then outstanding, subject to certain requirements set forth in the Indenture. See "APPENDIX B – SUMMARY OF THE INDENTURE – Additional Bonds".

No recourse shall be had for the payment of the Series 2024 Bonds or for any claims based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any incorporator of the District, or against any past, present or future officer, employee or member of the board of directors of the District or any successor corporation, as such, either directly or through the District or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, employees or directors of the District as such is expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of the Series 2024 Bonds.

The enforcement of remedies under the Indenture is in many respects dependent upon judicial actions which may be subject to discretion and delay and may be limited or not readily available. The various legal opinions to be delivered concurrently with delivery of the Series 2024 Bonds will be qualified as to enforceability of the Financing Documents by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors and by the exercise of judicial discretion.

The United States Bankruptcy Code

Chapter 9 of the United States Bankruptcy Code permits municipal corporations, political subdivisions and public agencies or instrumentalities that are insolvent or unable to meet their debts to file petitions for relief in the federal bankruptcy courts if authorized by state law. While the matter is not entirely free from doubt, prospective purchasers of the Series 2024 Bonds should assume that existing Alabama statutes do <u>not</u> authorize the District to file a petition for relief. However, the United States Bankruptcy Code or Alabama law could be changed during the life of the Series 2024 Bonds to permit the District to file such a petition for relief.

Chapter 9 defines "special revenues" to include receipts derived from an entity's ownership, operation or disposition of projects or systems such as the System. If the District commenced Chapter 9 proceedings, the holders of Series 2024 Bonds likely would retain their lien on "special revenues" pledged to secure the Series 2024 Bonds, subject to the necessary operating expenses of the project or system generating such revenues. Bankruptcy proceedings by the District, if authorized, could, however, have adverse effects on holders of the Series 2024 Bonds, including (i) delay in the enforcement of their remedies, (ii) delay in their receipt of scheduled payments during such proceedings, (iii) subordination of their claims to the claims of those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (iv) imposition without their consent of a plan for the adjustment of the debtor's debts that reduces or delays payment on the Series 2024 Bonds. Such a plan of adjustment, when confirmed by the bankruptcy court, binds all creditors who had notice or actual knowledge of the proceedings, even if they vote against confirmation, and discharges all claims against the political subdivision unless excepted from discharge by the plan or the order confirming the plan. Among other conditions for confirmation, the plan must either be accepted by each class of claims or interests that is impaired under the plan, or accepted by at least one impaired class if the plan is otherwise confirmable, does not discriminate unfairly, and is fair and equitable. An impaired class accepts a plan only if it has been accepted by at least 2/3 in amount and more than 50% in number of the allowed claims of such class that vote to accept or reject the plan.

Because Chapter 9 has been rarely used and there is little precedent concerning what constitutes "pledged special revenues" under Chapter 9, it is possible that a federal bankruptcy court could determine, under the facts of a specific case, that the automatic stay under Chapter 9 would prevent payment of principal and interest on the Series 2024 Bonds from the Net System Revenues.

Other Indebtedness

Other than the Outstanding Bonds and the Series 2024 Bonds, and accounts payable and trade credit terms incurred in the District's normal day-to-day business operations, the District does not have any other outstanding indebtedness or loans.

Anticipated Indebtedness

The District does not currently plan to issue any bonds other than the Series 2024 Bonds within the next 12 months; however, the Indenture does permit the District to issue Additional Bonds in the future under certain circumstances. See "APPENDIX B – SUMMARY OF THE INDENTURE – Additional Bonds".

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General Financial Information and Summary of Revenues and Expenses

The District operates on a fiscal year ending on the last day in June. The significant accounting practices of the District are summarized in the audited financial statements attached to this Official Statement as Appendix A.

The District is required pursuant to the Indenture to adopt a budget prior to the beginning of each fiscal year showing the estimated revenue to be derived from the System each month of such year, the operating expenses expected to be incurred each such month, and the amounts to be paid each month into the various funds created under the Indenture.

A summary of the District's revenues and expenditures, as shown in the audited financial statements of the District for the fiscal years ending on June 30, 2019 through 2024 is presented as follows:

	2020 (audited)	**2021 (audited)**	**2022 (audited)**	**2023 (audited)**	**2024 (audited)**
Operating Revenues	$9,284,431	$9,381,935	$9,745,210	$10,781,340	$11,834,549
Operating Expenses	(7,096,841)	(7,316,841)	(7,725,901)	(8,619,582)	(9,233,570)
Operating Income	2,187,590	2,065,094	2,019,309	2,161,758	2,600,979
Nonoperating Revenue (Expenses)					
Interest Income	57,567	28,402	21,728	87,050	169,771
Increase (Decrease) in Fair Value of Investments	-	-	(14,057)	(29,426)	43,483
Grants	200,000	81,579	-	-	6,980
Gain on Redemption of Investments	-	-	-	19,371	3,302
Contributions in Aid of Construction	-	361,276	243,854	2,139,726	1,004,471
PPP Loan Forgiveness	-	372,478	-	-	-
Settlement Received from Lawsuit	-	104,060	-	-	-
Gain (Loss) on Sale of Equipment	16,177	8,732	1,800	21,111	9,665
Bond Issuance Costs	-	-	-	-	-
Interest Expense	(1,099,627)	(1,067,921)	(1,035,329)	(998,658)	(957,743)
Total Nonoperating Revenues (Expenses)	(825,883)	(111,394)	(782,004)	1,239,174	279,929
Increase (Decrease) in Net Position	1,361,707	1,953,700	1,237,305	3,400,932	2,880,908
Net Position Beginning	12,138,946	13,500,653	15,454,352	16,691,658	20,092,590
Net Position Ending	$13,500,653	$15,454,353	$16,691,657	$20,092,590	$22,973,498

Determination of Historical Annual Net Income

Based upon the audited financial statements of the District for the fiscal years ending June 30, 2019-2024, inclusive, the District has had Annual Net Income as follows in each fiscal year:

	Fiscal Year Ending June 30				
	2020 (audited)	**2021 (audited)**	**2022 (audited)**	**2023 (audited)**	**2024 (audited)**
Income from operations	$2,187,590	$2,065,094	$2,019,309	$2,161,758	2,600,979
Depreciation	1,658,835	1,667,131	1,653,387	1,737,751	1,828,942
Interest Income	57,567	28,402	21,728	87,050	169,771
Annual Net Income	$3,903,992	$3,760,627	$3,694,424	$3,986,559	$4,599,692

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2024 Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Series 2024 Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2024 Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

On October 20, 2023, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook). On August 1, 2024, KBRA commented that, following the closing of the Merger, AG's insurance financial strength rating of "AA+" (stable outlook) remains unchanged.

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG, AGM and Pro Forma Combined AG

	As of June 30, 2024 (dollars in millions)		
	AG **(Actual)**	**AGM** **(Actual)**	**AG** **(Pro Forma Combined)**
Policyholders' surplus	$1,649	$2,599	$3,960[1]
Contingency reserve	$421	$910	$1,331
Net unearned premium reserves and net deferred ceding commission income	$355	$2,078 [2]	$2,433[2]

[1] Net of intercompany eliminations.

[2] Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG, AGM, and the pro forma combined AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

1. the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);

2. the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and

3. the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

All information relating to AG and AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2024 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG and AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".

CONSENT RIGHTS OF THE INSURER

As long as the Insurer is not then in default on the Policy, the Insurer shall be deemed to be the sole holder of such Series 2024 Bonds insured by it for all purposes of the Indenture and under Alabama law including without limitation exercising rights and remedies of Series 2024 Bondholders. For a description of certain of these rights of the Insurer, see "APPENDIX B – Summary of the Indenture".

THE RESERVE FUND INSURANCE POLICY

The Insurer will issue a financial guaranty insurance policy in the face amount of the maximum Annual Net Debt Service Requirement with respect to the Series 2024 Bonds and the Outstanding Bonds (the "Reserve Fund Insurance Policy"). See "APPENDIX B – Summary of the Indenture". Under the terms of the Reserve Fund Insurance

Policy, the Insurer will unconditionally and irrevocably guarantee to pay that portion of the scheduled principal of and interest on the Series 2024 Bonds and the Outstanding Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the District (the "Insured Payments").

The Insurer will pay each portion of an Insured Payment that is due for payment and unpaid by reason of nonpayment by the District to the Trustee, as beneficiary of the Reserve Fund Insurance Policy on behalf of the holders of the Series 2024 Bonds and the Outstanding Bonds on the later to occur of (i) the date such scheduled principal or interest becomes due for payment or (ii) the business day next following the day on which the Insurer receives a demand for payment therefor in accordance with the terms of the Reserve Fund Insurance Policy.

No payment shall be made under the Reserve Fund Insurance Policy in excess of the Reserve Fund Insurance Policy Limit, which shall be an amount equal to the maximum Annual Net Debt Service Requirement with respect to the Series 2024 Bonds and the Outstanding Bonds. See "APPENDIX B – Summary of the Indenture". Pursuant to the terms of the Reserve Fund Insurance Policy, the amount available at any particular time to be paid to the Trustee shall automatically be reduced to the extent of any payment made by the Insurer under the Reserve Fund Insurance Policy, provided, that, to the extent of the reimbursement of such payment to the Insurer, the amount available under the Reserve Fund Insurance Policy shall be reinstated in full or in part, in an amount not to exceed the Reserve Fund Insurance Policy Limit.

The Reserve Fund Insurance Policy does not insure against nonpayment caused by the insolvency or negligence of the Trustee.

The Reserve Fund Insurance Policy is not covered by any insurance or guaranty fund established under New York, California, Connecticut or Florida insurance law.

TOTAL DEBT SERVICE REQUIREMENTS

Set forth hereinafter are the total debt service requirements on the Outstanding Bonds and the Series 2024 Bonds. Upon issuance of the Series 2024 Bonds, the below described obligations will be the only outstanding indebtedness secured by, and payable from, the Net System Revenues of the District.

Period Ending June 30	Series 2024 Bonds(1)(2) Principal	Series 2024 Bonds(1)(2) Interest	Series 2019 Bonds(1)	Series 2017 Bonds(1)	Series 2016-A Bonds(1)	Series 2015-A Bonds(1)	Series 2014 Bonds(1)	TOTAL
2025	-	$137,675	$259,613	$174,975	$389,381	$416,800	$955,850	$2,334,294
2026	$75,000	275,350	258,613	174,525	380,931	416,650	964,900	2,545,969
2027	85,000	273,100	257,613	174,075	382,356	416,150	962,000	2,550,294
2028	85,000	269,700	261,613	173,625	1,343,619	416,850	-	2,550,406
2029	90,000	266,300	440,488	173,025	1,160,419	415,650	-	2,545,881
2030	75,000	262,700	441,488	172,425	1,172,819	422,450	-	2,546,881
2031	95,000	260,450	442,088	171,825	1,168,219	410,200	-	2,547,781
2032	60,000	257,600	729,738	171,225	916,131	416,200	-	2,550,894
2033	60,000	255,650	728,138	175,625	913,931	416,400	-	2,549,744
2034	60,000	253,700	730,738	639,875	445,531	416,000	-	2,545,844
2035	475,000	251,750	727,338	1,065,275	29,531	-	-	2,548,894
2036	505,000	228,000	727,675	112,225	974,531	-	-	2,547,431
2037	515,000	202,750	727,675	1,101,913	-	-	-	2,547,338
2038	545,000	177,000	726,675	1,100,663	-	-	-	2,549,338
2039	570,000	149,750	729,675	1,099,613	-	-	-	2,549,038
2040	2,425,000	121,250	-	-	-	-	-	2,546,250
Total:	$5,720,000	$3,642,725	$8,189,163	$6,680,888	$9,277,400	$4,163,350	$2,882,750	$40,556,275

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(1) For purposes of this table the principal amount of bonds to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year.

(2) For purposes of this Preliminary Official Statement, principal and interest requirements have been estimated based on an assumed principal amount and principal maturities as shown and certain assumed interest rates. Actual principal amounts and maturities and actual interest rates will be established after pricing of the Series 2024 Bonds and will be reflected in the final Official Statement. Actual debt service payments will vary from this estimate.

DEBT SERVICE COVERAGE

Requirements of the Indenture

The District has covenanted in the Indenture to maintain such rates and charges for services, and to make collections from the users thereof, in such manner as shall produce amounts sufficient to enable the District to pay all Operating Expenses when due and to produce Annual Net Income not less than 120% the maximum annual net debt service with respect to the Bonds secured by Net System Revenues after issuance of the Series 2024 Bonds. The District has further covenanted in the Indenture that if its rates in effect do not produce revenues sufficient for such purposes, the District shall alter and amend such rates to the reasonable extent necessary to produce revenues sufficient for all such purposes and will maintain such amended or altered rates.

Projected Coverage

Maximum Combined Annual Debt Service for
Outstanding Bonds and Series 2024 Bonds

Fiscal Year Ending June 30	Annual Net Income[(1)]	Maximum Combined Annual Debt Service (2032)*[(2)]	Debt Service Coverage Ratio*
2020	$3,903,992	$2,550,894	1.530x
2021	3,760,627	2,550,894	1.474
2022	3,694,424	2,550,894	1.448
2023	3,986,559	2,550,894	1.563
2024	4,599,692	2,550,894	1.803

Average Combined Annual Debt Service for
Outstanding Bonds and Series 2024 Bonds

Fiscal Year Ending June 30	Annual Net Income[(1)]	Average Combined Annual Debt Service (2025-2040)*[(2)]	Debt Service Coverage Ratio*
2020	$3,903,992	$2,534,767	1.540x
2021	3,760,627	2,534,767	1.484
2022	3,694,424	2,534,767	1.458
2023	3,986,559	2,534,767	1.573
2024	4,599,692	2,534,767	1.815

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* Preliminary; subject to change.

(1) See “SECURITY AND SOURCE OF PAYMENT - Determination of Historical Annual Net Income” hereinbefore.

(2) See “TOTAL DEBT SERVICE REQUIREMENTS” hereinbefore.

THE DISTRICT

General

The District is a public corporation existing under the provisions of the Enabling Law. The District was incorporated in 1975 pursuant to resolutions adopted by the governing bodies of Jackson, DeKalb, Etowah and Cherokee Counties. The Certificate of Incorporation was amended to expand the service area of the District into the Town of Gaylesville and into Marshall County.

Board of Directors

The District is governed by a Board of Directors with seven members, two appointed by the governing body of DeKalb County and one each appointed by the governing bodies of Jackson, Etowah, Marshall and Cherokee Counties and the Town of Gaylesville. Due to the death of a member of the Board of Directors, there is currently one vacancy on the Board of Directors.

The directors of the District serve four-year terms on a part time basis for minimal compensation and are not active in the day to day operation of the System.

The manager of the System is John Jordan. Mr. Jordan has served as manager of the System since October, 2007 and is a state certified Grade IV operator of water systems and a Grade II operator of waste water systems in the State of Alabama.

THE SYSTEM

The System has been constructed over a period of over 25 years using proceeds of loans and grants made by Farmers Home Administration of the United States of America, the Outstanding Bonds, and grants from other state and federal agencies.

The System generally serves rural areas in the Counties mentioned above other than Jackson County, where it has no customers. The District does not operate in any incorporated area other than the Town of Gaylesville and the Town of Sand Rock, which was incorporated subsequent to the installation of the District's facilities in what is now the corporate limits of that Town. The District's authorized service area encompasses all the land in the five enumerated counties (except in Marshall County where it is all areas south of the Tennessee River in that County) outside the specifically described corporate limits of the municipalities therein and the specifically described service areas of the public water systems that were in existence in those areas when the District was created, and the corporate limits of the Town of Gaylesville. The System provides service in only a small part of its authorized service area.

The treatment capacity of the District's treatment plants is as follows: Monsanto Plant - 6 MGD, Cherokee County Plant - 2 MGD, and High Point Plant - 3 MGD.

The transmission and distribution lines of the District range from 2" to 18". The District presently owns and maintains 22 water storage tanks having a combined capacity of 9,204,000. Not all parts of the System are connected to other parts of the System.

Storage Tank Capacity

The water storage tanks and capacity are as follows:

Tank Name or Location	Capacity (gallons)
Sylvania	200,000
Mt. Vernon	200,000
Kilpatrick	200,000
Manning	150,000
Whiton	200,000
Mt. Moriah	200,000
New Home	200,000
Farmers	200,000
Tenbroeck	500,000
Rodentown	200,000
Smith Gap	200,000
Gaylesville	500,000
Watson	200,000
Antioch	200,000
Forney	200,000
Sand Rock	200,000
Watson #2	1,500,000
Dogtown	1,254,000
Monsanto Clearwell #1	500,000
Monsanto Clearwell #2	1,000,000
Waterloo Clearwell	500,000
High Point Clearwell	700,000

Water Purchase Contracts

The principal sources of supply of water for the System are the public water systems of Albertville, Alabama, Cherokee County, Alabama Water Authority, and the City of Cave Springs, Georgia. A summary of the terms of the applicable supply contracts is as follows:

	Monthly Take or Pay (Gal.)[(2)]	Monthly Maximum Allowed (Gal.)	Current Rate per 1,000	Rate Adjustment[(1)]	Contract Expires
Albertville, AL	As needed	No Contract	2.02	Every 2 years	-
Cherokee Co. Water	2,800,000	7,000,000	1.85	Annually	08/18/2041
Cave Springs, GA	6,024,596[(3)]	1,000,000[(3)]	1.64	Annually	12/31/2062

(1) Although written agreements provide for the following rate adjustment intervals, the parties have deviated from the contractual terms and have negotiated changes in rates at varying times and intervals.

(2) Sales by District to any customer taking more than 1,000 gallons per day or 30,000 gallons per month must be approved by supplier.

(3) The terms of the contract do not require a minimum monthly take or pay amount but do provide for a 1,000,000 gallon monthly maximum. In practice, Cave Springs, GA has not limited the quantity of water the District can purchase on a monthly basis and has sold the District as much water as the District requires for such month. The amount listed in the table above (6,024,596 gal/month) is the monthly average purchased by the District.

Water Sales Contracts

The District sells water at wholesale to municipal or public systems which operate in the Towns of Cedar Bluff, Collinsville, Crossville and Asbury. The Crossville contract is a year-to-year contract, with no minimum sales requirement and a maximum sales limit of 1,000,000 gallons per month and a sales price of $2.06 per 1,000 gallons. The Collinsville contract expires in 2025, with no minimum sales requirement and a maximum sales limit of 250,000 gallons per month and a sales price, depending on the point of supply in the System, of $2.67 per 1,000 gallons and $2.06 per 1,000 gallons. The Cedar Bluff contract expires in 2030, with no minimum sales requirement and a maximum sales limit of 7,000,000 gallons per month and a sales price of $2.16 per 1,000 gallons. The Asbury contract is a year-to-year contract with a 4,000,000-gallon maximum sales per month with a sales price of $2.06 per 1,000 gallons.

Number of Customers and Water Usage

The number of customers of the District has been as follows:

Fiscal Year	District Customers
2000	11,886
2001	12,266
2002	12,368
2003	12,630
2004	12,882
2005	13,116
2006	13,498
2007	13,891
2008	14,141
2009	14,207
2010	14,203
2011	14,107
2012	14,106
2013	14,169
2014	14,202
2015	14,370
2016	14,522
2017	14,675
2018	14,830
2019	14,926
2020	15,239
2021	15,544
2022	15,890
2023	16,119
2024	16,406

Of its customers at the end of June 30, 2024, 6,202 were in DeKalb County, 5,110 were in Cherokee County, 4,794 were in Marshall County, 0 were in Jackson County, and 300 were in Etowah County. The District anticipates growing by approximately 1.6% each year, based on past experience.

The five largest customers of the District for the calendar year ended June 30, 2024, were as follows:

Name	Gallons Purchased	Amount Paid
City of Cedar Bluff	73,697,400	$159,192.38
Crossville Waterworks	38,430,800	$77,107.45
Asbury Water	31,037,700	$63,937.66
Mountain Lakes Resort	11,286,100	$53,622.32
Little Mountain Marina	10,969,000	$51,846.48

Total water (gallons) purchased and pumped compared to water sold has been as follows:

Year	Water Pumped (gal)	Water Sold (gal)	Loss %
2024	1,920,309,000	1,237,327,000	35.57%
2023	1,792,552,000	1,157,750,400	35.41
2022	1,918,657,600	1,317,787,905	31.32
2021	1,827,293,000	1,255,036,100	31.32
2020	1,727,247,000	1,166,699,100	32.45
2019	1,627,201,000	1,021,421,600	37.23
2018	1,478,016,000	1,084,884,100	26.60
2017	1,566,632,000	1,122,643,000	28.34
2016	1,556,031,000	1,086,450,700	30.18
2015	1,454,390,000	1,043,161,000	28.28
2014	1,469,047,000	1,025,781,000	30.17
2013	1,397,672,000	1,055,773,700	24.46
2012	1,384,475,000	1,040,551,700	24.84
2011	1,477,913,000	1,102,983,600	25.37
2010	1,375,564,000	1,056,534,000	23.19
2009	1,476,025,600	1,074,716,100	27.19
2008	1,471,405,540	1,087,885,600	26.06
2007	1,441,242,960	1,077,650,400	25.23
2006	1,393,480,000	1,068,187,000	23.34
2005	1,384,756,000	1,026,175,400	25.89
2004	1,325,553,000	997,196,400	24.77
2003	1,330,767,000	984,650,400	26.01
2002	1,257,302,280	969,942,100	22.86
2001	1,244,994,230	992,658,400	20.27
2000	1,221,875,910	987,840,100	19.15

Maximum daily demand for each of the fiscal years shown below was as follows:

Year	Maximum Daily Demand (gallons)
2024	7,673,000
2023	6,043,000
2022	6,863,500
2021	6,537,000
2020	6,287,000
2019	6,031,000
2018	6,031,000
2017	5,070,000
2016	5,856,000
2015	5,789,000
2014	5,612,000
2013	5,491,063
2012	5,392,005
2011	6,093,362
2010	5,325,118
2009	4,212,000
2008	5,188,391
2007	5,260,597
2006	3,818,000
2005	3,794,000
2004	3,632,000
2003	3,646,000
2002	4,478,000
2001	4,434,200
2000	4,046,000

No single customer produces or is expected to produce over 5% of the District's revenues.

Water Rates

The Board last increased rates effective April 1, 2024. The following schedule of rates is the current rate schedule for the System and became effective April 1, 2024:

Residential Customers:

CODE R1	FIRST 2000 GALLONS	$27.05 MINIMUM
	ALL OVER 2000 GALLONS	$8.40 / THOUSAND

Wholesale Customers:

CODE W3	$2.67 THOUSAND (COLLINSVILLE)
CODE W4 & W9	$2.16 THOUSAND (CEDAR BLUFF 4 ACCOUNTS)
CODE W5 & W10	$2.06 THOUSAND (DUTTON CROSSVILLE)
CODE W7 & W11	$2.06 THOUSAND (COLLINSVILLE ON ROUTE 97)
CODE W13	$3.45 THOUSAND (SECTION)
CODE W14 & W15	$2.06 THOUSAND (ASBURY)
CODE W16	$2.21 THOUSAND (LYLERLY)
CODE W12	$2.06 THOUSAND (SARDIS) – 11/2023

Commercial Customers:

CODE WG1	FIRST 20,000 GALLONS	$107.56 MINIMUM
	OVER 20,000 GALLONS	$4.91 / THOUSAND

Government Customers:

CODE WG1	FIRST 20,000 GALLONS	$110.47 MINIMUM
	OVER 20.000 GALLONS	$3.07 / THOUSAND

Rate-Making Authority

The Board of Directors of the District has sole jurisdiction to set the rates for water service to the System's customers. These rates are not currently subject to regulation by any Federal, State of Alabama or similar agency, but are subject to judicial review as to reasonableness.

Regulatory Jurisdiction

The District is subject to the regulatory jurisdiction of the Alabama Department of Environmental Management with respect to water quality and approval of all plans for capital improvements to the System.

State Regulation of Water Use

The Alabama Water Resources Act (Chapter 10B of Title 9 of the Code of Alabama 1975; herein the "Act") establishes the Alabama Office of Water Resources, as a division of the Alabama Department of Economic and Community Affairs, and the Alabama Water Resources Commission (the "Commission"). The Commission, in consultation with the Office of Water Resources, has the authority under the Act to adopt rules and regulations governing declarations of beneficial use, and certificates of use, under the Act, with respect to the diversion, withdrawal or consumption of waters of the State of Alabama by any person, public or private. The Act provides that each public water system, such as the District, that regularly serves more than 10,000 households, and each person who diverts, withdraws, or consumes more than 100,000 gallons of water on any day, submit a declaration of beneficial use to, and receive a certificate of use with respect thereto from, the Office of Water Resources in accordance with the Act and the rules and regulations promulgated thereunder. The Act further provides that each holder of a certificate of use must file certain reports with the Office of Water Resources with respect to amounts of water diverted, withdrawn or consumed thereby.

The Office of Water Resources has the authority under the Act to conduct a critical use study of any area of the State of Alabama to determine if such area should be designated a capacity stress area. The Commission has the authority under the Act to designate such area a capacity stress area upon completion of such critical use study by the Office of Water Resources. A "capacity stress area" is an area of the State of Alabama with respect to which the Commission shall have determined that the use of the waters of the State of Alabama (whether ground, surface, or both) in such area requires coordination, management and regulation for the protection of the interests and rights of the people of the State of Alabama. The Commission has the authority under the Act to impose water use restrictions, which restrictions may limit or reduce the quantity of water available to a person holding a certificate of use, in a capacity stress area. Upon designation by the Commission of an area of the State of Alabama as a capacity stress area wherein the Commission shall have found the implementation of a water use restriction is necessary, the Commission shall initiate rule-making procedures, in accordance with applicable administrative law of the State of Alabama, to consider appropriate conditions or limitations applicable to all certificates of use within such area.

Reference is made to the Act, and all rules and regulations in effect with respect thereto, for the exact terms and provisions thereof.

The District will, in a timely manner, file all required declarations of beneficial use and all amendments thereto and all annual reports in connection therewith which may be required by any statute, rule or regulation with respect to the Commission or the Office of Water Resources or any other body regulating the withdrawal and sale of water in the State of Alabama and having jurisdiction over the District. The District will participate in all public hearings which may be held which might have the result of restricting the withdrawal or sale of water in the District's service area.

Personnel and Retirement System

The District presently employs 43 persons full time. The benefits and compensation for all employees of the District are established by the Board of Directors of the District. No employees of the District are represented by labor unions or similar employee organizations. The District does not bargain collectively with any labor union or employee organization and has never been subject to a work stoppage.

The employees of the District participate in a retirement system established by the Legislature of Alabama known as the Employees' Retirement System of Alabama (the "Retirement System"). Contributions to the Retirement System are made by both the employees and the District. The respective amounts of such contributions are established by the Legislature of Alabama. The District's obligations under the Retirement System are described more particularly in the audited financial statements of the District included in Appendix A to this Official Statement.

As detailed in the audited financial statements of the District included in Appendix A, as of September 30, 2023, the total pension liability for the District's obligations under the Retirement System was $7,851,468 and the plan fiduciary net position was $6,699,676, resulting in a net pension liability of $1,151,792.

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board issued Statement No. 45 ("GASB 45"), which is entitled Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. This Statement establishes standards for the measurement, recognition and presentation of post-employment benefits other than pension benefits ("OPEB") expenses/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplemental information in the financial reports of state and local governmental employers. GASB 45 is intended to improve the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB costs (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

The District has 1 current employee that, by virtue of a now discontinued benefit, have vested medical insurance coverage for retirees until the age of 65.

GENERAL INFORMATION ABOUT THE SERVICE AREA

The area served by the District is primarily agricultural. The majority of inhabitants reside in single family residences and farm a small amount of acreage or work in nearby commercial areas. A substantial percentage of the residents in the service area perform an outside job rather than relying on agriculture for their living. Many residents in the District's service area work in Fort Payne, Albertville, Centre, and other commercial and manufacturing centers of the area.

The following information about the counties in which the District has service area should not be construed as implying that the District serves all of any of the counties named (See "THE SYSTEM"), but is given as the only information of its type known to be available that pertains to the service area. The District presently has no customers in Jackson County.

Population

Year	Jackson County	DeKalb County	Marshall County	Cherokee County	Etowah County
2023 (est.)	53,467	72,569	100,756	25,666	103,241
2020	52,579	71,608	97,612	24,971	103,436
2010	53,227	71,109	93,019	25,989	104,430
2000	53,926	64,452	82,231	23,988	103,459
1990	47,796	54,651	70,832	19,543	99,840
1980	51,407	53,658	65,622	18,760	103,057
1970	39,202	41,981	54,211	15,606	94,144
1960	36,681	41,417	48,018	16,303	96,980

Source: U.S. Bureau of the Census

Average Unemployment

Year	Jackson County	DeKalb County	Marshall County	Cherokee County	Etowah County	State of Alabama	U.S.A.
2024*	3.2	3.0	2.6	2.8	3.7	3.2	4.5
2023	2.5	2.3	2.1	2.4	2.8	2.5	3.6
2022	2.4	2.3	2.0	2.3	3.0	2.5	3.6
2021	2.8	2.5	2.4	2.5	4.0	3.4	5.3
2020	5.8	4.9	4.6	5.1	8.3	6.4	8.1
2019	3.5	3.0	2.6	3.0	3.6	3.2	3.7
2018	4.1	3.8	3.4	3.6	4.1	3.9	3.9
2017	4.9	4.6	3.9	4.2	4.7	4.5	4.4
2016	6.3	6.1	5.3	5.1	5.9	5.9	4.9
2015	6.7	6.1	5.8	5.5	6.2	6.1	5.3
2014	7.2	6.8	6.6	5.8	7.0	6.7	6.2
2013	8.0	7.7	6.9	6.7	7.7	7.3	7.4
2012	8.8	9.3	8.0	8.2	8.5	8.2	8.1
2011	10.2	11.7	9.4	9.6	10.0	9.6	8.9
2010	11.6	12.4	9.5	10.5	10.8	10.4	9.6
2009	11.7	13.1	9.3	10.7	10.5	10.1	9.3
2008	6.4	6.0	4.9	5.9	6.2	5.8	5.8

Source: U.S. Department of Labor, Bureau of Labor Statistics
*Estimates as of July, 2024

Per Capita Personal Income*

Year	Jackson County	DeKalb County	Marshall County	Cherokee County	Etowah County	State of Alabama
2022	$43,275	$40,558	$45,892	$44,883	$42,951	$50,920
2021	43,061	40,068	45,298	44,622	42,571	50,054
2020	38,905	34,596	41,147	39,971	39,607	45,882
2019	36,974	32,891	37,683	37,831	37,278	43,004
2018	35,952	32,114	35,648	37,036	36,135	41,330
2017	34,707	30,965	34,556	35,473	35,134	39,975
2016	33,926	29,773	33,615	34,545	34,201	38,712
2015	33,351	30,370	34,050	34,626	33,706	38,197
2014	32,544	28,748	32,093	32,916	32,245	36,729
2013	31,690	27,835	31,076	31,421	31,154	35,713
2012	30,866	26,840	30,789	30,225	30,977	35,564
2011	30,281	25,826	29,648	29,046	30,626	34,887
2010	29,557	26,872	29,709	28,169	30,190	33,849
2009	28,685	25,922	28,984	27,312	29,085	32,717
2008	29,507	26,235	28,731	27,643	29,158	33,441

Source: U.S. Department of Commerce, Bureau of Economic Analysis
*State of Alabama: Last updated March 29, 2024 -- new statistics for 2023; revised statistics for 2020-2022.
*Counties: Last updated November 16, 2023 -- new statistics for 2022; revised statistics for 1979-2021.

Median Family Income

Year	Jackson County	DeKalb County	Marshall County	Cherokee County	Etowah[1] County	State of Alabama
2024*	$63,100	$58,200	$68,200	$67,300	$72,800	$82,500
2023	62,500	60,600	70,500	67,900	63,400	79,600
2022	58,700	61,000	65,500	61,700	59,700	73,600
2021	51,500	53,000	60,800	54,800	63,500	66,700
2020	50,600	51,000	54,000	53,400	65,000	65,300
2019	50,100	43,000	54,700	51,400	57,100	63,500
2018	47,900	45,900	52,700	47,900	54,100	60,200
2017	47,000	48,700	43,000	46,800	54,700	55,500
2016	48,600	49,500	50,700	47,200	51,200	55,500
2015	51,600	46,800	47,500	49,800	48,800	55,500
2014	48,500	42,600	48,100	49,100	46,900	54,100
2013	48,300	42,900	50,800	50,300	42,100	53,600
2012	48,000	44,000	51,300	50,600	47,600	55,400
2011	47,300	43,400	50,600	49,900	46,900	54,600
2010	47,900	45,700	49,000	48,000	47,600	54,100

Source: U.S. Department of Housing and Urban Development
*Estimates
[1] As of 2018, all Etowah County estimates apply to the Gadsden, AL MSA.

Major Employers

The following tables sets forth certain information with respect to the top employers in the Counties in the District's service area.

Jackson County Major Employers

Name of Employer	**Product**	**Approximate Number of Employees**
Highlands Medical Center	Medical Services	834
Maples Industries	Bath Rugs	800
Jackson County Board of Education	Public Schools	735
HTPG	Refrigeration Units	550
Lozier	Store Fixtures	444
WestRock	Corrugated Paperboard	416
Scottsboro Board of Education	Public School	320
Polymer Industries	Industrial Plastics	266
Engineered Floors	Hardwood Flooring	250
Sanoh America	Automotive Brake Lines	247

DeKalb County Major Employers

Name of Employer	**Product**	**Approximate Number of Employees**
DeKalb County School System	Education	1,119
The Children's Place	Distribution Center	1,000
Heil Company	Garbage Truck Bodies	1,000
JCG Foods of Alabama/Koch's (formerly Cagles)	Poultry Processing	750
Renfro Corporation	Hosiery	620
Moriroku Technology North America - Rainsville Plant	Injected Plastic Automotive Parts	550
DeKalb Regional Medical Center and phy. Center	Healthcare/Medical	540
PlayCore/GameTime	Playground & Park Equipment	440
Fort Payne City Board of Education	Education	436
GH Metal Solutions, Inc.	Plate/Steel Metal Fabrication	387

Marshall County Major Employers

Name of Employer	Product	Approximate Number of Employees
Marshall Medical Centers	Healthcare, Hospitals & Cancer Center	1,800
Pilgrim's Pride	Poultry Processing	1,614
Farm Fresh Foods	Poultry Processing	1,613
Marshall County Schools	Education	1,200
AlaTrade Foods	Poultry Processing	1,094
Wayne Farms	Poultry Processing	950
Tyson Foods, Inc.	Poultry Processing	927
Colormasters	Food Packaging	832
Wal-Mart (three locations)	Discount Retail Stores	750
TS Tech Alabama	Automotive Supplier	615

Cherokee County Major Employers

Name of Employer	Product	Approximate Number of Employees
Cherokee County Board of Education	Education	535
KTH Leesburg Products	Metal Framing	500
Cherokee County Health and Rehabilitation	Nursing Home/Assisted Living	275
Wal-Mart	Retail	255
Atrium Health Floyd Cherokee Medical Center	Hospital	170
Cherokee County Commission	Government	148
American Apparel	Military Outerwear	140
Parkdale	Cotton Yarn	113
Pemco	Porcelain & Enamel Frits	98
Dixie Green	Wholesale Greenhouse	47

Etowah County Major Employers

Name of Employer	Product	Approximate Number of Employees
Etowah County Board of Education	Education	1,062
Gadsden Regional Medical Center	Healthcare	1,024
Koch Foods	Agricultural/Food Production	1,000
Riverview Regional Medical Center	Healthcare	800
Wal-Mart (two locations)	Retail	750
Gadsden City School System	Education	690
Gadsden State Community College	Education	680
Tyson Foods	Agricultural/Food Production	512
City of Gadsden	Municipal	505
Fehrer Automotive	Automotive	440

Sources: Economic Development Partnership of Alabama; Jackson County Economic Development Authority; DeKalb County Economic Development Authority; Marshall County Economic Development Council; Cherokee County Industrial Development Authority; Gadsden-Etowah County Industrial Development Authority

2024 (July) Labor Force Estimates

	Jackson County	DeKalb County	Marshall County	Cherokee County	Etowah County	State of Alabama
Civilian Labor Force	23,811	31,835	47,436	12,103	39,935	2,352,138
Annual Employment	23,054	30,884	46,190	11,760	38,473	2,277,830

UNDERWRITER

Raymond James & Associates, Inc., Birmingham, Alabama (the "Underwriter"), has purchased the Series 2024 Bonds at a price of $_______________ (consisting of the $____________ par amount of the Series 2024 Bonds less underwriter's discount of $______________ and _____ original issue _____________ of $__________).

The initial public offering price for the Series 2024 Bonds may be changed by the Underwriter. The Underwriter may offer and sell the Series 2024 Bonds to certain dealers (including dealers depositing Series 2024 Bonds in investment trust) and other at prices lower than the public offering price set forth on the cover page of this Official Statement.

LEGAL MATTERS

The legality and validity of the Series 2024 Bonds will be approved by Bond Counsel, Maynard Nexsen, PC, Birmingham, Alabama. Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Series 2024 Bonds have been authorized to be issued, and rendering an opinion in conventional form as to the validity and legality of the Series 2024 Bonds and the exemption of interest thereon from federal and State of Alabama income taxes. Bond Counsel also served as Disclosure Counsel and assisted in the preparation of this Official Statement.

It is anticipated that Bond Counsel will render an opinion substantially in the form attached hereto as Appendix C. In connection with the rendering of such opinion, Bond Counsel is serving as counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by its counsel, Albert L. Shumaker, Esq., Centre Alabama.

The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

General

In the opinion of Bond Counsel, under existing law, interest on the Series 2024 Bonds will be excludable from gross income for federal income tax purposes if the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), that must be satisfied subsequent to the issuance of the Series 2024 Bonds in order that interest thereon be and remain excludable from gross income. Failure to comply with certain of such requirements could cause the interest on the Series 2024 Bonds to be included in gross income, retroactive to the date of issuance of the Series 2024 Bonds. The District has covenanted to comply with all such requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2024 Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Series 2024 Bonds may be taken into account for purposes of the alternative minimum tax imposed on applicable corporations pursuant to Section 55(b)(2) of the Internal Revenue Code, as amended by the Inflation Reduction Act of 2022.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 2024 Bonds other than the opinions expressed in the two preceding paragraphs. The form of Bond Counsel's opinion is expected to be substantially as set forth in Appendix C to this Official Statement.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2024 Bonds will be exempt from State of Alabama income taxation.

Original Issue Discount

[In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of a Series 2024 Bond, to the extent properly allocable to each owner of such Series 2024 Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2024 Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2024 Bonds of such maturity were sold.

Under Section 1288 of the Internal Revenue Code of 1986, as amended, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2024 Bond during any accrual period generally equals (i) the issue price of such Series 2024 Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2024 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2024 Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Series 2024 Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Series 2024 Bond will be treated as gain from the sale or exchange of such Series 2024 Bond.]

Premium

[An amount equal to the excess of the purchase price of a Series 2024 Bond over its stated redemption price at maturity constitutes premium on such Series 2024 Bond. A purchaser of a Series 2024 Bond must amortize any premium over such Series 2024 Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Series 2024 Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2024 Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2024 Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2024 Bonds.]

Collateral Tax Consequences

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state tax consequences of acquiring, carrying, owning, or disposing of the Series 2024 Bonds. Prospective purchasers of the Series 2024 Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2024 Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

BANK QUALIFICATION

The Series 2024 Bonds have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of paragraph (3) of subsection (b) of Section 265 of the Internal Revenue Code.

LITIGATION

There is not now pending any litigation restraining, enjoining, or in any manner questioning or affecting: the creation, organization or existence of the District; the title of the present members or officers of the District to their respective offices; the validity of the Series 2024 Bonds; the Indenture; the proceedings and District under which the Series 2024 Bonds are to be issued; the pledge of the Net System Revenues to the payment of the Series 2024 Bonds; or the use of the proceeds of the Series 2024 Bonds.

The District is not presently a party to, and has no knowledge of any threatened, litigation or investigations.

Recent court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama; however, Chapter 93 of Title 11 of the Code of Alabama (1975) now prescribes certain limits on the liability of local governmental units for bodily injury or death and for damage or loss of property. The limits are presently $100,000 in the case of bodily injury or death of one person in any single occurrence, $300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and $100,000 for damage or loss of property arising out of any single occurrence. The Alabama Supreme Court has held that the limitations prescribed by Chapter 93 are constitutional.

Local governmental units throughout the country increasingly have been subjected to lawsuits - many of which claim damages in large amounts - for alleged denials of civil rights under the provisions of Section 1983 of Title 42 of the United States Code. While the question is not free from doubt, it should be assumed that existing Alabama statutory limitations on liability for personal injury would not serve to limit liability under Section 1983.

RISK FACTORS

An investment in the Series 2024 Bonds involves certain risks which should be carefully considered by investors. Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Series 2024 Bonds are an appropriate investment for them.

Payments by the District; Net System Revenues

As described under the caption "SECURITY AND SOURCE OF PAYMENT," the Series 2024 Bonds issued under the Indenture are payable solely from the Net System Revenues to be derived by the District from the System, as pledged under the Indenture. The sufficiency of Net System Revenues to pay debt service on the Series 2024 Bonds may be affected by future events and conditions relating generally to, among other things, loss of sources of water, population trends and economic development in the service area of the District, including without limitation, casualties, litigation, federal and state environmental regulations and circumstances, the exact nature and extent of which are not presently determinable. The District can give no assurance that Net System Revenues will be sufficient to pay the principal of and interest on the Series 2024 Bonds and the other Bonds from time to time outstanding under the Indenture.

More stringent standards of water quality and testing to assure such standards are maintained than have heretofore been applicable may impose additional costs on the District in the treatment of water prior to its sale to customers and reduce the amount of revenues of the District available for debt service to the extent it is not able to pass those increased costs on to its customers through increases in its rates.

Only one of the District's wholesale water supply and none of the District's wholesale water purchase contracts is for a presently remaining term longer than or equal to the term of the Series 2024 Bonds, so there is no assurance that the District's water supply or income from sales will be maintained at a level sufficient to enable it to pay the principal of and interest on the Series 2024 Bonds and the other Bonds from time to time outstanding under the Indenture.

The District is not the only water supplier in the areas in which its wholesale customers are located and each of those customers is free to purchase water from other sources. The effect of any such purchases of water from sources competing with the District would be to reduce the District's ability to make such charges for water as might be required to enable it to pay the principal of and interest on Bonds outstanding under the Indenture.

The validity of contracts requiring public bodies such as the wholesale customers of the District to pay a guaranteed minimum amount per month or to take or pay for a guaranteed minimum quantity of water per month in the absence of express statutory authority has never been passed upon by the Supreme Court of Alabama. There is no such express statutory authority respecting the District's water sales contracts. In some other jurisdictions, such contracts have been approved and in some jurisdictions they have been held to be contrary to public policy or beyond the powers of the public body involved and hence unenforceable. Neither the District, its counsel, nor Bond Counsel can express any opinion on the enforceability of the minimum monthly requirements of water or minimum monthly payments for water required under any of the District's contracts pursuant to which it will supply water to other water systems.

The occurrence of natural disasters, including floods and tornadoes, might damage the District and the System's facilities, interrupt service to customers or otherwise impair the operation and ability of the District to produce revenues.

It should be realized that the ability of governmental bodies to obtain insurance protection is becoming increasingly difficult and expensive and that such insurance may not be commercially available to the District in the future.

Future Events

There can be no assurance that growth in the service area will materialize or continue over the period to the maturity of the Series 2024 Bonds. Adverse trends and shifts in the population in the service area of the System could adversely affect revenues. The sufficiency of revenues to pay debt service on the Series 2024 Bonds may also be affected by other political and economic developments in the service area in which the System operates, as well as by weather conditions within the service area, the nature and impact of which are not presently determinable.

Rate Increases

There can be no assurance that the past or future rate increases will not be contested. The effect of any rate litigation on revenues cannot be predicted with any certainty.

Enforceability of Remedies

The remedies available to the Trustee and the owners of the Series 2024 Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon regulatory and judicial actions and enforcement thereof may be limited or restricted by laws relating to bankruptcy and rights of creditors and by application of general principles of equity applicable to the availability of specific performance. Under existing law and judicial decisions, the remedies provided for under the Indenture may not be readily available, or may be limited, or may be substantially delayed in the event of litigation or statutory remedy procedures.

The Enabling Law and the Indenture provide that, upon the default, the System may not be sold and the Indenture may not be foreclosed.

Cybersecurity

Despite the implementation of network security measures by the District, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. State and local governments have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the District's ability to provide water services or to collect water revenues. Any breach or cyberattack that compromises data could result in negative press and substantial fines or penalties for violation of state privacy laws. Despite efforts of the District, no assurances can be given that the District's measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the District.

COVID-19 and Other Public Health Epidemics or Outbreaks

The outbreak of COVID-19, a respiratory disease caused by a novel strain of coronavirus, has been declared a pandemic by the World Health Organization. Since its discovery in late 2019, it has spread globally, including throughout the United States. In the United States, there has been a focus on containing COVID-19 by prohibiting non-essential travel and limiting person-to-person contact. Throughout 2020 and 2021, states and local governments issued "stay at home" and "shelter in place" orders, which limited businesses and activities to essential functions.

The extent to which the coronavirus or other public health epidemics or outbreaks impact the District's operations and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, the extent of future outbreaks, and the actions to contain the outbreaks. Such public health epidemics or outbreaks in the United States could have a material adverse effect on the District's operations and its financial condition, including a negative impact on the revenues available to the District to pay debt service on the Series 2024 Bonds.

Qualification of Legal Opinions

The various legal opinions to be delivered concurrently with delivery of the Series 2024 Bonds (1) will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally and (2) will express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

Future Legislation

Future legislation and regulations affecting publicly owned water works systems, including the grant of the right to condemn such systems or environmental factors, might adversely affect the System.

Secondary Market

If and when a Bondholder elects to sell a Series 2024 Bond prior to its maturity, there is no assurance that a market shall have been established, maintained and be in existence for the sale of such Series 2024 Bond subsequent to its issuance.

The United States Bankruptcy Code

Chapter 9 of the United States Bankruptcy Code permits municipal corporations, political subdivisions and public agencies or instrumentalities that are insolvent or unable to meet their debts to file petitions for relief in the federal bankruptcy courts if authorized by state law. Alabama law does not presently authorize the District to file such petitions for relief; however, no assurance can be given that the Alabama Legislature will not adopt a law granting such powers to public corporations, including the District. If enacted, any such law may specify procedural conditions precedent to the exercise of such powers. See "SECURITY AND SOURCE OF PAYMENT – United States Bankruptcy Code."

Tax-Exempt Status of Series 2024 Bonds

The tax status of the Series 2024 Bonds could be affected by post-issuance events. There are various requirements of the Internal Revenue Code of 1986, as amended, that must be observed or satisfied after the issuance of the Series 2024 Bonds in order for the Series 2024 Bonds to qualify for, and retain, tax-exempt status. These requirements include appropriate use of the proceeds of the Series 2024 Bonds, use of the facilities financed by the Series 2024 Bonds, investment of warrant proceeds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of the District.

The Internal Revenue Service conducts an audit program to examine compliance with the requirements regarding tax-exempt status. Under current IRS procedures, in the initial stages of an audit with respect to the Series 2024 Bonds, the District would be treated as the taxpayer, and the owners of the Series 2024 Bonds may have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2024 Bonds could adversely affect the market value and liquidity of the Series 2024 Bonds, even though no final determination about the tax-exempt status has been made. If an audit results in a final determination that the Series 2024 Bonds do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2024 Bonds.

In addition to post-issuance compliance, a change in law after the date of issuance of the Series 2024 Bonds could affect the tax-exempt status of the Series 2024 Bonds or the effect of investing in the Series 2024 Bonds. For example, the United States Congress could eliminate or limit the exemption for interest on the Series 2024 Bonds, or it could reduce or eliminate the federal income tax, or it could adopt a so-called flat tax. It cannot be predicted whether or in what form any such change in law may be enacted or whether, if enacted, any such change in law would apply to the Series 2024 Bonds.

The Indenture does not require the District to redeem the Series 2024 Bonds and does not provide for the payment of any additional interest or penalty if a determination is made that the Series 2024 Bonds do not comply with the existing requirements of the Internal Revenue Code of 1986, as amended, or if a subsequent change in law adversely affects the tax-exempt status of the Series 2024 Bonds or the effect of investing in the Series 2024 Bonds.

RATINGS

S&P Global Ratings, a division of S&P Global, Inc. ("S&P"), is expected to assign an insured rating with respect to the Series 2024 Bonds (as shown on the cover page), with the understanding that, upon delivery of the Series 2024 Bonds, a policy insuring the payment when due of the principal of and interest on the Series 2024 Bonds will be issued by the Insurer. S&P has also assigned an underlying rating to the Series 2024 Bonds (as shown on the cover page).

The insured rating on the Series 2024 Bonds reflects S&P's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. The underlying rating on the Series 2024 Bonds reflects S&P's current assessment of the creditworthiness of the District with respect to obligations secured by a pledge of the Net System Revenues of the District.

Any definitive explanation of the significance of any such rating may be obtained only from the rating agency. The District furnished to the rating agency the information contained in this Official Statement and certain other information respecting the District and the Series 2024 Bonds. Generally, rating agencies base their ratings on such materials and information, as well as on their own investigations, studies and assumptions.

The above ratings are not recommendations to buy, sell or hold the Series 2024 Bonds, and any such ratings may be subject to revision or withdrawal at any time by S&P. Any downward revision or withdrawal of any or all of such ratings may have an adverse effect on the market price of the affected Series 2024 Bonds. Except as may be required in connection with the obligations described under the heading "CONTINUING DISCLOSURE", neither the District nor the Underwriter has undertaken any responsibility either to bring to the attention of the Series 2024 Bondholders any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Series 2024 Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or any of its agencies, then such event could also adversely affect the ratings and market value of outstanding debt obligations, including the Series 2024 Bonds.

INDEPENDENT AUDITORS

The financial statements of the District included in Appendix A to this Official Statement have been examined by Pyron & Shirey CPA Consulting Group, P.C., Fort Payne, Alabama, independent certified public accountants, as stated in their report appearing herein as Appendix A to this Official Statement. Such financial statements speak only as of June 30, 2024 and have been included as a matter of public record. Pyron & Shirey CPA Consulting Group, P.C. (1) has not been engaged to perform, and has not performed, any procedures with respect to such financial statements since the date of its report on such financial statements and (2) has not performed any procedures relating to this Official Statement. The permission of Pyron & Shirey CPA Consulting Group, P.C. for the use herein of its report on such financial statements has not been sought.

CONTINUING DISCLOSURE

General

The District has covenanted for the benefit of the holders of the Series 2024 Bonds to provide the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") with (i) certain financial information and operating data relating to the District on an annual basis (the "Annual Financial Information") within 180 days after the end of its fiscal year and (ii) notices ("Material Event Notices") of the occurrence of the following events in a timely manner not in excess of 10 business days after the occurrence of the event:

1. A delinquency in payment of principal of or interest on the Series 2024 Bonds.

2. Non-payment related defaults under the proceedings of the District authorizing the Series 2024 Bonds, whether or not such defaults constitute an event of default thereunder, if material.

3. Unscheduled draws on any debt service reserve fund reflecting financial difficulties of the District.

4. Unscheduled draws on any credit enhancement or liquidity facility with respect to the Series 2024 Bonds reflecting financial difficulties of the District.

5. Substitution of a credit enhancer for the one originally described in the Official Statement (if any), or the failure of any credit enhancer respecting the Series 2024 Bonds to perform its obligations under the agreement between the District and such credit enhancer.

6. The existence of any adverse tax opinion with respect to the Series 2024 Bonds, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Series 2024 Bonds, or other material events affecting the tax status of the Series 2024 Bonds.

7. Any modification of the rights of the registered owners of the Series 2024 Bonds, if material.

8. Redemption of any of the Series 2024 Bonds prior to the stated maturity or mandatory redemption date thereof, if material, and tender offers with respect to the Series 2024 Bonds.

9. Defeasance of the lien of any of the Series 2024 Bonds or the occurrence of circumstances which, pursuant to such authorizing proceedings, would cause the Series 2024 Bonds, or any of them, to be no longer regarded as outstanding thereunder.

10. The release, substitution or sale of the property securing repayment of the Series 2024 Bonds, if material.

11. Any changes in published ratings affecting the Series 2024 Bonds.

12. Bankruptcy, insolvency, receivership or similar event of the District.

13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

In addition, the District has covenanted to provide in a timely manner to EMMA notice of the District's failure to provide the Annual Financial Information on or before the date specified herein.

The Annual Financial Information will include financial information and operating data relating to then current fiscal year of the District of the type found in this Official Statement under the following sections:

- "SECURITY AND SOURCE OF PAYMENT – General Financial Information and Summary of Revenues and Expenses";
- "SECURITY AND SOURCE OF PAYMENT – Determination of Historical Net Income";
- "THE SYSTEM – Storage Tank Capacity";
- "THE SYSTEM – Water Purchase Contracts";
- "THE SYSTEM – Number of Customers and Water Usage"; and
- "THE SYSTEM – Water Rates".

Any or all of the items listed above may be incorporated by reference from other documents, including, without limitation, the audited financial statements of the District and official statements of debt issues for which the District is an "obligated person" (as defined by Rule 15c2-12 of the Securities and Exchange Commission). In addition, the District will provide to EMMA, when and if available, audited financial statements prepared in accordance with accounting principles described in the audited financial statements included in this Official Statement as an appendix.

The District shall never be subject to money damages for its failure to comply with its obligations to provide the required information. The only remedy available to the holders of the Series 2024 Bonds for breach by the District of its obligations to provide the required information shall be the remedy of specific performance or mandamus against appropriate officials of the District. The failure by the District to provide the required information shall not be an event of default with respect to the Series 2024 Bonds under the Indenture. A failure by the District to comply with its obligations to provide the required information must be reported as described above and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Series 2024 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2024 Bonds and their market price.

No person other than the District shall have any liability or responsibility for compliance by the District with its obligations to provide information. The Trustee has not undertaken any responsibility with respect to any required reports, notices or disclosures.

The District retains the right to modify its obligations described above as long as such modification is done in a manner consistent with Rule 15c2-12 of the Securities and Exchange Commission.

Compliance with Prior Undertakings

Pursuant to the requirements of Rule 15c2-12, the District entered into a continuing disclosure agreement in connection with the issuance of each of the Outstanding Bonds (the "Continuing Disclosure Agreements").

Assured Guaranty Municipal Corp. ("AGM") has issued a bond insurance policy and a debt service reserve insurance policy with respect to each of the Outstanding Bonds. Effective as of August 1, 2024, AGM merged with and into its affiliate, Assured Guaranty Inc. ("AG"), with AG as the surviving corporation. AGM's bond insurance policies and debt service reserve insurance policies remain in full force and effect, and as the surviving corporation of the merger, AG has assumed, by operation of law, all of AGM's liabilities and obligations to policyholders. The insured ratings on District's Outstanding Bonds remain unchanged. The District did not timely file a notice with respect to the merger of AGM with and into AG as required by Rule 15c2-12 and the terms of the Continuing Disclosure Agreements. The District has now filed with EMMA a notice of such merger.

DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Series 2024 Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The information in this Official Statement has been obtained from sources which are considered dependable and which are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to the date of this Official Statement.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District.

The Series 2024 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement. Any representation to the contrary is a criminal offense. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended.

Any information or expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the District since the date hereof.

This Official Statement may contain forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the District's current beliefs, expectations, and assumptions regarding the future of the District's operations, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Forward-looking statements can be identified by words such as: "anticipate", "intend", "plan", "goal", "seek", "believe", "project", "estimate", "expect", "strategy", "future", "likely", "may", "should", "will", and similar references to future periods. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of the District's control. The District's actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, prospective investors should not place undue reliance on these forward-looking statements. Important factors that could cause the District's actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, population trends and political and economic developments that could adversely impact the collection of revenues. Any forward-looking statement made by the District in this Official Statement is based only on information currently available to the District and speaks only as of the date on which it is made. The District undertakes no obligation to publicly update any forward-looking statement whether as a result of new information, future developments, or otherwise.

In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Series 2024 Bonds offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time. The prices and other terms of the offering and sale of the Series 2024 Bonds may be changed from time to time by the Underwriter after the Series 2024 Bonds are released for sale, and the Series 2024 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers, without prior notice.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is being provided to prospective purchasers either in bound printed format or in electronic format. This Official Statement may be relied upon only if it is in its bound printed format or as printed in its entirety in such electronic format.

CERTIFICATE

This Official Statement has been approved and deemed “final” by the Board of Directors of the District within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

NORTHEAST ALABAMA WATER, SEWER AND FIRE PROTECTION DISTRICT

(200278556)

APPENDIX A

Audited Financial Statements of the
Northeast Alabama Water, Sewer and Fire Protection District
for the fiscal year ended June 30, 2024

Northeast Alabama Water, Sewer and Fire Protection District

SERVING

CHEROKEE, DEKALB, ETOWAH, JACKSON AND MARSHALL COUNTIES, ALABAMA

Financial Statements
June 30, 2024

2412 Beck Industrial Blvd.
PO Box 681359
Fort Payne, AL 35968
Phone: (256) 845-6186

Northeast Alabama Water, Sewer and Fire Protection District

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Members:
American Institute of Certified Public Accountants and Alabama Society of Certified Public Accountants

Board of Directors
Northeast Alabama Water, Sewer and Fire Protection District
Fort Payne, Alabama

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of Northeast Alabama Water, Sewer and Fire Protection District as of and for the years ended June 30, 2024, and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Alabama Water, Sewer and Fire Protection District as of June 30, 2024, and 2023, and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Northeast Alabama Water, Sewer and Fire Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the schedules of Pension Expense, Schedule of Changes in the Net Pension Liability, Schedule of Employer Contributions, Schedule of Collective Deferred Outflows and Inflows, and Summary of Amortization of Deferred Outflows and Inflows of Resources on pages 23-27 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northeast Alabama Water, Sewer and Fire Protection District basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pyron & Shirey CPA Consulting Group, P.C.

Fort Payne, Alabama
September 23, 2024

Pyron & Shirey CPA Consulting Group, PC

Northeast Alabama Water, Sewer and Fire Protection District
Statements of Net Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 8,442,603	$ 5,206,621
Investments	-	1,904,215
Accounts Receivable, *Net of Allowance for Uncollectible*		
Accounts of $33,000 for 2024 and $28,000 for 2023	935,205	892,621
Inventory	276,659	302,443
Accrued Interest Receivable	1,596	8,218
Prepaid Expenses	41,333	36,540
	9,697,396	8,350,658
Utility Plant, Net		
Assets not being depreciated	571,071	825,737
Assets being depreciated	37,140,244	36,328,700
	37,711,315	37,154,437
Other Assets		
Restricted Cash and Investments, at Cost which Approximates Market	1,524,523	1,480,505
Other Assets	10,669	10,669
	1,535,192	1,491,174
Total Assets	48,943,903	46,996,269
Deferred Outflows		
Deferred Outflows-Retirement Plan	555,581	1,127,990
Deferred Amount from Debt Refunding	1,724,845	1,856,264
	2,280,426	2,984,254
Total Assets and Deferred Outflows	$ 51,224,329	$ 49,980,523
LIABILITIES		
Current Liabilities		
Current Maturities of Long-Term Debt	$ 1,330,000	$ 1,285,000
Accounts Payable	170,897	103,965
Accrued Interest	108,327	113,280
Accrued Wages	52,564	-
Payroll Taxes Withheld and Payable	10,811	9,506
Retirement Payable	-	44
Customer Application Fees	40,000	40,000
Accrued Vacation Payable	247,810	221,180
	1,960,409	1,772,975
Noncurrent Liabilities		
Customer Deposits	1,236,660	1,192,425
Long-Term Debt, Less Current Maturities	23,503,319	24,908,287
Net Pension Liability	1,151,792	1,686,219
	25,891,771	27,786,931
Total Liabilities	27,852,180	29,559,906
Deferred Inflows		
Deferred Inflows-Retirement Plan	398,651	328,027
Net Position		
Invested in Capital Assets, net of Related Debt	12,877,996	10,961,150
Restricted for Debt Service	220,093	220,799
Restricted for Other	1,304,430	1,259,706
Unrestricted	8,570,979	7,650,935
Total Net Position	22,973,498	20,092,590
Total Liabilities, Deferred Inflows and Net Position	$ 51,224,329	$ 49,980,523

. See accompanying notes to financial statements

Northeast Alabama Water, Sewer and Fire Protection District
Statements of Revenue, Expenses and Changes in Net Position
June 30, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Metered Water Sales	$ 11,269,293	$ 10,301,997
Customer Installation Charges	353,935	352,729
Connection Fees	161,075	80,183
Collection Fees	5,600	1,418
Other Income	44,646	45,013
Total Operating Revenues	11,834,549	10,781,340
OPERATING EXPENSES	9,233,570	8,619,582
Operating Income	2,600,979	2,161,758
NONOPERATING REVENUES (EXPENSES)		
Interest Income	169,771	87,050
Increase(Decrease) in Fair Value of Investments	43,483	(29,426)
Gain on Redemption of Investments	3,302	19,371
Contributions in Aid of Construction	1,004,471	2,139,726
Grants from DeKalb County Water Authority	6,980	-
Gain on Sale of Equipment	9,665	21,111
Interest Expense	(957,743)	(998,658)
Total Nonoperating Revenues (Expenses)	279,929	1,239,174
INCREASE IN NET POSITION	2,880,908	3,400,932
NET POSITION - BEGINNING OF YEAR	20,092,590	16,691,658
NET POSITION - END OF YEAR	$ 22,973,498	$ 20,092,590

See accompanying notes to financial statements.

Northeast Alabama Water, Sewer and Fire Protection District
Statements of Cash Flows
June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$ 11,836,200	$ 10,735,015
Cash Paid to Suppliers and Employees	(7,171,662)	(6,990,444)
Net Cash Provided by Operating Activities	4,664,538	3,744,571
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Purchases of Property and Equipment	(2,385,820)	(3,764,773)
Proceeds from the Sale of Equipment	9,665	21,111
Principal Payments on Long-Term Debt	(1,285,000)	(1,250,000)
Contributions in Aid of Construction	1,004,471	2,139,726
Grants from DeKalb County Water Authority	6,980	-
Interest Payments on Long-Term Debt	(906,244)	(947,344)
Net Cash Used by Capital and Related Financing Activities	(3,555,948)	(3,801,280)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of US Obligations	1,951,000	950,000
Interest Received	176,392	87,250
Net Cash Provided by Investing Activities	2,127,392	1,037,250
INCREASE IN CASH	3,235,982	980,541
CASH AT BEGINNING OF YEAR	5,206,621	4,226,080
CASH AT END OF YEAR	$ 8,442,603	$ 5,206,621

RECONCILIATION OF CHANGES IN NET ASSETS TO CASH USED BY OPERATING ACTIVITIES		
Cash Flows from Operating Activities:		
Operating Income for the year	$ 2,600,979	$ 2,161,758
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,828,942	1,737,751
Bad Debts	61,076	33,490
Changes in Operating Assets and Liabilities:		
Restricted Cash	(44,018)	(54,725)
Accounts Receivable	(103,660)	(123,565)
Inventory	25,784	(51,473)
Prepaid Expenses	(4,793)	(298)
Accounts Payable	66,932	(77,957)
Accrued Vacation Payable	26,630	5,291
Accrued Wages	52,564	-
Payroll Taxes Withheld and Payable	1,305	653
Retirement Payable	(44)	(5,691)
Customer Deposits	44,235	43,750
Net Pension Liability	(534,427)	1,342,501
Changes in Deferred Outflows and Inflows		
Deferred Outflows-Retirement	572,409	(624,229)
Deferred Inflows-Retirement	70,624	(642,685)
	$ 4,664,538	$ 3,744,571

. See accompanying notes to financial statements

Northeast Alabama Water, Sewer and Fire Protection District
Notes to Financial Statements

Note 1 - Nature of Operations
Northeast Alabama Water, Sewer and Fire Protection District, (The District), was organized January 22, 1975 and operates as a public corporation under the provisions of Article 9, Chapter 50, Title 11 of the Code of Alabama, 1975, and is exempt from income taxes under applicable provision of the Internal Revenue Code and the Code of Alabama. The District provides water to a four-county area in Northeast Alabama.

Note 2 - Summary of Significant Accounting Policies
Basis of Financial Statement Presentation
The District utilizes the accrual basis of accounting for its financial statements in accordance with accounting standards of the United States of America.

The District adheres to GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* and has early adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a balance sheet, a statement of revenues and expenses and changes in net position and a statement of cash flows. It requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net position consists of constraints places on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through provisions or enabling legislation.
- *Unrestricted net assets* – This component of net position consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Statement 63 establishes standards for external financial reporting for deferred outflows of resources and deferred inflow of resources. It requires these items to be reported separately in a statement of financial position.

These elements are definite as follows:

- *Deferred outflows of resources* – a consumption of resources of net assets by the entity that is applicable to a future reporting period.
- *Deferred inflows of resources* – a acquisition of net assets by the government that is applicable to a future reporting period.

The District early adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*.

The District has classified its revenues as either operating or non-operating according to the following criteria:

- *Operating Revenues* – include activities that have the characteristics of exchange transactions such as sales and services of water.
- *Non-Operating Revenues* – include activities that have the characteristics of non-exchange transactions such as contributions and other revenue sources that are defined as non-operating revenues in accordance with GASB Statement No. 34 such as investment income and grants.

The District adopted GASB Statement No. 68. *Accounting and Financial Reporting for Pensions.* Under GASB 68, standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures were established. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project the benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Utility Plant
Utility plant is recorded at cost and depreciated on the straight-line method. Expenditures for maintenance and repairs are charged to expense as incurred. Additions and improvements that extend the life of an asset are capitalized. Interest costs incurred during the construction and expansion of the utility plant and system are charged to expense as incurred rather than capitalized.

Inventory and Prepaid Items
Inventory of material and supplies is valued using the average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Original Issue Discount/Premium
Original issue discount/premium is associated with several Water Revenue Series Bonds. It represents the difference between the face value of the bonds and the market price of the bonds at the date of issue. The discount/premium is being amortized using the straight-line method over the life of the respective bond issues.

Accounts Receivable
The District reports trade receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables, and once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against earnings.

Revenue Recognition
The District utilizes the accrual basis of accounting for its financial statements. Revenue recognition is based on monthly customer billings. Water revenue and the related cost of water produced are recognized when water is used by the ultimate consumer.

Investments
The District's cash and investments are reported at cost which approximates the fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* The District invests in government bonds, certificates of deposit, and short-term money market investments that are in accordance with investments allowed by the State of Alabama law for government entities. The District has no formal policy regarding custodial credit risk for investments.

Cash and Cash Equivalents
For purposes of the statement of cash flows, cash and cash equivalents are defined as cash in bank operating accounts, cash on hand, and all highly liquid debt instruments purchased with a maturity of three months or less.

Effective January 1, 2001, any depository of public funds must provide annual evidence of its continuing designation as a qualified public depository under the Security for Alabama Fund Enhancement Act (SAFE). The enactment of the SAFE program changed the way all Alabama public deposits are collateralized. In the past, the bank pledged collateral directly to each individual public entity. Under the mandatory SAFE program, each qualified public depository (QPD) is required to hold collateral for all its public deposits on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a loss due to QPD insolvency or default; a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss. As a result, the District believes its custodial risk related to cash and cash equivalents is remote.

Deferred Outflows/Inflows of Resources
In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has four items that qualifies for reporting in this category. It is contributions to the pension plan subsequent to the plan measurements date, pension plan differences between expected and actual experience, pension plan changes in assumptions, and deferred charges on refundings.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. It is the pension plan differences between expected and actual experience, and the pension plan net differences between projected and actual earnings on plan investments.

Concentration of Credit Risk
Financial instruments, which potentially subject the District to credit risk, consist principally of customer receivables from a rural three county area in Northeast Alabama.

Pensions
The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and actual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial Statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB).

Under these requirements the plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

Date of Management's Review
Management has evaluated subsequent events through September 23, 2024, the date on which the financial statements were available to be issued.

Note 3 - Investments
State statutes authorize the County to invest in (1) accounts and certificates of deposit with banks or savings associations that are qualified public depositories; (2) obligations of the U.S. Treasury and securities of federal agencies; (3) certain qualified obligations of any state and their agencies; (4) common trust funds, collective investment funds maintained by qualified institutions, or any registered mutual funds, all of which must have a prescribed amount of obligations meeting the requirements of items (1) – (3); and (5) repurchase agreements.

The District maintains a portfolio of intermediate maturity investments that are reported at fair value, based on quoted market prices. The District's fiscal agent or custodian provides the fair value of all intermediate maturity investments. As of June 30, 2024 and 2023, the District had the following investments:

	2024	2023
US Government Obligations	$ -	$ 1,904,215

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets.

As of June 30, 2024, the District's investments had the following maturities:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1-5	6-10	Thereafter
US Government Obligations	$ -	$ -	$ -	$ -	$ -

Credit Risk
Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain pre-refunded public obligations, such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state in which the District invests, that are rated in the highest rating category of Standard & Poor's and Moody's Investors Service, Inc. As of June 30, 2024, the County's investments in U.S. Government obligations were rated Aaa by Moody's.

Realized Gains and Losses
During 2024, the District had realize gains or losses from the sale of investments of $3,302. The calculation of realized gains is independent of the calculation of the net increase(decrease) in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments during 2024 was $43,483. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

Note 4 - Utility Plant

Utility plant activity for the year ended June 30, 2024, was as follows:

	Depreciable Lives	Beginning Balances	Additions/ Transfers	Deletions/ Transfers	Ending Balances
Capital assets not being depreciated					
Land and Land Rights		$ 196,891	$ -	$ -	$ 196,891
Construction in Progress		628,846	1,520,615	(1,775,281)	374,180
Total capital assets not being depreciated		825,737	1,520,615	(1,775,281)	571,071
Capital assets being depreciated					
Water Plant	5-40 Years	66,261,741	530,779	1,775,281	68,567,801
Furniture and Fixtures	5 - 7 Years	623,449	8,565	-	632,014
Lab Equipment	10 Years	46,015	-	-	46,015
Vehicles and Equipment	5 - 7 Years	2,065,649	325,861	(43,793)	2,347,717
Building	31 Years	856,960	-	-	856,960
Leasehold Improvements	12 Years	15,745	-	-	15,745
Total capital assets being depreciated		69,869,559	865,205	1,731,488	72,466,252
Less accumulated depreciation for:					
Water Plant		31,212,655	1,553,416	-	32,766,071
Furniture and Fixtures		541,195	14,486	-	555,681
Lab Equipment		46,015	-	-	46,015
Vehicles		1,227,085	238,168	(43,793)	1,421,460
Building		498,164	22,872	-	521,036
Leasehold Improvements		15,745	-	-	15,745
Total accumulated depreciation		33,540,859	1,828,942	(43,793)	35,326,008
Total capital assets being depreciated, net		$ 36,328,700	$ (963,737)	$ 1,775,281	$ 37,140,244
Total capital assets, net		$ 37,154,437	$ 556,878	$ -	$ 37,711,315

Utility plant activity for the year ended June 30, 2023, was as follows:

	Depreciable Lives	Beginning Balances	Additions/ Transfers	Deletions/ Transfers	Ending Balances
Capital assets not being depreciated					
Land and Land Rights		$ 196,891	$ -	$ -	$ 196,891
Construction in Progress		35,521	2,885,574	(2,292,249)	628,846
Total capital assets not being depreciated		232,412	2,885,574	(2,292,249)	825,737
Capital assets being depreciated					
Water Plant	5-40 Years	63,514,944	454,548	2,292,249	66,261,741
Furniture and Fixtures	5 - 7 Years	621,270	2,179	-	623,449
Lab Equipment	10 Years	46,015	-	-	46,015
Vehicles and Equipment	5 - 7 Years	1,743,761	422,473	(100,585)	2,065,649
Building	31 Years	856,960	-	-	856,960
Leasehold Improvements	12 Years	15,745	-	-	15,745
Total capital assets being depreciated		66,798,695	879,200	2,191,664	69,869,559
Less accumulated depreciation for:					
Water Plant		29,736,032	1,476,623	-	31,212,655
Furniture and Fixtures		527,567	13,628	-	541,195
Lab Equipment		45,670	345	-	46,015
Vehicles		1,103,709	223,961	(100,585)	1,227,085
Building		474,970	23,194	-	498,164
Leasehold Improvements		15,745	-	-	15,745
Total accumulated depreciation		31,903,693	1,737,751	(100,585)	33,540,859
Total capital assets being depreciated, net		$ 34,895,002	$ (858,551)	$ 2,292,249	$ 36,328,700
Total capital assets, net		$ 35,127,414	$ 2,027,023	$ -	$ 37,154,437

Depreciation expense for the years ended June 30, 2024 and 2023 was $1,828,942 and $1,737,751, respectively.

Note 5 - Restricted Cash and Investments

Restricted cash and investments consisted of the following as of June 30, 2024 and 2023:

	2024	2023
Restricted Cash - Security Deposits	$ 1,264,330	$ 1,219,606
Restricted Cash - Application Fees	40,100	40,100
Water Revenue Series 2014 Bond Fund	106,921	43,952
Water Revenue Series 2015 Bond Fund	42,058	39,810
Water Revenue Series 2016 Bond Fund	33,739	71,711
Water Revenue Series 2017 Bond Fund	16,782	19,170
Water Revenue Series 2019 Bond Fund	20,593	46,156
Total Restricted Cash and Investments	$ 1,524,523	$ 1,480,505

Certain assets of the District have been restricted for debt service and capital improvements.

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

The Water Revenue Series 2014 Construction and Bond Funds were created in accordance with the trust indenture from the issuance of the $6,135,000 Water Revenue Bond Series 2014. The District is required under the terms of the indenture to maintain these special trust funds until such bonds have been paid or surrendered for cancellation or until the entire indebtedness has been satisfied, including all principal, interest and premium.

The District was in compliance with all funding requirements of the Water Revenue Bond Series 2014 as of June 30, 2024.

The Water Revenue Series 2015 Construction and Bond Funds were created in accordance with the trust indenture from the issuance of the $5,655,000 Water Revenue Bond Series 2015. The District is required under the terms of the indenture to maintain these special trust funds until such bonds have been paid or surrendered for cancellation or until the entire indebtedness has been satisfied, including all principal, interest and premium.

The District was in compliance with all funding requirements of the Water Revenue Bond Series 2015 as of June 30, 2024.

The Water Revenue Series 2016 Bond Funds were created in accordance with the trust indenture from the issuance of the $9,995,000 Water Revenue Bond Series 2016. The District is required under the terms of the indenture to maintain these special trust funds until such bonds have been paid or surrendered for cancellation or until the entire indebtedness has been satisfied, including all principal, interest and premium.

The District was in compliance with all funding requirements of the Water Revenue Bond Series 2016 as of June 30, 2024.

The Water Revenue Series 2017 Bond Funds were created in accordance with the trust indenture from the issuance of the $5,160,000 Water Revenue Bond Series 2017. The District is required under the terms of the indenture to maintain these special trust funds until such bonds have been paid or surrendered for cancellation or until the entire indebtedness has been satisfied, including all principal, interest and premium.

The District was in compliance with all funding requirements of the Water Revenue Bond Series 2017 as of June 30, 2024.

The Water Revenue Series 2019 Bond Funds were created in accordance with the trust indenture from the issuance of the $6,405,000 Water Revenue Bond Series 2019. The District is required under the terms of the indenture to maintain these special trust funds until such bonds have been paid or surrendered for cancellation or until the entire indebtedness has been satisfied, including all principal, interest and premium.

The District was in compliance with all funding requirements of the Water Revenue Bond Series 2019 as of June 30, 2024.

The District has restricted cash for the use of covering the amount of customer deposits on hand and to cover the amount of application fees of customers not placed in service. The District was in compliance with these self-imposed restrictions as of June 30, 2024.

Note 6 - Long-Term Debt

Long-term debt consisted of the following on June 30, 2024:

Water Revenue Bond Series 2014 dated February 19, 2014. The Bonds will be paid in annual installments ranging from $65,000 to $925,000 maturing through May 2027. The Bonds bear interest from 2.00% to 4.00% payable in semi-annual installments.

Water Revenue Bond Series 2015 dated February 5, 2015. The Bonds will be paid in annual installments ranging from $225,000 to $400,000 maturing through May 2034. The Bonds bear interest from 2.00% to 4.00% payable in semi-annual installments.

Water Revenue Bond Series 2016 dated February 17, 2016. The Bonds will be paid in annual installments ranging from $55,000 to $1,080,000 maturing through May 2036. The Bonds bear interest from 2.00% to 4.00% payable in semi-annual installments.

Water Revenue Bond Series 2017 dated September 26, 2017. The Bonds will be paid in annual installments ranging from $15,000 to $1,065,000 maturing through May 2039. The Bonds bear interest from 2.00% to 4.00% payable in semi-annual installments.

Water Revenue Bond Series 2019 dated February 15, 2019. The Bonds will be paid in annual installments ranging from $40,000 to $705,000 maturing through May 2039. The Bonds bear interest from 2.50% to 4.00% payable in semi-annual installments

Changes in Long-Term Debt for the year ended June 30, 2024, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Water Revenue Bonds Series 2014	$ 3,540,000	$ -	$ (850,000)	$ 2,690,000
Water Revenue Bonds Series 2015	3,685,000	-	(280,000)	3,405,000
Water Revenue Bonds Series 2016	7,460,000	-	(100,000)	7,360,000
Water Revenue Bonds Series 2017	4,735,000	-	(20,000)	4,715,000
Water Revenue Bonds Series 2019	5,850,000	-	(35,000)	5,815,000
Total Long-Term Debt	$ 25,270,000	$ -	$ (1,285,000)	23,985,000
Less: Discounts				(67,166)
Add: Premiums				915,485
Less: Current Maturities				(1,330,000)
Long-Term Debt, Less Current Maturities				$ 23,503,319

Changes in Long-Term Debt for the year ended June 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Water Revenue Bonds Series 2014	$ 3,860,000	$ -	$ (320,000)	$ 3,540,000
Water Revenue Bonds Series 2015	3,955,000	-	(270,000)	3,685,000
Water Revenue Bonds Series 2016	7,860,000	-	(400,000)	7,460,000
Water Revenue Bonds Series 2017	4,755,000	-	(20,000)	4,735,000
Water Revenue Bonds Series 2019	6,090,000	-	(240,000)	5,850,000
Total Long-Term Debt	$ 26,520,000	$ -	$ (1,250,000)	25,270,000
Less: Discounts				(73,146)
Add: Premiums				996,433
Less: Current Maturities				(1,285,000)
Long-Term Debt, Less Current Maturities				$ 24,908,287

Debt Service requirements on long-term debt on June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest
2025	$ 1,330,000	$ 866,618
2026	1,370,000	825,619
2027	1,410,000	782,193
2028	1,465,000	730,707
2029	1,515,000	674,581
2030-2034	8,250,000	2,451,043
2035-2039	8,645,000	877,787
	$ 23,985,000	$ 7,208,548

Interest expense charged to operations for the year ended June 30, 2024 and 2023 was $957,743 and $998,658, respectively.

The District has pledged substantially all assets and operating income as collateral for the Water Revenue Bonds Series 2014, 2015, 2016, 2017, and 2019.

The District's annual income must be greater than 120% of the maximum annual debt service. As of June 30, 2024, the District's income was **172.46%** of the maximum annual debt service.

Note 7 - Employee Retirement Plan

General Information about the Pension Plan

Plan Description
The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 15 trustees as follows:

1) The Governor, ex officio.
2) The State Treasurer, ex officio.
3) The State Personnel Director, ex officio.
4) The State Director of Finance, ex officio.
5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
    a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
    b. Two vested active state employees.
    c. One full time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    d. One full time employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    e. One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    f. One full time employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits Provided
State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) 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. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, 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 ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

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 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

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

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132. A total of 608 employers adopted Act 2019-132 as of September 30, 2022.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, membership consisted of:

Retirees and beneficiaries currently receiving benefits	**30,598**
Terminated employees entitled to but not yet receiving benefits	**2,286**
Terminated employees not entitled to a benefit	**18,689**
Active Members	**57,278**
Post-DROP participants who are still in active service	**39**
	108,890

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS 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 ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended June 30, 2024, the District's active employee contribution rate was 5.00% percent of covered Tier 1 employee payroll and 7.50% of covered Tier 2 employee payroll, and the District's average contribution rate to fund the normal and accrued liability costs was 5.28%.

The District's contractually required contribution rate for the year ended June 30, 2024 was 6.88% of pensionable pay for Tier 1 employees, and 5.05% of pensionable pay for Tier 2 employees from July 2023 through September 2023 and 6.41% of pensionable pay for Tier 1 employees, and 4.67% of pensionable pay for Tier 2 employees from October 2023 through June 2024 . These required contribution rates are based upon the actuarial valuation dated September 30, 2021 and 2020, a percent of annual pensionable payroll, and 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 for the System were $138,702 and $144,729 for the years ended June 30, 2024, and 2023, respectively

Net Pension Liability

The District's net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022 rolled forward to September 30, 2023 using standard roll-forward techniques as shown in the following table.

	Expected	Actual Before Plan Changes	Actual After Plan Changes
Total Pension Liability			
as of September 30, 2022 (a)	$ 7,599,421	$ 7,376,954	$ 7,376,954
Discount Rate (b)	7.45%	7.45%	7.45%
Entry Age Normal Cost for			
October 1, 2022 - September 30, 2023 (c)	$ 197,674	$ 197,674	$ 197,674
Tranfer Amount Emloyers: (d)	$ -	$ 13,401	$ 13,401
Actual Benefit Payments and Refunds for			
October 1, 2022 - September 30, 2023 (e)	$ (275,868)	$ (275,868)	$ (275,868)
Total Pension Liability			
as of September 30, 2023			
[(a) x (1+(b))] +(c) +(d)+[(e)x(1+0.5*(b))]	$ 8,077,108	$ 7,851,468	$ 7,851,468
Difference between Expected and Actual Experenice (Gain)Loss		$ (225,640)	
Less Liability Transferred for Immediate Recognition		$ 13,401	
Difference between Expected and ActualExperience (Gain)/Loss		$ (239,041)	
Difference between Actual TPL Before and After Plan Changes -			
Benefit Change (Gain)Loss			$ -

Actuarial Assumptions

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

Inflation	**2.50%**
Projected Salary Increases	**3.25% - 6.00% for State and Local Employees and 4.00%-7.75% for State Police including inflation**
	7.45%, including inflation

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disable Retirees	General Disability	Male: +7, Female: +3	None

The actuarial assumptions used in the September 30, 2021, valuation was based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.0%	2.8%
US Large Stocks	32.0%	8.0%
US Mid Stocks	9.0%	10.0%
US Small Stocks	4.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash	5.0%	1.5%
Total	100.0%	

*Includes assumed rate of inflation of 2.00%

Discount Rate
The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. 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.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2022	$ 7,599,421	$ 5,913,202	$ 1,686,219
Changes for the year:			
Service Cost	197,674	-	197,674
Interest	555,881	-	555,881
Changes in benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	(239,041)	-	(239,041)
Contributions - Employer	-	136,340	(136,340)
Contributions - Employee	-	143,779	(143,779)
Net Investment Income	-	768,822	(768,822)
Benefit Payments, Including refunds of employee contributions	(275,868)	(275,868)	-
Administrative Expense	-	-	-
Transfers Among Employers	13,401	13,401	-
Net Changes	252,047	786,474	(534,427)
Balances at 9/30/2023	$ 7,851,468	$ 6,699,676	$ 1,151,792

Sensitivity to the Net Pension Liability to Changes in Discount Rate
The following table presents the District's net pension liability calculated using a discount rate of 7.45%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.45%) or 1-percentage-point Higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Plan's Net Pension Liability (Asset)	$ 2,083,106	$ 1,151,792	$ 362,363

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2023. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

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

For the year ended June 30, 2024 and 2023, the District recognized pension expense of $238,328,and $211,685, respectively. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 70,461	$ 398,561
Changes in Assumptions	130,662	-
Net differences between projected and actual earnings on pension plan investments	260,826	-
Employer contributions subsequent to the measurement date	93,632	-
	$ 555,581	$ 398,561

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30	
2025	$ 12,229
2026	518
2027	194,490
2028	(77,812)
2029	(22,033)
Thereafter	(44,094)

Note 8 – Risk Management

The District is exposed to various risks of torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for risks related to injuries to employees and for all other risks of loss, the District has purchased and excess coverage insurance policy covering individual claims. There has been no significant reduction in insurance coverage.

Northeast Alabama Water, Sewer and Fire Protection District

Required Supplementary Information

Northeast Alabama Water, Sewer and Fire Protection District
Pension Expense
June 30, 2024 and 2023

Measurement Date of September 30	2023	2022
Service Cost	$ 197,674	$ 179,979
Interest on the Total Pension Liability	555,881	521,520
Current-Period Benefit Changes	-	10,778
Expensed Porion of Current-Period Difference Between Expected and Actual Experience in the Total Pension Liability	(32,303)	3,762
Expensed Porion of Current-Period Changes of Assumptions	-	-
Member Contributions	(143,779)	(127,083)
Projected Earnings on Plan Investments	(441,191)	(505,261)
Expensed Portion of Current Period Differences Between Actual and Projected Earnings on Plan Investments	(65,526)	274,522
Transfer Among Employers	-	-
Recognition of Beginning Deferred Outflows of Resources as Pension Expense	303,686	115,125
Recognition of Beginning Deferred Iinflows of Resources as Penion Expense	(136,114)	(254,652)
Total Pension Expense	$ 238,328	$ 218,690

District Membership as of the Measurment Date of September 30	2023	2022
Inactive Members Or Their Beneficiaries Currentyly Receiving Benefits	14	12
Inactive Members Entitled to But Not Yet Receiving Benefits	-	-
Non-vested Inactive Members	2	1
Active Members	44	42
Total	60	55

See Independent Auditor's Report.

Northeast Alabama Water, Sewer and Fire Protection District
Schedule of Changes in the Net Pension Liability
Last 10 Fiscal Years Ending September 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ 197,674	$ 179,979	$ 153,853	$ 142,495	$ 133,778	$ 124,173	$ 134,020	$ 131,938	$ 129,952	$ 123,901
Interest	555,881	521,520	493,791	466,728	439,159	456,763	400,426	419,282	392,797	373,070
Change of Benefit Terms	-	10,778	-	66,184	-	-	-	-	-	-
Differences Betw een Expected and Actual Experience	(239,041)	27,463	(88,990)	(68,091)	73,380	(557,824)	482,147	(435,034)	34,767	-
Changes of Assumptions	-	-	209,290	-	-	31,094	-	59,739	-	-
Benefit Payments, Including Refunds of Employee Contributions	(275,868)	(253,921)	(329,566)	(267,413)	(247,275)	(241,843)	(293,661)	(215,243)	(237,664)	(263,100)
Transfer Among Employers	13,401	(13,621)	111,186	42,648	(30,929)	-	(21,917)	4,288	-	-
Net Change in Total Pension Liability	252,047	472,198	549,564	382,551	368,113	(187,637)	701,015	(35,030)	319,852	233,871
Total Pension Liability - Beginning	7,599,421	7,127,223	6,577,659	6,195,108	5,826,995	6,014,632	5,313,617	5,348,647	5,028,795	4,794,924
Total Pension Liability - Ending (a)	$ 7,851,468	$ 7,599,421	$ 7,127,223	$ 6,577,659	$ 6,195,108	$ 5,826,995	$ 6,014,632	$ 5,313,617	$ 5,348,647	$ 5,028,795
Plan Fiduciary Net Position										
Contributions - Employer	$ 136,340	$ 137,505	$ 132,032	$ 120,739	$ 146,720	$ 122,862	$ 146,354	$ 154,961	$ 137,529	$ 137,570
Contributions - Member	143,779	127,083	115,534	97,625	95,654	88,726	83,886	108,318	79,852	78,543
Net Investment Income	768,822	(867,349)	1,230,001	298,785	131,432	436,369	541,757	392,602	45,011	410,061
Benefit Payments, Including Refunds of Employee Contributions	(275,868)	(253,921)	(329,566)	(267,413)	(247,275)	(241,843)	(293,661)	(215,243)	(237,664)	(263,100)
Transfer Among Employers	13,401	(13,621)	111,186	42,648	(30,929)	-	(21,917)	4,288	-	-
Net Change in Plan Fiduciary Net Positio	786,474	(870,303)	1,259,187	292,384	95,602	406,114	456,419	444,926	24,728	363,074
Plan Net Position - Beginning	5,913,202	6,783,505	5,524,318	5,231,934	5,136,332	4,730,218	4,273,799	3,828,873	3,804,145	3,441,071
Plan Net Position Ending (b)	$ 6,699,676	$ 5,913,202	$ 6,783,505	$ 5,524,318	$ 5,231,934	$ 5,136,332	$ 4,730,218	$ 4,273,799	$ 3,828,873	$ 3,804,145
Net Pension Liability (asset) - Ending (a) - (b)	$ 1,151,792	$ 1,686,219	$ 343,718	$ 1,053,341	$ 963,174	$ 690,663	$ 1,284,414	$ 1,039,818	$ 1,519,774	$ 1,224,650
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.33%	77.81%	95.18%	83.99%	84.45%	88.15%	78.65%	80.43%	71.59%	75.65%
Covered Employee-Payroll	$ 2,393,124	$ 2,211,332	$ 2,026,997	$ 1,875,152	$ 1,839,833	$ 1,709,387	$ 1,587,887	$ 1,698,017	$ 1,580,615	$ 1,571,542
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	48.13%	76.25%	16.96%	56.17%	52.35%	40.40%	80.89%	61.24%	96.15%	77.93%

See Independent Auditor's Report.

Northeast Alabama Water, Sewer and Fire Protection District
Schedule of Employer Contributions
Last 10 Fiscal Years Ending June 30

	2023	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 129,722	$ 136,098	$ 132,664	$ 127,931	$ 126,337	$ 137,128	$ 122,820	$ 148,262	$ 151,005	$ 135,925
Contributions in Relation to the Actuarially Determined Contribution	129,722	136,098	132,664	127,931	126,337	137,128	122,820	148,262	151,005	135,925
Contribution Deficency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 2,426,992	$ 2,331,598	$ 2,130,261	$ 1,934,322	$ 1,830,803	$ 1,737,623	$ 1,745,407	$ 1,801,168	$ 1,762,135	$ 1,670,868
Contributions as a Percentage of Covered-Employee Payroll	5.34%	5.84%	6.23%	6.61%	6.90%	7.89%	7.04%	8.23%	8.57%	8.13%

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in w hich contributions are reported.
Contributions for fiscal year 2024 w ere based on the September 30, 2021 and 2020 actuarial valuation.

Methods and assumptiosn used to dtermine contribution rates:

Actuarial Cost Method	Entry Age
Amortizaion Method	Level Percent Closed
Remaining Amortizaion Period	17.3 Years
Asset Valuarion Method	Five Year Smoothed Market
Inflation	2.50%
Salary Increases	3.25 - 6.00%, Including Inflation
Investment Rate of Return	7.45%, net of pension plan investment expense, including inflation

See Independent Auditor's Report.

Northeast Alabama Water, Sewer and Fire Protection District
Collective Deferred Outflows and Inflows
June 30, 2024

Differences in Investment Experience

Year	Initial Balance of Losses/ Deferred Outflow	Initial Balance of Gains/ Deferred Inflow	Amortization Period	Beginning Balance		Losses/ Deferred Outflows (c)	Gains/ Deferred Inflows (d)	Amount Recognized in Pension Expense/ Deferred Outflow (e)	Amount Recognized in Pension Expense/ Deferred Inflow (f)	Ending Balance	
				Deferred Outflows (a)	Deferred Inflows (b)					Deferred Outflows (a)+(c)-(e)	Deferred Inflows (b)+(d)-(f)
2023	$ -	$ 327,631	5	$ -	$ -	$ -	$ 327,631	$ -	$ 65,526	$ -	$ 262,105
2022	$ 1,372,610	$ -	5	$ 1,098,088	$ -	$ -	$ -	$ 274,522	$ -	$ 823,566	$ -
2021	$ -	$ 803,505	5	$ -	$ 482,103	$ -	$ -	$ -	$ 160,701	$ -	$ 321,402
2020	$ 103,827	$ -	5	$ 41,532	$ -	$ -	$ -	$ 20,765	$ -	$ 20,767	$ -
2019	$ 262,686	$ -	5	$ 52,538	$ -	$ -	$ -	$ 52,538	$ -	$ -	$ -
				$ 1,192,158	$ 482,103	$ -	$ 327,631			$ 844,333	$ 583,507
						Net difference between projected and actual earnings on investments				$ 260,826	$ -

Differences in Expected and Actual Experience

Year	Initial Balance of Losses/ Deferred Outflow	Initial Balance of Gains/ Deferred Inflow	Amortization Period	Beginning Balance		Losses/ Deferred Outflows (c)	Gains/ Deferred Inflows (d)	Amount Recognized in Pension Expense/ Deferred Outflow (e)	Amount Recognized in Pension Expense/ Deferred Inflow (f)	Ending Balance	
				Deferred Outflows (a)	Deferred Inflows (b)					Deferred Outflows (a)+(c)-(e)	Deferred Inflows (b)+(d)-(f)
2023	$ -	$ 239,041	7.4	$ -	$ -	$ -	$ 239,041	$ -	$ 32,303	$ -	$ 206,738
2022	$ 27,463	$ -	7.3	$ 23,701	$ -	$ -	$ -	$ 3,762	$ -	$ 19,939	$ -
2021	$ -	$ 88,990	7.4	$ -	$ 64,938	$ -	$ -	$ -	$ 12,026	$ -	$ 52,912
2020	$ -	$ 68,091	6.7	$ -	$ 37,602	$ -	$ -	$ -	$ 10,163	$ -	$ 27,439
2019	$ 73,380	$ -	7.5	$ 34,244	$ -	$ -	$ -	$ 9,784	$ -	$ 24,460	$ -
2018	$ -	$ 557,824	7.5	$ -	$ 185,939	$ -	$ -	$ -	$ 74,377	$ -	$ 111,562
2017	$ 482,147	$ -	7.4	$ 91,217	$ -	$ -	$ -	$ 65,155	$ -	$ 26,062	$ -
2016	$ -	$ 435,034	7.7	$ -	$ 39,548	$ -	$ -	$ -	$ 39,548	$ -	$ -
				$ 149,162	$ 328,027	$ -	$ 239,041			$ 70,461	$ 398,651

Differences from Assumption Changes

Year	Initial Balance of Losses/ Deferred Outflow	Initial Balance of Gains/ Deferred Inflow	Amortization Period	Beginning Balance		Losses/ Deferred Outflows (c)	Gains/ Deferred Inflows (d)	Amount Recognized in Pension Expense/ Deferred Outflow (e)	Amount Recognized in Pension Expense/ Deferred Inflow (f)	Ending Balance	
				Deferred Outflows (a)	Deferred Inflows (b)					Deferred Outflows (a)+(c)-(e)	Deferred Inflows (b)+(d)-(f)
2023	$ -	$ -	7.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2022	$ -	$ -	7.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2021	$ 209,290	$ -	7.4	$ 152,726	$ -	$ -	$ -	$ 28,282	$ -	$ 124,444	$ -
2020	$ -	$ -	6.7	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2019	$ -	$ -	7.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2018	$ 31,094	$ -	7.5	$ 10,364	$ -	$ -	$ -	$ 4,146	$ -	$ 6,218	$ -
2017	$ -	$ -	7.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2016	$ 59,739	$ -	7.7	$ 5,433	$ -	$ -	$ -	$ 5,433	$ -	$ -	$ -
				$ 168,523	$ -	$ -	$ -			$ 130,662	$ -

See Independent Auditor's Report.

Northeast Alabama Water, Sewer and Fire Protection District
Summary of Deferred Outflows and Inflows of Resources
June 30, 2024

Amortization	Actual and Expected Experience									Investment Gains/Losses				
Year	2017	2018	2019	2020	2021	2022	2023	2018	2021	2020	2021	2022	2023	Total
2025	$ 26,062	$ (74,377)	$ 9,784	$ (10,163)	$ (12,026)	$ 3,762	$ (32,303)	$ 4,146	$ 28,282	$ 20,767	$ (160,701)	$ 274,522	$ (65,526)	$ 12,229
2026	-	(37,185)	9,784	(10,163)	(12,026)	3,762	(32,303)	2,072	28,282	-	(160,701)	274,522	(65,526)	518
2027	-	-	4,892	(7,113)	(12,026)	3,762	(32,303)	-	28,282	-	-	274,522	(65,526)	194,490
2028	-				(12,026)	3,762	(32,303)	-	28,282	-	-	-	(65,527)	(77,812)
2029	-	-	-	-	(4,808)	3,762	(32,303)		11,316	-	-	-	-	(22,033)
Thereafter	-	-	-	-	-	1,129	(45,223)	-	-	-	-	-	-	(44,094)
	$ 26,062	$ (111,562)	$ 24,460	$ (27,439)	$ (52,912)	$ 19,939	$ (206,738)	$ 6,218	$ 124,444	$ 20,767	$ (321,402)	$ 823,566	$ (262,105)	$ 63,298

See Independent Auditor's Report.

Northeast Alabama Water, Sewer and Fire Protection District

Supplementary Information

Northeast Alabama Water, Sewer and Fire Protection District
Directory of Officials
June 30, 2024

BOARD OF DIRECTORS

Larry McCallie	Chairman
Keith Swisher	Vice-Chairman
D.L. Powell	Member
Wayne Clanton	Member
James May	Member
Gary Williamson	Member

OFFICERS AND MANAGERS

Johnny Jordan	Manager Secretary/Treasurer

See Independent Auditor's Report.

Northeast Alabama Water, Sewer and Fire Protection District
Schedules of Operating Expenses
June 30, 2024 and 2023

	2024	2023
OPERATING EXPENSES		
Salaries and Wages	$ 2,680,712	$ 2,524,488
Depreciation	1,828,942	1,737,751
Water Purchased	1,121,904	1,005,102
Group Insurance	758,963	727,288
High Point Plant Expense	339,873	309,617
Pump Station Expense	310,519	316,477
Monsanto Plant Expense	295,339	294,492
Retirement Expenses	238,328	211,685
Waterloo Springs Plant Expense	231,826	233,440
Repairs and Maintenance - Service	204,537	177,507
Payroll Taxes	201,348	190,249
Gas and Oil	177,041	173,082
Contract Services-Billing Statements	166,300	153,057
Insurance	121,705	123,075
Auto Expenses	95,029	65,358
Bad Debts	61,076	33,490
Water Testing	43,026	42,106
Professional Fees	42,363	30,896
Repairs and Maintenance	33,521	20,950
Telephone	28,839	22,887
Outside Services	27,051	30,715
Repairs and Maintenance - Office	24,646	20,557
Uniforms	24,591	20,063
Office Expense	23,457	40,327
Contract Labor	22,502	-
Shop Supplies	21,969	19,096
Consulting Fees	19,744	20,936
Other	16,895	8,177
Travel	15,141	14,351
Directors Fees	14,400	14,400
Bank Service Charges	13,633	13,685
Utilities	12,834	10,892
Retirement Expenses-Admin/Pre-Retirement Death Benefits	8,980	8,631
Employee Welfare	3,406	2,139
Postage	3,130	2,616
	$ 9,233,570	$ 8,619,582

See Independent Auditor's Report.

Northeast Alabama Water, Sewer and Fire Protection District
Debt Service Requirements to Maturity
June 30, 2024

For the Year Ending June 30	Water Revenue Bonds Series 2014 (2.00% - 4.00%)		Water Revenue Bonds Series 2015 (2.00% - 4.00%)		Water Revenue Bonds Series 2016 (2.00% - 4.00%)		Water Revenue Bonds Series 2017 (2.00% - 4.00%)		Water Revenue Bonds Series 2019 (2.00% - 4.00%)		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 865,000	$ 90,850	$ 290,000	$ 126,800	$ 115,000	$ 274,381	$ 20,000	$ 154,975	$ 40,000	$ 219,612	$ 1,330,000	$ 866,618
2026	900,000	64,900	300,000	116,650	110,000	270,931	20,000	154,525	40,000	218,613	1,370,000	825,619
2027	925,000	37,000	310,000	106,150	115,000	267,356	20,000	154,075	40,000	217,612	1,410,000	782,193
2028	-	-	320,000	96,850	1,080,000	263,619	20,000	153,625	45,000	216,613	1,465,000	730,707
2029	-	-	330,000	85,650	940,000	220,419	20,000	153,025	225,000	215,487	1,515,000	674,581
2030	-	-	350,000	72,450	990,000	182,819	20,000	152,425	235,000	206,487	1,595,000	614,181
2031	-	-	350,000	60,200	775,000	143,219	20,000	151,825	245,000	197,088	1,390,000	552,332
2032	-	-	370,000	46,200	250,000	111,131	20,000	151,225	540,000	189,737	1,180,000	498,293
2033	-	-	385,000	31,400	805,000	78,931	25,000	150,625	560,000	168,138	1,775,000	429,094
2034	-	-	400,000	16,000	835,000	45,531	490,000	149,875	585,000	145,737	2,310,000	357,143
2035	-	-	-	-	400,000	29,531	935,000	130,275	605,000	122,338	1,940,000	282,144
2036	-	-	-	-	945,000	29,531	10,000	102,225	625,000	102,675	1,580,000	234,431
2037	-	-	-	-	-	-	1,000,000	101,912	650,000	77,675	1,650,000	179,587
2038	-	-	-	-	-	-	1,030,000	70,663	675,000	51,675	1,705,000	122,338
2039	-	-	-	-	-	-	1,065,000	34,612	705,000	24,675	1,770,000	59,287
	$ 2,690,000	$ 192,750	$ 3,405,000	$ 758,350	$ 7,360,000	$ 1,917,399	$ 4,715,000	$ 1,965,887	$ 5,815,000	$ 2,374,162	$ 23,985,000	$ 7,208,548

See Independent Auditor's Report.

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APPENDIX B

Summary of the Indenture

SUMMARY OF THE INDENTURE

A brief description of the Indenture is included in this portion of the Official Statement. This summary does not purport to be comprehensive or definitive; all references herein to the Indenture are qualified in their entirety by reference to the instrument itself; and all references to the Series 2024 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Indenture and the supplement thereto authorizing the Series 2024 Bonds.

Definition of Certain Terms

The following definitions of certain terms used in this summary supplement the terms elsewhere defined in this Official Statement.

"**Additional Bonds**" shall mean one or more series of Additional Bonds issued pursuant to the Indenture.

"**Annual Net Income**" means, with respect to any Fiscal Year, the total revenues derived from the operation of the System during a Fiscal Year, including investment income permitted to be paid into the Bond Fund or the Revenue Fund, less the total of the Operating Expenses during such Fiscal Year.

"**Annual Net Debt Service Requirement**" means the amount of principal and interest maturing with respect to the then outstanding Bonds in such Fiscal Year; provided that the principal amount of any Bonds subject to a mandatory redemption requirement during such Fiscal Year shall, for purposes of this definition, be considered as maturing in the Fiscal Year during which such redemption is required and not in the Fiscal Year in which their stated maturity occurs; and provided further, that for purposes of this definition, Bonds that are deemed paid under the provisions of the Indenture shall not be deemed to be outstanding.

"**Bond**" shall mean any Bond authenticated and delivered pursuant to the Indenture.

"**Bond Fund**" shall mean the fund by that name established pursuant to the Indenture consisting of an Interest Account and a Principal Account (which shall also serve as a Sinking Fund Account).

"**Bonds**" means the Outstanding Bonds, the Series 2024 Bonds and Additional Bonds of all series from time to time hereafter issued under the Indenture.

"**Capital Improvements**" shall mean repairs, replacements, equipment, improvements, extensions and additions to the System, and all interests in real property necessary therefor, that are properly chargeable to fixed capital account.

"**Counsel**" shall mean an attorney who is duly licensed to practice before the Supreme Court of Alabama.

"**District**" means Northeast Alabama Water, Sewer and Fire Protection District, a public corporation organized under the laws of the State of Alabama, until a successor corporation shall have become such pursuant to the applicable provisions of the Indenture, and thereafter "District" shall mean such successor corporation.

"**Engineer**" shall mean a person engaged in the profession of engineering, having a favorable reputation for skill and experience in the construction and operation of water systems, who is registered in the State of Alabama and who may be employed full time by the District.

"**Federal Securities**" shall mean (a) direct obligations of the United States of America, and (b) obligations of certain federal agencies which represent the full faith and credit of the United States of America.

"**Fiscal Year**" shall mean the fiscal year of the District, as established from time to time by requisite corporate action (presently July 1 through the then next succeeding June 30).

"**Independent Auditor**" means a certified public accountant (or a firm thereof) regularly engaged in the auditing of financial records and not employed full time by the District, or an auditor who is regularly employed by the State Examiner of Public Accounts.

"**Operating Expenses**" means for the applicable periods, the reasonable and necessary expenses of efficiently and economically administering and operating the System and in maintaining it in good repair and operating condition (but not including depreciation, tax equivalent payments, interest on any securities payable from revenues of the System, and payments into any of the special funds created in the Indenture or any expenses properly chargeable to fixed capital account).

"**Operation Fund**" shall mean the fund by that name established under the Indenture.

"**Outstanding Bonds**" refers to all series of bonds issued and outstanding pursuant to the Indenture which have not been defeased and/or retired and deemed outstanding thereunder.

"**Qualified Surety Bond**" shall mean a surety bond which is unconditional and irrevocable and which is issued by an insurance company rated on the date of issuance in at least an "A" rating category by S&P or Moody's Investors Service, Inc.

"**Replacement Fund**" shall mean the fund by that name established under the Indenture.

"**Reserve Funds**" shall mean collectively the respective reserve funds established under the Indenture for the Bonds.

"**Revenue Fund**" shall mean the fund by that name established under the Indenture.

"**Secured Deposits**" means interest-bearing bank certificates of deposit secured at all times by Federal Securities not less in market value (taking account of any accrued interest thereon) than the principal of and the then accrued interest on the certificates of deposit secured thereby.

"**Sinking Fund**" shall mean the fund by that name established under the Indenture.

"**System**" shall mean the District's water distribution system and fire protection facilities as from time to time constituted, including all plants, systems, facilities or properties used or useful in or having the present capacity for future use in connection with the production, supply or distribution of water.

Additional Bonds

The District may at any time and from time to time, if no event of default exists under the Indenture, issue Additional Bonds for any lawful purpose within the limitations of and upon compliance with the provisions of the Indenture.

Among the documents required for the issuance of such Bonds are the item or items required by any of the following paragraphs (1), (2), (3) or (4):

(1) A certificate by an Independent Auditor certifying that the Annual Net Income during the Fiscal Year next preceding the date of issuance of such Additional Bonds then proposed to be issued was not less than 120% of the maximum Annual Net Debt Service Requirement during the then current or any then succeeding Fiscal Year with respect to the Bonds that will be outstanding immediately following the issuance of the then proposed Additional Bonds; or

(2) A resolution or resolutions adopted and effective after the commencement of the Fiscal Year next preceding the issuance of the then proposed Additional Bonds, establishing and placing in effect no later than the date of issuance of the proposed Additional Bonds a revised schedule of rates for water furnished from the System, accompanied by a certificate of an Engineer stating that if the revised schedule of rates set forth in the said resolution or resolutions had been in effect throughout the Fiscal Year next preceding the date of issuance of the Additional Bonds then proposed to be issued, then Annual Net Income during such Fiscal Year would have been not less than 120% of the maximum Annual Net Debt Service Requirement during the then current or any then succeeding Fiscal Year with respect to the Bonds that will be outstanding immediately following the issuance of the then proposed Additional Bonds; provided, that each such certificate of an Engineer shall be accompanied by and shall recite that it is based, inter alia, upon an examination by the said Engineer of a certificate of an Independent Auditor certifying the amount of the

Annual Net Income, as determined above, during the Fiscal Year next preceding the date of issuance of the then proposed Additional Bonds; or

(3) A certificate by an Engineer as to the amount of additional Annual Net Income to be received, as a result of the acquisition or construction of proposed Capital Improvements during the Fiscal Year immediately following the estimated date of completion or of acquisition of such Capital Improvements (taking into account not only any increase in revenues as a result of such acquisition but also any increase in water rates and Operating Expenses); provided, that such certificate shall only include the amount of additional Annual Net Income to be received as a result of the acquisition by the District of (i) existing water facilities or (ii) Capital Improvements undertaken for the purpose of extending service to potential customers, and on the basis of such certificate, an Independent Auditor certifies that the Annual Net Income during the Fiscal Year next succeeding the completion of the acquisition or construction of such capital improvements (assuming that such Annual Net Income will include only 75% of the additional amount of Annual Net Income so certified by such Engineer) will be not less than 120% of the maximum Annual Net Debt Service Requirement during the then current or any then succeeding Fiscal Year with respect to the Bonds that will be outstanding immediately following the issuance of the then proposed Additional Bonds; or

(4) If the Additional Bonds are being issued for the purpose of refunding all or a portion of one or more series of Bonds, a certificate by an Independent Auditor stating that the maximum Annual Net Debt Service Requirement immediately after the issuance of such Additional Bonds (excluding debt service on the Bonds to be refunded) will not be greater than the maximum Annual Net Debt Service Requirement immediately prior to the issuance of such Additional Bonds.

Flow of Funds

The Indenture establishes the following funds for the collection and distribution of System revenues:

Revenue Fund. All income and revenues from the System will be deposited as received in the Revenue Fund. The District will apply money on deposit in the Revenue Account during each calendar month as follows:

First Deposit in the Operation Fund an amount equal to the Operating Expenses estimated in the budget to be incurred during the then next succeeding calendar month.

Second Deposit in the Bond Fund the amounts required by the Indenture.

Third Deposit in the Reserve Funds the amount required by the Indenture.

Fourth Deposit in the Replacement Fund the amount required by the Indenture.

Bond Fund - Principal and Interest Accounts. The District shall transfer from the Revenue Fund to the Interest Account of the Bond Fund each month one-sixth ($1/6^{th}$) of the interest coming due on the Bonds on the next ensuing interest payment date and to the Principal Account of the Bond Fund one-twelfth ($1/12^{th}$) of the principal maturing, or subject to mandatory redemption, on the Bonds on the next succeeding principal payment or mandatory redemption date. Money in the Principal and Interest Accounts of the Bond Fund is to be applied solely for the payment of the principal of and interest on the Bonds when and as due and payable.

Reserve Fund. The Indenture establishes a special trust fund, solely for the benefit of the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds, which shall be designated the "Reserve Fund". The Trustee shall be the depository, custodian and disbursing agent for the Reserve Fund. The amount required to be accumulated and maintained in the Reserve Fund is an amount equal to the maximum Annual Net Debt Service Requirement for the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds. Such amount shall consist of either (i) cash and/or securities invested as provided herein; (ii) a Qualified Surety Bond or Bonds; or (iii) a combination of cash and/or securities and a Qualified Surety Bond or Bonds; provided that such amounts on deposit in the Reserve Fund shall at all times equal the maximum Annual Net Debt Service Requirement for the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-

A Bonds and the Series 2014 Bonds. The District, in its discretion, may at any time, substitute a Qualified Surety Bond for the moneys and/or securities on deposit in the Reserve Fund.

If at any time the amount in the Reserve Fund is less than the maximum Annual Net Debt Service Requirement for the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds, Surplus Revenues shall be transferred, in accordance with the terms of the Indenture, as supplemented, each month to the Reserve Fund until the amount on deposit in such Fund shall again equal the maximum Annual Net Debt Service Requirement for the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds.

All moneys transferred to the Reserve Fund shall be applied:

First: To the pro-rata reimbursement of all amounts advanced under any Qualified Surety Bond or Bonds then held as part of the Reserve Fund.

Second: To the reimbursement of all cash amounts, if any, drawn from the Reserve Fund.

Third: To the pro-rata payment of interest on all amounts advanced under the Qualified Surety Bond or Bonds then held as part of the Reserve Fund.

The money on deposit in the Reserve Fund shall be used to pay interest coming due on the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds on any interest payment date, or to pay the principal of the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds as it comes due, whether at maturity or by mandatory redemption, but only in the event that, at the time of any interest payment date, principal maturity date or mandatory redemption date, the money then held in the Bond Fund for the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds shall be insufficient for such purpose; provided, however, that if at any time the amount on deposit in the Reserve Fund exceeds the maximum Annual Net Debt Service Requirement for the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds, the Trustee shall withdraw the amount of such excess and deposit the same in the Bond Fund, solely for the account and benefit of the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds.

In the event there is on deposit in the Reserve Fund cash and a Qualified Surety Bond or Bonds, the Trustee shall use all cash in the Reserve Fund for the purposes thereof before any demand is made on any Qualified Surety Bond, and the Trustee shall make all demands on any Qualified Surety Bond or Bonds pro-rata on the basis of (i) the respective amounts available to be drawn under all of said surety bonds and (ii) the amount then to be paid from the Reserve Fund.

The Trustee shall comply with all terms of any Qualified Surety Bond and shall deliver any demand for payment under any Qualified Surety Bond at least three days prior to the date on which funds are required thereunder. The Trustee shall maintain accurate records of the amount or amounts available to be drawn at any time under all Qualified Surety Bonds and of the amounts owed to the applicable issuers thereof.

The Reserve Fund shall be held, invested, secured and applied as provided in the Indenture. Income and profits received from the investment of funds on deposit in the Reserve Fund shall be applied, as provided in the Indenture, solely for the account and benefit of the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds.

No Bonds (including, without limitation, any Additional Bonds) other than the Series 2024 Bonds, the Series 2019 Bonds, the Series 2017 Bonds, the Series 2016-A Bonds, the Series 2015-A Bonds and the Series 2014 Bonds shall ever be entitled to any payment from, or benefit of, any amounts on deposit in, or credited to, or as proceeds of a Qualified Surety Bond on deposit in, the Reserve Fund.

Replacement Fund. On or before the last day of each month, the District shall transfer from the Revenue Fund into the Replacement Fund such amount as it determines may be desirable for the purposes of the Replacement

Fund. The moneys in the Replacement Fund shall be used upon the order of the District solely for the payment of the reasonable cost of Capital Improvements as shall have been approved in advance by the District, or for payment of principal of or interest on the Bonds if there are no moneys in the Bond Fund or the Reserve Fund, to prevent a default, but no amount is required to be kept on deposit for such purpose.

Surplus Revenues. Any revenues remaining in the Revenue Fund on the last business day of each calendar month after making the aforesaid payments into the Bond Fund, the Reserve Funds, and the Replacement Fund, and after funding any deficiency therein, shall be deemed "surplus revenues". Such surplus revenues shall be released to the District and used for any lawful purpose.

Sinking Fund. The District shall transfer from the Construction Fund to the Sinking Fund any moneys which remain on deposit in the Construction Fund and which represent the proceeds from the sale of facilities which have been on deposit in the Construction Fund for twelve months (See "Sale of Facilities" hereinafter). Moneys on deposit in the Sinking Fund shall be used to the extent possible only for the redemption of Bonds (which Bonds shall be selected by random selection by the Trustee) on the earliest date on which Bonds can be called for redemption pursuant to the Indenture, whether or not such redemption shall be at a premium, without any action on the part of the District. Moneys on deposit in the Sinking Fund shall be invested at such rate of return as will not cause any of the Bonds to be "arbitrage bonds," as defined in the Code.

Depositories for Special Funds

The Trustee is designated in the Indenture as depository and custodian for the Bond Fund, the Reserve Funds and the Sinking Fund. The depository and custodian for the Revenue Fund, the Operation Fund and the Replacement Fund may be any banking institution designated by the District that is qualified to do business in the State of Alabama and which is a member of the Federal Deposit Insurance Corporation.

Investment of Money in Special Funds

Money in the Revenue Fund, the Operation Fund, the Bond Fund, the Reserve Funds, the Replacement Fund and the Sinking Fund shall be secured as provided in the Indenture and may be invested at the direction of the District solely in Federal Securities and/or Secured Deposits; provided that investments of a Reserve Fund for any series of Bonds shall mature not later than seven years after the date the investment is made. All income derived from the investment of money on deposit in any such fund shall remain in the fund where earned; provided that so long as the balance in a Reserve Fund for any series of Bonds is equal to the amount required therefor, any income derived from the investment of such Reserve Fund shall be transferred to the Interest Account of the Bond Fund for the account of the series of Bonds for which such Reserve Fund was established.

Particular Covenants of the District

The Indenture will contain, among others, the following covenants of the District:

Maintenance of Books and Records; Annual Audits. The District will maintain complete books and records respecting the operation of the System and will cause such books and records to be audited annually by an Independent Auditor, whose report is required to be furnished to the Trustee and to the registered owner of any of the Bonds who makes a request in writing therefor to the District.

No Free Service. The District will not furnish or permit to be furnished by or from the System any free service of any kind. All services furnished from the System will be charged for at the rates at the times established therefor.

Maintenance of Rates. The District will make and maintain such rates and charges for the water services supplied by the System as shall produce amounts sufficient to pay all Operating Expenses when due and to produce Annual Net Income at least 1.20 times the maximum Annual Net Debt Service Requirement and 1.0 times the amount required to be paid into the Reserve Funds.

Priority of Pledge. The pledge of the Net System Revenues made by the Indenture shall be prior and superior to any pledge thereof thereafter made for the benefit of any securities issued or any contract made by the District, other than any Additional Bonds.

Merger, Consolidation and Transfer of Assets. The District may consolidate with or merge into any public or municipal corporation or transfer the System as an entirety to another public or municipal corporation; provided (a) such corporation has the power to operate the System, (b) the property or income of such other public or municipal corporation is not subject to taxation, (c) upon any such consolidation, merger or transfer, the due and punctual payment of the principal of and interest on the Bonds and the observance of the agreements of the Indenture are expressly assumed in writing by the corporation formed by such consolidation or into which such merger shall be made or to which the System shall be transferred as an entirety, and (d) that such consolidation, merger or transfer shall not cause or result in any lien or charge being affixed to or imposed on or becoming a lien or charge on the revenues from the System that will be prior to or on a parity with the pledge made for the benefit of the Bonds or in the interest income on the Bonds becoming subject to Federal or Alabama income taxation to which they were not theretofore subject. The District shall have the right to dispose of property that has become worn-out, obsolete or unneeded in the operation of the System, provided that any worn-out or obsolete (but not unneeded) property is replaced with other property which is of equal utility in the operation of the System and which is subject to no encumbrances, liens or charges prior to the pledge made in the Indenture.

Inspection of System by Trustee and Bondholders. The District will permit the Trustee and the Bondholders to inspect the System and the books and records of the District.

Sale of Facilities. The District shall have the right to sell any facilities of the System located within the limits of any municipality, should such municipality or the water system operating therein wish to acquire such facilities, at a price equal to the then fair market value of such facilities, to be determined as the time of sale (taking into account, among other things, the revenues generated and expected to be generated therefrom) by a certified public accountant or a registered engineer selected by the Trustee. The proceeds of any such sale shall be paid into the Construction Fund and applied to payment of the costs of Capital Improvements to the System within twelve months of the date of receipt of such moneys by the District, and any such moneys remaining on deposit in the Construction Fund twelve months after such date shall be paid into the Sinking Fund and applied to the redemption of Bonds according to their terms.

Insurance

The District will take out and continuously maintain in effect insurance with respect to the System against such risks as are customarily insured against by water systems similar in size and character to the System, to the extent said insurance is reasonably obtainable in the opinion of the District. The proceeds of such insurance shall be applied as provided in the Indenture.

Default and Remedies

A default results under the Indenture from (a) the failure by the District to pay, when due, the principal of, premium (if any) or interest on any Bond; (b) the failure by the District to perform any of its other agreements under the Indenture if, after 30 days' written notice to it of such failure, it has not remedied such default; or (c) the dissolution or liquidation of the District, the appointment of a receiver for the District, and other similar events of bankruptcy or insolvency specified in the Indenture.

The Indenture provides that the Trustee is empowered, upon a default, to accelerate, and shall, upon written request of the owners of not less than twenty percent (20%) of the Bonds, accelerate, the maturity of all of the Bonds then outstanding and to institute legal and equitable proceedings to enforce and protect the rights of the Bondholders. The Enabling Law provides that no mortgage or deed of trust shall be subject to foreclosure, and the Indenture provides that it shall be construed in conformity with such provisions of the Enabling Law.

The Trustee and the Bondholders may not, upon a default, sell the System or any part thereof.

Remedies are vested in the Trustee, not the Bondholders, except under limited circumstances stated in the Indenture.

Amendment of the Indenture

The Indenture permits the District and the Trustee, without the consent of any bondholder, to enter into supplemental indentures to add further covenants and agreements on the part of the District, cure ambiguities, defects or inconsistent provisions, to subject additional security and property to the lien of the Indenture, or to provide for the issuance of Additional Bonds. The Indenture also permits the District and the Trustee to enter into supplemental indentures, with the consent of the registered owners of not less than two-thirds in principal amount of the Bonds then outstanding for any other amendments of the Indenture, except that, without the consent of the registered owner of each Bond affected, the District and the Trustee may not enter into any supplemental indenture that has the effect of (a) reducing the principal amount of, rate of interest on, or premium (if any) payable upon the redemption of, any Bond; (b) extending the maturity of any installment of principal or interest on any Bond or making any change in any schedule of mandatory bond redemptions; (c) creating a charge on the trust estate prior to or on a parity (except for Additional Bonds) with the lien of the Indenture; (d) establishing preferences or priorities between Bonds; or (e) reducing the aggregate principal amount of Bonds the registered owners of which are required to consent to such supplemental indenture.

Defeasance; Satisfaction of Indenture

Whenever the entire indebtedness and all Bonds secured by the Indenture shall have been fully paid, the Trustee shall cancel and discharge the lien of the Indenture and shall execute and deliver to the District proper instruments acknowledging satisfaction of and discharging the Indenture. For purposes of the Indenture, any of the Bonds shall be deemed to have been paid when there shall have been irrevocably deposited with the Trustee for payment thereof the entire amount (principal, interest and premium, if any) due or to become due thereon until and at maturity, and further, any of the Bonds shall also be deemed to have been paid when the District shall have deposited with the Trustee (i) cash fully secured by the Federal Deposit Insurance Corporation, sufficient to make such payment, (ii) Federal Securities described in clause (a) of the definition thereof in this Summary which are not subject to redemption prior to their respective maturities at the option of the issuer and which, if the principal thereof and the interest thereon are paid to their respective maturities, will produce funds sufficient to provide for payment and retirement of such Bonds, or (iii) both such insured cash and such Federal Securities which together will produce funds sufficient for such purpose.

The Trustee

Conditions to Acceptance of Trust. The Indenture contains broad exculpatory clauses in favor of the Trustee.

Resignation and Removal of Trustee. The Trustee may resign and be discharged from the trusts of the Indenture upon written notice specifying the effective date of such resignation, such notice to be given to the District, and each registered bondholder and published one time in a daily newspaper published in the City of Birmingham, Alabama. The Trustee may be removed by written instrument signed by the registered owners of a majority in principal amount of the Bonds then outstanding.

Appointment of Successor Trustee. If the Trustee resigns, is removed or becomes otherwise incapable of serving, a successor may be appointed by written instrument signed by the registered owners of a majority in aggregate principal amount of the Bonds then outstanding, and in the interim by an instrument executed by the District, such interim Trustee to be immediately superseded by one appointed by the owners of the Bonds.

Communications With Bondholders. Nothing in the Indenture requires the Trustee to communicate to any holder of any of the Bonds any information which comes to the attention of the Trustee, whether by receipt of audits, budgets, or otherwise.

Concerning Bond Insurance for the Series 2024 Bonds

In the event that, on the second Business Day, and again on the Business Day, prior to any interest payment date or principal payment date, the Trustee has not received sufficient monies to pay all principal of and interest on the Series 2024 Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegram, confirmed in writing by registered or certified mail, of the amount of the deficiency.

If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Insurer or its designee.

In addition, if the Trustee has notice that any holder has been required to disgorge payments of principal or interest on the Series 2024 Bonds to a trustee in bankruptcy or creditors of others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Holder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Series 2024 Bonds as follows:

(1) If and to the extent there is a deficiency in amounts required to pay interest on the Series 2024 Bonds, the Trustee shall (a) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent for such holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and that are paid by the Insurer, (b) receive as designee of the respective holders (and not as Trustee) in accordance with the tenor of the Policy payment from the Insurer with respect to the claims for interest so assigned, and (c) disburse the same to such respective holders; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the Series 2024 Bonds, the Trustee shall (a) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent for such holder in any legal proceeding related to the payment of such principal and an assignment to the Insurer of the Series 2024 Bonds surrendered to the Insurer in an amount equal to the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurer is received), (b) receive as designee of the respective holders (and not as Trustee) in accordance with the tenor of the Policy payment therefore from the Insurer, and (c) disburse the same to such holders.

Payments with respect to claims for interest on and principal of Series 2024 Bonds disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the District with respect to such Series 2024 Bonds, and the Insurer shall become the owner of such unpaid Series 2024 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

Irrespective of whether any such assignment is executed and delivered, the District and the Trustee agree for the benefit of the Insurer that:

(1) They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Series 2024 Bonds, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the District, with interest thereon as provided and solely from the sources stated in this Resolution and the Series 2024 Bonds; and

(2) They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Resolution and the Series 2024 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 2024 Bonds to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

Copies of any amendments made to the documents executed in connection with the issuance of the Series 2024 Bonds which are consented to by the Insurer shall be sent to S&P Global Ratings, a division of S&P Global, Inc.

The Insurer shall receive notice of the resignation or removal of the Trustee and the appointment of a successor thereto.

The Insurer shall receive copies of all notices required to be delivered to holders and, on an annual basis, copies of the District's audited financial statements and annual budget.

Any notice that is required to be given to a holder of the Series 2024 Bonds or to the Trustee pursuant to the Indenture shall also be provided to the Insurer.

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APPENDIX C

Proposed Opinion of Bond Counsel

[Closing Date]

Holders of the Series 2024 Bonds
referred to below

Re: $5,720,000* Water Revenue Bonds, Series 2024, of Northeast Alabama Water, Sewer and Fire Protection District

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the above-referenced bonds (the "Series 2024 Bonds") by Northeast Alabama Water, Sewer and Fire Protection District, a public corporation existing under the laws of the State of Alabama (the "District"), including particularly Article 1 of Chapter 89 of Title 11 of the CODE OF ALABAMA 1975, as amended (the "Enabling Law").

The Series 2024 Bonds are being issued pursuant to a Trust Indenture dated as of May 1, 1988, as heretofore amended and supplemented and as further supplemented by a Supplemental Trust Indenture dated as of November 1, 2024 (collectively, the "Indenture") between the District and The Bank of New York Mellon Trust Company, National Association, as trustee (the "Trustee").

Pursuant to the Indenture, the District has heretofore issued its (i) Water Revenue Bonds, Series 2014, which are outstanding in the aggregate principal amount of $2,690,000 (the "Series 2014 Bonds"), (ii) Water Revenue Bonds, Series 2015-A, which are outstanding in the aggregate principal amount of $3,405,000 (the "Series 2015-A Bonds"), (iii) Water Revenue Bonds, Series 2016-A, which are outstanding in the aggregate principal amount of $7,360,000 (the "Series 2016-A Bonds"), (iv) Water Revenue Bonds, Series 2017, which are outstanding in the aggregate principal amount of $4,715,000 (the "Series 2017 Bonds"), and Water Revenue Bonds, Series 2019, which are outstanding in the aggregate principal amount of $5,815,000 (the "Series 2019 Bonds"). Additional bonds ("Additional Bonds") may be issued pursuant to the Indenture, secured on a parity of lien with the Series 2014 Bonds, the Series 2015-A Bonds, the Series 2016-A Bonds, the Series 2017 Bonds, the Series 2019 Bonds and the Series 2024 Bonds, subject to the terms and conditions set forth in the Indenture.

The District owns and operates a water supply and distribution system (the "System"). The Series 2024 Bonds are limited obligations of the District payable solely out of the revenues from the System remaining after payment of the reasonable and necessary expenses of maintaining and operating the System (the "Net System Revenues"). Pursuant to the Indenture, the District has assigned and pledged the Net System Revenues to the Trustee as security for the payment of the Series 2014 Bonds, the Series 2015-A Bonds, the Series 2016-A Bonds, the Series 2017 Bonds, the Series 2019 Bonds, the Series 2024 Bonds, and any Additional Bonds hereafter issued under the Indenture.

We have examined an executed counterpart of the Indenture and such certificates, proceedings, proofs and documents as we have deemed necessary in connection with the opinions hereinafter set forth. As to various questions of fact material to our opinion, we have relied upon the representations made in the Indenture and upon certificates of certain public officials and officers of the District and the Trustee.

Based on the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that:

1. The District is validly existing as a public corporation under the Enabling Law.

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* Preliminary; subject to change.

2. The District has corporate power and authority to enter into and perform its obligations under the Indenture and to issue and deliver the Series 2024 Bonds. The execution, delivery and performance by the District of its obligations under the Indenture and the issuance and delivery of the Series 2024 Bonds have been duly authorized by all requisite corporate action, and the Series 2024 Bonds have been duly executed and delivered by the District.

3. The Series 2024 Bonds constitute valid and binding special obligations of the District, payable solely out of the Net System Revenues.

4. The Indenture constitutes a valid and binding obligation of the District and is enforceable against the District in accordance with the terms thereof.

5. The Indenture creates a valid pledge and assignment of the Net System Revenues for the security of the Series 2024 Bonds on a parity with the Series 2014 Bonds, the Series 2015-A Bonds, the Series 2016-A Bonds, the Series 2017 Bonds, the Series 2019 Bonds and any Additional Bonds hereafter issued under the Indenture.

6. Interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2024 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds.

7. Interest on the Series 2024 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Series 2024 Bonds may be taken into account for purposes of the alternative minimum tax imposed on applicable corporations pursuant to Section 55(b)(2) of the Internal Revenue Code, as amended by the Inflation Reduction Act of 2022.

8. Interest on the Series 2024 Bonds is exempt from State of Alabama income taxation.

We express no opinion regarding any federal or state tax consequences of acquiring, carrying, owning, or disposing of the Series 2024 Bonds, other than the opinions expressed in paragraphs 6, 7 and 8 above. Owners of the Series 2024 Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2024 Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

The rights of the holders of the Series 2024 Bonds and the enforceability of the Series 2024 Bonds and the Indenture may be limited by (1) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2024 Bonds.

This opinion is rendered solely for your benefit. It is not to be relied upon by any other person or for any other purpose. This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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Faithfully yours,

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APPENDIX D

Book-Entry Only System

The information *contained in this section concerning The Depository Trust Company and its book-entry only system has been obtained from materials furnished by The Depository Trust Company to the District. The District and the Underwriter do not make any representation or warranty as to the accuracy or completeness of such information.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024 Bond certificate will be issued for each maturity of the Series 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment

the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents governing the terms of the Series 2024 Bonds. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided to them directly.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the District as soon as possible after the record date. The "Omnibus Proxy" assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the "Omnibus Proxy").

Principal, premium and interest payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon receipt of funds and corresponding detail information, in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of Direct Participants and Indirect Participants and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium (if any) and interest to Cede & Co. (or such other DTC nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the District and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2024 Bonds are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2024 Bonds will be printed and delivered to DTC.

The District, the Trustee and the Underwriter cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2024 Bonds (1) payments of principal, redemption price or interest on the Series 2024 Bonds; (2) certificates representing **an ownership interest or other confirmation of beneficial ownership interests in Series 2024 Bonds; or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2024 Bonds, or that they will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the United States Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with DTC participants are on file with DTC.**

Neither the District, the Trustee nor the Underwriter will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Series 2024 Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the **payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series 2024 Bonds; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to holders of the Series 2024 Bonds; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2024 Bonds; or (6) any consent given or other action taken by DTC as a holder of the Series 2024 Bonds.**

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APPENDIX E

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By ______________________________

Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500 (8/24)