PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 6, 2025

Ratings:
S&P: AA (AG insured)
S&P: A+ (underlying)
See "RATINGS" herein.

NEW ISSUE – BOOK-ENTRY ONLY (DTC)

In the opinion of Bond Counsel, assuming compliance by the Board with certain covenants set forth in the Authorizing Resolution herein referred to with respect to certain conditions imposed by Section 103 of the Internal Revenue Code of 1986, as amended, the interest on the Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes. However, see "TAX MATTERS" herein for certain other federal tax consequences to the recipients of the interest on the Warrants. Bond Counsel is of the further opinion that, under existing statutes, the interest on the Warrants will be exempt from Alabama income taxation.

$64,835,000*
WALKER COUNTY BOARD OF EDUCATION
Special Tax School Warrants
Series 2025

Dated: Date of Delivery **Due: March 1, as shown on the inside cover hereof**

SEE INSIDE COVER FOR AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIPS

The Walker County Board of Education (the "Board") will issue its Special Tax School Warrants, Series 2025 (the "Warrants"), pursuant to the terms of a resolution of the Board to be adopted prior to the date of issuance of the Warrants for the purpose of providing funds for capital improvements to public school facilities under the jurisdiction and control of the Board, providing a municipal bond insurance policy for the Warrants and paying the costs of issuing the Warrants.

The Warrants will be initially issued as fully registered warrants, in book-entry form, registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Warrants. Individual purchases of beneficial interests in the Warrants will be made through DTC's Book-Entry System. Purchasers of beneficial interests in the Warrants will not receive certificates representing their interests in the Warrants. So long as Cede & Co. is the registered owner of the Warrants, payments of principal of and interest on the Warrants will be paid through the facilities of DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the purchasers of beneficial interests in the Warrants is the responsibility of DTC Participants. See "THE WARRANTS – Book-Entry Only System" herein. The Warrants will bear interest payable on September 1, 2025, and semiannually thereafter on each March 1 and September 1.

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

ASSURED GUARANTY

The Warrants will be payable, as to both principal and interest, solely out of, and secured by a pledge of, the Pledged Tax Proceeds to which reference is hereinafter made. The Warrants are not general obligations of the Board. The Warrants are not obligations of Walker County, Alabama. See "SECURITY AND SOURCE OF PAYMENT" herein.

Certain of the Warrants are subject to redemption prior to their stated maturities. See "THE WARRANTS – Redemption Provisions" herein.

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

The Warrants are offered when, as, and if received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of the validity thereof by Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel, and certain other conditions. It is expected that the Warrants will be available for delivery through the facilities of DTC on or about ____________, 2025.

RAYMOND JAMES®

Dated: _______________, 2025

* Preliminary; subject to change.

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIPS

$64,835,000*
Special Tax School Warrants
Series 2025

Year of Maturity (March 1)	Principal Amount*	Interest Rate	Yield	CUSIP(1)
2030	$835,000			
2031	875,000			
2032	920,000			
2033	965,000			
2034	1,015,000			
2035	1,070,000			
2036	1,125,000			
2037	1,180,000			
2038	1,235,000			
2039	1,305,000			
2040	1,365,000			
2041	1,440,000			
2042	1,515,000			
2043	3,165,000			
2044	3,325,000			
2045	3,495,000			
2046	3,675,000			
2047	3,855,000			
2048	4,030,000			
2049	4,215,000			
2050	4,410,000			
2051	4,615,000			
2052	4,835,000			
2053	5,065,000			
2054	5,305,000			

* Preliminary; subject to change.

(1) The CUSIP numbers shown above have been assigned by CUSIP Global Services ("CGS") and are included solely for the convenience of beneficial owners of the Warrants. FactSet Research Systems, Inc., manages CGS on behalf of the American Bankers Association. Neither the Underwriter nor the Board is responsible for the selection or use of the CUSIP numbers, nor is any representation made as to the correctness of such numbers on the Warrants or as indicated herein.

WALKER COUNTY BOARD OF EDUCATION
1710 Alabama Avenue
Jasper, Alabama 35501
(205) 387-0555

Chairman of the Board

Brad Ingle

Members of the Board

Trent Kennedy – District 1
Todd Vick – District 2
Dr. Vonda Beaty – District 3
Lee Ann Headrick – District 4

County Superintendent of Education

Dr. Dennis Willingham

Custodian of Public School Funds and
Chief School Financial Officer

John A. Skalnik, CPA

Paying Agent

Synovus Bank
Birmingham, Alabama

Bond Counsel

Bradley Arant Boult Cummings LLP
Birmingham, Alabama

Underwriter

Raymond James & Associates, Inc.
Birmingham, Alabama

Certain information contained in or incorporated by reference in this Official Statement has been obtained by the Board from DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the Underwriter or the Board. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, broker, salesperson or any other person has been authorized by the Board or the Underwriter to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the inside cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Warrants.

Any statements made in this Official Statement, including the Appendices hereto, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the Board's beliefs as well as assumptions made by and information currently available to the Board.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "estimate," "budget," "projected," "forecast," "pro forma" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct in whole or in part. The Board is not obligated to issue any updates or revisions to the forward-looking statements if or when expectations do not materialize, or events, conditions or circumstances on which such statements are based do or do not occur.

Furthermore, any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Warrants shall under any circumstances create any implication that there has been no change in the affairs of the Board since the date as of which such information is given.

No representation is made that past experience, results of operations or financial condition, as it might be shown by financial and other information reported in this Official Statement (including any Appendix hereto) will continue or be repeated in the future.

The Warrants have not been registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Warrants and the security therefor, including an analysis of the risks involved. The Warrants have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification or exemption of the Warrants in accordance with applicable provisions of securities laws of the various jurisdictions in which the Warrants have been registered, qualified or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the Warrants or the adequacy, accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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 responsibility 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.

Assured Guaranty Inc. ("AG") makes no representation regarding the Warrants or the advisability of investing in the Warrants. 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."

TABLE OF CONTENTS

Page No.

OFFICIAL STATEMENT

Relating to

$64,835,000*
WALKER COUNTY BOARD OF EDUCATION
Special Tax School Warrants
Series 2025

INTRODUCTION

This introduction is a brief description of the issue and is subject in all respects to more complete information contained in this Official Statement and, therefore, should not be considered a complete statement of the facts material to making an investment decision. The offering of the Warrants to potential investors is made only by means of the entire Official Statement, including all appendices hereto and other documents available for review and to which reference is herein made.

This Official Statement is to furnish information in connection with the sale by the Walker County Board of Education (the "Board") of the warrants referred to above (the "Warrants"). Whenever in this Official Statement a contract, indenture, ordinance, resolution or other document or official act is referred to or summarized, such reference or summary is qualified by the exact terms of the document or official act so referred to or summarized, each such document or official act being an item of public record.

The principal office of the Board is physically located at 1710 Alabama Avenue, Jasper, Alabama 35501, and the Board's mailing address is P.O. Box 311, Jasper, Alabama 35501, telephone (205) 387-0555. Inquiries with respect to information contained in this Official Statement should be directed to the Board, or to the Underwriter, Raymond James & Associates, Inc., 2900 Highway 280, Suite 100, Birmingham, Alabama 35223, telephone (205) 802-4275, attention: Matt Adams.

The Board is the body charged with the management and control of the affairs and finances of the public schools located in that portion of Walker County, Alabama (the "County"), lying outside the corporate limits of the City of Jasper. The said geographic area is sometimes herein called the "County District. " The public schools located in the City of Jasper are under the jurisdiction and control of the Jasper City Board of Education.

The Warrants will not constitute general obligations of the Board or a charge against the general credit or taxing powers of the Board, the State of Alabama, the County or any political subdivision of the foregoing. The Warrants will be limited obligations of the Board payable solely from and secured by a pledge and assignment of the Board's allocated share of the special countywide privilege license and excise taxes levied for public school purposes at the aggregate basic rate of 2%. See "SECURITY AND SOURCE OF PAYMENT" herein.

Certain of the Warrants are subject to redemption prior to maturity. See "THE WARRANTS – Redemption Provisions." The Warrants are issuable in denominations of $5,000 and any integral multiple thereof and will be initially issued in book-entry only form and payable through the facilities of The Depository Trust Company. See "THE WARRANTS – General Provisions and Maturities" herein.

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* Preliminary; subject to change.

THE WARRANTS

General Provisions and Maturities

The Warrants will be dated the date of their issuance and delivery and will bear interest at the rates, and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Warrants are issuable only as fully registered warrants in the denomination of $5,000 or any integral multiple thereof ("Authorized Denominations").

Place and Manner of Payment

The Warrants will be issued in book-entry only form, as described herein under "THE WARRANTS – Book-Entry Only System," and the method and place of payment of debt service on the Warrants will be as provided in the book-entry only system for so long as such system is in effect with respect to the Warrants. Interest on the Warrants (computed on the basis of a 360-day year of twelve consecutive 30-day months) will be payable semiannually on each March 1 and September 1, commencing September 1, 2025, at the address shown on the registry books of Synovus Bank, Birmingham, Alabama (the "Bank"), pertaining to the Warrants as of the close of business on the February 15 or August 15 (each such date being herein called a "Record Date"), as the case may be, next preceding any interest payment date. Payment of such interest will be deemed to have been timely made if such check or draft is mailed on or before the due date thereof. The resolution of the Board pursuant to which the Warrants will be issued (the "Authorizing Resolution") makes special provision for the payment of overdue interest which may be paid to a holder other than the registered holder of a Warrant at the time such overdue interest becomes due and payable.

Purpose

The Warrants are being issued to provide the funds needed (i) to acquire, construct and provide various public school capital improvements in the County District, which improvements are expected to include, without limitation, a new Cordova Elementary School and a new Dora High School; (ii) to provide a municipal bond insurance policy for the Warrants; and (iii) to pay issuance expenses. Work on the said capital improvements has commenced and is expected to take approximately two (2) years to complete.

Redemption Provisions

Optional Redemption. Those of the Warrants having stated maturities in _____ and thereafter will be subject to redemption at the option of the Board, as a whole or in part (and if in part, those of the maturities to be redeemed to be selected by the Board and in Authorized Denominations), on any date on or after _________________, after written notice given by United States First Class Mail to the holders (at the addresses of such registered holders as such addresses appear on the registry books of the Bank) of each of the Warrants the principal of which is, in whole or in part, to be redeemed and prepaid, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, at and for a redemption price with respect to each such Warrant (or portion thereof) redeemed equal to 100% of the principal amount thereof redeemed plus accrued interest to the date fixed for redemption.

Mandatory Redemption. (a) Those of the Warrants having a stated maturity in _____ shall be subject to mandatory redemption in the following principal amounts on March 1 in the following years (with those to be redeemed to be selected by the Bank by lot) at a redemption price equal to the principal amount redeemed plus accrued interest to the redemption date:

Year	**Principal Amount**
	$
	(maturity)

(b) Those of the Warrants having a stated maturity in _____ shall be subject to mandatory redemption in the following principal amounts on March 1 in the following years (with those to be redeemed to be selected by the Bank by lot) at a redemption price equal to the principal amount redeemed plus accrued interest to the redemption date:

Year	Principal Amount
	$
	(maturity)

In the event that the Board shall have partially redeemed Warrants having a stated maturity in _____ or thereafter shall have provided for a partial redemption of such Warrants in such a manner that, under the provisions of the Authorizing Resolution, the Warrants for the redemption of which provision is made are considered as fully paid, the Board may elect to apply all or any part (but only in Authorized Denominations) of the principal amount of such Warrants having a stated maturity in _____ or thereafter so redeemed or to be redeemed to the reduction of the principal amount of Warrants maturing in _____ or thereafter required to be redeemed pursuant to the schedule set forth above on any March 1 coterminous with or subsequent to the date such optional redemption actually occurs. Such election shall be deemed effective only if it is made prior to the Bank having given notice of redemption contrary to such election pursuant to the said provisions of the Authorizing Resolution.

Manner of Redemption. In the event that less than all the Warrants having the same maturity is redeemed and prepaid, the Bank shall, by lot, select that portion of the principal of the Warrants having the same maturity to be redeemed and prepaid. In the event that less than all the outstanding principal of any Warrant is to be redeemed, the holder thereof shall surrender the Warrant that is to be prepaid in part to the Bank in exchange, without expense to the holder, for a new Warrant of the same issue and of like tenor except in a principal amount equal to the unredeemed portion of such Warrant. All future interest on the Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the redemption date.

Partial Redemption of Warrants. If less than all outstanding Warrants are to be redeemed, the principal amount of Warrants to be redeemed may be specified by the Board by notice delivered to the Bank prior to the date when the Bank must give notice of the redemption to holders of the Warrants, or, in the absence of receipt by the Bank of such notice, shall be determined in accordance with the Book-Entry System; provided, however, that the Warrants are subject to redemption only in Authorized Denominations.

Book-Entry Only System

Portions of the following information concerning The Depository Trust Company ("DTC") and DTC's book-entry system have been obtained from DTC. The Board, the Bank and the Underwriter make no representation as to the accuracy of such information.

General. Initially, DTC will act as Securities Depository for the Warrants. The Warrants initially will be issued solely in book-entry form to be held under DTC's book-entry system, registered in the name of Cede & Co. (DTC's partnership nominee). Initially, one fully registered certificate for each maturity will be issued for the Warrants, in the aggregate principal amount of Warrants of such maturity, and will be deposited with DTC.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and Participants are on file with the Securities and Exchange Commission. So long as the Warrants are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Warrants.

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

To facilitate subsequent transfers, all Warrants deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Warrants with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Warrants; DTC's records reflect only the identity of the Direct Participants to whose accounts such Warrants are credited, which may or may not be the Beneficial Owners. The 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.

As long as the book-entry system is used for the Warrants, redemption notices will be sent to Cede & Co. If less than all the Warrants of an issue 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.

As long as the book-entry system is used for the Warrants, principal, premium, if any, and interest payments on the Warrants will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon receipt of funds and corresponding detail information from the Bank, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 such Participant and not of DTC, the Bank or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. is the responsibility of the Board or the Bank, and disbursement of such payments to the Participants or the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Neither DTC nor Cede & Co. will consent or vote with respect to the Warrants. Under its usual procedures, DTC mails an Omnibus Proxy to the Bank 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 Warrants are credited on the record date (identified in a listing attached to the Omnibus Proxy).

DTC may discontinue providing its services as securities depository with respect to the Warrants at any time by giving reasonable notice to the Board and the Bank. In addition, the Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, warrant certificates are required to be printed and delivered.

The Board and the Bank will have no responsibility or obligation to any securities depository, any Participants in the book-entry system, or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the securities depository or any Participant; (ii) the payment by the securities depository or by any Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal amount or redemption or purchase price of, or interest on, any Warrants; (iii) the delivery of any notice by the securities depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Warrants; or (v) any other action taken by the securities depository or any Participant.

Discontinuation of Book-Entry System. In the event of the discontinuance of the book-entry system for the Warrants, warrant certificates will be printed and delivered and the following provisions of the Authorizing Resolution will apply: (i) principal of the Warrants will be payable upon surrender of the Warrants at the designated office of the Bank; (ii) Warrants may be transferred or exchanged for other Warrants of Authorized Denominations as set forth in the next succeeding two paragraphs; and (iii) Warrants will be issued in Authorized Denominations as described above under "THE WARRANTS."

The Warrants shall be registered as to both principal and interest and may be transferred only on the registry books of the Bank pertaining to the Warrants. No transfer of a Warrant shall be permitted except upon presentation and surrender of such Warrant at the office of the Bank with written power to transfer signed by the registered owner thereof in person or by a duly authorized attorney in form and with guaranty of signatures satisfactory to the Bank. The holder of one or more of the Warrants may, upon request, and upon the surrender to the Bank of such Warrant, exchange such Warrant for warrants of other Authorized Denominations of the same maturity, issue and interest rate and together aggregating the same principal amount as the Warrant so surrendered. Any registration, transfer or exchange of Warrants shall be without expense to the holder thereof except that the holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange. The holder of any Warrant will be required to pay any expenses incurred in connection with the replacement of a mutilated, lost, stolen or destroyed Warrant.

The Bank shall not be required to register or transfer any Warrant during the period of fifteen (15) days next preceding any interest payment date; and if any Warrant is duly called for redemption (in whole or in part), the Bank shall not be required to register or transfer such Warrant during the period of forty-five (45) days next preceding the redemption date.

Enforceability of Remedies

General. The Warrants constitute orders on the Chief School Financial Officer of the Board to pay the principal of and interest on the Warrants, when and as due, but solely out of the Pledged Tax Proceeds as herein described. The Warrants (as distinguished from the Authorizing Resolution) do not, however, contain a contractual promise by the Board to pay such principal or interest out of such proceeds to the holders of the Warrants, and the Board itself is therefore not subject to suit on the Warrants in the event that it defaults in payment of such principal or interest. The Authorizing Resolution specifies that its provisions constitute a contract between the Board and the holders of the Warrants (to the extent that such holders are directly affected by such provisions). However, the Alabama Supreme Court has held that county boards of education, such as the Board, have the same sovereign immunity conferred on the State by the Constitution of Alabama of 2022, as amended (the "Alabama Constitution"); the Board is therefore not subject to suit on the contract evidenced by the Authorizing Resolution.

The legislative act under which the Warrants are authorized to be issued effectively provides that if there is furnished to a court having jurisdiction of the matter, by or on behalf of a holder of any of the Warrants, "proper proof" of either (i) nonpayment of debt service on the Warrants, or (ii) noncompliance with any provisions of law with respect to the Warrants, that court shall issue mandamus for the payment of the principal of and interest on the Warrants, when and as they become due and payable.

The Authorizing Resolution authorizes and directs the Superintendent of Education and the Chief School Financial Officer to make monthly deposits of the Pledged Tax Proceeds into the Warrant Fund hereinafter described. The Superintendent of Education and the Chief School Financial Officer may be subject, under existing law, to mandamus in the event that such officers do not, as required by the Authorizing Resolution, deposit such Pledged Tax Proceeds into the Warrant Fund, when and as required by the Authorizing Resolution in each fiscal year, and apply such proceeds (and investment earnings thereon) to the payment of the principal of and interest on the Warrants when and as the same become due and payable in each fiscal year in amounts sufficient for such purposes.

The extent of the remedies afforded to the holders of the Warrants by any such mandamus proceeding, and any other remedies available to such holders, are subject to those limitations inherent in the fact that the Warrants are special obligation warrants and may be subject to, among other things, (a) the provisions of the United States Bankruptcy Code and (b) the provisions of other statutes that may hereafter be enacted by the Congress of the United States or the Legislature of Alabama extending the time for payment of indebtedness of public bodies such as the Board or imposing other constraints upon the enforcement of rights of holders of securities issued by such public bodies.

Control Rights of AG Upon Default. The Authorizing Resolution provides that, upon the occurrence and continuance of a default or an event of default with respect to the Warrants, Assured Guaranty Inc. ("AG") will be deemed to be the sole holder of the Warrants for all purposes and will be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Warrants or to the Bank.

Defeasance

Any of the Warrants will, prior to the maturity or redemption date thereof, be considered as fully paid under the Authorizing Resolution if there shall be filed with the Board and the Bank each of the following:

(a) a trust agreement between the Board and a banking corporation or national banking association making provision for the retirement of such Warrants by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of such Warrants (including payment of the interest that will mature thereon until and on the dates they are retired, as such interest becomes due and payable), either by redemption prior to their respective maturities, by payment at their respective maturities or by payment of part thereof at their respective maturities and redemption of the remainder prior to their respective maturities, which said trust fund shall consist of (i) direct obligations of the United States of America (or certain other investments either guaranteed by or composed solely of such obligations) 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 at their respective maturities, will produce funds sufficient so to provide for payment and retirement of all such Warrants, or (ii) both cash and such obligations which together will produce funds sufficient for such purpose, or (iii) cash sufficient for such purpose;

(b) a certified copy of a resolution of the Board calling for redemption those of such Warrants that, according to said trust agreement, are to be redeemed prior to their respective maturities;

(c) an opinion of nationally recognized bond counsel to the effect that the execution and effectuation of the trust agreement referred to in the preceding clause (a) will not result in subjecting the interest income on such Warrants to federal income taxation and that such Warrants will be considered fully paid and no longer outstanding hereunder; and

(d) a report of an independent firm of nationally recognized certified public accountants, or such other accountant, addressed to the Board and the Bank, verifying the sufficiency of the escrow established to pay such Warrants in full according to the said trust agreement.

BOND INSURANCE

The information contained in this section entitled "BOND INSURANCE" relates to AG and the Policy hereinafter described and has been obtained from AG for use in this Official Statement. No representation is made by the Board or the Underwriter as to the accuracy or completeness of this information.

Bond Insurance Policy

Concurrently with the issuance of the Warrants, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Warrants. The Policy guarantees the scheduled payment of principal of and interest on the Warrants 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 October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of "AA+" (stable outlook).

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).

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

At September 30, 2024:

- The policyholders’ surplus of AG was approximately $3,644 million.

- The contingency reserve of AG was approximately $1,374 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of 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 are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) 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);

(ii) 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);

(iii) 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); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

All information relating to AG 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 Warrants 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 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 Warrants or the advisability of investing in the Warrants. 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".

SECURITY AND SOURCE OF PAYMENT

General

The Warrants will be payable, as to both principal and interest, solely from, and secured by a pledge of the portion of the proceeds allocated and distributed to the Board of the special privilege license and excise taxes levied in the County under Section 40-12-4 of the Code of Alabama 1975, as amended (the "Special Taxes"). The said proceeds of the taxes, as received by the Board, are herein together referred to as the "Pledged Tax Proceeds."

The Alabama statute authorizing the issuance of the Warrants provides that warrants issued thereunder shall be preferred claims against the proceeds of the special taxes out of which they are made payable, shall be secured by a pledge of the entire net proceeds thereof (after payment of the costs of assessment and collection) superior to all subsequent pledges made (except insofar as the right to issue additional parity warrants has been reserved), and shall have preference over claims for salaries or other operating expenses or any other purpose.

Under Alabama law, the Warrants will be a charge only on the special taxes out of which the same are payable and will not constitute a charge on the general revenues of the Board. No holder of a Warrant may compel the use of any funds for the payment of the principal thereof or the interest thereon except funds constituting Pledged Tax Proceeds. **Neither the County nor any municipality therein will in any manner be liable for payment of the Warrants.**

The Special Taxes

General. Pursuant to Section 40-12-4 of the Code of Alabama 1975, as amended, and resolutions and ordinances adopted by the Walker County Commission, the County levies the Special Taxes, at the aggregate basic rate of 2%, on certain businesses in the County, though certain activities, such as the sales of automotive vehicles, truck trailers and house trailers, are taxed at a lower rate. Under Section 40-12-4, revenue derived by the County from the taxes (after payment of the expenses of collection) is apportioned and distributed between the Board and the Jasper City Board of Education on the same basis as the State Board of Education prorates the Foundation Program Funds among the two boards of education within the County. The Board's apportioned share of the Special Taxes was as follows for each of the last five (5) fiscal years and is as follows for the current fiscal year:

Fiscal Year Ending September 30	Percentage Share Allocated to the Board	Percentage Share Allocated to the Jasper BOE
2020	72.56%	27.44%
2021	72.73	27.27
2022	73.46	26.54
2023	73.28	26.72
2024	70.83	29.17
2025	69.69	30.31

The Board does not expect the distribution of the Special Taxes between the two boards to change significantly in future years.

Except as to rate, the Special Taxes generally parallel the statewide sales tax. The Special Taxes are collected by a private collection agency, Avenu, which on a monthly basis remits the net proceeds to the County for further distribution to the boards of education in the County.

Board's Receipts of the Special Taxes. The following table sets forth the Board's receipts of the Special Taxes for the fiscal years indicated:

Fiscal Year Ending September 30	Amount
2020	$12,287,377
2021	13,734,808
2022	14,871,894
2023	15,669,279
2024	15,221,807[1]

(1) Unaudited.

Disposition of Pledged Tax Proceeds

Pursuant to the Authorizing Resolution, the Board will establish a special debt service fund (the "Warrant Fund"), which will be held by the Bank. The Board will, on or before the 25th day of each calendar month, deposit into the Warrant Fund such amount as is necessary to pay the principal, if any, and interest that will mature with respect to the Warrants on the then-next succeeding interest payment date.

The Board may cause any money on deposit in the Warrant Fund not then needed for the payment of debt service on the Warrants to be invested or reinvested by the Bank in

(i) direct obligations of, or obligations the payment of which is guaranteed by, the United States of America ("Federal Securities");

(ii) an interest in any trust or fund that invests solely in Federal Securities;

(iii) a certificate of deposit issued by, or other interest-bearing deposit with, any bank organized under the laws of the United States of America or any state thereof, provided that (a) such bank has capital, surplus and undivided profits of not less than $25,000,000, (b) such deposit is insured by the Federal Deposit Insurance Corporation or (c) such deposit is secured by such bank by pledging Federal Securities having a market value (exclusive of accrued interest) not less than the face amount of such deposit (less the amount of such deposit insured by the Federal Deposit Insurance Corporation); and

(iv) any investment which a board of education may be authorized to make under Alabama law.

All interest accruing on such investments and any profit realized therefrom shall be deposited in the Warrant Fund; any losses resulting from liquidation of investments shall be charged to the Warrant Fund and shall be added to the amount of the next ensuing deposit required.

Outstanding Parity Warrants

The Board presently has outstanding the following obligations that are payable from, and secured by a pledge of, the Pledged Tax Proceeds (together, the "Outstanding Parity Warrants"): (a) Capital Outlay and Refunding School Warrants, Series 2012-A, in the aggregate principal amount of $1,310,000; (b) School Tax Warrants, Series 2020-A, in the aggregate principal amount of $5,275,000; and (c) School Tax Warrants (Federally Taxable), Series 2020-B, in the aggregate principal amount of $15,550,000.

Issuance of Parity Warrants

In the Authorizing Resolution, the Board will reserve the right to issue additional warrants ("Parity Warrants") secured by a pledge of the Pledged Tax Proceeds on a parity of a lien with the Warrants and the Outstanding Parity Warrants. Prior to the issuance of any such Parity Warrants, the Board must file with the depository and paying agent for the Warrants a certificate of the Board's Secretary and of its Chief School Financial Officer setting forth the maximum amount payable annually in the then current and all succeeding fiscal years of the Board as the principal of and interest on the Warrants, the Outstanding Parity Warrants, the Parity Warrants (if any then outstanding), and the Parity Warrants proposed to be issued, and demonstrating that the amount of the Pledged Tax Proceeds so received by the Board in any consecutive twelve-month period during the fifteen-month period next preceding the issuance of such Parity Warrants proposed to be issued is not less than 150% of (or 1.50 times) the maximum amount payable annually in any such fiscal year as principal of and interest on the Warrants, the Outstanding Parity Warrants, the Parity Warrants (if any then outstanding), and the Parity Warrants proposed to be issued.

Except as provided with respect to the issuance of Parity Warrants, the Board has covenanted and agreed that the Pledged Tax Proceeds shall not be pledged to the payment of any warrants or other obligations of the Board unless such pledge is made subject to and subordinate in all respects to the pledge for the benefit of the Warrants.

SOURCES AND USES OF FUNDS

The following are the anticipated sources and uses of funds to accomplish the purposes for which the Warrants are being issued:

Sources

Par amount	$	____________
Net original issue ________		____________
Total	$	____________

Uses

Capital improvements	$	____________
Costs of issuance (including underwriting discount)		____________
Total	$	____________

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DEBT SERVICE AND COVERAGE

Debt Service Requirements

The total debt service requirements on the Outstanding Parity Warrants and the Warrants are as follows:

Fiscal Year Ending September 30	Outstanding Parity Warrants	Debt Service on Series 2025 Warrants*		Total Debt Service*
		Principal	Interest	
2025	$1,530,479	--	$1,576,714	$3,107,193
2026	1,527,616	--	3,084,875	4,612,491
2027	1,529,346	--	3,084,875	4,614,221
2028	1,530,416	--	3,084,875	4,615,291
2029	1,529,771	--	3,084,875	4,614,646
2030	1,527,904	$835,000	3,064,000	5,426,904
2031	1,529,733	875,000	3,021,250	5,425,983
2032	1,530,175	920,000	2,976,375	5,426,550
2033	1,534,135	965,000	2,929,250	5,428,385
2034	1,531,568	1,015,000	2,879,750	5,426,318
2035	1,527,489	1,070,000	2,827,625	5,425,114
2036	1,526,793	1,125,000	2,772,750	5,424,543
2037	1,529,302	1,180,000	2,715,125	5,424,427
2038	1,534,746	1,235,000	2,654,750	5,424,496
2039	1,528,296	1,305,000	2,591,250	5,424,546
2040	1,534,958	1,365,000	2,524,500	5,424,458
2041	1,529,475	1,440,000	2,454,375	5,423,850
2042	1,531,860	1,515,000	2,380,500	5,427,360
2043		3,165,000	2,263,500	5,428,500
2044		3,325,000	2,101,250	5,426,250
2045		3,495,000	1,930,750	5,425,750
2046		3,675,000	1,751,500	5,426,500
2047		3,855,000	1,572,888	5,427,888
2048		4,030,000	1,395,475	5,425,475
2049		4,215,000	1,209,963	5,424,963
2050		4,410,000	1,015,900	5,425,900
2051		4,615,000	809,953	5,424,953
2052		4,835,000	591,422	5,426,422
2053		5,065,000	362,484	5,427,484
2054		5,305,000	122,678	5,427,678

* Preliminary; subject to change.

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Coverage

Based on (i) the Board's receipts of the Pledged Tax Proceeds for the twelve months ended September 30, 2024, of $15,221,897 (unaudited), (ii) the maximum annual debt service requirements on the Outstanding Parity Warrants and the Warrants of $5,428,500*, occurring in fiscal year 2043, and (iii) the average annual debt service requirements on the Outstanding Parity Warrants and the Warrants of $5,314,046* (for fiscal years 2026 through 2054, inclusive), coverage is as follows:

Maximum annual debt service coverage:	2.80x*
Average annual debt service coverage:	2.86x*

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* Preliminary; subject to change.

OTHER INDEBTEDNESS OF THE BOARD

General

Under the general laws of Alabama regulating the borrowing of funds by boards of education, the Board is authorized to sell tax anticipation warrants for the purpose of paying the costs of erecting, acquiring, providing, constructing, purchasing, altering, enlarging, improving, repairing and equipping school buildings, related facilities, school playgrounds and buildings for housing and repairing school buses, and for the purpose of purchasing school buses, but such warrants may not be general obligations of the Board and must be payable, as to both principal and interest, out of one, or more, of the following: (a) the proceeds of any ad valorem tax authorized to be levied for the purpose of paying such warrants, or for school purposes generally, and paid, apportioned, allocated or distributed to or for the benefit of the Board, (b) the proceeds of any privilege, license or excise tax or taxes that may be paid, apportioned, allocated or distributed to or for the benefit of the Board, or (c) any revenues of whatever kind or nature that may be paid, apportioned, allocated or distributed to or for the benefit of the Board by any governmental or taxing authority or public person pursuant to law or contract. The Board is not subject to any limitation on the amount of indebtedness it may incur for the purposes specified above.

Alabama law also authorizes boards of education to enter into "alternative financing contracts" for the leasing or purchase of certain tangible personal property and to specify that obligations arising under any such contracts shall be payable either out of any lawfully available funds or solely from specified sources substantially similar to those listed in the preceding paragraph.

Short-Term Loans

The Board is also authorized under Alabama statutes to borrow money for current fiscal year operating needs for that fiscal year and to pledge for payment of such loans various revenues. The Board has not established an operating line of credit.

Outstanding and Proposed Indebtedness

Upon issuance of the Warrants, the Board will also have outstanding the following obligations:

(a) the Outstanding Parity Warrants;

(b) the Board's participation in an issue of Capital Improvement Pool Bonds, Series 2014, issued by the Alabama Public School and College Authority (approximate annual debt service payments of $1,180,000; final payment due in fiscal year 2026), payable from the Board's allocated share of public school fund moneys from the State of Alabama;

(c) the Board's participation in an issue of Capital Improvement Pool Bonds, Series 2022-A, issued by the Alabama Public School and College Authority (approximate annual debt service payments of $75,000; final payment due in fiscal year 2042), payable from the Board's allocated share of public school fund moneys from the State of Alabama; and

(d) notes payable for the acquisition of school buses, outstanding in the approximate principal amount of $275,000, and payable out of any lawfully available funds and secured by liens on the acquired equipment.

The Board has no present intention of issuing additional indebtedness, other than the Warrants, during the next two fiscal years.

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GENERAL INFORMATION CONCERNING THE BOARD

General Powers and Organization

The Board is a quasi-corporation under the laws of Alabama having jurisdiction over all public schools in the County outside the corporate limits of the City of Jasper. The Board is composed of five members, four of whom are elected from single-member districts and one of whom, the Chairman, is elected countywide, and all of whom serve for six-year staggered terms. The members, their business or professional affiliations, and the years in which their current terms of office expire are as follows:

Board Members	Date of Ending Current Term	Present Business or Professional Affiliation
Brad Ingle (Chairman)	2026	Management, Peabody Energy
Trent Kennedy	2030	Radiologic Imaging
Todd Vick	2028	Railroad (BNSF)
Dr. Vonda Beaty	2030	Retired Board Superintendent
Lee Ann Headrick	2028	Owner, Greentop Cafe

The County Superintendent of Education, elected by the voters of the County for a four-year term, serves as the Secretary of the Board and is the chief administrator of the Board with general supervisory authority over all the public schools in the County's school system. The Superintendent is Dr. Dennis Willingham, whose current term of office began on January 1, 2023, and expires on December 31, 2026.

The Board appoints the Custodian of Public School Funds of the County, who also serves as the Chief School Financial Officer ("CSFO"). The CSFO is responsible for receiving all moneys to which the Board may be entitled by law; the CSFO pays out such money only on written order of the Superintendent, approved by the Chairman of the Board. The CSFO has no discretionary power over the disbursement of school funds. The present CSFO and custodian is John Skalnik who was named CSFO in July, 2024. Mr. Skalnik is an Alabama-licensed certified public accountant (CPA).

The School System

The Board formulates school policies and, upon the written recommendation of the County Superintendent, appoints principals, teachers, clerical and professional assistants of the Board, prescribes the course of study and approves contracts. The Board delegates to the County Superintendent of Education, as its executive officer, and his staff, the responsibility for administering the policies of the Board in the operation of the schools.

The Board operates seventeen (17) schools and a career/technology center in the County, as follows:

School	Grades	Approximate Enrollment
Bankhead Middle School	5-8	246
Carbon Hill High School	9-12	347
Carbon Hill Jr. High School	K-8	448
Cordova Elementary School	K-4	365
Cordova High School	9-12	457
Curry Elementary School	K-5	477
Curry High School	9-12	383
Curry Middle School	6-8	347
Dora High School	9-12	461
Lupton Jr. High School	K-8	408

Oakman Middle School	K-8	583
Oakman High School	9-12	304
Parrish Elementary/Middle School	K-8	269
Sumiton Elementary School	K-5	626
Sumiton Middle School	6-8	490
Valley Jr. High School	K-8	505
Walker County Center of Technology		*

* Census included at school to which student is primarily assigned.

Enrollment

The following table shows enrollment in the County District for the preceding five school years and for the current school year:

Year	County System Enrollment
2019-2020	7,160
2020-2021	7,132
2021-2022	6,939
2022-2023	6,753
2023-2024	6,748
2024-2025	7,094 (estimate)

Employees and Employee Relations

The Board currently employs approximately 978 full-time persons, of whom approximately 601 work in the instructional program of the schools under the administration of the Board. No employees of the Board are represented by labor unions or similar employee organizations. The Board does not bargain collectively with any labor union or employee organization. The Board has never experienced a strike, boycott or other work stoppage and no such work stoppage is threatened.

Certain of the Board's employees are members of the Alabama Education Association ("AEA"). AEA represents individual teachers in tenure and contract disputes with the Board, but does not bargain with the Board on behalf of teachers with respect to salaries or compensation; however, AEA does actively represent teachers at the State level, where minimum salaries are determined.

Litigation

There is no litigation, pending or threatened, affecting the Board in which an adverse outcome is reasonably likely to have a material impact on the Board or its financial operations.

Establishment of Additional School Systems within Walker County; Annexation

The laws of Alabama provide that any city with a population of at least 5,000 (according to the most recent federal or special census) may establish a separate school system, the general administration and supervision of which shall be vested in a city board of education. According to the 2020 Federal Decennial Census, Jasper is the only city in the County with a population of at least 5,000, and this city has had an independent and separate school system for a number of years. The next largest municipality in the County is the City of Dora which had a population of 2,243 according to the 2020 Federal Decennial Census.

The territory now within the County's school system is, as a matter of law, subject to annexation by municipalities. Under existing law, municipalities in Alabama may annex previously unincorporated territory (i) by legislative act, (ii) by a vote of the majority of those voting in an election held in the unincorporated territory to be annexed or (iii) with the consent of the owners of all the property in the territory proposed to be annexed. The Board does not consider it likely that the tax base of the County's public school system would be materially diminished by annexation.

General Financial Information

Basis of Accounting. The financial statements of the Board conform generally with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. See Note 1 to the audited financial statements of the Board attached as Appendix C hereto for a summary of the significant accounting policies of the Board and for a description of the various fund and account groups the Board uses to report on its financial position and the results of its operations.

Five-Year Summary of Audited Revenues, Expenditures and Changes in Fund Balances. The following tables show a summary of the Board's revenues, expenditures and changes in fund balances for the general fund and for all governmental funds for the last five (5) fiscal years:

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STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND

	2019	2020	2021	2022	2023
REVENUES					
State	$46,597,022.57	$48,647,608.04	$49,891,797.71	$53,509,926.67	$57,870,512.32
Federal	380,625.64	464,107.40	287,771.80	573,710.86	690,154.87
Local	18,340,094.42	17,342,507.82	19,300,741.28	20,784,585.78	21,749,954.25
Other	788,015.78	274,842.88	524,160.56	207,387.78	342,849.75
Total Revenues	66,105,758.41	66,729,066.14	70,004,471.35	75,075,611.09	80,653,471.19
EXPENDITURES					
Current:					
Instruction	36,289,195.79	35,104,458.03	36,332,629.05	38,166,914.65	40,218,340.38
Instructional Support	10,626,331.69	10,804,357.06	10,523,812.41	11,885,675.77	12,195,083.10
Operation and Maintenance	7,182,507.85	6,297,440.32	7,135,204.19	7,639,386.76	7,787,123.75
Auxiliary Services:					
Student Transportation	4,749,363.52	4,590,856.58	4,452,504.44	5,283,627.97	5,586,897.30
General Administrative	3,141,730.79	2,343,853.69	2,314,712.86	2,389,117.84	2,884,276.73
Other	1,400,063.53	1,558,408.20	1,988,435.62	2,712,616.82	2,668,026.10
Capital Outlay	77,686.89	1,580,860.70	1,205,635.20	1,528,981.85	2,840,647.72
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Debt Issuance Costs/Other	-	-	-	-	-
Total Expenditures	63,466,880.06	62,280,234.58	63,952,933.77	69,606,321.66	74,180,395.08
Excess (Deficiency) of Revenues Over Expenditures	2,638,878.35	4,448,831.56	6,051,537.58	5,469,289.43	6,473,076.11
OTHER FINANCING SOURCES					
Indirect Cost	429,573.01	398,532.36	608,137.59	892,817.48	955,084.22
Transfers In	-	-	-	-	2,000.00
Long-Term Debt Issued	-		-	-	-
Other Financing Sources	19,055.88	-	40,194.95	465,172.71	254,134.74
Sale of Capital Assets	-	-	24,018.39	-	15,642.00
Transfers Out	(3,405,445.81)	(3,443,821.54)	(3,202,632.31)	(3,074,872.28)	(3,274,591.10)
Total Other Financing Sources (Uses)	(2,956,816.92)	(3,045,289.18)	(2,530,281.38)	(1,716,882.09)	(2,047,730.14)
Net Change in Fund Balances	(317,938.57)	1,403,542.38	3,521,256.20	3,752,407.34	4,425,345.97
Fund Balances – Beginning of Year	3,599,488.87	3,281,550.30	4,685,092.68	8,206,348.88	11,958,756.22
Fund Balances – End of Year	$3,281,550.30	$4,685,092.68	$8,206,348.88	$11,958,756.22	$16,384,102.19

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES

	2019	2020	2021	2022	2023
REVENUES					
State	$48,880,016.57	$51,020,818.04	$52,793,035.14	$60,276,245.94	$63,900,825.08
Federal	10,374,093.71	10,378,479.78	15,061,633.80	20,090,516.23	18,229,376.26
Local	23,328,058.80	20,653,514.96	22,126,837.06	24,835,614.82	26,370,933.93
Other	870,742.25	401,257.40	543,958.47	264,936.73	416,530.55
Total Revenues	83,452,911.33	82,454,070.18	90,525,464.47	105,467,313.72	108,917,665.82
EXPENDITURES					
Current:					
Instruction	41,280,187.76	38,796,357.17	41,801,128.24	47,570,287.75	46,576,550.56
Instructional Support	12,690,698.71	13,728,168.84	16,311,653.30	16,913,369.06	16,881,955.54
Operation and Maintenance	-	8,422,627.34	8,291,640.78	9,693,424.39	9,757,402.51
Auxiliary Services					
Student Transportation	4,875,990.89	4,668,802.83	4,521,483.56	5,677,634.76	5,836,150.59
Food Service	4,809,279.01	4,199,793.33	4,391,373.71	5,065,638.15	5,824,328.15
General Administrative	3,765,333.21	2,990,264.84	3,535,519.16	3,596,196.83	4,034,288.44
Other	4,469,216.05	3,770,378.87	2,951,911.19	4,524,901.18	6,674,156.29
Capital Outlay	228,891.67	1,770,047.10	1,882,790.03	5,800,087.42	7,252,503.83
Debt Service:					
Principal	2,186,022.08	2,252,506.56	2,177,385.36	2,079,238.28	2,186,190.87
Interest and Fiscal Charges	1,352,037.55	1,274,943.34	805,614.53	840,216.11	804,845.73
Debt Issuance Costs/Other	-	-	-	-	-
Total Expenditures	83,922,065.51	81,873,890.22	86,670,499.86	101,760,993.93	105,828,372.51
Excess (Deficiency) of Revenues Over Expenditures	(469,154.18)	580,179.96	3,854,964.61	3,706,319.79	3,089,293.31
OTHER FINANCING SOURCES					
Indirect Cost	429,573.01	398,532.36	608,137.59	892,817.48	955,084.22
Transfers In	3,405,445.81	3,443,821.54	3,202,632.31	3,074,872.28	3,276,591.10
Long-Term Debt Issued	-	-	22,140,000.00	988,351.95	-
Premiums on Long-Term Debt Issue	-	-	71,811.50	48,139.94	-
Other Financing Sources	19,055.88	-	40,194.95	465,172.71	254,134.74
Sale of Capital Assets	-	-	24,018.39	-	15,642.00
Payments to Escrow Refunding	-	-	(21,793,122.87)	-	-
Transfers Out	(3,405,445.81)	(3,443,821.54)	(3,202,632.31)	(3,074,872.28)	(3,276,591.10)
Total Other Financing Sources (Uses)	448,628.89	398,532.36	1,091,039.56	2,394,482.08	1,224,860.96
Net Change in Fund Balances	(20,525.29)	978,712.32	4,946,004.17	6,100,801.87	4,314,154.27
Fund Balances – Beginning of Year	7,631,726.34	7,611,201.05	8,589,913.37	13,535,917.54	19,636,719.41
Fund Balances – End of Year	$7,611,201.05	$8,589,913.37	$13,535,917.54	$19,636,719.41	$23,950,873.68

Unaudited Summary of Revenues, Expenditures and Changes in Fund Balances for Fiscal Year 2023-2024. The Board's unaudited summary of revenues, expenditures and changes in fund balances for fiscal year 2023-2024 were as follows:

	2024 General Fund (unaudited)	**2024 All Governmental Fund Types and Expendable Trust Funds (unaudited)**
REVENUES		
State	$67,686,487.60	$71,998,489.39
Federal	1,780.00	20,791,725.18
Local	21,974,311.28	26,445,278.85
Other	646,211.77	718,585.09
Total Revenues	90,308,790.65	119,954,078.51
EXPENDITURES		
Instructional Services	41,665,653.62	50,016,278.68
Instructional Support Services	12,554,751.58	17,791,036.82
Operation and Maintenance Services	10,207,691.02	12,263,388.22
Auxiliary Services	7,067,090.60	14,018,645.56
General Administrative Services	3,069,857.44	4,665,292.20
Other	3,038,799.96	6,600,046.44
Capital Outlay	1,974,151.04	3,634,283.03
Debt Service	--	2,997,066.91
Total Expenditures	79,577,995.26	111,986,037.86
OTHER FUND SOURCES		
Other Financing Sources	6,620,430.95	9,030,858.77
Other Fund Uses	7,410,094.85	7,410,427.82
Total Other Fund Sources (Uses)	(789,663.90)	1,620,430.95
Excess Revenues and Other Fund Sources Over (Under) Expenditures and Other Fund Uses	$9,941,131.49	$9,588,471.60

Pension Plan

Substantially all employees of the Board are members of the Teachers' Retirement System of Alabama (the "Retirement System"), a cost-sharing multiple-employer public employee retirement system for various state-supported educational agencies and institutions. The Retirement System is administered by the Retirement Systems of Alabama.

See Note 6 to the financial statements of the Board attached as Appendix C for more information about the Board's participation in the Retirement System.

Other Postemployment Benefits (OPEB)

The Board contributes to the Alabama Retired Education Employees' Health Care Trust (the "Trust"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The Trust provides health care benefits to state and local school system retirees (including eligible retirees of the Board) and was established by the Legislature in 2007 as an irrevocable trust fund. Responsibility for general administration and operations of the Trust is vested with the Public Education Employees' Health Insurance Plan (PEEHIP) Board of Control.

The Board is required to contribute an amount for each active employee at a rate specified by the State. The Board's share of health insurance premiums for retired Board employees is included as part of the premium for active employees.

Each year the PEEHIP Board certifies to the Governor and to the Legislature the contribution rates based on the amount needed to fund coverage for benefits for the following fiscal year and the Legislature sets the premium rate in the annual appropriation bill. This results in a pay-as-you-go funding method.

See Note 7 to the financial statements of the Board attached as Appendix C for more information about the Board's participation in the Trust.

Budget

General. On or before October 1 of each fiscal year, the Board is required to prepare and submit to the State Superintendent of Education an annual budget to be adopted by the Board. The Superintendent of the Board cannot approve any budget for operations of the system for any fiscal year which shows expenditures in excess of income estimated to be available plus any cash balances on hand. The Superintendent, with the approval of the Board, has the authority to make changes within the approved budget provided that a deficit is not incurred as a result of such changes. A summary of the budget filed by the Board with the State Superintendent of Education for 2024-2025 is as follows:

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2024-2025 BUDGET

	General Fund	All Governmental Fund Types and Expendable Trust Funds
REVENUES		
State	$57,110,513.00	$59,830,851.36
Federal	1,900.00	10,992,979.41
Local	19,091,876.24	24,887,650.29
Other	60,000.00	60,000.00
Total Revenues	76,264,289.24	95,771,481.06
EXPENDITURES		
Instructional Services	42,197,915.39	46,970,556.47
Instructional Support Services	12,455,272.33	15,076,294.60
Operation and Maintenance Services	8,246,431.60	9,915,002.55
Auxiliary Services	6,759,561.00	13,377,316.85
General Administrative Services	2,517,259.68	2,971,415.81
Capital Outlay	--	--
Debt Service	--	2,996,621.43
Other Expenditures	3,276,193.00	4,192,421.11
Total Expenditures	75,452,633.00	95,499,628.82
OTHER FUND SOURCES		
Other Fund Sources	438,851.72	1,437,719.96
Other Fund Uses	998,868.24	998,868.24
Total Other Fund Sources (Uses)	(560,016.52)	438,851.72
Excess Revenues and Other Fund Sources Over (Under) Expenditures and Other Fund Uses	$251,639.72	$710,703.96

Education Accountability Plan. The general laws of Alabama contain provisions designed to impose financial accountability on boards of education. The State Board of Education, through the State Department of Education, is directed by the legislation to require, approve and audit budgets, financial statements and other reports necessary to assess the financial stability of each board of education.

If a board is determined to have submitted a fiscally unsound budget, the State Board must provide assistance to complete a revised budget. If, during the preparation of the revised budget, the State Superintendent of Education determines that the local board is in an unsound fiscal position, a person or persons must be appointed by the State Superintendent to advise on the day-to-day financial operations of the Board. If, after a reasonable period of time, the State Superintendent determines that the local board is still in an unsound fiscal condition, a request must be filed with the State Board to take direct control of the fiscal operation of the local board. Upon approval by the State Board, the State Superintendent must appoint an individual to be the chief financial officer of the local board to manage its fiscal operation. The State Superintendent has the authority to review the decisions of the chief financial officer and the local board of education, pursuant to the general laws of Alabama.

MAJOR SOURCES OF BOARD REVENUE

The following major sources of revenue account for substantially all the Board's revenue.

Local Revenues – Ad Valorem Taxes

One Mill Countywide Ad Valorem Tax Pursuant to Section 269. Pursuant to Section 269 of the Alabama Constitution, the Walker County Commission is authorized to levy an ad valorem tax of one mill in the County for public school purposes. The rate, duration and purpose of the tax must be approved by the electors in the County. The proceeds of this tax are allocated between the Board and the Jasper City Board of Education on a census-based formula set out in state law. The one mill tax for public school purposes has been approved through the tax year for which taxes will become due and payable on October 1, 2026. An extension of this tax beyond its current term will require approval at an election.

Four Mill Countywide Ad Valorem Tax Pursuant to Section 269.01. Pursuant to Section 269.01 of the Alabama Constitution and proceedings taken thereunder, the Walker County Commission is authorized to levy a countywide ad valorem tax of four mills for public school purposes. The rate, duration and purpose of the tax must be approved by the electorate. The proceeds of this tax are allocated between the Board and the Jasper City Board of Education on a census-based formula set out in state law. The four mill countywide tax for public school purposes has been approved through the tax year for which taxes will become due and payable on October 1, 2026. An extension of this tax beyond its current term will require an election.

Three Mill District Ad Valorem Tax Pursuant to Section 269.02. Pursuant to Section 269.02 of the Alabama Constitution, the Walker County Commission is authorized to levy an ad valorem tax of three mills in the County District for public school purposes. The rate, duration and purpose of the tax must be approved by the electors in the school district. The three mill district tax for public school purposes has been approved for a final collection on October 1, 2044. An extension of the district tax, beyond the current duration, will require an election in the District.

Two Mill District Ad Valorem Tax Pursuant to Section 269.08. Pursuant to Section 269.08 of the Alabama Constitution, the Walker County Commission levies an ad valorem tax of two mills in the County District for public school purposes. The two-mill tax is levied without limit as to time, unless and until equivalent millage for public school purposes is approved for levy in the County District, in which case the tax levy pursuant to Section 269.08 will cease.

Local Revenues – Sales Taxes

See "SECURITY AND SOURCE OF PAYMENT" for a description of the Special Taxes.

Summary of Local Revenues

The following table reflects the Board's major sources of local revenues for the fiscal years shown below:

Source of Revenue	**2019**	**2020**	**2021**	**2022**	**2023**	**2024[(1)]**
one mill countywide tax [(2)]	$474,420	$509,630	$511,723	$544,700	$550,114	$593,418
four mill countywide tax [(2)]	1,897,682	2,038,521	2,046,891	2,178,802	2,200,454	2,373,672
three mill district tax	1,496,401	1,528,890	1,535,169	1,634,101	1,650,341	1,708,254
two mill district tax	872,494	1,019,260	1,023,446	1,089,401	1,100,227	1,186,836
Special Taxes [(2)]	12,963,052	12,287,377	13,734,808	14,871,894	15,669,279	15,221,807
TOTAL	$17,704,049	$17,383,678	$18,852,037	$20,318,898	$21,170,415	$21,083,987

(1) Unaudited.
(2) Represents the Board's share of the countywide taxes.

State of Alabama Revenues

Education Trust Fund; Foundation Program. The Education Trust Fund is a special fund of the State of Alabama used as a depository for revenues traditionally applied for educational purposes. The Trust Fund was established in 1927 by an act of the Legislature of Alabama. Alabama law requires that the proceeds of the following major taxes, and numerous others (after payment of the costs of collecting and administering the taxes), be deposited into the Trust Fund: the Utilities Gross Receipts Tax, the Utilities Use Tax, the Lease Tax, the Sales Tax, the Income Tax, the Cigarette Tax, the Beer Tax and a portion of the Use Tax. The Legislature of Alabama adopts an annual budget for the Trust Fund and monies are distributed to the Board based on the Board's participation in the Foundation Program. The Foundation Program, which was established by the Legislature of Alabama, is intended to provide funding for a minimum number of teaching units (which are calculated according to a formula based primarily on average daily attendance), fringe benefits, instructional support and other current expenses.

Public School Fund. The Public School Fund is a special State fund used as a depository for revenues traditionally applied for public school capital outlay purposes. Proceeds of the three (3) mill statewide ad valorem tax are deposited into the Public School Fund. Monies from the Public School Fund are distributed to the Board for capital outlay purposes based on an average daily membership formula and only after the Board has developed a comprehensive, long range capital plan according to rules established by the State Board of Education.

Warrants Not Secured by State Revenues. Obligations issued pursuant to the Enabling Law, including the Warrants, may not be secured by any of the foregoing, or any other, revenues or tax proceeds of the State of Alabama paid, allocated, apportioned or distributed to or for the benefit of the Board.

Proration of State Funds. Section 41-4-90 of the Code of Alabama 1975 provides, in part, that "the governor shall restrict allotments to prevent an overdraft or deficit in any fiscal year for which appropriations are made by prorating without discrimination against any department, board, bureau, commission, agency, office or institution of the state, the available revenues among the various departments, boards, bureaus, commissions, agencies, offices and institutions of the state." In fiscal year 2011, the Governor of Alabama reduced monthly allotments from the Trust Fund because then-current-and-projected revenues accruing to the Trust Fund were not sufficient to pay all appropriations made by the Legislature from the Trust Fund. State appropriations to the Board in fiscal year 2024 of $71,998,489.39 were approximately 60.02% of the Board's total governmental fund revenue for that year.

The following table sets forth the years in which proration has been declared, since 2001, and the applicable percentage rate of proration:

Fiscal Year(s) Ended September 30	**Percentage Rate***
2001	6.20%
2002	–
2003	4.40
2004-2007	–
2008	6.50
2009	11.00
2010	9.50
2011	3.00
2012-2024	–

* Net of transfers from the Education Trust Fund Rainy Day Account and the former Proration Prevention Account into the Education Trust Fund.

The Education Trust Fund Rolling Reserve Act (Act No. 2011-3 of the Legislature of Alabama, referred to herein as the "Rolling Reserve Act") provides that, beginning with the fiscal year ended September 30, 2013, appropriations from the Trust Fund shall not exceed an annual formula-based amount (the "Fiscal Year Appropriation Cap") derived, in part, from historical collections of and growth rates in certain "recurring revenues" (generally being the proceeds of those taxes described above) and from certain "nonrecurring revenues" deposited into the Trust Fund. The cap essentially reduces year-to-year volatility in appropriations from the Trust Fund. The Rolling Reserve Act further provides that, to the extent revenues deposited into the Trust Fund exceed the Fiscal Year Appropriation Cap, such excess is first deposited into the Trust Fund's "Rainy Day Account" and any remaining excess is then deposited into the "Education Trust Fund Budget Stabilization Fund" and the "Education Trust Fund Capital Fund," in the order named. Both the Rainy Day Account and the Education Trust Fund Budget Stabilization Fund are reserve accounts designed to offset or reduce proration in the event Trust Fund revenues are not sufficient to pay appropriations made by the Legislature from the Trust Fund.

The Board cannot predict, for the current or any subsequent fiscal year, whether State revenues appropriated to the Board will be subject to proration nor can it predict the extent of proration, should it occur. The State funds that are subject to proration are not pledged for payment of the principal of or interest on the Warrants. It is not possible for the Board to determine the extent to which proration may have an adverse impact on the Board's finances.

Federal Programs

The Board receives funds from the Federal Government under its program for vocational education, under Chapter II for enhancement of libraries, under Title VI to special education programs and under the federal vocational program as well as several other programs. Federal funds accounted for approximately 16.74% of the Board's total revenue in fiscal year 2023.

ASSESSMENTS AND AD VALOREM TAX COLLECTIONS

General

The Alabama Constitution limits the ratios at which property may be assessed, specifies the maximum millage rates at which taxes may be levied on property, and limits the total ad valorem taxes on any property in any tax year.

Assessments

The total assessed valuation of the taxable properties in the County as assessed for countywide school taxation during the tax years 2019 through 2024 was as follows:

Tax Year Commencing October 1	Motor Vehicles	All Property Other Than Motor Vehicles	Total
2019	$94,619,540	$672,184,470	$766,804,010
2020	97,885,480	675,493,210	773,378,690
2021	105,123,780	677,466,880	782,590,660
2022	116,291,640	693,668,120	809,959,760
2023	133,371,500	767,388,010	900,759,510
2024	137,921,280	797,231,430	935,152,710

Countywide and district school taxes on real property (which are levied and collected by the County) are due October 1 of the year following the year of their assessment and are delinquent on the succeeding January 1. Taxes on motor vehicles have, since October 1, 1980, been assessed and collected on a staggered basis throughout each tax year.

Ad valorem taxes on taxable properties, except public utilities, are assessed and collected by the Walker County Revenue Commissioner. Ad valorem taxes on motor vehicles are assessed and collected by the Walker County Judge of Probate. Ad valorem taxes on public utility properties are assessed by the State Department of Revenue and collected by the State and the Walker County Tax Collector.

Largest Ad Valorem Taxpayers

The following table indicates the ten (10) largest ad valorem taxpayers in the County for the tax year for which the County-levied taxes became due and payable on October 1, 2024, together with the assessed value and total ad valorem taxes to the County paid for each:

Taxpayer	Assessed Value	Total Ad Valorem Taxes Paid
Alabama Power Company – 26547	$68,958,140	$1,769,835.03
Alabama Power Company – 26568	13,070,600	504,750.75
Norfolk Southern Combined Rail	12,931,640	329,756.82
Burlington Northern Railroad Co.	9,768,000	255,219.15
Nelson Brothers LLC	7,951,940	202,670.47
Wal-Mart Real Estate Business Trust	4,739,380	171,957.08
Mar-Jac Poultry AL LLC	3,969,700	158,736.00
Yorozu Automotive Alabama Inc.	9,414,660	127,097.91
Jasper Lumber Company Inc.	2,993,540	119,689.60
Spectrum Southeast LLC	3,122,620	108,430.63

Source: Walker County Office of Revenue Commissioner

General Classifications and Assessment Ratios

The following classifications of taxable property and corresponding ratios of assessed value to fair and reasonable market value were established for all ad valorem taxation (state and local), subject to certain exceptions stated below:

Class I - property of utilities used in their business, 30%;

Class II - property not otherwise classified (generally, business or commercial property), 20%;

Class III - agricultural, forest and single-family owner occupied residential property and historical buildings and sites, 10%; and

Class IV - private passenger automobiles and small trucks ("pickups") for personal use, 15%.

Act No. 2024-344 of the Legislature of Alabama effectively limits the annual increase in assessed values of Class II and Class III properties to 7% effective October 1, 2024, and continuing through the fiscal year beginning October 1, 2027. There are exclusions to the annual limitation, including for real property that has never been assessed, certain additions or improvements to real property (including new construction), changes to the classification of the property and certain changes in ownership of the property.

Local Adjustment of Assessment Ratios

Any local taxing authority may increase or decrease any assessment ratio subject to approval by the Legislature and by the majority of the electorate of such authority at a special election. In no case may an assessment ratio be less than 5% or more than 35%, nor may any increase or decrease exceed 5%. Legislative (as opposed to constitutional) provisions of Alabama law further restrict any increase of an assessment ratio (1) to a class of property constituting less than 20% of all taxable property in the taxing authority or (2) in the case of a taxing authority having more than 75% of its property in a single class, to the other classes of property. Alabama law also requires that any adjustment of assessment ratios other than those applicable to municipal ad valorem taxation be made by the governing body of a county.

Local Adjustment of Millage Rates

Any local taxing authority may (subject to the limitations on the total rate of taxation hereinafter stated) increase the rate at which any ad valorem tax is levied above the limit otherwise provided in the Alabama Constitution subject to the approval by the Legislature and by the majority of the electorate of such authority at a special election. Any adjustment of millage other than an adjustment applicable to a municipality be made by the governing body of the County. Any adjustments with respect to the other ad valorem taxes levied for the Board (see "Major Sources of Board Revenue" below) would be made by the Walker County Commission.

Ad Valorem Taxes in the County

State and County Ad Valorem Taxes. Total ad valorem taxes levied in the District for the tax year that ended September 30, 2024 amount to 25.5 mills (equivalent to $2.55 per $100 of assessed valuation), which are distributed as follows:

State of Alabama	6.5 mills
Walker County	
General Fund	6.0 mills
Road & Bridge	3.0 mills
Countywide School	5.0 mills
District School	5.0 mills
Total Ad Valorem Levy	25.5 mills

Various municipalities in the County levy ad valorem taxes on property within their corporate limits in addition to those shown above.

Municipal Ad Valorem Taxes. In addition to the ad valorem taxes levied by the County, the following taxes are levied by the following municipalities with respect to property located within their respective jurisdictions:

Municipalities	**Municipal Millage Levied**
Carbon Hill	13.0 mills
Cordova	13.5 mills
Dora	10.1 mills
Ethridge	5.0 mills
Jasper	16.5 mills
Kansas	5.0 mills
Nauvoo	6.3 mills
Oakman	6.3 mills
Parrish	5.0 mills
Sipsey	6.1 mills
Sumiton	6.0 mills

General Limitations on Ad Valorem Tax Rates

All ad valorem taxes payable to the State and to all counties, municipalities and other taxing authorities with respect to any item of taxable property shall not exceed the following percentage of the fair and reasonable market value of such property in any single tax year: 2% in the case of Class I property; 1-1/2% in the case of Class II property; 1% in the case of Class III property; and 1-1/4% in the case of Class IV property. The limitation is not exceeded as to any class of property in the District.

Current Use Valuation

Class III property (primarily agricultural, forest and single-family residential property) is permitted to be assessed, on application of the owner, on the basis of its current use value, with no consideration to be taken of prospective value if the property were put to some other possible use. Legislation enacted in 1982 established a procedure for determining the "current use" value of agricultural and timber property for ad valorem tax purposes.

Additional Exemptions

Household and kitchen furniture, all farm tractors, all farming implements and all stocks of goods, wares and merchandise are exempt from ad valorem taxation. Residences of persons over 65 are also subject to exemption from payment of certain ad valorem taxes.

Act No. 82-789 adopted at the 1982 Second Special Session of the Legislature of Alabama authorizes the several counties in the state to increase the present $2,000 homestead exemption from county taxation to an amount not greater than $4,000 and permits the extension of such exemption to district school taxes. The said Act further provides that no action affecting countywide or district ad valorem taxes levied solely for the support of public schools may be taken except by resolution of the school board that is the recipient of the proceeds of the tax or taxes so affected. The Board understands that the Walker County Commission does not intend to increase the homestead exemption pursuant to the provisions of said Act No. 82-789. The Board does not propose to take any action under said Act No. 82-789 that would have the effect of reducing the proceeds of any ad valorem taxes levied in the County solely for the support of the public schools.

Collections

Ad valorem taxes levied with respect to real and personal property are assessed and collected on an annual basis. Ad valorem taxes levied with respect to motor vehicles are assessed and collected on a monthly basis at the time of the issuance of motor vehicle license plates, and therefore, the percentage of taxes collected is essentially 100%.

Assessed Value by Property Classification

The following chart reflects, for the tax year that ended September 30, 2024 (that is, the year for which State and County-levied taxes became due and payable on October 1, 2024, and delinquent on January 1, 2025), the appropriate division of net assessed valuation of property in the County:

	Property Classification	**Assessed Valuation**
Class I	Utilities	$ 93,517,770
Class II	All Property Not Otherwise Classified	485,852,160
Class III	All Agricultural, Forest and Single Family Owner Occupied Residential Property and Historic Building and Sites	325,845,220
Class IV	Private Passenger Automobiles and Trucks for Personal Use	111,137,040
	Plus Penalties	326,800
	Less exemptions	(81,526,280)
	Total	$935,152,710

RATINGS

S&P is expected to give the Warrants an insured rating of "AA" (stable outlook) with the understanding that AG will issue and deliver the Policy at the time of delivery of the Warrants. S&P has given the Warrants an underlying rating of "A+." Any explanation of the significance of such ratings must be obtained from the rating agency. Ratings are not recommendations to buy, sell or hold the Warrants and should be evaluated independently. There is no assurance that such ratings will remain in effect for any given period of time or will not be lowered or withdrawn entirely if, in the judgment of the rating agency, circumstances should warrant such action. Any such downward revision or withdrawal of any rating assigned to the Warrants could have an adverse effect on the market price of the Warrants. Neither the Board nor the Underwriter has undertaken any responsibility after the issuance of the Warrants to assure maintenance of the ratings or to oppose any such revision or withdrawal.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Warrants is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("the Code"). Interest on the Warrants is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on "applicable corporations" (as defined in Section 59(k) of the Code), interest on the Warrants is not excluded from the determination of adjusted financial statement income. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Board and others in connection with the Warrants, and Bond Counsel has assumed compliance with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Warrants from gross income under Section 103 of the Code.

Bond Counsel is further of the opinion that the interest on the Warrants is exempt from present Alabama income taxation.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Warrants. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Warrants.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Warrants in order that interest on the Warrants be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Warrants, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Warrants to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Board has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Warrants from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Warrants. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Warrant.

Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Warrants.

Original Issue Discount

The initial public offering price to be paid for certain of the Warrants ("the Original Issue Discount Warrants") is less than the principal amount thereof. Under existing law, the difference between (i) the amount payable at the maturity of each Original Issue Discount Warrant, and (ii) the initial offering price to the public of such Original Issue Discount Warrant constitutes original issue discount with respect to such Original Issue Discount Warrant in the hands of any owner who has purchased such Original Issue Discount Warrant in the initial public offering of the Warrants. Such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Warrant equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Warrant continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Warrant prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Warrant in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Warrant was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Warrant is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Warrants and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Warrant for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other taxable disposition thereof. The amount (if any) to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods (if any) multiplied by the yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Warrants.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Warrants which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Warrants should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Warrants and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Discount Warrants.

Original Issue Premium

The initial public offering price to be paid for certain of the Warrants ("the Original Issue Premium Warrants") is greater than the principal amount thereof. Under existing law, any owner who has purchased an Original Issue Premium Warrant in the initial public offering of the Warrants is required to reduce his basis in such Original Issue Premium Warrant by the amount of premium allocable to periods during which he holds such Original Issue Premium Warrant, and the amount of premium allocable to each accrual period will be applied to reduce the amount of interest received by the owner during each such period. All owners of Original Issue Premium Warrants should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Premium Warrant and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Premium Warrant.

Recent and Future Legislation

The Inflation Reduction Act of 2022, Pub. L. No. 117-169, which became law on August 16, 2022, imposes a minimum tax of 15 percent of the "adjusted financial statement income" (as defined and as determined under Section 56A of the Code) of "applicable corporations" (as defined in Section 59(k) of the Code). Such adjusted financial statement income does not exclude interest income from tax-exempt obligations. The minimum tax applies to taxable years beginning after December 31, 2022. Prospective purchasers of the Warrants that could be "applicable corporations" should consult their own tax advisors with respect to the potential consequences of ownership of the Warrants. See "TAX MATTERS – Opinion of Bond Counsel" above and the form of approving opinion of bond counsel attached as Appendix A.

Current and future legislative proposals, if enacted into law, may cause interest on the Warrants to be subject, directly or indirectly, to federal income taxation or otherwise prevent beneficial owners of the Warrants from realizing the full benefit of the current tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Warrants. Prospective purchasers of the Warrants should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Bank Qualification

Section 265 of the Code provides that, as a general rule, banks, thrifts, and other financial institutions may not deduct that portion of their interest expense that is allocable to tax-exempt obligations acquired after August 7, 1986. There is a specific exception in Section 265 for interest income from a "qualified tax-exempt obligation" which is defined as an obligation (not a private activity bond) that has been designated by the issuer for purposes of the Code as a "qualified tax-exempt obligation." Under the exception, interest allocable to qualified tax-exempt obligations is subject to the 20% disallowance rule effective prior to the Tax Reform Act of 1986. Section 265 provides that not more than $10,000,000 of obligations may be designated by an issuer as "qualified tax-exempt obligations" during any calendar year and that obligations may not be designated as "qualified tax-exempt obligations" unless the issuer reasonably anticipates that the amount of qualified tax-exempt obligations issued by such issuer during such calendar year will not exceed $10,000,000.

The Warrants are not "qualified tax-exempt obligations" for purposes of Section 265.

RECENT STATE PUBLIC SCHOOL LEGISLATION

Charter Schools

The "Alabama School Choice and Student Opportunity Act" (codified at Chapter 6F of Title 16 of the Code of Alabama 1975, as amended, and referred to herein as the "Charter Schools Law") provides in broad terms for the creation, operation and financing of "charter schools," which are to form part of the State's existing system of public elementary and secondary education. Such charter schools include both (i) "start-up public charter schools," which consist of newly constructed school buildings and other facilities, and (ii) "conversion public charter schools," which consist of existing school buildings and facilities that are effectively removed from the governance of a given county or city board of education and placed under the control of a private, non-profit organization.

Under the provisions of the Charter Schools Law, a new state agency, the Alabama Public Charter School Commission (the "Charter School Commission"), will be empowered to establish charter schools – both "start-up" and "conversion" schools – anywhere in the State. The Charter School Commission is also effectively empowered to create a new "conversion" charter school in any locality, despite the express opposition of the county or city board of education that operates the public school in question.

The effects of the provisions of the Charter School Law cannot be predicted with any certainty and may be significantly affected by both judicial interpretation and executive or administrative action or enforcement. It is therefore impossible at this time to predict how the Charter Schools Law (or any administrative regulations that may hereafter be adopted by either the State Board, the State Department, or the Charter School Commission) may affect the operation of the public schools now or hereafter administered by the Board or, more generally, what impact the Charter Schools Law will eventually have on the administration of the State's system of public education.

Alabama Accountability Act

The Alabama Accountability Act of 2013 (codified at Chapter 6D of Title 16 of the Code of Alabama 1975, as amended, and referred to herein as the "Accountability Act") allows students zoned to attend "priority" public schools – generally defined as those public schools receiving a "D" or "F" on the most recent "state report card" – to transfer either to a qualifying public school or to a qualifying nonpublic school and provides income tax credits to parents of students who transfer out of such "priority" public schools in an amount up to 80% of the average annual state cost of attendance for a public K-12 student. The Accountability Act also provides an income tax credit to certain Alabama taxpayers who owe state income tax and make a cash donation to qualifying Scholarship Granting Organizations (each, an "SGO"). The current annual statewide cap on the income tax credit for donations to SGOs is $40,000,000 and may be increased to $60,000,000 under certain circumstances. For each school year, eligible low-income students may apply to receive a scholarship awarded by an SGO to attend either (i) a qualifying nonpublic school or (ii) a qualifying public school. Priority for the scholarships is given to eligible students zoned for a "priority" public school. The income tax credits provided for by the Accountability Act effectively reduce the funds available for appropriation from the Education Trust Fund.

No school under the jurisdiction of the Board has been deemed a "priority" school under the Accountability Act.

UNITED STATES BANKRUPTCY CODE

The United States Bankruptcy Code permits political subdivisions of a state and certain state and local public agencies and instrumentalities that are insolvent or are unable to meet their debts to file petitions for relief in federal bankruptcy courts if authorized by state law. Alabama law authorizes municipalities, counties and certain public authorities to file petitions under the Bankruptcy Code. However, there is no legislation currently in effect in Alabama authorizing boards of education to file such petitions for relief. Such legislation authorizing boards of education to file petitions for relief under the Bankruptcy Code may well be enacted by the Legislature of Alabama in the future.

Section 922(d) of Chapter 9 of the Bankruptcy Code provides that a bankruptcy petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues. It is not clear whether the pledge of the Pledged Tax Proceeds made by the Board for the benefit of the Warrants would constitute "special pledged revenues" as that term is used in Section 922 of Chapter 9 of the Bankruptcy Code and, therefore, it is uncertain whether or not an automatic stay, under Chapter 9, would prevent the Board from using the said tax proceeds for the payment of principal and interest on the Warrants.

The approving legal opinion of Bond Counsel will contain the customary reservation that the rights of the holders of the Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases. See "TAX MATTERS" above and the proposed form of approving legal opinion set forth in Appendix A.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Board, like those of all county boards of education in the state, are audited by the State of Alabama Department of Examiners of Public Accounts ("ADEPA"). The Board's audited financial statements as of and for the fiscal year ended September 30, 2023, included as Appendix C to this Official Statement, have been audited by ADEPA, Montgomery, Alabama, as stated in its report dated May 10, 2024, and attached to such financial statements.

ADEPA has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in their report and included in this Official Statement. ADEPA also has not performed any procedures relating to this Official Statement.

APPROVAL OF LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Warrants are subject to the approval of Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel, whose approving legal opinions will be delivered at the time of delivery of the Warrants. The proposed form of that opinion is included in this Official Statement as Appendix A. Bond Counsel has been employed for the purpose of preparing certain documents and supporting certificates, reviewing the transcript of proceedings by which the Warrants have been authorized to be issued and rendering an opinion as to the essential legality and validity of the Warrants in substantially the form of Appendix A.

LITIGATION

At the time of the delivery of the Warrants, the Board will furnish its certificate to the effect that there is no litigation pending or threatened which would restrain or enjoin the issuance of the Warrants or contest the authority for or the validity of the Warrants or contest the corporate authority of the Board to issue the Warrants.

LEGAL INVESTMENT

Under the Code of Alabama 1975 (Section 16-13-308), the Warrants will be legal investments for fiduciaries. Said Section 16-13-308 provides:

> "The warrants issued pursuant to the provisions of this article shall be legal investments for executors, administrators, trustees, and other fiduciaries."

CONTINUING DISCLOSURE REQUIREMENTS

Undertaking for the Warrants

The Board will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") for the benefit of beneficial owners of the Warrants wherein the Board will agree to provide annually certain financial information and operating data relating to the Board (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. The Annual Report and event notices will be filed by the Board with the Electronic Municipal Market Access ("EMMA") system, a website created by the Municipal Securities Rulemaking Board ("MSRB") and approved by the SEC to provide a nationwide central location for municipal bond information. The specific nature of the information to be contained in the Annual Report or the event notices and other provisions of the Continuing Disclosure Agreement are set out in the form of Continuing Disclosure Agreement attached as Appendix B. The Continuing Disclosure Agreement is being entered into in order to assist the purchaser of the Warrants in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Compliance with Prior Undertakings

The Board entered into continuing disclosure agreements upon issuance of the Outstanding Parity Warrants (the "Prior Undertakings"). Pursuant to the Prior Undertakings, the Board agreed, among other things, to provide through EMMA audited financial statements and annual financial information substantially similar to the information required to be filed in the Annual Report (the "Prior Annual Report") and notices of certain events substantially similar to those set forth in the Continuing Disclosure Agreement.

During the preceding five fiscal years, the Board failed to comply with the terms of the Prior Undertakings as follows:

- The Board failed to post its audited financial statements for fiscal years 2019 through 2023, inclusive, on EMMA.
- The Board failed to post the Prior Annual Report for fiscal years 2019 through 2023, inclusive, on EMMA.
- The Board did not post a failure to file notice for any of the foregoing missed filings.

With respect to the first two bullet points above, the Board intends to post remedial filings for fiscal years 2019 through 2023, inclusive, on EMMA on or before the date of initial sale of the Warrants.

UNDERWRITING

The Warrants are being purchased, subject to certain customary conditions precedent, by Raymond James & Associates, Inc., Birmingham, Alabama (the "Underwriter"), at a price equal to $________________________, which price reflects a net original issue premium of $_______________ and an underwriting discount of $____________. The Board has been advised that the Underwriter intends to offer the Warrants to the public at prices that may be changed from time to time by the Underwriter without any requirement of prior notice. The Board has also been advised that the Underwriter may offer the Warrants to certain dealers and to others at prices lower than the public offering prices.

FINANCIAL ADVISOR TO ALABAMA STATE DEPARTMENT OF EDUCATION

In connection with the issuance and sale of the Warrants, Rice Advisory LLC, Montgomery, Alabama, is serving as financial advisor to the Alabama State Department of Education (the "Financial Advisor"). The Financial Advisor has not assisted in the preparation of this Official Statement nor has it participated in other matter relating to the planning, structuring and issuance of the Warrants. The Financial Advisor is a financial advisory firm regularly engaged in the business of providing financial and advisory services. The Financial Advisor will not participate in underwriting any of the Warrants.

RISK FACTORS

General

An investment in the Warrants involves certain risks that prospective investors in the Warrants should consider carefully. 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 the Warrants are an appropriate investment for them. This discussion of risk factors is not intended to be exhaustive and should be read in conjunction with all other parts of this Official Statement.

Limitation on Rights of Holders of the Warrants

Holders of the Warrants should be aware that their rights and the enforceability of the Warrants may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

United States Bankruptcy Code

See "UNITED STATES BANKRUPTCY CODE" herein for information describing the applicability of the United States Bankruptcy Code to the Board and the Warrants.

Cybersecurity

Despite the implementation of network security measures by the Board, its information technology systems may remain vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. 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 Board's ability to provide essential services or to collect revenues necessary to operate the Board. 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 Board, no assurances can be given that the Board'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 Board.

Tax-Exempt Status of the Warrants

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Warrants, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds, limitations on the investment earnings of bond proceeds prior to expenditure, a requirement that certain investment earnings on bond proceeds be paid periodically to the United States Treasury, and a requirement that the Board file an information report with the IRS. Future failure by the Board to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Warrants as taxable, retroactively to the date of issuance. The Board will covenant in the Authorizing Resolution that it will not take any action or refrain from taking any action that would cause interest on the Warrants to be included in gross income for federal income tax purposes. Additionally, the Warrants or other tax-exempt obligations issued previously by the Board may be, from time to time, subject to examinations or audits by the IRS. There is no assurance that an IRS examination of the Warrants would not adversely affect the market value of the Warrants or of other outstanding tax-exempt indebtedness of the Board.

Prospective purchasers of the Warrants should also be aware that future legislative proposals, if enacted into law, may affect the tax-exempt status of the Warrants. See "TAX MATTERS – Recent and Future Legislation."

School Choice Initiatives

Various State legislative initiatives have been introduced in recent years proposing the shifting of public school funds away from the State's public schools and toward parents and guardians for individual expenditure on an array of educational expenses, including tuition at non-public schools (these proposals are broadly defined as "School Choice Initiatives"). For example, the recently enacted "Creating Hope and Opportunity for Our Students' Education Act of 2024, or the CHOOSE Act," creates Education Savings Accounts (ESAs) to be funded, beginning with the 2025-2026 academic year, with not less than $100 million of appropriations by means of a refundable income tax credit. The tax credits deposited into individual ESAs may be used by parents of participating students on "qualifying educational expenses," which include, among other things, tuition and fees at participating public schools for which the student is not zoned or on qualifying private schools. The CHOOSE Act does not limit the total amount of tax credits that the legislature may determine to appropriate into the ESAs.

Additional School Choice Initiatives may be introduced and adopted during the period in which the Warrants are outstanding. These School Choice Initiatives may reduce the amount that would otherwise be available for the legislature to appropriate through the Education Trust Fund budget, thereby reducing the State funds available for distribution to the Board. School Choice Initiatives may also cause a decline in enrollment in the public schools operated by the Board. Certain local revenues, including the Special Taxes, are distributed based on an attendance-based formula, and a reduction in attendance could result in a corresponding reduction in local tax distributions. At this time, the Board is unable to provide an estimate of the effect the CHOOSE Act or any other School Choice Initiative may have on the Board's financial condition or operations.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

References herein to the Alabama Constitution and all acts referred to herein are intended to be only brief outlines of certain provisions of each thereof and do not purport to summarize or describe all provisions thereof.

The distribution of this Official Statement has been approved by the Board.

WALKER COUNTY BOARD OF EDUCATION

By____
Chairman

Dated ____________________, 2025

APPENDIX A

FORM OF APPROVING LEGAL OPINION

APPENDIX A

FORM OF APPROVING
LEGAL OPINION WITH
RESPECT TO THE WARRANTS

Bradley Arant Boult Cummings LLP
One Federal Place
1819 Fifth Avenue North
Birmingham, Alabama 35203-2119

Walker County Board of Education
Jasper, Alabama

Ladies and Gentlemen:

We have examined certified copies of proceedings of the Walker County Board of Education (the "Board") in the State of Alabama and other documents pertaining to the authorization, sale, and issuance of

$_______________
WALKER COUNTY BOARD OF EDUCATION
Special Tax School Warrants
Series 2025
Dated the date of issuance

(the "Warrants"). The opinions hereinafter expressed are based upon our examination of the said proceedings and documents. The Warrants recite that they are issued pursuant to the provisions of Article 14 of Chapter 13 of Title 16 of the Code of Alabama 1975, as amended (the "Alabama Code").

Under Section 40-12-4 of the Alabama Code, the governing body of the County levies, at the aggregate basic rate of 2%, privilege license and excise taxes (together, the "Special Taxes"), the net proceeds of which are apportioned and allocated between the Board and the Jasper City Board of Education, according to a formula established in Alabama law.

The said proceedings and documents show that the resolution of the Board authorizing the issuance of the Warrants contains a special pledge for payment, at the respective maturities of the principal thereof and interest thereon, of so much as may be necessary for that purpose of those portions of the Special Taxes so appropriated and required to be distributed to the Board (the said portions being herein together called the "Pledged Tax Proceeds"). The said documents include a certificate of officers of the Board that the Board has no outstanding obligations that are secured by a pledge of the Pledged Tax Proceeds other than the Warrants and the following obligations (together, the "Outstanding Parity Warrants"): (i) the Board's Capital Outlay and Refunding School Warrants, Series 2012-A, presently outstanding in the aggregate principal amount of $1,310,000; (ii) the Board's School Tax Warrants, Series 2020-A, in the aggregate principal amount of $5,275,000; and (iii) the Board's School Tax Warrants (Federally Taxable), Series 2020-B, in the aggregate principal amount of $15,550,000 (together the "Outstanding Parity Warrants").

The said proceedings also show that the Board has reserved the right to issue additional parity warrants ("Parity Warrants") payable from and secured by a pledge of the Pledged Tax Proceeds, subject to certain limitations and conditions, on a parity of lien with the pledge thereof made for the benefit of the Warrants and with the pledges thereof heretofore made for the benefit of the Outstanding Parity Warrants.

We are of the following opinion: that the Warrants are in due and legal form and have been authorized, sold and issued in the manner required by the applicable provisions of the laws of Alabama; that the Warrants are valid warrants of the Board and constitute valid orders on the chief school financial officer of the Board for the payment thereof as provided in the Warrants; that the principal of and interest on the Warrants are payable solely out of the Pledged Tax Proceeds; that the Pledged Tax Proceeds have been irrevocably pledged for payment of the principal of and interest on the Warrants to the extent necessary to pay the said principal and interest at the respective maturities thereof, pro rata one with the other and with the pledges heretofore made for the benefit of the Outstanding Parity Warrants; that the said pledge is valid and irrevocable subject to the reservation that the Legislature of Alabama may make such amendments to said Section 40-12-4, including changes in the allocation and apportionment of the Special Taxes, as may be necessary to enable the County to perform its governmental functions; that the Warrants constitute a preferred charge on the Pledged Tax Proceeds; that the said pledge for the benefit of the Warrants will take precedence over any pledge thereof for the benefit of any warrants of the Board that may hereafter be issued other than Parity Warrants; and that, under existing statutes, the interest on the Warrants is exempt from Alabama income taxation.

We are of the further opinion that under the Internal Revenue Code of 1986, as amended ("the Code"), as presently construed and administered, and assuming compliance by the Board with the covenants pertaining to certain requirements of federal tax law that are set forth in the resolution of the Board pursuant to which the Warrants are being issued, the interest on the Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Warrants will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed on individuals by Section 55 of the Code. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on "applicable corporations" (as defined in Section 59(k) of the Code), interest on the Warrants is not excluded from the determination of adjusted financial statement income. We express no opinion with respect to the federal tax consequences of ownership of the Warrants under any other provision of the Code.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement of the Board relating to the Warrants. Further, we express no opinion regarding tax consequences arising with respect to the Warrants other than as expressly set forth herein.

The rights of the holders of the Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to 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.

Yours very truly,

APPENDIX B

FORM OF
CONTINUING DISCLOSURE AGREEMENT

APPENDIX B

FORM OF
CONTINUING DISCLOSURE AGREEMENT

The undersigned, the WALKER COUNTY BOARD OF EDUCATION, a quasi-corporation under the laws of the State of Alabama (the "Board"), hereby undertakes and agrees with the holders of its Special Tax School Warrants, Series 2025, dated ______________, 2025, originally issued in the aggregate principal amount of $___________ (the "Warrants"), as follows:

R E C I T A L S:

The Warrants are proposed to be issued on or about _____________, 2025, and are subject to the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission of the United States of America (the "Commission") pursuant to the Securities Exchange Act of 1934. The Warrants are being issued pursuant to a resolution adopted by the Board on _____________, 2025 (the "Authorizing Resolution"), to provide a portion of the funds needed (a) to finance various capital improvements to the public school facilities under the jurisdiction of the Board; (b) to provide a municipal bond insurance policy for the Warrants; and (c) to pay issuance expenses. The Warrants have been sold to Raymond James & Associates, Inc., and the Board has delivered to the said purchaser the Board's Official Statement with respect to the Warrants dated _____________, 2025 (the "Official Statement"). There is no "obligated person" as defined in the Rule with respect to the Warrants other than the Board.

The Board has entered into this Agreement in order to assist the Underwriters in complying with the Rule.

NOW, THEREFORE, the Board does hereby undertake and agree with the holders of the Warrants as follows:

Section 1. Annual Report. The Board agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the Electronic Municipal Market Access system ("EMMA") established by the Municipal Securities Rulemaking Board (the "MSRB") (or such other system subsequently authorized by the MSRB), as designated by the Commission in accordance with the Rule, (i) in the case of audited financial statements referred to below, when available, and (ii) in all other cases, within 270 days after the close of each fiscal year of the Board (October 1 – September 30), commencing with the fiscal year ended September 30, 2024, the following annual financial information and operating data (the "Annual Report"):

(a) the audited financial statements of the Board and notes thereto, prepared in accordance with generally accepted accounting principles; and

(b) unless included in the audited financial statements referred to in clause (a) above and submitted with the balance of the Annual Report, financial information with respect to the Board comparable to that set forth in the tables in the Official Statement under the following headings, but in each case, only for the fiscal year covered by such Annual Report:

(i) "SECURITY AND SOURCE OF PAYMENT – Board's Receipts of the Special Taxes";

(ii) "GENERAL INFORMATION CONCERNING THE BOARD – General Financial Information – Five-Year Summary of Audited Revenues, Expenditures and Changes in Fund Balances"; and

(iii) "GENERAL INFORMATION CONCERNING THE BOARD – Enrollment."

The Board reserves the right to modify from time to time the specific types of information provided or the format of the presentation of the Board's Annual Report, to the extent necessary or appropriate in the judgment of the Board; provided that, the Board agrees that any such modification will be done in a manner consistent with the Rule.

Section 2. Notice of Certain Events. The Board agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, through the EMMA system (or such other system as may be authorized by the MSRB), notice of the occurrence of any of the following events with respect to the Warrants:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, 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 Warrants, or other material events affecting the tax status of the Warrants;

(g) modifications of the rights of holders of the Warrants, if material;

(h) bond calls, if material, and tender offers;

(i) defeasances;

(j) release, substitution or sale of property securing repayment of the Warrants, if material;

(k) any change in any rating on the Warrants;

(l) bankruptcy, insolvency, receivership or similar event of the Board or of any obligated person respecting the Warrants;

(m) the consummation of a merger, consolidation, or acquisition involving the Board or any obligated person respecting the Warrants (each, an "Obligated Person") or the sale of all or substantially all of the assets of the Obligated Person, 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 related to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a Financial Obligation of the Board or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Board or obligated person, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Board or obligated person, any of which reflect financial difficulties.

As used herein, "Financial Obligation" means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

The Board may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Board such other event is material with respect to the Warrants, but the Board does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 3. Notice of Non-Compliance. The Board agrees to provide or cause to be provided through EMMA, in a timely manner not in excess of ten (10) business days after the occurrence thereof, notice of any failure by it to provide the Annual Report on or prior to the due date thereof set forth above.

Section 4. Beneficiaries and Enforcement. The Board agrees that its undertaking pursuant to the Rule set forth in the Agreement is intended to be for the benefit of the holders of the Warrants and shall be enforceable by such holders; provided, that the right of the holders of the Warrants to enforce the provisions of the Agreement shall be limited to a right to obtain specific enforcement of the respective obligations of the Board hereunder. No failure by the Board to comply with its obligations under the Agreement shall constitute an event of default under the Authorizing Resolution.

Section 5. Amendment. The Agreement may be amended without the consent of any holders of the Warrants if

(a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Board;

(b) the agreement, as so amended, would have complied with the requirements of the Rule at the time of the execution hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the Board receives an opinion of nationally recognized bond counsel that such amendment does not materially impair the interests of any of the holders of the Warrants.

IN WITNESS WHEREOF, this Agreement has been duly authorized by the Board and has been executed by and on behalf of the Board by the Chairman of the Board and attested by the Secretary of the Board, all as of ________________, 2025.

WALKER COUNTY BOARD OF EDUCATION

By____

Its Chairman

[S E A L]

ATTEST:

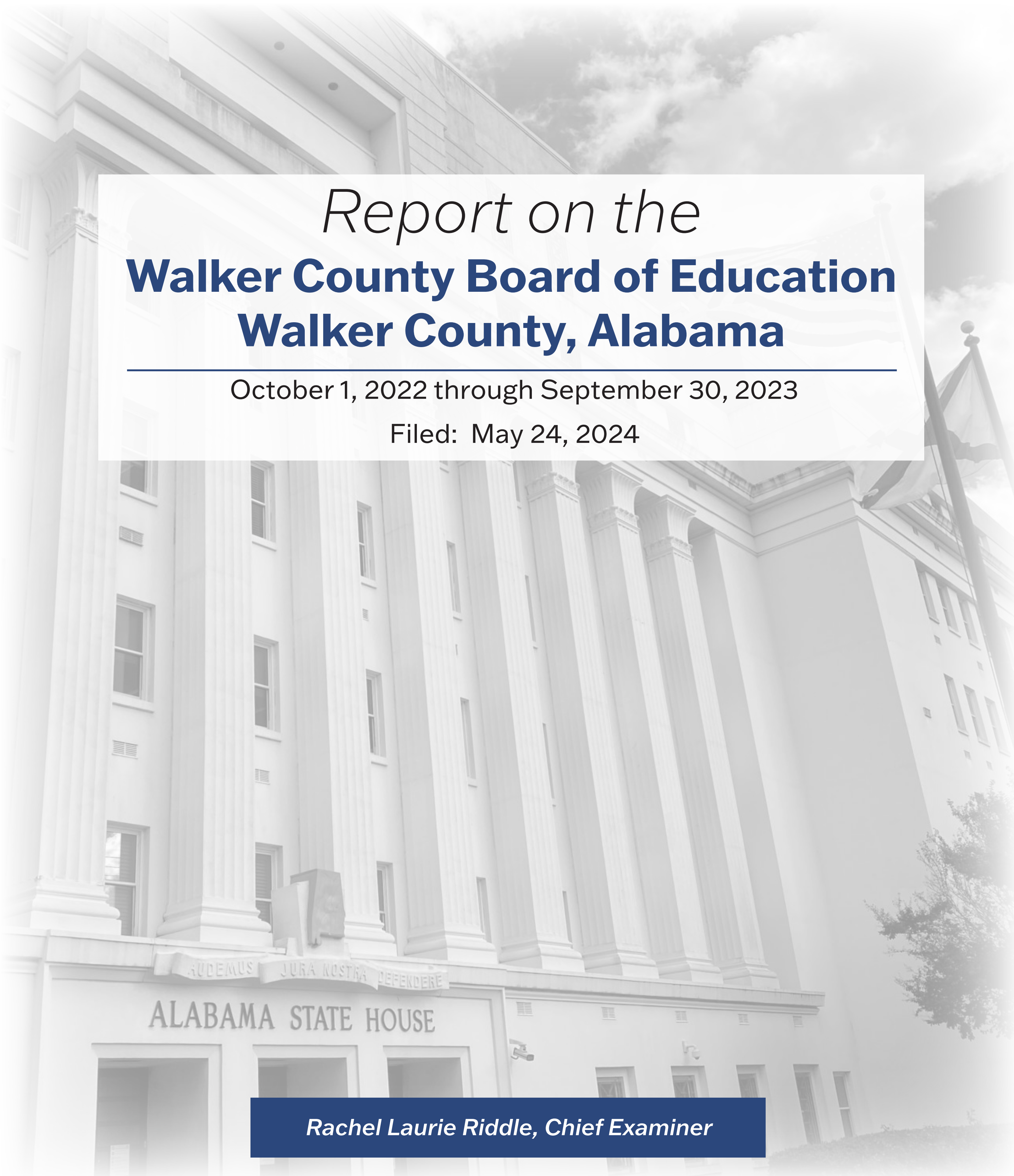
____

Its Secretary

APPENDIX C

AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Alabama Department of
Examiners of Public Accounts



Report on the

Walker County Board of Education
Walker County, Alabama

October 1, 2022 through September 30, 2023

Filed: May 24, 2024

Rachel Laurie Riddle, Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts
P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 242-9200
FAX (334) 242-1775

Rachel Laurie Riddle
Chief Examiner

Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An audit was conducted on the Walker County Board of Education, Walker County, Alabama, for the period October 1, 2022 through September 30, 2023, by Examiners Frances deGraffenried and Raven Braggs. I, Raven Braggs, served as Examiner-in-Charge on the engagement, and under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

Raven Braggs

Raven Braggs
Examiner of Public Accounts

rb

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Table of Contents

Table of Contents

Table of Contents

Department of

Examiners of Public Accounts

SUMMARY

Walker County Board of Education
October 1, 2022 through September 30, 2023

The Walker County Board of Education (the "Board") is governed by a five-member body elected by the citizens of Walker County. The members and administrative personnel in charge of governance of the Board are listed in Exhibit 14. The Board is the governmental agency that provides general administration and supervision for Walker County Public Schools, preschool through high school, with the exception of schools administered by Jasper City Board of Education.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Board complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, as well as the requirements of the Department of Examiners of Public Accounts under the authority of the ***Code of Alabama 1975***, Section 41-5A-12.

An unmodified opinion was issued on the financial statements, which means that the Board's financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2023.

Tests performed during the audit did not disclose any significant instances of noncompliance with applicable state and local laws and regulations.

EXIT CONFERENCE

Board members and administrative personnel, as reflected on Exhibit 14, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Superintendent Dr. Dennis Willingham; Chief School Financial Officer Andy McCay; and Board Member Lee Ann Headrick. Also in attendance were the following representatives from the Department of Examiners of Public Accounts: Joshua D. Taylor, Audit Manager, Raven Braggs, Examiner, and Frances deGraffenried, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of the Walker County Board of Education,
Superintendent and Chief School Financial Officer
Jasper, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Walker County Board of Education, as of and for the year ended September 30, 2023, and related notes to the financial statements, which collectively comprise the Walker County Board of Education's basic financial statements as listed in the table of contents as Exhibits 1 through 6.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Walker County Board of Education, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States (***Government Auditing Standards***). 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 Walker County Board of Education 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 these 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 Walker County Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Walker County Board of Education'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 Walker County Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of the Employer's Proportionate Share of the Collective Net Pension Liability, the Schedule of the Employer's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 7 through 12), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis (MD&A) that 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 to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Walker County Board of Education's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 13), as required by Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** (*Uniform Guidance*), is presented for the purpose of additional analysis, and is 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated May 10, 2024, on our consideration of the Walker County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Walker County Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Walker County Board of Education's internal control over financial reporting and compliance.

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

May 10, 2024

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Basic Financial Statements

Statement of Net Position
September 30, 2023

		Governmental Activities
Assets		
Cash and Cash Equivalents	$	24,817,072.07
Investments		119,195.93
Ad Valorem Property Taxes Receivable		5,074,916.60
Receivables (Note 4)		6,671,630.28
Inventories		238,065.25
Capital Assets (Note 5):		
Nondepreciable		12,169,716.99
Depreciable, Net		80,448,322.84
Total Assets		129,538,919.96
Deferred Outflows of Resources		
Loss on Refunding of Debt		198,463.88
Employer Pension Contributions		6,090,047.59
Proportionate Share of Collective Deferred Outflows Related to Net Pension Liability		35,784,000.00
Employer Other Postemployment Benefits (OPEB) Contributions		1,024,565.00
Proportionate Share of Collective Deferred Outflows Related to Net Other Postemployment Benefits (OPEB) Liability		18,824,893.00
Total Deferred Outflows of Resources		61,921,969.47
Liabilities		
Accounts Payable		142,441.07
Unearned Revenue		47,234.59
Salaries and Benefits Payable		7,324,566.79
Accrued Interest Payable		103,141.27
Long-Term Liabilities (Note 8):		
Portion Due or Payable Within One Year		2,451,944.50
Portion Due or Payable After One Year		140,918,314.09
Total Liabilities		150,987,642.31
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes		4,960,367.81
Revenue Received in Advance - Motor Vehicle Taxes		495,396.19
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability		6,359,000.00
Proportionate Share of Collective Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability		50,981,141.00
Total Deferred Inflows of Resources	$	62,795,905.00

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

	Governmental Activities
Net Position	
Net Investment in Capital Assets	$ 64,896,068.27
Restricted for:	
Debt Service	717,459.25
Capital Projects	1,667,888.40
Other Purposes	6,134,029.35
Unrestricted	(95,738,103.15)
Total Net Position	$ (22,322,657.88)

Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Total Governmental Activities
Governmental Activities					
Instruction	$ 47,194,311.65	$ 907,005.46	$ 42,139,477.87	$ 4,699,393.35	$ 551,565.03
Instructional Support	17,205,856.90	442,896.46	13,870,659.47		(2,892,300.97)
Operation and Maintenance	9,582,168.24	542,484.70	3,271,336.22	835,565.41	(4,932,781.91)
Auxiliary Services:					
Student Transportation	6,051,101.75	227,875.23	5,300,295.30	500,346.00	(22,585.22)
Food Service	5,509,147.81	4,103,903.02	483,327.76		(921,917.03)
General Administrative and Central Support	3,499,752.27	4,746.90	1,428,655.51		(2,066,349.86)
Interest and Fiscal Charges	748,908.31				(748,908.31)
Other Expenses	7,030,695.45	577,160.67	5,897,586.24		(555,948.54)
Total Governmental Activities	$ 96,821,942.38	$ 6,806,072.44	$ 72,391,338.37	$ 6,035,304.76	(11,589,226.81)
General Revenues:					
Taxes:					
Property Taxes for General Purposes					5,343,090.54
Sales Tax					15,904,977.75
Other Taxes					81,366.89
Investment Earnings					48,520.07
Miscellaneous					2,561,129.74
Total General Revenues					23,939,084.99
Changes in Net Position					12,349,858.18
Net Position - Beginning of Year					(34,672,516.06)
Net Position - End of Year					$ (22,322,657.88)

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

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 17,782,187.01	$ 4,546,396.14	$ 2,488,488.92	$ 24,817,072.07
Investments		119,195.93		119,195.93
Ad Valorem Property Taxes Receivable	5,074,916.60			5,074,916.60
Receivables (Note 4)	1,888,000.30	4,783,629.98		6,671,630.28
Due from Other Funds	4,299,218.29			4,299,218.29
Inventories		238,065.25		238,065.25
Total Assets	29,044,322.20	9,687,287.30	2,488,488.92	41,220,098.42
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	134,914.35	7,526.72		142,441.07
Due to Other Funds		4,299,218.29		4,299,218.29
Unearned Revenue		47,234.59		47,234.59
Salaries and Benefits Payable	7,069,541.66	255,025.13		7,324,566.79
Total Liabilities	7,204,456.01	4,609,004.73		11,813,460.74
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	4,960,367.81			4,960,367.81
Revenue Received in Advance - Motor Vehicle Taxes	495,396.19			495,396.19
Total Deferred Inflows of Resources	5,455,764.00			5,455,764.00
Fund Balances				
Nonspendable		238,065.25		238,065.25
Restricted:				
Debt Service			820,600.52	820,600.52
Child Nutrition Program		2,534,899.01		2,534,899.01
Capital Projects			1,667,888.40	1,667,888.40
Other Purposes	3,251,905.50	109,159.59		3,361,065.09
Assigned:				
Local Schools		2,196,158.72		2,196,158.72
Unassigned	13,132,196.69			13,132,196.69
Total Fund Balances	16,384,102.19	5,078,282.57	2,488,488.92	23,950,873.68
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 29,044,322.20	$ 9,687,287.30	$ 2,488,488.92	$ 41,220,098.42

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

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position September 30, 2023

Total Fund Balances - Governmental Funds (Exhibit 3)		$ 23,950,873.68
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Total Cost of Capital Assets is	$ 140,451,930.33	
Accumulated Depreciation is	(47,833,890.50)	
		92,618,039.83
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current-period expenditures and, therefore, are deferred on the Statement of Net Position.		198,463.88
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		35,515,047.59
Deferred outflows and inflows of resources related to Other Postemployment Benefits (OPEB) obligations are applicable to future periods and, therefore, are not reported in the governmental funds.		(31,131,683.00)
Long-term liabilities, including bonds/warrants payable and pension and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Current Portion of Long-Term Debt	$ 2,451,944.50	
Noncurrent Portion of Long-Term Debt	140,918,314.09	
		(143,370,258.59)
Interest on long-term debt is not accrued in the funds but rather is recognized as an expenditure when due.		
Accrued Interest Payable		(103,141.27)
Total Net Position - Governmental Activities (Exhibit 1)		$ (22,322,657.88)

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
State	$ 57,870,512.32	$	$ 6,030,312.76	$ 63,900,825.08
Federal	690,154.87	17,539,221.39		18,229,376.26
Local	21,749,954.25	4,341,108.56	279,871.12	26,370,933.93
Other	342,849.75	73,680.80		416,530.55
Total Revenues	80,653,471.19	21,954,010.75	6,310,183.88	108,917,665.82
Expenditures				
Current:				
Instruction	40,218,340.38	6,358,210.18		46,576,550.56
Instructional Support	12,195,083.10	4,686,872.44		16,881,955.54
Operation and Maintenance	7,787,123.75	870,631.35	1,099,647.41	9,757,402.51
Auxiliary Services:				
Student Transportation	5,586,897.30	249,253.29		5,836,150.59
Food Service		5,824,328.15		5,824,328.15
General Administrative and Central Support	2,884,276.73	1,150,011.71		4,034,288.44
Other	2,668,026.10	4,006,130.19		6,674,156.29
Capital Outlay	2,840,647.72	313,256.76	4,098,599.35	7,252,503.83
Debt Service:				
Principal Retirement			2,186,190.87	2,186,190.87
Interest and Fiscal Charges			804,845.73	804,845.73
Total Expenditures	74,180,395.08	23,458,694.07	8,189,283.36	105,828,372.51
Excess (Deficiency) of Revenues Over Expenditures	6,473,076.11	(1,504,683.32)	(1,879,099.48)	3,089,293.31
Other Financing Sources (Uses)				
Indirect Cost	955,084.22			955,084.22
Transfers In	2,000.00	1,736,537.10	1,538,054.00	3,276,591.10
Other Financing Sources	254,134.74			254,134.74
Sale of Capital Assets	15,642.00			15,642.00
Transfers Out	(3,274,591.10)		(2,000.00)	(3,276,591.10)
Total Other Financing Sources (Uses)	(2,047,730.14)	1,736,537.10	1,536,054.00	1,224,860.96
Net Changes in Fund Balances	4,425,345.97	231,853.78	(343,045.48)	4,314,154.27
Fund Balances - Beginning of Year	11,958,756.22	4,846,428.79	2,831,534.40	19,636,719.41
Fund Balances - End of Year	$ 16,384,102.19	$ 5,078,282.57	$ 2,488,488.92	$ 23,950,873.68

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2023

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5)		$ 4,314,154.27
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differs from capital outlays in the period.		
Capital Outlays	$ 7,252,503.83	
Depreciation Expense	(2,713,411.04)	
		4,539,092.79
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		2,186,190.87
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balances by this amount.		
Proceeds from Sale of Capital Assets	$ (15,642.00)	
Loss on Disposition of Capital Assets	(2,789.59)	
		(18,431.59)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Interest Payable, Current Year (Increase)/Decrease	$ (1,078.08)	
Compensated Absences, Current Year (Increase)/Decrease in Noncurrent Portion	12,726.35	
Amortization of Bond Premiums/Loss on Refunding	57,015.50	
Pension Expense, Current Year Increase/(Decrease)	(6,974,982.93)	
OPEB Expense, Current Year Increase/(Decrease)	8,235,171.00	
		1,328,851.84
Change in Net Position of Governmental Activities (Exhibit 2)		$ 12,349,858.18

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

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Walker County Board of Education (the "Board") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The Board is governed by a separately elected board composed of five members elected by the qualified electors of the County. The Board is responsible for the general administration and supervision of the public schools for the educational interests of the County, with the exception of schools administered by the Jasper City Board of Education.

Generally accepted accounting principles (GAAP) require that the financial reporting entity consist of the primary government and its component units. Accordingly, the accompanying financial statements present the Board (a primary government).

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, there are no component units which should be included as part of the financial reporting entity of the Board.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Board does not allocate indirect expenses to the various functions. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Board's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds in the Other Governmental Funds' column.

The Board reports the following major governmental funds:

- ***General Fund*** – The General Fund is the primary operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. The Board primarily receives revenues from the Education Trust Fund (ETF) and local taxes. Amounts appropriated from the ETF were allocated to the school board on a formula basis.

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

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

Governmental Fund Types

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available when they are collected within sixty (60) days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and notes from direct borrowings are reported as other financing sources.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the Board to invest in obligations of the U. S. Treasury, obligations of any state of the United States, general obligations of any Alabama county or city board of education secured by the pledge of the three-mill school tax and certificates of deposit.

Investments are reported at fair value, based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost. The Board reports all money market investments – U. S. Treasury bills and bankers' acceptances having a remaining maturity at time of purchase of one year or less – at amortized cost. Certificates of deposits are reported at cost.

2. Receivables

Sales tax receivables are based on the amounts collected within 60 days after year-end.

Millage rates for property taxes are levied at the first regular meeting of the County Commission in February of the initial year of the levy. Property is assessed for taxation as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year. However, since the amounts are not available to fund current year operations, the revenue is deferred and recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations.

Receivables due from other governments include amounts due from grantors for grants issued for specific programs, capital projects, and taxes from local governments.

3. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Restricted Assets

Certain funds received from the State Department of Education for capital projects and improvements, as well as certain resources set aside for repayment of debt, included in cash and cash equivalents on the financial statements, are considered as restricted assets because they are maintained separately, and their use is limited. The Capital Projects Fund contains Bonds and Warrants funding sources which are used to report proceeds that are restricted for use in various construction projects and the purchase of school buses. The Debt Service Fund is used to report resources set aside to pay the principal and interest on debt as it becomes due.

5. Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

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

	Capitalization Threshold	Estimated Useful Life
Land Improvements	$50,000	20 years
Buildings	$50,000	25 – 50 years
Building Improvements	$50,000	5 – 30 years
Equipment and Furniture	$ 5,000	5 – 20 years

6. Deferred Outflows of Resources

Deferred outflows of resources are reported in the Statement of Net Position. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

7. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond/Warrant premiums and discounts are deferred and amortized over the life of the debt. Bonds/Warrants payable are reported gross, with the applicable bond/warrant premium or discount reported separately. Bond/Warrant issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Compensated Absences

The Board’s vacation leave policy consists of the following: All 12-month personnel are entitled to a two-week vacation. Unused leave may be carried over to the next year.

However, total vacation days may not exceed 40 days. Upon retirement or resignation, each 12-month employee may choose to receive reimbursement at their normal rate of pay for unused vacation to a maximum of twenty days.

Leave for the Superintendent is based on the employment terms approved by the Board.

9. Deferred Inflows of Resources

Deferred inflows of resources are reported in the government-wide and fund financial statements. Deferred inflows of resources are defined as an acquisition of net position/fund balances by the government that is applicable to a future reporting period. Deferred inflows of resources decrease net position/fund balances, similar to liabilities.

10. Net Position/Fund Balances

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

- ***Net Investment in Capital Assets*** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets plus or minus any deferred outflows of resources and deferred inflows or resources that are attributable to those assets or related debt. Any significant unspent related debt proceeds and any deferred outflows or inflows at year-end related to capital assets are not included in this calculation.

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

- ***Unrestricted*** – The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted portion of net position. Assignments and commitments of unrestricted net position should not be reported on the face of the Statement of Net Position.

Fund balance is reported in the fund financial statements. A formal action or resolution by the Board is required to be taken to establish, modify or rescind a committed fund balance. The Board also has a policy to authorize amounts for a specific purpose as assigned fund balance. The Board considered restricted fund balance amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed, assigned, or unassigned fund balances are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund balance is reported in governmental funds in the fund financial statements under the following five categories:

A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, and long-term receivables.

B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restriction imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Board, which is the highest level of decision-making authority, before the end of the fiscal year and that requires the same level of formal action to remove or modify the constraint.

D. Assigned fund balances consist of amounts that are intended to be used by the Board for specific purposes. The Board authorizes the Superintendent or Chief School Financial Officer to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.

E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

E. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the Teachers' Retirement System of Alabama (the "Plan") financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to Plan requirements. Benefits and refunds are recognized as revenues when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

F. Postemployment Benefits Other Than Pensions (OPEB)

The Alabama Retired Education Employees' Health Care Trust (the "Trust") financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes for the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date the financial statements were issued.

Note 2 – Stewardship, Compliance and Accountability

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund and Special Revenue Fund with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. Also, in the General Fund sales taxes are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. All other governmental funds adopt budgets on the modified accrual basis of accounting, with the exception of the Capital Projects Fund, which adopts project-length budgets. All appropriations lapse at fiscal year-end.

On or before October 1 of each year, each county board of education shall prepare and submit to the State Superintendent of Education the annual budget to be adopted by the County Board of Education. The Superintendent or County Board of Education shall not approve any budget for operations of the school for any fiscal year which shall show expenditures in excess of income estimated to be available plus any balances on hand.

Note 3 – Deposits and Investments

A. Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Board will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Board's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the ***Code of Alabama 1975***, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

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

In 2023, the Board approved the opening and maintenance of a segregated Custodian Account entitled Walker County Board of Education Custodian Account. The Board approved investing funds in the collateralized Synovus Bank Public Funds Money Market Account until such time as alternative investment directions are provided to the Custodian account. On the financial statements this is included in cash and cash equivalents. At September 30, 2023, the Board had a total of $8,000,000.00 in this fund.

B. Cash with Fiscal Agent

Statutes authorize the Board to invest in obligations of the U. S. Treasury, obligations of any state of the United States, general obligations of any Alabama county or city board of education secured by the pledge of the three-mill school tax and other obligations as outlined in the ***Code of Alabama 1975***, Section 19-3-120 and Section 19-3-120.1. The Board's cash with fiscal agent is to be invested in accordance with these applicable statutes.

The Board has cash with fiscal agent totaling $632,303.16 in the Debt Service Fund which is included in Cash and Cash Equivalents on the governmental fund financial statements and on the government-wide financial statements. As of September 30, 2023, the Board's cash with fiscal agent was invested as follows:

Investments	Maturities	Rating	Amortized Cost
Synovus Bank Public Funds Money Market Account	90 days or less	N/A	$632,303.16

Interest Rate Risk – Is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

Credit Risk – Is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Board does not have a formal investment policy that addresses its investment choices.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Board does not have a formal investment policy that limits the amounts of securities that can be held by counterparties.

Concentrations of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Board does not have a formal investment policy that places limits on the amount the Board may invest in a single issuer.

Note 4 – Receivables

On September 30, 2023, receivables for the Board's individual major funds are as follows:

	General Fund	Special Revenue Fund	Total
Receivables:			
Accounts Receivables	$ 883.93	$	$ 883.93
Intergovernmental	579,999.39	4,783,629.98	5,363,629.37
County Sales Tax	1,299,533.50		1,299,533.50
Other	7,583.48		7,583.48
Total Receivables	$1,888,000.30	$4,783,629.98	$6,671,630.28

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance 10/01/2022	Additions/ Reclassifications	Retirements/ Reclassifications	Balance 09/30/2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 2,383,027.59	$	$	$ 2,383,027.59
Land Improvements – Inexhaustible	80,220.81			80,220.81
Construction in Progress	4,593,536.84	5,112,931.75		9,706,468.59
Total Capital Assets, Not Being Depreciated	7,056,785.24	5,112,931.75		12,169,716.99
Capital Assets Being Depreciated:				
Land Improvements – Exhaustible	5,504,481.28			5,504,481.28
Buildings	104,776,552.41			104,776,552.41
Building Improvements	1,422,401.35	268,177.50		1,690,578.85
Equipment and Furniture	15,197,016.74	1,871,394.58	(757,810.52)	16,310,600.80
Total Capital Assets Being Depreciated	126,900,451.78	2,139,572.08	(757,810.52)	128,282,213.34
Less Accumulated Depreciation for:				
Land Improvements – Exhaustible	(1,333,716.11)	(86,895.68)		(1,420,611.79)
Buildings	(34,340,087.81)	(1,665,258.89)		(36,005,346.70)
Building Improvements	(315,628.74)	(50,579.82)		(366,208.56)
Equipment and Furniture	(9,870,425.73)	(910,676.65)	739,378.93	(10,041,723.45)
Total Accumulated Depreciation	(45,859,858.39)	(2,713,411.04)	739,378.93	(47,833,890.50)
Total Capital Assets Being Depreciated, Net	81,040,593.39	(573,838.96)	(18,431.59)	80,448,322.84
Total Governmental Activities Capital Assets, Net	$ 88,097,378.63	$ 4,539,092.79	$ (18,431.59)	$ 92,618,039.83

Depreciation expense was charged to functions/programs of the primary government as follows:

	Current Year Depreciation Expense
Governmental Activities:	
Instruction	$1,040,339.50
Instructional Support	229,196.70
Operation and Maintenance	62,650.71
Auxiliary Services:	
Student Transportation	625,523.56
Food Service	289,799.89
General Administrative and Central Support	849.50
Other Expense	465,051.18
Total Depreciation Expense – Governmental Activities	$2,713,411.04

Note 6 – Defined Benefit Pension Plan

A. Plan Description

The Teachers' Retirement System of Alabama (TRS), a cost-sharing multiple-employer public employee retirement plan (the "Plan"), was established as of September 15, 1939, pursuant to the ***Code of Alabama 1975***, Section 16-25-1 through Section 16-25-34 (Act Number 419, Acts of Alabama), for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control which consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The ***Code of Alabama 1975***, Section 16-25-2, grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

B. Benefits Provided

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

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

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

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

C. Contributions

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

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rate for the year ended September 30, 2023, was 12.59% of annual pay for Tier 1 members and 11.44% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $6,090,047.59 for the year ended September 30, 2023.

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

At September 30, 2023, the Board reported a liability of $102,060,000.00 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of September 30, 2021. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2022, the Board's proportion was 0.656725%, which was an increase of 0.064456% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the Board recognized pension expense of $13,567,000.00. At September 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,244,000.00	$2,477,000.00
Changes of assumptions	4,631,000.00	
Net difference between projected and actual earnings on pension plan investments	20,480,000.00	
Changes in proportion and differences between Employer contributions and proportionate share of contributions	8,429,000.00	3,882,000.00
Employer contributions subsequent to the measurement date	6,090,047.59	
Total	$41,874,047.59	$6,359,000.00

The $6,090,047.59 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
September 30, 2024	$8,142,000
2025	$5,916,000
2026	$5,940,000
2027	$9,427,000
2028	$ 0
Thereafter	$ 0

E. Actuarial Assumptions

The total pension liability as of September 30, 2022 was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Investment Rate of Return (*)	7.45%
Projected Salary Increases	3.25% - 5.00%

(*) Net of pension plan investment expense

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

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with the year 2019.

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	15.00%	2.80%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	2.50%
Total	100%	

(*) Includes assumed rate of inflation of 2.00%.

F. Discount Rate

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

G. Sensitivity of the Board's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Board's Proportionate Share of Collective Net Pension Liability	$132,062	$102,060	$76,790

(Dollar amounts in thousands)

H. 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, 2022. The supporting actuarial information is included in the GASB Statement Number 67 Report for the TRS prepared as of September 30, 2022. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB Statement Number 68 as of September 30, 2022, along with supporting schedules is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68reports/.

Note 7 – Other Postemployment Benefits (OPEB)

A. Plan Description

The Alabama Retired Education Employees' Health Care Trust (the "Trust") is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (PEEHIB) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in the Public Education Employees' Health Insurance Plan (PEEHIP). Active and retiree health insurance benefits are paid through PEEHIP. In accordance with GASB, the Trust is considered a component unit of the State of Alabama (the "State") and is included in the State's Annual Comprehensive Financial Report.

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

B. Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses, and contact lens prescriptions.

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

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The Medicare Advantage and Prescription Drug Plan (MAPDP) is fully insured by UHC and members are able to have all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

C. Contributions

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

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

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

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

At September 30, 2023, the Board reported a liability of $12,901,083.00 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021. The Board’s proportion of the collective net OPEB liability was based on the Board’s share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2022, the Board’s proportion was 0.74039965%, which was an increase of 0.07495065% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the Board recognized OPEB income of $7,206,459.00, with no special funding situations. At September 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 591,695.00	$26,084,931.00
Changes of assumptions	10,464,541.00	18,778,304.00
Net difference between projected and actual earnings on OPEB plan investments	1,622,434.00	
Changes in proportion and differences between Employer contributions and proportionate share of contributions	6,146,223.00	6,117,906.00
Employer contributions subsequent to the measurement date	1,024,565.00	
Total	$19,849,458.00	$50,981,141.00

The $ 1,024,565.00 reported as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2024.

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

Year Ending	
September 30, 2024	$(8,029,324)
2025	$(8,436,789)
2026	$(4,280,165)
2027	$(3,808,002)
2028	$(4,840,866)
Thereafter	$(2,761,102)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected Salary Increases (*)	3.25% - 5.00%
Long-Term Investment Rate of Return (**)	7.00%
Municipal Bond Index Rate at the Measurement Date	4.40%
Municipal Bond Index Rate at the Prior Measurement Date	2.29%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	N/A
Single Equivalent Interest Rate at the Measurement Date	7.00%
Single Equivalent Interest Rate at the Prior Measurement Date	3.97%
Healthcare Cost Trend Rate:	
Initial Trend Rate:	
Pre-Medicare Eligible	6.50%
Medicare Eligible	(***)
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.50% in 2031
Medicare Eligible	4.50% in 2027

(*) Includes 2.75% wage inflation.
(**) Compounded annually, net of investment expense, and includes inflation.
(***) Initial Medicare claims are set based on scheduled increases through plan year 2025.

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

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2021 valuation.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (*)
Fixed Income	30.00%	4.40%
U. S. Large Stocks	38.00%	8.00%
U. S. Mid Stocks	8.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

(*) Geometric mean, includes 2.50% inflation.

F. Discount Rate

The discount rate, also known as the Single Equivalent Interest Rate (SEIR), as described by GASB Statement Number 74, used to measure the total OPEB liability at September 30, 2022, was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is $800 per active member for participating employers. Approximately, 15.257% of the employer contributions were used to assist in funding retiree benefit payments in 2022, and it is assumed that the 15.257% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the $800 rate will increase with inflation at 2.50% starting in 2027. Retiree benefit payments for University members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Projected future benefit payments for all current plan members are projected through 2120.

G. Sensitivity of the Board's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates and in the Discount Rates

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

	1% Decrease (5.50% Decreasing to 3.50% for Pre-Medicare, Known Decreasing to 3.50% for Medicare Eligible)	Current Healthcare Trend Rate (6.50% Decreasing to 4.50% for Pre-Medicare, Known Decreasing to 4.50% for Medicare Eligible)	1% Increase (7.50% Decreasing to 5.50% for Pre-Medicare, Known Decreasing to 5.50% for Medicare Eligible)
Board's Proportionate Share of the Collective Net OPEB Liability	$9,782,918	$12,901,083	$16,725,220

The following table presents the Board's proportionate share of the collective net OPEB liability of the Trust calculated using the discount rate of 7.00%, as well as what the collective net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Board's Proportionate Share of the Collective Net OPEB Liability	$15,950,284	$12,901,083	$10,341,370

H. OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's Fiduciary Net Position is in the Trust's financial statements for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement Number 74 Report for PEEHIP prepared as of September 30, 2022. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 8 – Long-Term Debt

During fiscal year 2012, the Board issued Capital Outlay and Refunding School Warrants, Series 2012-A for the purposes of refunding the Capital Outlay and Refunding School Warrants, Series 2004, and to provide additional funds for the construction of a new Sumiton Elementary School and various capital improvements. These warrants were partially refunded by the Refunding School Warrants, Series 2020-B during fiscal year 2021.

During the fiscal year ending September 30, 2014, the Board, as part of a pooled bond issuance with other school systems in the State of Alabama, issued Capital Improvement Pool Bonds, Series 2014-A, to refund the Capital Improvement Pool Bonds, Series 2006, in anticipation of their Public School fund allocation, which is received from the Alabama Department of Education. The Alabama Department of Education withholds the required debt service payments from the Board's Public School fund allocation. The proceeds from these bonds provided funds for the acquisition, construction and renovation of school facilities. In the event of default, whether due to failure to comply with terms and conditions of Bonds or in failure to pay amount due on the Bonds, the Alabama Public School and College Authority (the "Authority") may (1) withhold all leveraged funds due to the Board until full compliance with the terms and (2) file suit to compel performance of the obligations of the Board under the bond agreement.

During the fiscal year ended September 30, 2021, the Board issued Refunding School Warrants, Series 2020-A in the amount of $6,185,000.00. The Warrants were issued for the purpose of current refunding the Subordinated Capital Outlay Warrants, Series 2016.

During the fiscal year ended September 30, 2021, the Board issued Refunding School Warrants, Series 2020-B in the amount of $15,955,000.00. The Warrants were issued for the purpose of partial advance refunding of the Capital Outlay and Refunding School Warrants, Series 2012-A.

On May 26, 2022, the Board, as part of a pooled bond issuance with other school systems in the State of Alabama, issued Capital Improvement Pool Bonds, Series 2022-A, in anticipation of their Public School fund allocation, which was received from the Alabama Department of Education. The Alabama Department of Education withholds the required debt service payments from the Board's Public School Fund allocation. The proceeds from these bonds provided funds for the acquisition, construction and renovation of school facilities.

The Board has entered into various Notes from Direct Borrowing for the purchase of school buses.

The Board's outstanding Notes from Direct Borrowing, originally issued at $1,415.389.00, is secured by seventeen 2016 school buses. The outstanding Notes from Direct Borrowing contains a provision that in the event of default, the may (1) declare unpaid installment payments payable to be immediately due and payable (2) with or without terminating the contract terms may enter the premises where the secured equipment is located and retake possession or require the Board at Board's expense to promptly return any and all such secured equipment to the possession of the lender, and sell or lease the equipment, for the account of the borrower, continuing to hold the Board liable for the difference between the installment Payments payable by the Board and the net proceeds of any such sale or lease, and (3) may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in any or all of the equipment.

The Board's outstanding Notes from Direct Borrowing, originally issued at $500,000.00 is secured by six 2019 school buses. The outstanding Notes from Direct Borrowing contains a provision that in the event of default, the bank may (1) proceed, by appropriate court action or actions, to enforce performance by the Board of the applicable covenants of the agreement; (2) without further notice to the Board, terminate the agreement, whereupon all rights of the Board to the use of the Equipment shall absolutely cease and terminate within 10 days after termination; (3) foreclose the security interest in the equipment and take possession of any and all equipment included in the agreement, for such purpose in or upon any premises without liability for so doing and after proper advertisement sell or otherwise dispose of the equipment for the account of the borrower, continuing to hold the Board liable for the difference between the installment Payments payable by the Board and the net proceeds of any such sale or other disposition; (4) declare the entire unpaid payments immediately due and payable; and (5) may exercise any other right, remedy, election or recourse provided in the agreement, Alabama Uniform Commercial Code or other applicable law to enforce its rights in any or all of the equipment.

The following is a summary of long-term debt obligations for the Board for the year ended September 30, 2023:

	Debt Outstanding 10/01/2022	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Amounts Due Within One Year
Governmental Activities:					
Capital Outlay Refunding Warrants:					
Series 2012-A	$ 2,540,000.00	$	$ (605,000.00)	$ 1,935,000.00	$ 625,000.00
Series 2014-A	3,997,521.62		(1,004,443.44)	2,993,078.18	1,056,295.24
Refunding School Warrants					
Series 2020-A	5,750,000.00		(235,000.00)	5,515,000.00	240,000.00
Refunding School Warrants					
Series 2020-B	15,785,000.00		(115,000.00)	15,670,000.00	120,000.00
Series 2022-A	988,351.95		(33,246.90)	955,105.05	31,895.40
Unamortized Premium	481,944.62		(131,439.45)	350,505.17	131,439.45
Total Bonds/Warrants Payable	29,542,818.19		(2,124,129.79)	27,418,688.40	2,204,630.09
Other Liabilities:					
Notes from Direct Borrowing	695,247.57		(193,500.53)	501,747.04	198,440.39
Compensated Absences	501,466.50		(12,726.35)	488,740.15	48,874.02
Net Pension Liability	55,794,000.00	46,266,000.00		102,060,000.00	
Net OPEB Liability	34,382,508.00		(21,481,425.00)	12,901,083.00	
Total Other Liabilities	91,373,222.07	46,266,000.00	(21,687,651.88)	115,951,570.19	247,314.41
Total Governmental Activities Long-Term Liabilities	$120,916,040.26	$46,266,000.00	$(23,811,781.67)	$143,370,258.59	$2,451,944.50

Payments on the bonds/warrants payable are made from the Debt Service Fund with Public School funds withheld from the Board's allocation from the Alabama Department of Education and with sales tax. The Notes from Direct Borrowings are paid with Fleet Renewal Funds. The compensated absences liability will be liquidated by the General Fund.

The following is a schedule of debt service requirements to maturity:

	Warrants Payable		Notes from Direct Borrowings		Total Principal and Interest Requirements
Fiscal Year Ending	Principal	Interest	Principal	Interest	to Maturity
September 30, 2024	$ 2,073,190.64	$ 712,747.26	$198,440.39	$12,688.62	$ 2,997,066.91
2025	2,154,492.05	631,000.37	203,506.40	7,622.61	2,996,621.43
2026	1,895,811.94	553,061.39	56,428.19	1,156.06	2,506,457.58
2027	1,096,895.95	507,404.84	43,372.06	882.10	1,648,554.95
2028	1,118,652.90	486,629.54			1,605,282.44
2029-2033	5,959,754.45	2,041,225.58			8,000,980.03
2034-2038	6,708,274.40	1,238,545.33			7,946,819.73
2039-2042	6,061,110.90	363,384.69			6,424,495.59
Totals	$27,068,183.23	$6,533,999.00	$501,747.04	$22,349.39	$34,126,278.66

Deferred Loss on Refunding, Discounts and Premiums

The Board has a premium and deferred loss on refunding in connection with the issuance of its Series 2014-A Capital Improvement Pool Refunding Bonds. The deferred amount on refunding and premiums are being amortized using the straight-line method over a period of twelve years.

	Deferred Loss on Refunding	Premium
Total Deferred Loss on Refunding, Discount and Premium	$ 2,286,181.15	$ 2,134,736.65
Amount Amortized Prior Years	(2,013,293.32)	(1,652,792.03)
Balance Deferred Loss on Refunding, Discount and Premium	272,887.83	481,944.62
Current Amount Amortized	(74,423.95)	(131,439.45)
Balance Deferred Loss on Refunding, Discount and Premium	$ 198,463.88	$ 350,505.17

Pledged Revenues

The Board issued Series 2012-A Capital Outlay and Refunding School Warrants for the purpose of refunding the 2004 Capital Outlay and Refunded School Warrants, and for construction of a new Sumiton Elementary School and other capital improvements. The Board pledged to repay the 2012-A Warrants from the proceeds of a special tax levied by the Walker County Commission pursuant to provisions of the ***Code of Alabama 1975***, Section 40-12-4, of which the Board receives 75% of the proceeds. Future revenues of $2,030,197.50 are pledged to repay the principal and interest on the warrants at September 30, 2023. Proceeds of the special tax in the amount of $15,669,279.03 were received by the Board during the fiscal year ended September 30, 2023, of which $675,410.00 was used to pay principal and interest on the warrants. The Series 2012-A Capital Outlay and Refunding School Warrants will mature in fiscal year 2026.

The Board issued Series 2014-A Capital Improvement Pool Refunding bonds which are pledged to be repaid from their allocation of Public School Funds received from the State of Alabama. The proceeds were used to refund the 2006 Capital Improvement Pool Bonds. Future revenues in the amount of $3,205,966.86 are pledged to repay the principal and interest on the bonds at September 30, 2023. Proceeds of the Public School Fund allocations in the amount of $2,015,678.00 were received by the Board during the fiscal year ended September 30, 2023, of which $1,179,184.01 were used to pay principal and interest on the bonds during the fiscal year ended September 30, 2023. This amount represents 58.50 percent of the pledged funds received by the Board. The Capital Improvement Pool Refunding Bonds, Series 2014-A, will mature in fiscal year 2026.

The Board issued Series 2020-A Refunding School Warrants for the purpose of refunding the 2016 Subordinated Capital Outlay School Warrants. The Board pledged to repay the 2020-A Warrants from the proceeds of a special tax levied by the Walker County Commission pursuant to provisions of the ***Code of Alabama 1975***, Section 40-12-4, of which the Board receives 75% of the proceeds. Future revenues of $6,685,264.53 are pledged to repay the principal and interest on the warrants at September 30, 2023. Proceeds of the special tax in the amount of $15,669,279.03 were received by the Board during the fiscal year ended September 30, 2023, of which $350,851.00 was used to pay principal and interest on the warrants. The Series 2020-A Refunding School Warrants will mature in fiscal year 2042.

The Board issued Series 2020-B Refunding School Warrants for the purpose of advance refunding the 2012-A Capital Outlay and Refunded School Warrants. The Board pledged to repay the 2020-B Warrants from the proceeds of a special tax levied by the Walker County Commission pursuant to provisions of the ***Code of Alabama 1975***, Section 40-12-4, of which the Board receives 75% of the proceeds. Future revenues of $20,360,044.75 are pledged to repay the principal and interest on the warrants at September 30, 2023. Proceeds of the special tax in the amount of $15,669,279.03 were received by the Board during the fiscal year ended September 30, 2023, of which $499,581.00 was used to pay principal and interest on the warrants. The Series 2022-B Refunding School Warrants will mature in fiscal year 2042.

The Board issued Series 2022-A Capital Improvement Pool bonds which are pledged to be repaid from their allocation of Public School Funds received from the State of Alabama. The proceeds were used for construction, acquisition and renovation of school facilities. Future revenues in the amount of $1,423,991.93 are pledged to repay the principal and interest on the bonds at September 30, 2023. Proceeds of the Public School Fund allocations in the amount of $2,015,678.00 were received by the Board during the fiscal year ended September 30, 2023, of which $74,881.58 was used to pay principal and interest on the warrants. The Capital Improvement Pool Bonds, Series 2022-A, will mature in fiscal year 2042.

Prior Year Defeasance of Debt

In prior years, the Board defeased a portion of the Series 2012-A School Tax Warrants (“Series 2012-A”). The Board deposited funds into an irrevocable trust with an escrow agent to provide for the future debt service payments on the Series 2012 when they mature in fiscal year 2026. Accordingly, the trust account assets and the liability for the defeased debt are not included on the Board’s financial statements. As of September 30, 2023, the total of $14,504,100.00 of Series 2012-A outstanding are considered defeased.

Note 9 – Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Board has insurance for its building and contents through the State Insurance Fund (SIF) part of the State of Alabama, Department of Finance, Division of Risk Management, which operates as a common risk management and insurance program of state-owned properties and county boards of education. The Board pays an annual premium based on the amount of coverage requested. The SIF is self-insured up to $3.5 million per occurrence and purchases commercial insurance for claims in excess of $3.5 million. Automobile liability insurance and errors and omissions insurance is purchased from the Alabama Trust for Boards of Education (ATBE), a public entity risk pool. The ATBE collects the premiums and purchases excess insurance for any amount of coverage requested by pool participants in excess of the coverage provided by the pool. Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF), administered by the Public Education Employees' Health Insurance Board (PEEHIB). The Fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The Board contributes a specified amount monthly to the PEEHIF for each employee of state educational institutions. The Board's contribution is applied against each employees' premium for the coverage selected and the employee pays and remaining premium.

Settled claims resulting from these risks have not exceeded the Board's coverage in any of the past four fiscal years.

The Board does not have insurance coverage of job-related injuries. Board employees who are injured while on the job are entitled to salary and fringe benefits of up to ninety working days in accordance with the ***Code of Alabama 1975***, Section 16-1-18.1(d). Any unreimbursed medical expenses and costs which the employee incurs as a result of an on-the-job injury may be filed for reimbursement with the State Board of Adjustment.

Note 10 – Interfund Transactions

Interfund Receivables and Payables

The interfund receivables and payables at September 30, 2023, were as follows:

	Interfund Receivables	
	General Fund	Totals
Interfund Payables:		
Special Revenue Fund	$4,299,218.29	$4,299,218.29
Totals	$4,299,218.29	$4,299,218.29

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2023, were as follows:

	Transfers Out		
	General Fund	Other Governmental Funds	Total
Transfers In:			
General Fund	$	$2,000.00	$ 2,000.00
Special Revenue Fund	1,736,537.10		1,736,537.10
Other Governmental Funds	1,538,054.00		1,538,054.00
Totals	$3,274,591.10	$2,000.00	$3,276,591.10

The Board typically uses transfers to fund ongoing operating subsidies, to recoup certain expenditures paid on-behalf of the local schools, and to transfer the portion from the General Fund to the Debt Service Fund to service current-year debt requirements.

Note 11 – Construction and Other Significant Commitments

As of September 30, 2023, the Board is obligated under the following significant construction commitments:

	Project Cost	Construction Costs Paid	Remaining Balance
Construction Projects:			
Curry High Bleacher and Lights	$ 567,786.25	$ 491,338.19	$ 76,448.06
Curry High Multi-Purpose Facility	1,334,617.00	747,285.95	587,331.05
Dora High School Stadium Lights	387,609.00	200,000.00	187,609.00
Lupton Storage Room Addition	333,595.00	188,471.55	145,123.45
Oakman High Parking Lot and Road	2,264,729.00	983,299.16	1,281,429.84
Sumiton Elementary New Gymnasium	3,617,000.00	2,515,170.00	1,101,830.00
Various Paving Projects	1,073,950.00	841,000.00	232,950.00
Totals	$9,579,286.25	$5,966,564.85	$3,612,721.40

Required Supplementary Information

Schedule of the Employer's Proportionate Share of the Collective Net Pension Liability
For the Year Ended September 30, 2023
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the collective net pension liability	0.656725%	0.592269%	0.558504%	0.650658%	0.617994%	0.612817%	0.619404%	0.618610%	0.632105%
Employer's proportionate share of the collective net pension liability	$ 102,060	$ 55,794	$ 69,085	$ 71,943	$ 61,445	$ 60,231	$ 67,057	$ 64,742	$ 57,424
Employer's covered payroll during the measurement period (*)	$ 46,508	$ 42,819	$ 43,156	$ 42,692	$ 41,192	$ 40,417	$ 39,369	$ 39,121	$ 40,080
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	219.45%	130.30%	160.08%	168.52%	149.17%	149.02%	170.33%	165.49%	143.27%
Plan fiduciary net position as a percentage of the total collective pension liability	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

(*) Employer's covered payroll during the measurement period is the total covered payroll (See GASB Statement Number 82).
For fiscal year 2023, the measurement period is October 1, 2021 through September 30, 2022.

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

Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2023
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 6,090	$ 5,628	$ 5,181	$ 5,261	$ 5,214	$ 4,960	$ 4,796	$ 4,658	$ 4,565
Contributions in relation to the contractually required contribution	$ 6,090	$ 5,628	$ 5,181	$ 5,261	$ 5,214	$ 4,960	$ 4,796	$ 4,658	$ 4,565
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	$
Employer's covered payroll	$ 49,787	$ 46,508	$ 42,819	$ 43,156	$ 42,692	$ 41,192	$ 40,417	$ 39,369	$ 39,121
Contributions as a percentage of covered payroll	12.23%	12.10%	12.10%	12.19%	12.21%	12.04%	11.87%	11.83%	11.67%

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

Schedule of the Employer's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability
Alabama Retired Education Employees' Health Care Trust
For the Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018
Employer's proportion of the collective net OPEB liability	0.740400%	0.665449%	0.688379%	0.798405%	0.761996%	0.731895%
Employer's proportionate share of the collective net OPEB liability	$ 12,901,083	$ 34,382,508	$ 44,674,839	$ 30,121,967	$ 62,626,366	$ 54,360,980
Employer's covered-employee payroll during the measurement period (*)	$ 46,507,741	$ 42,819,361	$ 43,156,671	$ 42,692,311	$ 41,192,256	$ 40,417,105
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	27.74%	80.30%	103.52%	70.56%	152.03%	134.50%
Plan fiduciary net position as a percentage of the total collective OPEB liability	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

(*) Employer's covered-employee payroll during the measurement period is the total covered payroll.
For fiscal year 2023, the measurement period is October 1, 2021 through September 30, 2022

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

Schedule of the Employer's Contributions - Other Postemployment Benefits (OPEB)
Alabama Retired Education Employees' Health Care Trust
For the Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 1,024,565	$ 1,410,824	$ 1,150,975	$ 1,356,498	$ 2,260,993	$ 1,874,762
Contributions in relation to the contractually required contribution	$ 1,024,565	$ 1,410,824	$ 1,150,975	$ 1,356,498	$ 2,260,993	$ 1,874,762
Contribution deficiency (excess)	$	$	$	$	$	$
Employer's covered-employee payroll	$ 49,787,184	$ 46,507,741	$ 42,819,361	$ 43,156,671	$ 42,692,311	$ 41,192,256
Contributions as a percentage of covered-employee payroll	2.06%	3.03%	2.69%	3.14%	5.30%	4.55%

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

Changes in Actuarial Assumptions

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

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

Recent Plan Changes

Beginning in plan year 2021, the Medicare Advantage Plan with Prescription Drug Coverage (MAPD) plan premium rates exclude the Affordable Care Act (ACA) Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the Medicare Advantage Plan with Prescription Drug Coverage (MAPD).

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

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of Employer's Contributions – Other Postemployment Benefits (OPEB) were calculated as of September 30, 2019, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	22 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible	(*)
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2027 for Pre-Medicare Eligible 2024 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
State	$ 50,768,409.94	$ 51,710,169.65	$ 57,870,512.32		$	$ 57,870,512.32
Federal	1,800.00	1,800.00	690,154.87			690,154.87
Local	17,268,993.00	17,268,993.00	21,771,922.35	(1)	(21,968.10)	21,749,954.25
Other	55,000.00	55,000.00	342,849.75			342,849.75
Total Revenues	68,094,202.94	69,035,962.65	80,675,439.29		(21,968.10)	80,653,471.19
Expenditures						
Current:						
Instruction	38,583,823.00	39,265,483.71	40,033,495.83	(2)	184,844.55	40,218,340.38
Instructional Support	11,215,198.94	11,374,341.94	12,277,649.45	(2)	(82,566.35)	12,195,083.10
Operation and Maintenance	7,381,346.00	7,326,160.44	7,784,141.58	(2)	2,982.17	7,787,123.75
Auxiliary Services:						
Student Transportation	5,717,246.00	5,791,949.00	5,564,515.57	(2)	22,381.73	5,586,897.30
General Administrative and Central Support	2,439,303.00	2,439,303.00	2,898,363.05	(2)	(14,086.32)	2,884,276.73
Other	2,850,713.00	2,620,713.00	2,670,352.03	(2)	(2,325.93)	2,668,026.10
Capital Outlay	24,385.00	2,547,654.56	2,840,647.72			2,840,647.72
Total Expenditures	68,212,014.94	71,365,605.65	74,069,165.23		111,229.85	74,180,395.08
Excess (Deficiency) of Revenues Over Expenditures	(117,812.00)	(2,329,643.00)	6,606,274.06		(133,197.95)	6,473,076.11
Other Financing Sources (Uses)						
Indirect Cost	1,918,264.44	1,856,012.53	955,084.22			955,084.22
Transfers In			2,000.00			2,000.00
Other Financing Sources	15,000.00	15,000.00	254,134.74			254,134.74
Sale of Capital Assets			15,642.00			15,642.00
Transfers Out	(1,727,149.93)	(1,727,149.93)	(3,274,591.10)			(3,274,591.10)
Total Other Financing Sources (Uses)	206,114.51	143,862.60	(2,047,730.14)			(2,047,730.14)
Net Change in Fund Balances	88,302.51	(2,185,780.40)	4,558,543.92	(3)	(133,197.95)	4,425,345.97
Fund Balances - Beginning of Year	13,307,784.51	17,889,932.90	17,968,830.35		(6,010,074.13)	11,958,756.22
Fund Balances - End of Year	$ 13,396,087.02	$ 15,704,152.50	$ 22,527,374.27		$ (6,143,272.08)	$ 16,384,102.19

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2023

Explanation of differences between Actual Amounts on Budgetary Basis and Actual Amounts GAAP Basis:

The Board budgets on the modified accrual basis of accounting except as shown below:

(1) The Board budgets for sales tax revenues as it is received, rather than on the modified accrual basis.	$	(21,968.10)
(2) The Board budgets for salaries and benefits only to the extent they are expected to be paid in the current fiscal period, rather than on the modified accrual basis (GAAP).		(111,229.85)
Net Change in Fund Balance - Budget to GAAP	$	(133,197.95)

(3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Board's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
For the Year Ended September 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
Revenues						
Federal	$ 26,327,042.90	$ 26,691,345.23	$ 17,539,221.39		$	$ 17,539,221.39
Local	4,752,718.81	4,752,718.81	4,341,108.56			4,341,108.56
Other	84,000.00	84,000.00	73,680.80			73,680.80
Total Revenues	31,163,761.71	31,528,064.04	21,954,010.75			21,954,010.75
Expenditures						
Current:						
Instruction	10,110,647.80	10,462,747.31	6,358,210.18			6,358,210.18
Instructional Support	8,404,703.10	7,969,976.08	4,686,872.44			4,686,872.44
Operation and Maintenance	1,242,224.31	719,789.31	870,631.35			870,631.35
Auxiliary Services:						
Student Transportation	369,732.74	314,636.44	249,253.29			249,253.29
Food Service	5,108,110.33	5,108,110.33	5,774,058.40	(1)	50,269.75	5,824,328.15
General Administrative and Central Support	2,103,822.72	2,045,508.37	1,150,011.71			1,150,011.71
Other	3,279,222.16	6,331,683.48	4,006,130.19			4,006,130.19
Capital Outlay	2,155,000.71	185,314.88	313,256.76			313,256.76
Total Expenditures	32,773,463.87	33,137,766.20	23,408,424.32		50,269.75	23,458,694.07
Excess (Deficiency) of Revenues Over Expenditures	(1,609,702.16)	(1,609,702.16)	(1,454,413.57)		(50,269.75)	(1,504,683.32)
Other Financing Sources (Uses)						
Transfers In	1,727,149.93	1,727,149.93	1,736,537.10			1,736,537.10
Total Other Financing Sources (Uses)	1,727,149.93	1,727,149.93	1,736,537.10			1,736,537.10
Net Change in Fund Balances	117,447.77	117,447.77	282,123.53	(2)	(50,269.75)	231,853.78
Fund Balances - Beginning of Year	5,158,296.24	5,129,884.63	5,051,184.17		(204,755.38)	4,846,428.79
Fund Balances - End of Year	$ 5,275,744.01	$ 5,247,332.40	$ 5,333,307.70		$ (255,025.13)	$ 5,078,282.57

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
For the Year Ended September 30, 2023

Explanation of differences between Actual Amounts on Budgetary Basis and Actual Amounts GAAP Basis:

The Board budgets on the modified accrual basis of accounting except as shown below:

(1) The Board budgets for salaries and benefits only to the extent they are expected to be paid in the current fiscal period, rather than on the modified accrual basis (GAAP).	$ (50,269.75)
Net Change in Fund Balance - Budget to GAAP	$ (50,269.75)

(2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Board's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

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Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Total Federal Expenditures
U. S. Department of Agriculture			
Passed Through Alabama Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N.A.	$ 936,351.02
National School Lunch Program:			
Cash Assistance	10.555	N.A.	2,731,909.52
COVID-19 Cash Assistance	10.555	N.A.	209,319.84
Non-Cash Assistance (Commodities)	10.555	N.A.	285,538.11
Sub-Total National School Lunch Program			3,226,767.47
Sub-Total Child Nutrition Cluster			4,163,118.49
Child and Adult Food Care Program	10.558	N.A.	63,416.57
Total U. S. Department of Agriculture			4,226,535.06
U. S. Department of Education			
Passed Through Alabama Department of Education			
Title I Grants to Local Educational Agencies	84.010	N.A.	2,597,618.65
Special Education Cluster:			
Special Education - Grants to States	84.027	N.A.	1,707,386.56
COVID-19 American Rescue Plan - Special Education - Grants to States	84.027X	N.A.	298,309.91
Special Education - Preschool Grants	84.173	N.A.	121,136.87
Sub-Total Special Education Cluster			2,126,833.34
Career and Technical Education - Basic Grants to States	84.048	N.A.	171,644.44
Vocational Rehabilitation Services- Grants to States	84.126	N.A.	37,589.45
Twenty-First Century Community Learning Centers	84.287	N.A.	503,894.74
English Language Acquisition State Grants	84.365	N.A.	5,048.09
Supporting Effective Instruction State Grants	84.367	N.A.	238,650.35
Student Support and Academic Enrichment Program	84.424	N.A.	146,530.06
COVID-19 Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	N.A.	2,630,256.11
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	N.A.	5,486,202.33
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Homeless Children and Youth	84.425W	N.A.	57,213.75
Sub-Total COVID-19 Education Stabilization Fund			8,173,672.19
Total U. S. Department of Education			14,001,481.31
Sub-Total Forward			$ 18,228,016.37

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Total Federal Expenditures
Sub-Total Brought Forward			$ 18,228,016.37
Social Security Administration			
Passed Through Alabama Department of Education			
Social Security - Disability Insurance	96.001	N.A.	1,360.00
Total Social Security Administration			1,360.00
Total Expenditures of Federal Awards			$ 18,229,376.37

N.A. = Not Available or Not Applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2023

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Walker County Board of Education under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*** (*Uniform Guidance*). Because the Schedule presents only a selected portion of the operations of the Walker County Board of Education, it is not intended to and does not present the financial position or changes in net position of the Walker County Board of Education.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The Walker County Board of Education has not elected to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

Additional Information

Board Members and Administrative Personnel
October 1, 2022 through September 30, 2023

Board Members		Term Expires
Hon. Brad Ingle	Chairman	2026
Hon. Lee Ann Headrick	Vice-Chairman	2028
Hon. Trent Kennedy	Member	2024
Hon. Todd Vick	Member	2028
Hon. Dr. Vonda Beaty	Member	2024
Administrative Personnel		
Dr. Dennis Willingham	Superintendent	2026
Andrew McCay	Chief School Financial Officer	Indefinite

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

Members of the Walker County Board of Education,
Superintendent and Chief School Financial Officer
Jasper, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Walker County Board of Education, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Walker County Board of Education's basic financial statements, and have issued our report thereon dated May 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

May 10, 2024

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Members of the Walker County Board of Education,
Superintendent and Chief School Financial Officer
Jasper, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Walker County Board of Education's compliance with the types of compliance requirements identified as subject to audit in the ***OMB Compliance Supplement*** that could have a direct and material effect on each of the Walker County Board of Education's major federal programs for the year ended September 30, 2023. The Walker County Board of Education's major federal programs are identified in the Summary of Examiner's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Walker County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, ***Government Auditing Standards***, and the *Uniform Guidance*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Walker County Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Walker County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Walker County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Internal Control Over Compliance

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

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

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

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

May 10, 2024

Section I – Summary of Examiner's Results

Financial Statements

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified?	______ Yes	__X__ None reported
Noncompliance material to financial statements noted?	______ Yes	__X__ No

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified?	______ Yes	__X__ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the *Uniform Guidance*?	______ Yes	__X__ No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.425	COVID-19 Education Stabilization Fund
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000.00	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.

APPENDIX D

CERTAIN INFORMATION CONCERNING WALKER COUNTY

APPENDIX D

CERTAIN INFORMATION CONCERNING WALKER COUNTY

General

Walker County, Alabama, was officially formed on December 26, 1823, and is named after Senator John Walker, who represented Alabama in the United States Senate from 1819 to 1822. Walker County is located in the north central portion of the State. It has an area of 805 square miles. The City of Jasper is the county seat.

Population

The following table sets forth the population of the State of Alabama and Walker County for the years shown:

Census Year	State of Alabama	Walker County
1980	3,893,888	68,660
1990	4,040,587	67,670
2000	4,447,100	70,713
2010	4,779,736	67,023
2020	5,024,279	65,342
2022	5,073,903	64,339
2023*	5,108,468	64,728

*Population estimates. As of July 1, 2023.
Source: U.S. Census Bureau, Population Division

Employment

Major Employers. The major governmental and nongovernmental employers in Walker County, their principal activity and the approximate number of employees of each are as follows:

Employer	Product/Industry	Approximate Number of Employees
Mar-Jac	Poultry Processing	1,050
Walker County Board of Education	Education	1,000
Walker Baptist Medical Center	Hospital	630
Walmart, Jasper	Retail	475
Alabama Power Company	Electrical Utility	285
Yorozu Automotive	Automotive Supplier	270
Walmart, Sumiton	Retail	250
Walker County	Government	192
City of Jasper	Government	169
Bevill State Community College	Education	166
Jasper Lumber	Wood Products	159

Source: Walker County Development Authority

Labor Force Estimates. The following table sets forth information respecting the civilian labor force for Walker County:

Year	Total Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2018	27,458	25,291	2,167	7.9%
2019	25,540	24,729	811	3.2
2020	25,021	23,969	1,052	4.2
2021	25,399	24,737	662	2.6
2022	25,432	24,890	542	2.1
2023	25,824	25,133	691	2.7
2024*	26,105	25,247	858	3.3

(1) Preliminary estimates. As of September 2024. Estimates prepared by the Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2023 benchmark.
Source: Alabama Department of Labor

Unemployment Rates. The following table sets forth the rates of unemployment for the United States, the State of Alabama and Walker County for the years shown:

Year	United States	State of Alabama	Walker County
2018	3.9%	3.9%	7.9%
2019	3.7	3.2	3.2
2020	8.1	6.4	4.2
2021	5.3	3.4	2.6
2022	3.6	2.6	2.1
2023	3.5	2.6	2.7
2024*	3.9	3.0	3.3

(1) Preliminary estimates. As of September 2024. Estimates prepared by the Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2023 benchmark.
Source: Alabama Department of Labor

Income

Median Family Income. The following table sets forth the median family income for the United States, the State of Alabama and Walker County for the years shown:

Year	United States	State of Alabama	Walker County
2019	$75,500	$63,500	$50,600
2020	78,500	65,300	64,100
2021	79,900	66,700	65,900
2022	90,000	73,600	63,900
2023	96,200	79,600	70,000
2024	97,800	82,500	73,100

Source: HUD Office of Economic Affairs, Income Limits Documentation System

Per Capita Personal Income. The following table sets forth the per capita personal income for the United States, the State of Alabama and Walker County for the years shown:

Year	**United States**	**State of Alabama**	**Walker County**
2018	$53,309	$41,330	$38,973
2019	55,547	43,004	41,028
2020	59,153	45,887	42,856
2021	64,430	50,059	45,994
2022	65,470	50,916	46,698

Source: Bureau of Economic Analysis

Poverty

The following table sets forth the number of poor and the poverty rate for the United States, the State of Alabama and Walker County:

	United States	**State of Alabama**	**Walker County**
Number of Poor	40,763,043	773,166	10,437
Poverty Rate	12.5%	15.6%	16.4%

Source: U.S. Census Bureau, American Community Survey, 2023 1-Year Estimates Subject Tables; 5-Year Estimates regarding the County.

Housing

Average Value. The following table sets forth the average value of owner-occupied housing units for the State of Alabama and Walker County:

	State of Alabama	**Walker County**
Median Value	$216,600	$124,100

Source: U.S. Census Bureau, American Community Survey, 2023 1-Year Estimates Subject Tables; 5-Year Estimates regarding the County.

Composition of Housing Units. The following tables set forth certain information concerning housing in the State of Alabama and Walker County:

	State of Alabama	**Walker County**
Occupied Housing Units		
Renter	612,789	5,566
Owner	1,438,756	19,152
Total	2,051,545	24,718
Unoccupied Housing Units	308,575	5,409
Total Housing Units	2,360,120	30,127

Source: U.S. Census Bureau, American Community Survey, 2023 1-Year Estimates Subject Tables; 5-Year Estimates regarding the County.

	State of Alabama	Walker County
Family Households	1,328,854	16,669
Non-Family Households	722,691	8,049
Total Households	2,051,545	24,718
Mobile Home or Trailer	282,266	8,613

Source: U.S. Census Bureau, American Community Survey, 2023 1-Year Estimates Subject Tables; 5-Year Estimates regarding the County.

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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.

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