PRELIMINARY OFFICIAL STATEMENT DATED JULY 22, 2026

Ratings:

	BAM Insured	Underlying
S&P:	AA (stable)	A (stable)

See "RATINGS" herein.

NEW ISSUE – BOOK-ENTRY ONLY (DTC)

In the opinion of Bond Counsel, under existing statutes and assuming continuing compliance by the Board with certain conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), 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 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is of the further opinion that, under existing statutes, the interest on the Warrants is exempt from Alabama income taxation. See "TAX MATTERS."

$39,970,000*
CHILTON COUNTY BOARD OF EDUCATION (ALABAMA)
Special Tax School Warrants
Series 2026

Dated: Date of delivery **Due: February 1, as shown on the inside cover hereof**

SEE INSIDE COVER FOR MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIPS

The Warrants; Purpose The Chilton County Board of Education (the "Board") is issuing the warrants captioned above (the "Warrants") pursuant to a resolution to be adopted by the Board (the "Authorizing Resolution") for the purpose of providing funds for various public school capital improvements, providing a municipal bond insurance policy and paying costs of issuance.

Source of Payment and Security The Warrants will be payable, as to both principal and interest, solely out of the proceeds of a special privilege license and excise tax levied in Chilton County, to which reference is hereinafter made, and will be secured by a pledge of so much of such proceeds as shall be necessary. **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, Chilton County or any political subdivision of the foregoing.**

Redemption Certain of the Warrants are subject to redemption prior to maturity as described herein.

Interest Payment Dates The Warrants will bear interest at the respective per annum rates of interest shown on the inside cover hereof, payable on February 1, 2027, and on each February 1 and August 1 thereafter.

Book-Entry Only System The Warrants are being issued as fully registered warrants and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Warrants. Additional information regarding DTC and the book-entry only system of DTC is set forth herein.

Delivery Date It is expected that the Warrants will be available for book-entry only delivery through DTC on or about ______________, 2026.

The scheduled payment of principal of and interest on the Warrants when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Warrants by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

BAM

This cover page contains information for quick reference only. It is not a summary of this issue. Prospective investors must read the entire Official Statement to obtain information essential to making 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 Maynard Nexsen PC, Birmingham, Alabama, Bond Counsel, and certain other conditions.

RAYMOND JAMES®

Dated _______________, 2026

* Preliminary; subject to change.

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIPS

$39,970,000*
Special Tax School Warrants
Series 2026

Year of Maturity (February 1)	Principal Amount*	Interest Rate	Yield	CUSIP[(1)]
2028	$640,000			
2029	670,000			
2030	705,000			
2031	745,000			
2032	780,000			
2033	820,000			
2034	865,000			
2035	910,000			
2036	955,000			
2037	1,005,000			
2038	1,055,000			
2039	1,110,000			
2040	1,165,000			
2041	1,225,000			
2042	1,290,000			
2043	1,355,000			
2044	1,420,000			
2045	1,480,000			
2046	1,550,000			
2047	1,620,000			
2048	1,695,000			
2049	1,775,000			
2050	1,865,000			
2051	1,955,000			
2052	2,050,000			
2053	2,150,000			
2054	2,255,000			
2055	2,370,000			
2056	2,490,000			

* Preliminary; subject to change.

(c) Yield shown to _____________ optional redemption date at a redemption price of par.

(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.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Warrants or the advisability of investing in the Warrants. In addition, BAM 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 BAM supplied by BAM and presented under the heading "BOND INSURANCE" and "Appendix E – Specimen Municipal Bond Insurance Policy."

Chilton County Board of Education
1705 Lay Dam Road
Clanton, Alabama 35045
(205) 280-3000

President of the Board
Ken Harmon

Vice President of the Board
Ashland English

Members of the Board
Mike Davis
Cameron Ellison
Lisa Nichols
Rodney Payton
Jacqueline Sullivan

County Superintendent of Education
Corey Clements

Interim Chief School Financial Officer
Talitha Barnhill

Bond Counsel
Maynard Nexsen PC
Birmingham, Alabama

Underwriter
Raymond James & Associates, Inc.
Birmingham, Alabama

Paying Agent
Regions Bank
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.

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

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" 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.

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OFFICIAL STATEMENT

Relating to the Original Issuance of

$39,970,000*
CHILTON COUNTY BOARD OF EDUCATION
Special Tax School Warrants
Series 2026

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 sets forth information concerning $39,970,000* aggregate principal amount of Special Tax School Warrants, Series 2026 (the "Warrants"), to be issued by the Chilton County Board of Education (the "Board") in the State of Alabama. The Board will issue the Warrants under the provisions of a resolution of the Board (the "Authorizing Resolution") for the purpose of providing funds for various public school capital improvements, providing a municipal bond insurance policy and paying the costs of issuing the Warrants. See "THE WARRANTS – Purpose of Issue."

The Board is the body charged with the management and control of the affairs and finances of the public schools located in Chilton County, Alabama (the "County"). The County is part of the Birmingham, AL Metropolitan Statistical Area (the "Birmingham MSA"). Certain demographic and statistical information regarding the County and the Birmingham MSA are set forth in Appendix A hereto.

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 proceeds allocated to the Board of the Special Tax hereinafter described. See "SECURITY AND SOURCE OF PAYMENT."

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 or 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" and "THE WARRANTS – Place and Manner of Payment."

All references in this Official Statement to the Warrants, to the constitution and laws of Alabama, and to summaries of contracts or documents or official acts are qualified by the exact terms of the Warrants, such constitution, laws, contracts, documents or acts, each being an item of public record. So far as any statements are made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, they are set forth as such and not as representations of fact, and no representation is made that any such estimates will be realized.

The principal office of the Board is located at 1705 Lay Dam Road, Clanton, Alabama 35045, telephone (205) 280-3000. Inquiries with respect to information contained in this Official Statement should be directed to the Board or to Raymond James & Associates, Inc. (the "Underwriter"), 2900 Highway 280, Suite 100, Birmingham, Alabama 35223, telephone (205) 802-4275, attention: Matt Adams.

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* Preliminary; subject to change.

GLOSSARY

The following terms used and not otherwise defined herein shall have the following respective meanings:

"**Alabama Constitution**" means the Constitution of Alabama of 2022, as amended.

"**BAM**" means Build America Mutual Assurance Company, a New York domiciled mutual insurance corporation, or any successor thereto.

"**Bank**" means Regions Bank, Birmingham, Alabama, in its capacity as registrar, paying agent and transfer agent of the Board with respect to the Warrants, and includes its successors and assigns.

"**Board**" means the Chilton County Board of Education and includes its successors and assigns.

"**County**" means Chilton County, Alabama.

"**Enabling Law**" means Article 14 of Chapter 13 of Title 16 of the Code of Alabama 1975, as amended.

"**Interest Payment Date**" means each February 1 and August 1 until and including the date on which the Warrants are paid in full.

"**Policy**" means the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Warrants when due.

"**Record Date**" means each January 15 or July 15 next preceding an Interest Payment Date.

"**Special Tax**" means the special privilege license or excise tax levied on certain businesses in the County pursuant to Section 40-12-4 of the Code of Alabama 1975, as amended, and ordinances and resolutions of the governing body of the County adopted on December 14, 1992, March 8, 1999, June 27, 2023, and June 9, 2026.

"**Warrants**" means the Board's Special Tax School Warrants, Series 2026, offered hereby.

"**Warrant Fund**" means the "2026 Special Tax Warrant Principal and Interest Fund" created in the Authorizing Resolution and held by the Bank for payment of debt service on the Warrants.

THE WARRANTS

General Provisions and Maturities

The Warrants will be dated the date of their initial 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.

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 12 consecutive 30-day months) is payable semiannually on February 1, 2027, and on each Interest Payment Date thereafter at the address shown on the registry books of the Bank pertaining to the Warrants as of the close of business on each Record Date.

Any principal or interest with respect to any Warrant that becomes due on a day other than a business day shall be payable on the next succeeding business day and no interest shall accrue in the interim.

Overdue interest will not be payable to the holder of the Warrants solely by reason of such holder having been the holder on the Record Date immediately preceding the interest payment date on which such interest became due and payable, but will be payable by the Bank not less than ten (10) days following receipt by the Bank of immediately available funds in an amount sufficient to enable the Bank to pay all overdue interest. Such overdue interest payment date fixed by the Bank will be a date not more than twenty (20) days following the expiration of such period, and overdue interest will be paid to the persons in whose names the Warrants were registered on the overdue interest payment date.

Reference is made to the Authorizing Resolution in full for its provisions pertaining to the negotiation, transfer and exchange of the Warrants and the method of payment of the principal thereof and interest thereon.

Purpose of Issue

The Warrants are being issued (i) to finance the costs of a new Career Tech and Central Office building and of classroom additions at Thorsby High School (together, the "2026 Improvements"), (ii) to provide the Policy and (iii) to pay the costs of issuing the Warrants. The Board expects that acquisition, construction and equipping of the 2026 Improvements will be substantially complete within two (2) years from the date of issuance of the Warrants.

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 then in such maturities as the Board shall select in its discretion and in amounts of $5,000 or any integral multiple thereof, on __________ 1, _____, and on any date thereafter, 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 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 __________ 1 in the following years (with those to be redeemed to be selected by lot) at a redemption price equal to the principal amount redeemed plus accrued interest to the redemption date:

Year	**Principal Amount**

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

Year	**Principal Amount**

In the event that the Board shall have partially redeemed Warrants subject to mandatory redemption as described in the foregoing paragraphs (a) and (b) (collectively, the "Term Warrants") or 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 integral multiples of $5,000) of the principal amount of such Term Warrants so redeemed or to be redeemed to the reduction of the principal amount of Term Warrants required to be redeemed pursuant to the schedule set forth above on any February 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, Notice and Effect of Redemption. Notice of any redemption (other than mandatory redemption) of the Warrants shall be given to the affected holder thereof not less than 30 days nor more than 60 days before the date fixed for redemption. If the book-entry system is in effect, such notice of redemption shall be given to DTC (as defined below) and shall be forwarded by DTC to the affected holders of Warrants through methods established by the rules and operational arrangements of DTC. If the book-entry system is not in effect, notice of redemption shall be given to the holders of each of the Warrants being redeemed by United States First-Class Mail at the address shown on the registry books of the Bank pertaining to the Warrants. No further interest will accrue, after the date fixed for redemption, on the principal of any Warrants called for redemption if notice has been duly given and payment therefor has been duly provided.

Partial Redemption of Warrants. If less than all outstanding Warrants of a given series are to be redeemed, the principal amount of Warrants of such series 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 of such series, or, in the absence of receipt by the Bank of such notice, shall be determined in accordance with the book-entry system or, if the book-entry system is no longer in effect, by lot or by such other method as the Bank shall deem fair and appropriate; provided, however, that such Warrants are subject to redemption only in principal amounts of $5,000 or any integral multiple thereof.

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, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking law, "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 holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as 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"). DTC has an S&P Global Ratings ("S&P") rating of AA+. The rules applicable to DTC and Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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 detailed 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 denominations as described above under the heading "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 ($5,000 principal amount or any integral multiple thereof) of the same series, 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.

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 of 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.

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 proceeds of the Special Tax 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 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 deposit, on a monthly basis, the proceeds of the Special Tax into the warrant fund established in the Authorizing Resolution (the "Warrant Fund") in an amount sufficient for payment of the semi-annual debt service requirements on the Warrants. 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 the Special 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. See "UNITED STATES BANKRUPTCY CODE" herein.

Control Rights of BAM 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, BAM 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.

SECURITY AND SOURCE OF PAYMENT

General

The Warrants will be payable, as to both principal and interest, solely out of the proceeds allocated to the Board of the Special Tax, which proceeds, to the extent necessary for such purpose and after payment of the costs of assessment and collection, will be pledged for payment of the principal of and interest on the Warrants at the respective maturities of the said principal and interest.

The Enabling Law provides that warrants issued thereunder shall be preferred claims against the proceeds of the special tax (or 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 (other than parity pledges) 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 Tax (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 the proceeds of the Special Tax pledged for the payment thereof. **Neither the County nor any municipality therein will in any manner be liable for payment of the Warrants.**

Issuance of Parity Warrants

In the Authorizing Resolution, the Board has reserved the right to issue additional warrants ("Parity Warrants"), without limit as to principal amount, secured by a pledge of the Special Tax on a parity of lien with the Warrants. Prior to the issuance of any such Parity Warrants, the Board must file with the Bank a certificate of the Board's 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, any Parity Warrants then outstanding and the Parity Warrants proposed to be issued, and demonstrating that the proceeds of the Special Tax received by the Board during the then preceding fiscal year were not less than 1.25 times (or 125% of) the maximum amount payable annually in any such fiscal year as principal of and interest on the Warrants, any Parity Warrants 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 Special Tax shall not be pledged to the payment of any other warrants of the Board (or any indebtedness or obligation of any nature) unless such pledge is made subject to and subordinate in all respects to the pledge for the benefit of the Warrants.

THE SPECIAL TAX

General

Pursuant to Section 40-12-4 of the Code of Alabama 1975, as amended, and resolutions and ordinances adopted from time to time by the Chilton County Commission, the County levies a privilege license or excise tax on certain businesses in the County (the "Special Tax"). Under Section 40-12-4, the revenue derived by the County from the Special Tax, after payment of the expenses of collection, is paid to the Chief School Financial Officer and is used exclusively for public school purposes within the County. The Special Tax parallels, except for the rate of tax, the sales tax levied by the State of Alabama, and is levied at the basic rate of 1% of gross receipts, or gross sales, though certain activities and transactions are taxed at lower rates. The State of Alabama Department of Revenue collects the Special Tax from businesses on behalf of the County.

At this time, the Board operates the only public school system in the County, and the entire proceeds of the Special Tax (remaining after deducting the cost of collection) are allocated and paid to the Board. If a municipal public school system were to be established by a municipality in the County, the proceeds of the Special Tax would be apportioned between the Board and such school system according to a census-based formula established by law, resulting in a reduction in the Board's allocated share, which is presently 100% of the net proceeds of the tax. 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 public school system, the general administration and supervision of which shall be vested in a city board of education. The largest municipality in the County, the City of Clanton, had a population of 8,768. No other municipality in the County (except for a small portion of the City of Calera, which is principally situated in Shelby County) population in excess of 2,500, according to the 2020 Federal Census. At this time, the Board does not expect that the City of Clanton will establish a separate and independent school system.

Historical Receipts of the Special Tax

The Board's receipts of the Special Tax for the fiscal years indicated have been as follows:

Fiscal Year Ended September 30	Receipts of the Special Tax [1]
2021	$5,047,305
2022	5,428,422
2023	5,694,372
2024	5,822,853
2025	5,455,982

(1) The Board attributes the decline in Special Tax receipts from 2024 to 2025 to a change in the agency collecting the tax (previously Avenu, a private firm; now, the State of Alabama Department of Revenue), which became effective February 1, 2025. The Board expects normal collection patterns to resume after a customary transition period.

No Outstanding Parity Warrants

Upon issuance, the Warrants will represent the only charge or claim on the Special Tax and its proceeds.

Application of Pledged Tax Proceeds; Warrant Fund

In the Authorizing Resolution, the Board will agree to deposit into the Warrant Fund, on a monthly basis, an amount equal to one-sixth of the then next maturing installment of interest on the Warrants plus one-twelfth of the principal of the Warrants, if any, maturing on the then next succeeding February 1.

The Bank will make payments of principal of and interest on the Warrants to the registered owners of the Warrants out of the amounts accumulated in the Warrant Fund.

BOND INSURANCE

The information contained in this section entitled "BOND INSURANCE" relates to BAM and the Policy and has been obtained from BAM 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, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Warrants (the "Policy"). 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 Appendix E to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policy of insurance. The above rating is not a recommendation to buy, sell or hold the Warrants, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Warrants. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Warrants 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 Policy), and BAM does not guarantee the market price or liquidity of the Warrants, nor does it guarantee that the rating on the Warrants will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $493.3 million, $277.6 million and $215.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Warrants or the advisability of investing in the Warrants. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at https://bambonds.com/insights/#video. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Warrants, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Warrants. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Warrants, whether at the initial offering or otherwise.

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 [premium/discount]	____________
Total	$____________
USES	
2026 Improvements	$____________
Costs of issuance [(1)]	____________
Total	$____________

[(1)] Includes underwriting discount, legal, rating agency, paying agent and miscellaneous fees, and bond insurance premium.

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DEBT SERVICE REQUIREMENTS AND COVERAGE

Debt Service Requirements

Fiscal year debt service requirements on the Warrants are as follows:

Fiscal Year Ending September 30	Principal*	Interest*	Total*
2026	--	--	--
2027	--	$1,920,158	$1,920,158
2028	$640,000	1,909,506	2,549,506
2029	670,000	1,876,756	2,546,756
2030	705,000	1,842,381	2,547,381
2031	745,000	1,806,131	2,551,131
2032	780,000	1,768,006	2,548,006
2033	820,000	1,728,006	2,548,006
2034	865,000	1,685,881	2,550,881
2035	910,000	1,641,506	2,551,506
2036	955,000	1,594,881	2,549,881
2037	1,005,000	1,545,881	2,550,881
2038	1,055,000	1,494,381	2,549,381
2039	1,110,000	1,440,256	2,550,256
2040	1,165,000	1,383,381	2,548,381
2041	1,225,000	1,323,631	2,548,631
2042	1,290,000	1,260,756	2,550,756
2043	1,355,000	1,194,631	2,549,631
2044	1,420,000	1,130,581	2,550,581
2045	1,480,000	1,068,031	2,548,031
2046	1,550,000	1,000,781	2,550,781
2047	1,620,000	928,444	2,548,444
2048	1,695,000	851,784	2,546,784
2049	1,775,000	771,541	2,546,541
2050	1,865,000	686,200	2,551,200
2051	1,955,000	595,475	2,550,475
2052	2,050,000	500,356	2,550,356
2053	2,150,000	399,263	2,549,263
2054	2,255,000	291,891	2,546,891
2055	2,370,000	179,156	2,549,156
2056	2,490,000	60,694	2,550,694

* Preliminary; subject to change.

Coverage

Based upon the Board's receipts of the Special Tax for the fiscal year that ended September 30, 2025, of $5,455,982, debt service coverage ratios of the Board are as follows:

(a) the maximum annual debt service on the Warrants ($2,551,506*, being that for the fiscal year ending September 30, 2035) will be covered approximately 2.14* times; and

(b) the average annual debt service on the Warrants ($2,528,344*, for fiscal years 2027 through 2056) will be covered approximately 2.16* times.

* Preliminary; subject to change.

ASSESSMENTS AND AD VALOREM TAX COLLECTIONS

General

The Constitution of Alabama 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 net assessed valuation of the taxable properties in the County as assessed for County-levied school taxes during the tax years 2021 through 2025, was as follows:

Net Assessed Value of Taxable Properties – Chilton County
(as assessed for County-levied school taxes)

Tax Year Commencing October 1	Motor Vehicles	All Property Other Than Motor Vehicles	Total Assessed Value
2021	$77,927,470	$445,405,720	$523,333,190
2022	85,861,475	486,089,700	571,951,175
2023	102,357,855	507,275,040	609,632,895
2024	109,212,165	592,851,098	702,063,263
2025	117,315,045	630,088,060	747,403,105

Source: Chilton County Revenue Commissioner and Motor Vehicle Division.

County-levied school taxes on real property (which are levied and collected by the County) are due in arrears on 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 and motor vehicles, are assessed and collected by the Chilton County Revenue Commissioner. Ad valorem taxes on public utility properties are assessed by the State Department of Revenue and collected by the state and the Chilton County Revenue Commissioner. Ad valorem taxes on motor vehicles are assessed by the Alabama State Department of Revenue and collected by the Chilton County Revenue Commissioner.

Largest Ad Valorem Taxpayers

The following table indicates the ten (10) largest ad valorem taxpayers in the County for the tax year for which County-levied school taxes became due and payable on October 1, 2025, together with the assessed value and total ad valorem taxes paid for each:

Taxpayer	Assessed Value	Total Ad Valorem Taxes Paid
Alabama Power Company	$75,503,740	$2,910,528
Transcontinental Gas Pipe Line Corporation	31,175,300	1,215,837
West Fraser, Inc.	19,129,200	899,020
Central Alabama Electric Cooperative	15,419,300	606,105
Boise Cascade Wood Products, L.L.C.	9,638,280	419,213
Adient Clanton Inc.	9,838,420	413,162

CSX Transportation, Inc.	9,476,240	379,968
Kumi Manufacturing Alabama, LLC	4,418,340	185,518
Chalons 2 LLC	3,116,400	137,128
The Merchants Company	3,131,820	104,013

Source: Chilton County 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%.

Section 40-7-2.2 of the Code of Alabama 1975, as amended, 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 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 Chilton County Commission.

Millage Rates in the County District

Total ad valorem taxes levied in the County for the tax year ending September 30, 2026, amount to 39.0 mills (equivalent to $3.90 per $100 of assessed valuation), which are distributed as follows:

State of Alabama	6.5	mills
Chilton County		
General Fund	7.0	mills
Special General Fund - Roads, Health, Police	5.0	mills
Road & Bridge	3.5	mills
Trade School	3.0	mills
Fire/Emergency (outside municipalities)	4.0	mills
Countywide School	5.0	mills
District School	5.0	mills
Total Ad Valorem Levy	39.0	mills

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

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 Chilton 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 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%. The Chilton County Revenue Commissioner has in recent years consistently collected in excess of 98% of the total ad valorem taxes due in the County.

Assessed Value by Property Classification

The following chart reflects, for the tax year that ended September 30, 2025 (that is, the year for which State and County-levied taxes became due and payable on October 1, 2025, and delinquent on January 1, 2026), the appropriate division of net assessed valuation of property in the County by classification:

Chilton County

	Property Classification	**Assessed Valuation**
Class I	Utilities	$132,193,860
Class II	All Property Not Otherwise Classified	337,381,160
Class III	All Agricultural, Forest and Single Family Owner Occupied Residential Property and Historic Building and Sites	275,631,380
Class IV	Private Passenger Automobiles and Trucks for Personal Use	92,755,040
	Penalties	351,345
	Less exemptions	(90,909,680)
	Total	$747,403,105

Source: Chilton County Revenue Commissioner.

OTHER INDEBTEDNESS OF THE BOARD

Outstanding Indebtedness

The Board has the following indebtedness now outstanding:

(a) two borrowings through the Alabama Public School and College Authority, outstanding in the approximate combined principal amount of $1,372,000, and payments of debt service on which are made with State of Alabama public school funds allocated to the Board by the Legislature of Alabama (together, the "PSCA Warrants"); and

(b) obligations under various capital equipment leases or installment sale arrangements outstanding in the approximate aggregate principal amount of $4,000,000 and payable out of any lawfully available funds (together, the "Lease Obligations").

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 authorized under Alabama statutes to borrow money for current fiscal year needs in anticipation of current revenues for that fiscal year and to pledge for payment of such loans current revenues for such fiscal year. All such loans must be due and payable during the fiscal year in which incurred unless the State fails to make a final apportionment of school funds during such fiscal year, in which case such loans may be extended to the close of the fiscal year during which such final apportionment is made. If current fiscal year funds are insufficient to retire such loans, the unpaid loans become a first lien on the current revenues of the succeeding fiscal year subject only to the prior lien of principal and interest due on the Board's warrants. The Board has not historically found it necessary to enter into short-term loans or lines of credit for payment of operating expenses.

Planned Future Borrowings

Other than financings for routine acquisition of school buses, the Board does not expect to incur additional indebtedness within the next two (2) years.

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.

At present, there are no charter schools located within the County.

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.

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 known 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 fiscal year ending September 30, 2026, with not less than $100 million of appropriations by means of a refundable income tax credit. The appropriation grows to $150 million for fiscal years ending September 30, 2027, and thereafter, and the Legislature of Alabama, in its fiscal year 2027 education trust fund budget, allocated an additional $100 million above and beyond the $150 million mandated by the CHOOSE Act, for a total of $250 million for fiscal year 2027. 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 tax credits are up to $7,000 per student enrolled in a participating school and up to $2,000 per student ($4,000 per household) for non-participating schools, including homeschool programs. As of December 30, 2025, there were 265 participating schools in the State, and that number is expected to increase.

The scope of the CHOOSE Act may be expanded, and 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 of Alabama 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 Sales Tax, 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, operations or enrollment.

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. The Board is composed of seven (7) members who are elected from single-member districts for concurrent six-year terms. The Board comprises the following members whose current terms of office expire in the following years:

Name	Date of Ending of Current Term	Present Business or Professional Affiliation
Cameron Ellison	November 2028	small business owner
Mike Davis	November 2028	employee at local business

Ken Harmon	November 2028	Major – Chilton Co. Sheriff's Office
Jacquline Sullivan	November 2028	retired teacher
Rodney Payton	November 2028	business owner
Lisa Nicholas	November 2028	small business owner
Ashland English	November 2028	small business owner

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. The current Superintendent is Mr. Corey Clements, whose term of office began on January 1, 2023.

The Board appoints the Chief School Financial Officer ("CSFO") who also serves as the Custodian of Public School Funds of the County and the Treasurer of the Board. 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 President of the Board, and has no discretionary power over the disbursement of school funds. The present interim CSFO is Talitha Barnhill, who assumed this position on July 1, 2026, upon the resignation of the prior CSFO. The Board is currently receiving applications for the new Chief School Financial Officer.

The School System

General. The Board formulates school policies and, upon the written recommendation of the Superintendent, appoints principals, teachers, clerical and professional assistants of the Board, and prescribes the course of study and approves contracts. The Board delegates to the 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 twelve (12) schools or campuses within the County School System. Those schools consist of two (2) elementary schools (grades PK-3), two (2) intermediate schools (grades 4-6), two (2) middle schools (grades 7-8), two (2) high schools (grades 9-12) and four combined schools (grades PK-12), as described below with the ADM for each for the current school year:

School	Grades	Enrollment (ADM)
Clanton Elementary School	Pre-K – 3	777
Clanton Intermediate School	4-6	640
Clanton Middle School	7-8	365
Chilton County High School	9-12	744
Isabella High School	Pre-K – 12	750
Jemison Elementary School	Pre-K – 3	643
Jemison Intermediate School	4-6	474
Jemison Middle School	7-8	309
Jemison High School	9-12	652
Maplesville High School	Pre-K – 12	600
Thorsby High School	Pre-K – 12	860
Verbena High School	Pre-K – 12	564

* Enrollment at the technical centers is included in the student's home school.

Historical Enrollment. The following table presents total ADM of the Board for the school years shown:

Year	Enrollment (ADM)
2020-2021	7,685
2021-2022	7,683
2022-2023	7,563
2023-2024	7,551
2024-2025	7,421
2025-2026	7,408

Employees and Employee Relations. The Board currently employs approximately 990 full-time persons, of whom approximately 650 work in the instructional program of the schools under the administration of the Board. The Board's current pupil-to-teacher ratio is approximately 15.59:1.

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.

Some of the Board's full-time 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's authority to issue the Warrants or pledge the proceeds of the Special Tax for the payment of the principal and interest thereon, nor is there pending or threatened any litigation, the adverse outcome of which would be likely to have a material adverse fiscal impact on the Board.

Establishment of Additional School Systems Within Chilton 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. As stated above, the only municipality in the County with a population over 5,000, according to the 2020 Census, is the City of Clanton, with a 2020 population of 8,768. At this time, the Board does not expect that the City of Clanton will establish a separate and independent school system.

At this time, the Board operates the only public school system in the County, and all the net proceeds of the Special Tax are allocated and paid over to it. If a public school system were to be established by a municipality in the County, the proceeds of the Special Tax would be apportioned between the Board and such school system, resulting in a reduction of the Board's allocated share.

General Financial Information

The following table shows a summary of the Board's revenues and expenditures for the fiscal years 2021 through 2025:

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

	2021	2022	2023	2024	2025
Revenues					
State	$51,341,111.08	$53,231,072.97	$58,348,494.57	$69,517,130.87	$85,426,445.25
Federal	114,756.30	359,881.45	467,628.58	421,551.04	337,348.04
Local	11,160,739.02	11,671,770.02	12,935,752.46	15,733,994.94	16,373,215.38
Other	90,334.64	175,610.64	260,158.39	379,283.31	330,207.42
Total Revenues	62,706,941.04	65,438,335.08	72,012,034.00	86,051,960.16	102,467,216.09
Expenditures					
Current					
Instructional	37,073,794.40	35,484,429.40	37,022,456.61	40,056,826.18	43,561,574.14
Instructional Support	8,881,716.01	9,344,482.29	9,661,974.85	10,836,966.65	13,934,508.10
Operation and Maintenance	4,760,304.22	5,020,993.17	4,924,368.58	6,572,547.30	6,639,166.58
Auxiliary Services	4,632,345.66	4,425,010.45	4,513,709.13	4,689,489.79	4,830,561.46
Gen. Admin & Central Support	2,419,647.12	2,675,233.50	2,421,516.69	2,365,817.13	3,294,747.51
Other	1,769,220.81	2,059,751.60	2,142,996.39	2,222,911.13	2,709,078.04
Capital Outlay	992,243.05	2,062,355.56	1,307,681.40	3,216,394.79	9,805,225.34
Debt Service:					
Principal Retirement	--	117,296.29	--	--	--
Interest Charges	--	5,713.18	--	--	--
Total Expenditures	60,529,271.27	61,195,265.44	61,994,703.65	69,960,952.97	84,774,861.17
Excess (Deficiency) of Revenues Over Expenditures	2,177,669.77	4,243,069.64	10,017,330.35	16,091,007.19	17,692,354.92
Other Financing Sources					
Indirect Cost	832,140.68	978,154.08	774,900.31	1,489,579.95	546,062.96
Long-Term Debt Issued	--	--	--	--	--
Transfers In	137,331.40	141,178.23	179,171.90	186,981.72	379,555.09
Other Financing Sources	141,070.00	86,228.88	177,962.60	328,331.32	165,007.91
Sale of Capital Assets	3,848.45	129,588.55	1,684.96	47,290.99	--
Transfer Out	(2,235,809.83)	(2,921,602.58)	(2,289,995.79)	(2,078,264.00)	(2,318,587.14)
Total Other Financing Sources	(1,121,419.30)	(1,586,452.84)	(1,156,276.02)	(26,080.02)	(1,227,961.18)
Net Change in Fund Balances	1,056,250.47	2,656,616.80	8,861,054.33	16,064,927.17	16,464,393.74
Fund Balances – Beginning of year	8,753,695.62	9,809,946.09	12,466,562.89	21,327,617.22	37,392,544.39
Fund Balances – End of year	$9,809,946.09	$12,466,562.89	$21,327,617.22	$37,392,544.39	$53,856,938.13

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TOTAL GOVERNMENTAL FUNDS

	2021	2022	2023	2024	2025
Revenues					
State	$54,187,196.37	$59,895,269.11	$66,413,685.60	$72,671,538.69	$88,703,672.05
Federal	17,160,629.32	20,225,475.48	17,867,238.95	21,609,994.04	13,084,052.13
Local	14,423,914.29	16,108,171.62	18,129,388.50	21,384,503.76	21,112,918.70
Other	122,323.22	261,063.12	351,529.73	486,800.81	422,532.55
Total Revenues	85,894,063.20	96,489,979.33	102,761,842.78	116,152,837.30	123,323,175.43
Expenditures					
Current					
Instructional	45,024,500.77	43,159,525.81	45,187,205.98	49,868,748.80	49,815,483.14
Instructional Support	10,703,649.38	11,409,912.01	11,501,987.81	12,398,937.36	15,331,922.05
Operation and Maintenance	5,933,695.95	6,509,515.01	7,480,884.10	9,424,822.50	8,745,856.08
Auxiliary Services:					
Transportation	4,783,430.89	4,524,728.80	4,683,683.41	4,804,924.06	5,007,229.11
Food Services	5,307,883.12	7,779,742.84	8,379,262.74	9,123,853.93	9,059,080.58
Gen. Admin & Central Support	3,231,463.87	3,981,909.53	3,323,676.71	3,815,728.54	3,692,089.54
Other	5,666,133.87	6,412,504.43	6,091,920.12	6,508,732.68	4,069,569.99
Capital Outlay	3,017,746.96	6,297,501.98	6,372,995.82	3,899,369.54	12,164,425.40
Debt Service:					
Principal Retirement	1,553,246.92	1,793,805.91	1,240,439.02	1,287,400.65	1,203,179.20
Interest Charges	339,548.76	309,471.68	245,970.43	199,840.48	154,802.03
Total Expenditures	85,561,300.49	92,178,618.00	94,508,026.14	101,332,358.54	109,243,637.12
Excess (Deficiency) of Revenues Over Expenditures	332,762.71	4,311,361.33	8,253,816.64	14,820,478.76	14,079,538.31
Other Financing Sources					
Indirect Cost	832,140.68	978,154.08	774,900.31	1,489,579.95	546,062.96
Long-Term Debt Issued	1,520,964.00	--	--	--	1,753,420.00
Transfers In	2,373,141.23	3,062,780.81	2,469,167.69	2,265,245.72	2,698,142.23
Other Financing Sources	141,070.00	86,228.88	177,962.60	350,706.32	165,007.91
Sale of Capital Assets	18,098.45	129,588.55	1,684.96	48,941.59	--
Transfer Out	(2,373,141.23)	(3,062,780.81)	(2,469,167.69)	(2,265,245.72)	(2,698,142.23)
Total Other Financing Sources	2,512,273.13	1,193,971.51	954,547.87	1,889,227.86	2,464,490.87
Net Change in Fund Balances	2,845,035.84	5,505,332.84	9,208,364.51	16,709,706.62	16,544,029.18
Fund Balances – Beginning of year	17,078,125.44	19,923,161.28	25,428,494.12	34,636,858.63	51,346,565.25
Fund Balances – End of year	$19,923,161.28	$25,428,494.12	$34,636,858.63	$51,346,565.25	$67,890,594.43

Accounting

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 result of its operations.

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.

Education Accountability Plan. The 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 of education 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 laws of Alabama.

EMPLOYEES' RETIREMENT

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 Trust.

MAJOR SOURCES OF BOARD REVENUE

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

Local Revenues – Ad Valorem Taxes

Two-Mill Countywide Tax Pursuant to Section 269. Pursuant to Section 269 of the Alabama Constitution and proceedings taken thereunder, the Chilton County Commission is authorized to levy an ad valorem tax of two mills in the County for public school purposes. The rate, duration and purpose of the tax must be approved by the electors in the County. At this time, the Board operates the only public school system in the County, so the entire proceeds of the two-mill tax are paid over to the Board. The two-mill tax has been approved through the tax year for which taxes will become due and payable on October 1, 2049. An extension of this tax beyond its current term will require voter approval at an election called and held for that purpose.

Three-Mill Countywide Tax Pursuant to Section 269.01. Pursuant to Section 269.01 of the Alabama Constitution, the Chilton County Commission is authorized to levy an ad valorem tax of three mills in the County for public school purposes. The rate, duration and purpose of the tax must be approved by the electors in the County. At this time, the Board operates the only public school system in the County, so the entire proceeds of the three-mill tax are paid over to the Board. The three-mill tax has been approved through the tax year for which taxes will become due and payable on October 1, 2049. An extension of this tax beyond its current term will require voter approval at an election called and held for that purpose.

Three-Mill Countywide Tax Pursuant to Section 11-10.20. Pursuant to Section 11-10.20 of the Alabama Constitution (alternatively cited as Amendment No. 166 to the Constitution of Alabama of 1901) and proceedings taken thereunder, the Chilton County Commission is authorized to levy an ad valorem tax of three mills in the County for construction, operation and maintenance of a "vocational trade school in the County" and "for the rural and industrial development of the County." The rate and duration of the tax must be approved by the electors in the County. The three-mill tax, one-half of the proceeds of which are apportioned and paid over to the Board by the County, has been approved through the tax year for which taxes will become due and payable on October 1, 2044. An extension of this tax beyond its current term will require voter approval at an election called and held for that purpose.

Three-Mill District Tax Pursuant to Section 269.02. Pursuant to Section 269.02 of the Alabama Constitution, the Chilton County Commission is authorized to levy an ad valorem tax of three mills in both School District A and School District B in the County (the public schools within which are under the jurisdiction and control of the Board) for public school purposes. The rate, duration and purpose of the tax must be approved by the electors in each school district. The three-mill tax has been approved for a final collection on October 1, 2049. An extension of the tax, beyond the current duration, will require an election in each district.

Two-Mill District Tax Pursuant to Section 269.08. Pursuant to Section 269.08 of the Alabama Constitution, the Chilton County Commission levies an ad valorem tax of two mills in the County 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, in which case the tax levy pursuant to Section 269.08 will cease.

The Warrants are not payable from any of the foregoing ad valorem taxes, nor are the proceeds thereof pledged as security for payment of the Warrants.

Local Revenues – Sales Tax

See "THE SPECIAL TAX" herein for a description of the one-cent countywide sales and use tax levied for public school purposes in the County.

Summary of Local Revenues

The following table reflects the Board's principal local revenue sources and amounts received by the Board for each source for the fiscal years indicated:

Tax	2022	2023	2024	2025
Countywide Taxes[(1)]	$2,205,811	$2,397,693	$2,845,726	$3,034,809
Section 269.02 District Tax	1,425,159	1,535,213	1,970,341	2,099,909
Vocational Trade School Tax[(2)]	545,130	709,430	787,708	841,777
Section 269.08 District Tax	1,114,110	1,270,198	1,344,563	1,432,893
Special Tax[(3)]	5,428,422	5,694,372	5,822,853	5,455,982
Total	$10,718,632	$11,606,906	$12,771,191	$12,865,370

(1) Comprises the two-mill countywide tax under Section 269 and the three-mill countywide tax under Section 269.01 of the Alabama Constitution.
(2) Represents the Board's one-half portion of the three-mill countywide ad valorem tax under Section 11-10.20 of the Alabama Constitution.
(3) Pledged as security for the Warrants.

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." Fiscal year 2011 was the last year in which 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. Monthly allotments are not currently being reduced. State appropriations to the Board in fiscal year 2025 of $88.7 million were approximately 71.93% 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
2012-2025	–

* 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, if any is declared, may have an adverse impact on the Board's finances.

Federal Revenues

The Board receives funds from the federal government under its program for vocational education, under Chapter II for enhancement of libraries, under Title 6 for supplement to special education programs and under the federal vocational program as well as several other programs. Federal funds accounted for approximately 18.60% of the Board's total revenue in fiscal year 2024.

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."

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned the Warrants a rating of "A" (stable outlook). Additionally, S&P is expected to assign the Warrants a rating of "AA" (stable outlook) with the understanding that, upon delivery of the Warrants, BAM will deliver the Policy. 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. 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.

UNITED STATES BANKRUPTCY CODE

Under certain conditions, Title 11 of the United States Code, 11 U.S.C. §§101, et seq. (the "Bankruptcy Code") permits a municipality to file a petition for relief in federal bankruptcy court to adjust debts under Chapter 9 of the Bankruptcy Code. Debt adjustment may include restructuring, reduction or other impairment of debt, subject to various conditions and limitations set forth in the Bankruptcy Code. Section 101 of the Bankruptcy Code defines "municipality" to mean a political subdivision, public agency or instrumentality of a State. To be eligible to file a Chapter 9 bankruptcy petition under section 109 of the Bankruptcy Code, a municipality must be "specifically authorized, in its capacity as a municipality or by name, to be a debtor under [Chapter 9], or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under [Chapter 9]." Section 109 of the Bankruptcy Code imposes additional requirements for a municipality to be eligible to file bankruptcy. Without limitation, the municipality must (a) be insolvent (either unable to pay debts as they come due or generally not paying debts as they come due); (b) desire to affect a debt adjustment plan; and (c) meet certain requirements regarding negotiations with creditors (or certain exceptions to such requirements). 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. The other conditions to eligibility are fact-specific to the time of filing the petition.

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 in a manner consistent with other provisions of the Bankruptcy Code. Without limitation, section 928 of the Bankruptcy Code provides that special revenues acquired by the debtor after commencement of a chapter 9 case remain subject to any lien resulting from any security agreement entered into by the debtor before commencement of the case, but further provides that any such lien on special revenues (other than municipal betterment assessments) derived from a project or system shall be subject to "the necessary operating expenses of such project or system." 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 revenues" as that term is defined in section 902(2) of the Bankruptcy Code. Moreover, the phrase "application of pledged special revenues" has given rise to arguments that the provisions of section 922(d) apply only to funds in possession and control of the debtholders, or their trustee. Therefore, it is uncertain whether or not the filing of a chapter 9 petition would affect application of the Pledged Tax Proceeds for the payment of principal and interest on the Warrants. Similarly, it is uncertain whether section 928 of the Bankruptcy Code would control the claims of holders of the Warrants with respect to the proceeds of the Pledged Tax Proceeds.

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 the proposed form of approving legal opinion set forth in Appendix B.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Maynard Nexsen PC, 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 excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Warrants may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. 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 of the further opinion that, under existing statutes, the interest on the Warrants is exempt from State of 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 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.]

[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 Original Issue Discount 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.]

No 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" under Section 265.

Future Legislation

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.

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, 2025, included as Appendix C to this Official Statement, have been audited by ADEPA, Chilton, Alabama, as stated in its report dated June 8, 2026, 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.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Warrants are subject to the approval of Maynard Nexsen PC, Birmingham, Alabama, Bond Counsel, whose approving legal opinion 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 B. 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 B hereto.

The Board will furnish its certificate, dated the date of delivery of the Warrants, stating in substance that there is no controversy or litigation of any nature pending or, to the knowledge of the Board, threatened, which restrains or enjoins the issuance, sale, execution or delivery of the Warrants or in any way contests or affects the validity of the Warrants or any proceeding of the Board taken with respect to the issuance and sale thereof.

UNDERWRITING

The Warrants are being purchased, subject to certain customary conditions, by Raymond James & Associates, Inc., (the "Underwriter"), at a price equal to $_____________ (which price reflects an underwriting discount of $_____________ and original issue premium of $______________). The initial public offering yields set forth on the inside cover page may be changed by the Underwriter, and the Underwriter may offer and sell the Warrants to certain dealers (including dealers depositing the Warrants into investment trusts) and others at prices lower than the offering prices set forth on the inside cover page.

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 "ALSDE Financial Advisor"). The ALSDE 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 ALSDE Financial Advisor is a financial advisory firm regularly engaged in the business of providing financial and advisory services. The ALSDE Financial Advisor will not participate in underwriting any of the Warrants.

CONTINUING DISCLOSURE REQUIREMENTS

The Board will enter into a Continuing Disclosure Agreement for the benefit of beneficial owners of the Warrants (the "2026 Undertaking") 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 events set forth in the 2026 Undertaking. The Annual Report and event notices will be filed by the Board with the Electronic Municipal Market Access system ("EMMA") established by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of events and other provisions of the 2026 Undertaking are summarized in Appendix D. The Board will enter into the 2026 Undertaking in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

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.

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 Constitution of the State of Alabama 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.

CHILTON COUNTY
BOARD OF EDUCATION

By____
Superintendent of Education

Dated _______________, 2026

APPENDIX A

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

APPENDIX A
GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

General

Chilton County was created by an act of the Alabama State Legislature on December 30, 1868, from land taken from Autauga, Bibb, Perry, and Shelby Counties. The county was originally named Baker County for Alfred Baker, credited as the founder of the town of Clanton. On December 17, 1874, citizens of Clanton voted to change the name of their county to Chilton to honor William P. Chilton, chief justice of the Alabama Supreme Court and a member of the provisional and regular Congress of the Confederacy.

Chilton County is located in the central portion of the State. It has an area of 701 square miles. The City of Clanton is the county seat.

Population

The following table sets forth the population of the State of Alabama, Chilton County, the City of Clanton and the Birmingham MSA for the years shown:

Census Year	State of Alabama	Chilton County	City of Clanton	Birmingham MSA
1980	3,893,888	30,612	5,832	930,328
1990	4,040,587	32,458	7,669	956,844
2000	4,447,100	39,593	7,800	1,052,238
2010	4,779,736	43,643	8,619	1,128,047
2020	5,024,279	45,014	8,768	1,180,631
2025*	5,193,088	47,708	9,346	1,197,766

*The Birmingham Metropolitan Statistical Area (MSA) is comprised of Bibb, Blount, Chilton, Jefferson, St. Clair, Shelby, and Walker Counties.
Source: U.S. Census Bureau, Population Division.

Employment

Major Employers. The following table sets forth the principal employers in Chilton County:

Company	Product/Service	Approximate Number of Employees
Chilton County Board of Education	Education	970
Adient, Clanton	Manufacturing-Automotive	515
Wal-Mart	Retail	320
Performance Foodservice	Distribution-Food	315
Chilton County	Government	299
Boise Cascade	Industry-Paper	268
Kumi Manufacturing	Manufacturing-Automotive	250
UAB - St. Vincent’s Chilton	Healthcare	185
City of Clanton	Government	150
West Fraser	Industry-Wood	130
Ubique Tech	Marine	50

Source: Chilton County Chamber of Commerce; Economic Development Partnership of Alabama, 2025.

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

Year	United States	State of Alabama	Chilton County	Birmingham MSA
2020	8.1%	6.4%	5.7%	6.0%
2021	5.3	3.4	2.9	3.1
2022	3.6	2.5	2.3	2.3
2023	3.6	2.5	2.2	2.3
2024	4.0	3.0	2.8	2.9
2025	4.3	2.9	2.6	2.7
2026*	4.7	3.3	2.8	3.0

*Preliminary estimates. As of February 2026.
Estimates prepared by the Alabama Department of Workforce in cooperation with the Bureau of Labor Statistics, based on 2025 benchmark.

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

Year	Total Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2020	553,319	520,286	33,033	6.0%
2021	552,037	534,999	17,038	3.1
2022	557,449	544,558	12,891	2.3
2023	563,035	550,319	12,716	2.3
2024	571,613	555,175	16,438	2.9
2025	575,824	560,459	15,365	2.7
2026*	575,435	557,928	17,507	3.0

*Preliminary estimates. As of February 2026.
Estimates prepared by the Alabama Department of Workforce in cooperation with the Bureau of Labor Statistics, based on 2025 benchmark.

Income

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

Year	United States	State of Alabama	Chilton County
2020	$59,151	$45,873	$38,335
2021	64,692	50,630	42,911
2022	66,303	51,690	43,434
2023	70,013	54,610	45,777
2024	73,227	57,251	48,183

Source: U.S. Bureau of Economic Analysis. Last updated: April 9, 2026 (US and State) and February 5, 2026 (County).

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

Year	United States	State of Alabama	Birmingham MSA
2021	$79,900	$66,700	$78,000
2022	90,000	73,600	84,800
2023	96,200	79,600	90,400
2024	97,800	82,500	94,400
2025	104,200	86,400	95,900

Source: HUD Office of Policy Development and Research.

Poverty

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

	United States	State of Alabama	Chilton County	Birmingham MSA
Number of Poor	40,735,661	772,360	6,365	159,064
Poverty Rate	12.5%	15.6%	14.0%	13.8%

Source: U.S. Census Bureau, American Community Survey, Poverty Status in the Past 12 Months, 2024: ACS 5-Year Estimates Subject Tables.

Housing

Median Value. The following table sets forth the median value of owner-occupied housing units for the State of Alabama, Chilton County and the Birmingham MSA:

	State of Alabama	Chilton County	Birmingham MSA
Average Value	$209,900	$161,300	$240,200

Source: U.S. Census Bureau, American Community Survey, 2024: ACS 5-Year Estimates Data Profiles.

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

	State of Alabama	**Chilton County**	**Birmingham MSA**
Occupied Housing Units			
Renter	595,092	4,137	135,781
Owner	1,402,155	13,738	329,222
Total	1,997,247	17,875	465,003
Unoccupied Housing Units	340,018	1,964	61,284
Total Housing Units	2,337,265	19,839	526,287

Source: U.S. Census Bureau, American Community Survey, Selected Housing Characteristics, 2024: ACS 5-Year Estimates Data Profiles.

	State of Alabama	**Chilton County**	**Birmingham MSA**
Family Households	1,287,290	12,370	303,179
Non-Family Households	709,957	5,505	161,824
Total Households	1,997,247	17,875	465,003
Mobile Home or Trailer	286,771	5,854	47,622

Source: U.S. Census Bureau, American Community Survey, Selected Housing Characteristics, 2024: ACS 5-Year Estimates Data Profiles.

APPENDIX B

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

APPENDIX B

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

[to be printed on letterhead of Maynard Nexsen PC]

[Date]

Chilton County Board of Education
Clanton, Alabama

$[par]
Chilton County Board of Education
Special Tax School Warrants
Series 2026
Dated the date of issuance and delivery

Ladies and Gentlemen:

We have acted as bond counsel to the Chilton County Board of Education (the "Board") in connection with the issuance by the Board of its $[par] Special Tax School Warrants, Series 2026, dated the date hereof (the "Warrants"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to give the opinions below.

Under Section 40-12-4 of the Code of Alabama 1975, as amended (the "Alabama Code"), the governing body of Chilton County (the "County") levies a sales and use tax (the "40-12-4 Sales Tax"), the net proceeds of which are paid over to the Board and used exclusively for public school purposes; because there are presently no city boards of education in the County, the entire net proceeds of the 40-12-4 Sales Tax are apportioned to the Board.

The Warrants are issued pursuant to the provisions of Article 14 of Chapter 13 of Title 16 of the Alabama Code and a resolution of the Board (the "Authorizing Resolution"). The Authorizing Resolution provides that the Warrants are payable solely from and secured by a pledge of so much as be necessary therefor of the proceeds allocated to the Board of the 40-12-4 Sales Tax (said proceeds allocated to the Board being herein called the "Pledged Tax Proceeds"). The said proceedings submitted to us 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 hereinafter referred to, subject to certain limitations and conditions, on a parity of lien with the pledge thereof made for the benefit of the Warrants.

The documents submitted to us 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.

Regarding questions of fact material to the opinions below, we have relied on the representations of the Board contained in the Authorizing Resolution and other certifications of representatives of the Board and certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that:

1. 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.

2. 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.

3, The principal of and interest on the Warrants are payable solely out of the Pledged Tax Proceeds, and 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 thereon.

4. The said pledge is valid and irrevocable, subject to (a) the said reserved right to issue Parity

Warrants, and (b) to the reservation that the Legislature of Alabama may make such amendments to the said Section 40-12-4, including changes in the allocation and apportionment of the 40-12-4 Sales Tax as may be necessary to enable the County to perform its governmental functions.

5. The said pledge will take precedence over any pledge of the Pledged Tax Proceeds for the benefit of any other warrants of the Board that may hereafter be issued other than Parity Warrants.

6. Interest on the Warrants is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Warrants may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Warrants in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Board has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Warrants to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Warrants.

7. Interest on the Warrants is exempt from State of Alabama income taxation.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement of the Board respecting 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 owners of the Warrants and the enforceability thereof may be subject to all applicable 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 C

AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Chilton County Board of Education

Chilton County, Alabama

October 1, 2024 through September 30, 2025

Filed: June 26, 2026

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts
Rachel Laurie Riddle, *Chief Examiner* | 334-777-0500 | www.alexaminers.gov

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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 Chilton County Board of Education, Chilton County, Alabama, for the period October 1, 2024 through September 30, 2025, by Examiners Kalandria Morris, Sabreya Lee and Monica Shaw. I, Kalandria Morris, 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,

Kalandria Morris

Kalandria Morris
Examiner of Public Accounts

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26-355

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Department of
Examiners of Public Accounts

SUMMARY

Chilton County Board of Education
October 1, 2024 through September 30, 2025

The Chilton County Board of Education (the "Board") is governed by a seven-member body elected by the citizens of Chilton 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 Chilton County Public Schools, preschool through high school.

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, 2025.

AUDIT FINDINGS

Problems were found with the Board's internal control over financial reporting, and they are summarized below:

- ♦ 2025-001: Clanton Middle School and Chilton County High School did not follow established policies and procedures for disbursing monies.

- ♦ 2025-002: Clanton Middle School, Chilton County High School and Jemison Elementary School did not follow established policies and procedures for yearbook sales, concessions and fundraisers.

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 Corey Clements; Chief School Financial Officer Cheri' Miley Wright; and Board Members Rodney Peyton, Ken Harmon, Jacqueline Sullivan and Lisa Nicholas. Representing the Department of Examiners of Public Accounts were Meagan McDonald, Audit Manager; Kalandria Morris, Examiner; Monica Shaw, Examiner; and Sabreya Lee, Examiner.

Independent Auditor's Report

Independent Auditor's Report

Members of the Chilton County Board of Education,
Superintendent and Chief School Financial Officer
Clanton, 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 Chilton County Board of Education, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Chilton 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 Chilton County Board of Education, as of September 30, 2025, 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 Chilton 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 Chilton 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chilton 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 Chilton 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 Schedule of the Employer's Proportionate Share of the Collective Net Pension Liability, the Schedule of the Employer's Proportionate Share of the Collective 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 Chilton 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 Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated June 8, 2026, on our consideration of the Chilton 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 Chilton 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 Chilton 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

June 8, 2026

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Basic Financial Statements

Statement of Net Position
September 30, 2025

		Governmental Activities
Assets		
Cash and Cash Equivalents	$	53,281,552.60
Investments		18,771,511.43
Ad Valorem Property Taxes Receivable		7,729,396.22
Receivables (Note 4)		2,795,954.38
Inventories		678,347.64
Other Assets		3,249.69
Capital Assets (Note 5):		
Nondepreciable		12,159,728.83
Depreciable, Net		49,618,566.18
Total Assets		145,038,306.97
Deferred Outflows of Resources		
Employer Pension Contribution		6,475,204.70
Proportionate Share of Collective Deferred Outflows Related to Net Pension Liability		8,693,000.00
Employer Other Postemployment Benefits (OPEB) Contribution		2,153,570.00
Proportionate Share of Collective Deferred Outflows Related to Net Other Postemployment Benefits (OPEB) Liability		46,323,677.00
Total Deferred Outflows of Resources		63,645,451.70
Liabilities		
Accounts Payable		79,386.19
Unearned Revenue		62,706.31
Salaries and Benefits Payable		7,189,732.62
Long-Term Liabilities (Note 8):		
Portion Due or Payable Within One Year		1,237,942.96
Portion Due or Payable After One Year		128,715,242.06
Total Liabilities		137,285,010.14
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes		7,729,396.22
Revenue Received in Advance - Motor Vehicle Taxes		308,196.19
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability		14,181,000.00
Proportionate Share of Collective Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability		26,324,560.00
Total Deferred Inflows of Resources	$	48,543,152.41

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

	Governmental Activities
Net Position	
Net Investment in Capital Assets	$ 56,408,667.99
Restricted for:	
Fleet Renewal	252,698.32
Capital Projects	6,430,373.69
Child Nutrition Program	4,650,814.17
Other Purposes	24,360,964.48
Unrestricted	(69,247,922.53)
Total Net Position	$ 22,855,596.12

Statement of Activities
For the Year Ended September 30, 2025

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	$ 51,926,530.68	$ 1,430,490.37	$ 59,398,374.03	$ 1,506,006.92	$ 10,408,340.64
Instructional Support	15,394,824.26	517,612.59	12,101,493.16		(2,775,718.51)
Operation and Maintenance	8,828,803.05	273,347.32	9,111,047.63	1,774,302.28	2,329,894.18
Auxiliary Services:					
Student Transportation	5,673,866.30	191,434.69	4,866,479.06		(615,952.55)
Food Service	8,806,391.70	7,137,425.38	330,752.88		(1,338,213.44)
General Administrative and Central Support	3,678,578.10	2,263.23	2,703,810.86		(972,504.01)
Interest and Fiscal Charges	154,802.03				(154,802.03)
Other Expenses	4,369,398.94	950,005.64	3,073,474.13		(345,919.17)
Total Governmental Activities	$ 98,833,195.06	$ 10,502,579.22	$ 91,585,431.75	$ 3,280,309.20	6,535,125.11
General Revenues:					
Taxes:					
Property Taxes for General Purposes					7,733,929.60
Sales Tax					5,880,015.22
Other Taxes					68,039.54
Investment Earnings					2,346,819.05
Miscellaneous					2,091,059.76
Total General Revenues					18,119,863.17
Changes in Net Position					24,654,988.28
Net Position - Beginning of Year					(1,799,392.16)
Net Position - End of Year					$ 22,855,596.12

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

Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 40,332,873.26	$ 6,324,162.37	$ 6,624,516.97	$ 53,281,552.60
Investments	18,518,992.73	252,518.70		18,771,511.43
Ad Valorem Property Taxes Receivable	7,729,396.22			7,729,396.22
Receivables (Note 4)	869,817.19	1,926,137.19		2,795,954.38
Due from Other Funds	974,552.11			974,552.11
Inventories	382,055.98	296,291.66		678,347.64
Other Assets	3,249.69			3,249.69
Total Assets	68,810,937.18	8,799,109.92	6,624,516.97	84,234,564.07
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	63,831.23		15,554.96	79,386.19
Due to Other Funds		974,552.11		974,552.11
Unearned Revenues		62,706.31		62,706.31
Salaries and Benefits Payable	6,852,575.41	337,157.21		7,189,732.62
Total Liabilities	6,916,406.64	1,374,415.63	15,554.96	8,306,377.23
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	7,729,396.22			7,729,396.22
Revenue Received in Advance - Motor Vehicle Taxes	308,196.19			308,196.19
Total Deferred Inflows of Resources	8,037,592.41			8,037,592.41
Fund Balances				
Nonspendable:				
Inventories	382,055.98	296,291.66		678,347.64
Restricted:				
Fleet Renewal			252,698.32	252,698.32
Capital Projects	74,110.00		6,356,263.69	6,430,373.69
Child Nutrition Program		4,354,522.51		4,354,522.51
Other Purposes	23,908,992.23	69,916.27		23,978,908.50
Assigned:				
Local Schools		2,653,599.29		2,653,599.29
Other Purposes		50,364.56		50,364.56
Unassigned	29,491,779.92			29,491,779.92
Total Fund Balances	53,856,938.13	7,424,694.29	6,608,962.01	67,890,594.43
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 68,810,937.18	$ 8,799,109.92	$ 6,624,516.97	$ 84,234,564.07

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, 2025

Total Fund Balances - Governmental Funds (Exhibit 3)		$ 67,890,594.43
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The Cost of Capital Assets is	$ 99,558,722.69	
Accumulated Depreciation is	(37,780,427.68)	
		61,778,295.01
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		987,204.70
Deferred outflows and inflows of resources related to OPEB obligations are applicable to future periods and, therefore, are not reported in the governmental funds.		22,152,687.00
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Current Portion of Long-Term Debt	$ 1,237,942.96	
Noncurrent Portion of Long-Term Debt	128,715,242.06	
		(129,953,185.02)
Total Net Position - Governmental Activities (Exhibit 1)		$ 22,855,596.12

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, 2025

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
State	$ 85,426,445.25	$ 2,478.60	$ 3,274,748.20	$ 88,703,672.05
Federal	337,348.04	12,746,704.09		13,084,052.13
Local	16,373,215.38	4,554,708.32	184,995.00	21,112,918.70
Other	330,207.42	92,325.13		422,532.55
Total Revenues	102,467,216.09	17,396,216.14	3,459,743.20	123,323,175.43
Expenditures				
Current:				
Instruction	43,561,574.14	6,253,909.00		49,815,483.14
Instructional Support	13,934,508.10	1,397,413.95		15,331,922.05
Operation and Maintenance	6,639,166.58	376,742.93	1,729,946.57	8,745,856.08
Auxiliary Services:				
Student Transportation	4,830,561.46	170,167.65	6,500.00	5,007,229.11
Food Service		9,059,080.58		9,059,080.58
General Administrative and Central Support	3,294,747.51	397,342.03		3,692,089.54
Other	2,709,078.04	1,360,491.95		4,069,569.99
Capital Outlay	9,805,225.34	416,551.82	1,942,648.24	12,164,425.40
Debt Service:				
Principal Retirement			1,203,179.20	1,203,179.20
Interest and Fiscal Charges			154,802.03	154,802.03
Total Expenditures	84,774,861.17	19,431,699.91	5,037,076.04	109,243,637.12
Excess (Deficiency) of Revenues Over Expenditures	17,692,354.92	(2,035,483.77)	(1,577,332.84)	14,079,538.31
Other Financing Sources (Uses)				
Indirect Cost	546,062.96			546,062.96
Long-Term Debt Issued			1,753,420.00	1,753,420.00
Transfers In	379,555.09	2,318,587.14		2,698,142.23
Other Financing Sources	165,007.91			165,007.91
Transfers Out	(2,318,587.14)	(379,555.09)		(2,698,142.23)
Total Other Financing Sources (Uses)	(1,227,961.18)	1,939,032.05	1,753,420.00	2,464,490.87
Net Changes in Fund Balances	16,464,393.74	(96,451.72)	176,087.16	16,544,029.18
Fund Balances - Beginning of Year	37,392,544.39	7,521,146.01	6,432,874.85	51,346,565.25
Fund Balances - End of Year	$ 53,856,938.13	$ 7,424,694.29	$ 6,608,962.01	$ 67,890,594.43

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, 2025

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5)		$ 16,544,029.18
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differed from capital outlays in the period.		
Capital Outlays	$ 12,164,425.40	
Depreciation Expense	(2,658,557.94)	
		9,505,867.46
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.		1,203,179.20
Proceeds from the issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Position but does not affect the Statement of Activities.		(1,753,420.00)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Pension Expense, Current Year Increase/(Decrease)	$ 2,303,933.56	
OPEB Expense, Current Year Increase/(Decrease)	(1,459,266.00)	
		(844,667.56)
Change in Net Position of Governmental Activities (Exhibit 2)		$ 24,654,988.28

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 Chilton 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 seven 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.

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 of 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 Special Education, Title 1 and the Child Nutrition Program in addition to various smaller grants, which are required to be spent for the purposes of the applicable federal grants. Also included in this fund are the public and non-public funds received by the local schools which are generally not considered restricted or committed.

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

Governmental Fund Types

- ***Debt Service Funds*** – 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.

- ***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.

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 issued 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 is 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 includes cash on hand and demand deposits. 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. The Board's investments consisted of certificates of deposit that 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 and taxes from local governments and other miscellaneous 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 restricted assets because they are maintained separately and their use is limited. The Public School Capital Projects and Fleet Renewal funding sources are used to report proceeds that are restricted for use in various construction projects and the purchase of school buses.

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 (Exhaustible)	$50,000	20 years
Buildings	$50,000	25 – 50 years
Building Improvements	$50,000	7 – 30 years
Equipment and Furniture	$ 5,000	5 – 20 years
Vehicles	$ 5,000	8 – 15 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. Issuance costs are reported as an expense in the period incurred.

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

8. 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.

9. 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 of 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 regulations of other governments, or law through constitutional provision 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 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 restrictions 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 require 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 authorized the Superintendent or Chief School Finance 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, it shall be the policy of the Board that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

10. Minimum Fund Balance Policies

The Board has set up a policy that says it will abide by the State Mandated Reserve amount of no less than one month’s opening balance. This usually represents approximately $4,000,000 per month for the Chilton County Board of Education.

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 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, ad valorem taxes and sales taxes in the General Fund are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. The Capital Projects Fund adopt project-length budgets. All other governmental funds adopt budgets on the modified accrual basis of accounting. 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

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.

All of 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.

Note 4 – Receivables

On September 30, 2025, receivables for the Board's individual major funds are as follows:

	General Fund	Special Revenue Fund	Total
Receivables:			
Intergovernmental	$365,353.53	$1,926,137.19	$2,291,490.72
Sales Tax	504,463.66		504,463.66
Total Receivables	$869,817.19	$1,926,137.19	$2,795,954.38

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance 10/01/2024	Additions/ Reclassification (*)	Retirements/ Reclassification (*)	Balance 09/30/2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 2,188,196.93	$ 334,713.16	$	$ 2,522,910.09
Construction in Progress	2,690,606.80	8,675,454.65	(1,729,242.71)	9,636,818.74
Total Capital Assets, Not Being Depreciated	4,878,803.73	9,010,167.81	(1,729,242.71)	12,159,728.83
Capital Assets, Being Depreciated and Amortized:				
Land Improvements, Exhaustible	3,011,542.37	697,420.43		3,708,962.80
Buildings	48,690,822.98	0.00		48,690,822.98
Buildings Improvements	12,432,101.88	1,277,764.67		13,709,866.55
Equipment and Furniture	7,309,262.75	1,070,713.20		8,379,975.95
Vehicles	11,071,763.58	1,837,602.00		12,909,365.58
Total Capital Assets, Being Depreciated	82,515,493.56	4,883,500.30		87,398,993.86
Less Accumulated Depreciation for:				
Land Improvements, Exhaustible	(352,347.53)	(147,007.24)		(499,354.77)
Buildings	(21,096,710.47)	(822,575.43)		(21,919,285.90)
Buildings Improvements	(1,104,589.27)	(535,946.52)		(1,640,535.79)
Equipment and Furniture	(4,883,396.97)	(409,507.05)		(5,292,904.02)
Vehicles	(7,684,825.50)	(743,521.70)		(8,428,347.20)
Total Accumulated Depreciation	(35,121,869.74)	(2,658,557.94)		(37,780,427.68)
Total Capital Assets, Being Depreciated, Net	47,393,623.82	2,224,942.36		49,618,566.18
Governmental Activities Capital Assets, Net	$ 52,272,427.55	$11,235,110.17	$(1,729,242.71)	$ 61,778,295.01

(*) The Board completed Construction in Progress of $1,729,242.71 during the fiscal year. Amounts were reclassified to Land Improvements in the amount of $642,392.54 and Building Improvements in the amount of $1,086,850.17.

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

	Current Year Depreciation Expense
Governmental Activities:	
Instruction	$1,642,393.26
Instructional Support	21,515.16
Operation and Maintenance	77,916.11
Auxiliary Services:	
Food Service	168,369.02
Student Transportation	686,453.59
General Administrative and Central Support	51,027.83
Other	10,882.97
Total Depreciation Expense – Governmental Activities	$2,658,557.94

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 1939), for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and 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 2022-222, Acts of Alabama, provides that any Tier 2 member who withdraws from service after the completion of at least 30 years of creditable service is entitled to an annual retirement benefit.

Act 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. 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 on or after October 1, 2019. A TRS 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. These Tier 2 members contribution rate increases were a result of Act Number 2021-537, Acts of Alabama, which allows sick leave conversion for Tier 2 members.

Participating employers' contractually required contribution rate for the year ended September 30, 2025, was 13.57% of annual pay for Tier 1 members and 12.60% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $6,475,204.70 for the year ended September 30, 2025.

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

At September 30, 2025, the Board reported a liability of $69,960,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2024, the Board's proportion was 0.537814%, which was a decrease of (0.014598)% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the Board recognized pension expense of $8,788,000. At September 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 6,957	$ 504
Changes of Assumptions	1,073	
Net Difference between Projected and Actual Earnings on Pension Plan Investments		11,473
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	663	2,204
Employer Contributions Subsequent to the Measurement Date	6,475	
Total	$15,168	$14,181

(Dollar amounts in thousands)

The $6,475,204.70 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
September 30, 2026	$ (453)
2027	$ 3,077
2028	$(4,221)
2029	$(3,891)
2030	$ 0
Thereafter	$ 0

E. Actuarial Assumptions

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

Inflation	2.50%
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, 2023, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021, which became effective at the beginning of fiscal year 2021.

Mortality rates 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%	1.50%
Total	100.00%	

(*) 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	$97,273	$69,960	$46,969

(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, 2024. The supporting actuarial information is included in the GASB Statement Number 67 Report for the TRS prepared as of September 30, 2024. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB Statement Number 68 as of September 30, 2024, 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-68-reports/.

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

Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract for Medicare eligible retirees and Medicare eligible dependents of retirees. The Medicare Advantage 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 the 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 required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the 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, 2025, the Board reported a liability of $54,623,558 for its proportionate share of the collective Net OPEB liability. The collective Net OPEB liability was measured as of September 30, 2024, and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation as of September 30, 2023. The Board’s proportion of the 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, 2024, the Board’s proportion was 0.59415572%, which was a decrease of (0.02123633)% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the Board recognized OPEB expense of $691,763, with no special funding situations. At September 30, 2025, 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	$25,474,194	$11,789,265
Changes of assumptions	18,811,956	7,728,350
Net difference between projected and actual earnings on OPEB plan investments		1,347,654
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,037,527	5,459,291
Employer contributions subsequent to the measurement date	2,153,570	
Total	$48,477,247	$26,324,560

The $2,153,570 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, 2026.

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

Year Ending	
September 30, 2026	$2,602,561
2027	$2,873,562
2028	$1,885,665
2029	$3,673,519
2030	$6,757,861
Thereafter	$2,205,949

E. Actuarial Assumptions

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

Inflation	2.50%
Projected Salary Increases (1)	3.25% - 5.00%
Long-Term Investment Rate of Return (2)	7.00%
Municipal Bond Index Rate at the Measurement Date	3.89%
Municipal Bond Index Rate at the Prior Measurement Date	4.53%
Year Fiduciary Net Position (FNP) is Projected to be Depleted	2040
Single Equivalent Interest Rate at Measurement Date	4.32%
Single Equivalent Interest Rate at Prior Measurement Date	7.00%
Healthcare Cost Trend Rate:	
Initial Trend Rate:	
Pre-Medicare Eligible	6.75%
Medicare Eligible	(**)
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.50% in 2033 FYE
Medicare Eligible	4.50% in 2033 FYE

(1) Includes 2.75% wage inflation.
(2) Compounded annually, net of investment expense, and including inflation.
(**) Initial Medicare claims are set based on renewal premium rates through calendar year 2025 with an assumed 0% increase for the upcoming 2026-2028 negotiation period.

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning 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 (+)/ Set Back (-)	Adjustment to Rates
Active Members	Teacher Employee – Below Median	None	65%
Service Retirees	Teacher – Below Median	Male: +2, Female: +2	Male: 108% ages<63, 96% ages>67; Phasing down 63-67; Female: 112% ages <69; 98%> age 74; Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2, Female: None	None

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

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

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

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

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

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 2.5% 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, 2024, was 4.32%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is $800 per non-university active member. Approximately, 9.751% of the employer contributions were used to assist in funding retiree benefit payments in 2024, and it is assumed that the 9.751% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the $800 rate will remain flat until, based on budget projections, it increases to $904 in fiscal year 2026, $1,114 in fiscal year 2027, and then will increase with inflation at 2.50% starting in 2028. 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. Therefore, the projected future benefit payments for all current plan members are projected through 2122.

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 (5.75% Decreasing to 3.50% for Pre-Medicare, Known Decreasing to 3.50% for Medicare Eligible)	Current Healthcare Trend Rate (6.75% Decreasing to 4.50% for Pre-Medicare, Known Decreasing to 4.50% for Medicare Eligible)	1% Increase (7.75% Decreasing to 5.50% for Pre-Medicare, Known Decreasing to 5.50% for Medicare Eligible)
Board's proportionate share of the collective Net OPEB liability	$43,940,034	$54,623,558	$68,399,977

The following table presents the Board's proportionate share of the collective Net OPEB liability of the Trust calculated using the discount rate of 4.32%, 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 (3.32%)	Current Discount Rate (4.32%)	1% Increase (5.32%)
Board's proportionate share of the collective Net OPEB liability	$66,355,016	$54,623,558	$45,248,840

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, 2024. The supporting actuarial information is included in the GASB Statement Number 74 Report for PEEHIP prepared as of September 30, 2024. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 8 – Construction and Other Significant Commitments

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

	Contract Amount	Remaining Balance
Chilton County High School Football Improvements	$ 2,978,286.12	$ 2,978,286.12
Jemison High School Auditorium Renovations	301,042.57	51,568.63
Thorsby High School Auditorium Renovations	281,042.57	198,392.57
Verbena High School Auditorium Renovations	304,042.57	221,392.57
Maplesville High School Auditorium Renovations	256,042.57	173,392.57
Thorsby High School Athletic Complex	3,750,000.00	3,750,000.00
Jemison High School Athletic Complex	1,794,709.00	1,794,709.00
Digital Signs for Several Chilton County Schools	568,997.00	25,000.00
Thorsby High School Athletic Improvements	3,971,761.49	111,815.64
Jemison High School Football and Baseball Facility	1,739,028.85	552,015.85
Maplesville High School Football Improvements	2,149,386.00	1,964,844.55
Isabella High School Football Improvements	3,611,011.00	3,611,011.00
Total	$21,705,349.74	$15,432,428.50

Note 9 – Long-Term Debt

On May 28, 2014, the Alabama Public School and College Authority, on behalf of the various Boards of Education in the pool, issued PSCA Capital Improvement Pool Refunding Bonds, Series 2014-A, with interest rates ranging from 2.00% to 5.00% to refund and retire Capital Improvement Pool Warrants, Series 2006. The Board has 7.40740% participation in the bonds resulting in the Board’s share of principal in the amount of $2,646,664.02. The Alabama Department of Education withholds the required debt service payments from the Board’s Public School Fund allocation. In the event of default, whether due to failure to comply with the terms and conditions of the Bonds or in failure to pay amounts due on the Bonds, the Alabama Public School and College Authority may (1) withhold all leveraged funds due to the Board until full compliance with the terms or (2) file suit to compel performance of the obligations of the Board under the bond agreement.

On May 15, 2015, the Alabama Public School and College Authority, on behalf of the various Boards of Education in the pool, issued PSCA Capital Improvement Pool Refunding Bonds, Series 2015-B, with interest rates of 5.00% to refund and retire Capital Improvement Pool Warrants, Series 2008-A. A Board has 10.4551% participation in the bonds resulting in the Board's share of principal in the amount of $2,920,546.25. The Alabama Department of Education withholds the required debt service payments from the Board's Public School Fund allocation. In the event of default, whether due to failure to comply with the terms and conditions of the Bonds or in failure to pay amounts due on the Bonds, the Alabama Public School and College Authority may (1) withhold all leveraged funds due to the Board until full compliance with the terms or (2) file suit to compel performance of the obligations of the Board under the bond agreement.

During the fiscal year 2015, the Board entered into a Note from Direct Borrowing to finance the purchase of seven buses. This will require equal installments of $63,384.14 beginning in December of 2015 and ended in December of 2024. The Board's Fleet Renewal allocations fund this financing agreement. This note was repaid in full in fiscal year 2025.

During the fiscal year 2017, the Board entered into a Note from Direct Borrowing to finance the purchase of seventeen school buses. This will require equal installments in the amount of $149,106.01 beginning in March of 2017 and ending in March of 2026. The Board's Fleet Renewal allocations fund this financing agreement. In the event of default, Lender shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps: (a) by written notice to the Board, Lender may declare all installment payments payable by the Board under the contract to be immediately due and payable; (b) Lender may enter the premises where the Equipment listed is located and retake possession of such Equipment or require the Board at their expense to promptly return any or all the equipment to the possession of the Lendor at such place within the United States as Lender shall specify, and sell such equipment for the account of Borrower, lease such Equipment, continuing to hold Borrower liable, but solely from legally available funds, for the difference between (i) the installment payments payable by the Board pursuant to such contract and other amounts related to such contract of the equipment listed therein that are payable by Board to the end of the then current original term or renewal term, as the case may be, and (ii) the net proceeds of any such sale or leasing (c) Lender may terminate any escrow agreement relating to the contract and apply any proceeds in the escrow fund thereunder to the Installment Payments under such contract; and (d) Lender may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under the contract or as a secured party in any or all of the equipment and any related escrow fund.

During the fiscal year 2019, the Board entered into a Note from Direct Borrowing in the amount of $2,673,583.00 to pay the cost associated with the purchase of thirty-three school buses. This will require repayment in equal installments of $306,385.70 over the next ten years. In the event of default, the creditor may garnish the Board's accounts, including deposits accounts. However, the default shall not apply if there is a good faith dispute by the Board as to the validity or the reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if the Board gives lender written notice of the creditor or forfeiture proceeding and deposits with lender monies or a surety bond for the credit or forfeiture proceeding, in an amount determined by the lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

During the fiscal year 2021, the Board entered into a Note from Direct Borrowing to finance the purchase of seventeen school buses. This will require equal installments in the amount of $169,057.98 beginning in March of 2022 and ending in March of 2031. The Board's Fleet Renewal allocations fund this financing agreement. In the event of default, the Lender may exercise any one or more of the following remedies: (1) terminate this agreement and all rights to the use of the Equipment (2) take possession of any or all of the equipment and may sell equipment for account of the Board, holding the Board liable for the difference between the purchase price and the unpaid obligation of the Board plus interest at the default rate; (3) by written notice declare the entire amount of the unpaid obligation plus interest at the default rate to be due and payable and lender may proceed to collect entire amount which, absent of default, would have payable by the Board; or (4) exercise any other right, remedy, election, or recourse provided for in the agreement or which may be available to the Lender under applicable law.

During the fiscal year 2025, the Board entered into a Note from Direct Borrowing in the amount of $1,753,420.00 to pay the cost associated with the purchase of fourteen school buses. This will require repayment in equal installments in the amount of $227,296.51 beginning in February 2026 and ending in February 2035. The Board's Fleet Renewal allocations fund this financing agreement. In the event of default, the Lender may exercise any one of more of the following remedies: (1) terminate this agreement and all right to the use of the Equipment (2) take possession of any or all of the equipment and sell equipment for account of the Board, holding the Board liable for the difference between the purchase price and the unpaid obligation of the Board plus interest at the default rate; (3) by written notice declare the entire amount of the unpaid obligation plus interest at the default rate to be due and payable and lender may proceed to collect entire amount which, absent of default, would have been payable by the Board; or (4) exercise any other right, remedy, election, or recourse provided for in the agreement or which may be available to the Lender under applicable law.

The following is a summary of long-term obligations, including lease and subscription obligations, for the Board for the year ended September 30, 2025:

	Debt Outstanding 10/01/2024	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2025	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
Pool Refunding Bonds, Series 2014-A	$ 484,073.59	$	$ (277,777.50)	$ 206,296.09	$ 206,296.09
Pool Refunding Bonds, Series 2015-B	1,470,701.46		(304,875.34)	1,165,826.12	319,904.40
Notes from Direct Borrowing:					
Buses-2025		1,753,420.00		1,753,420.00	139,274.83
Buses-2021	1,095,404.54		(147,478.51)	947,926.03	150,383.83
Buses-2019	1,421,127.21		(270,075.90)	1,151,051.31	276,976.34
Buses-2017	286,323.61		(141,216.14)	145,107.47	145,107.47
Buses-2015	61,755.81		(61,755.81)		
Total Bonds and Notes from Direct Borrowings	4,819,386.22	1,753,420.00	(1,203,179.20)	5,369,627.02	1,237,942.96
Other Liabilities:					
Net Pension Liability	88,153,000.00		(18,193,000.00)	69,960,000.00	
OPEB Liability	11,828,761.00	42,794,797.00		54,623,558.00	
Total Other Liabilities	99,981,761.00	42,794,797.00	(18,193,000.00)	124,583,558.00	
Total Long-Term Liabilities	$104,801,147.22	$44,548,217.00	$(19,396,179.20)	$129,953,185.02	$1,237,942.96

Payments on the Capital Improvement Pool Refunding Bonds, Series 2014-A, and the Capital Improvement Pool Refunding Bonds, Series 2015-B, are made by the Capital Projects Fund with Public School Funds withheld from the Board's allocation from the Alabama Department of Education. Notes from Direct Borrowing payments are made by the Capital Project Fund with Fleet Renewal Funds.

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

	Warrants Payable		Notes from Direct Borrowing		Total Principal and Interest Requirements
Fiscal Year Ending	Principal	Interest	Principal	Interest	to Maturity
September 30, 2026	$ 526,200.49	$ 60,277.27	$ 711,742.47	$140,103.72	$1,438,323.95
2027	335,240.19	39,124.64	583,665.90	119,074.29	1,077,105.02
2028	352,109.55	22,362.64	601,245.66	101,494.53	1,077,212.38
2029	158,571.98	4,757.16	619,520.47	83,219.71	866,069.32
2030			332,007.31	64,347.17	396,354.48
2031-2035			1,149,323.00	156,217.54	1,305,540.54
Totals	$1,372,122.21	$126,521.71	$3,997,504.81	$664,456.96	$6,160,605.69

Pledged Revenues

The Board issued Capital Improvement Pool Refunding Bonds, Series 2014-A; and Capital Improvement Pool Refunding Bonds, Series 2015-B, which are pledged to be repaid from the allocation of public school funds received from the State of Alabama. The proceeds are to be used for the acquisition, construction and renovation of school facilities. Future revenues in the amount of $ 1,498,643.92 are pledged to repay the principal and interest on the bonds at September 30, 2025. Pledged funds in the amount of $670,275.72 were used to pay principal and interest on the bonds during the fiscal year ended September 30, 2025. This amount represents 27.42 percent of the pledged funds received by the Board. The Capital Improvement Pool Refunding Bonds, Series 2014-A; and the Capital Improvement Pool Refunding Bonds, Series 2015-B, will mature in fiscal years 2026 and 2029 respectively.

Note 10 – Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has insurance for its buildings 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 for 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. 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 education institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually but 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 the employees' premiums for the coverage selected and the employee pays any remaining premium.

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

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 11 – Interfund Transactions

Interfund Receivables and Payables

The interfund receivables and payables at September 30, 2025, were as follows:

	Interfund Receivables
	General Fund
Interfund Payables:	
Special Revenue Fund	$974,552.11
Totals	$974,552.11

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2025, were as follows:

	Transfers Out		
	General Fund	Special Revenue Fund	Total
Transfers In:			
General Fund	$	$379,555.09	$ 379,555.09
Special Revenue Fund	2,318,587.14		2,318,587.14
Totals	$2,318,587.14	$379,555.09	$2,698,142.23

The Board typically used transfers to fund ongoing operating subsidies, to recoup certain expenditures paid on behalf of the local schools.

Required Supplementary Information

Schedule of the Employer's Proportionate Share of the Collective Net Pension Liability
For the Year Ended September 30, 2025
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the collective net pension liability	0.537814%	0.552412%	0.561133%	0.545332%	0.549972%	0.523454%	0.537742%	0.542906%	0.529074%	0.526289%	0.524137%
Employer's proportionate share of the collective net pension liability	$ 69,960	$ 88,153	$ 87,205	$ 51,372	$ 68,030	$ 57,878	$ 53,465	$ 53,359	$ 57,278	$ 55,080	$ 47,616
Employer's covered payroll during the measurement period (*)	$ 47,027	$ 45,828	$ 43,369	$ 39,649	$ 39,049	$ 37,415	$ 35,928	$ 31,083	$ 29,641	$ 31,751	$ 29,511
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	148.77%	192.36%	201.08%	129.57%	174.22%	154.69%	148.81%	171.67%	193.24%	173.47%	161.35%
Plan fiduciary net position as a percentage of the total collective pension liability	71.41%	63.57%	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 2025, the measurement period is October 1, 2023 through September 30, 2024.

Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2025
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 6,475	$ 5,727	$ 5,571	$ 5,238	$ 4,771	$ 4,741	$ 4,550	$ 4,314	$ 4,241	$ 3,975	$ 3,881
Contributions in relation to the contractually required contribution	$ 6,475	$ 5,727	$ 5,571	$ 5,238	$ 4,771	$ 4,741	$ 4,550	$ 4,314	$ 4,241	$ 3,975	$ 3,881
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	$	$	$
Employer's covered payroll	$ 49,175	$ 47,027	$ 45,828	$ 43,369	$ 39,649	$ 39,049	$ 37,415	$ 35,928	$ 31,083	$ 29,641	$ 31,751
Contributions as a percentage of covered payroll	13.17%	12.18%	12.16%	12.08%	12.03%	12.14%	12.16%	12.01%	13.64%	13.41%	12.22%

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, 2025
(Dollar Amounts in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the collective net OPEB liability	0.59415572%	0.61539205%	0.68607518%	0.63670100%	0.64783900%	0.71553600%	0.68805900%	0.67025400%
Employer's proportionate share of the collective net OPEB liability	$ 54,624	$ 11,829	$ 11,955	$ 32,897	$ 42,044	$ 26,996	$ 56,550	$ 49,783
Employer's covered-employee payroll during the measurement period (*)	$ 47,027	$ 45,828	$ 43,369	$ 39,649	$ 39,049	$ 37,415	$ 35,928	$ 31,083
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	116.15%	25.81%	27.57%	82.97%	107.67%	72.15%	157.40%	160.16%
Plan fiduciary net position as a percentage of the total collective OPEB liability	20.41%	49.42%	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

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

The 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, 2025
(Dollar Amounts in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 2,154	$ 854	$ 958	$ 1,308	$ 1,102	$ 1,273	$ 2,054	$ 1,693
Contributions in relation to the contractually required contribution	$ 2,154	$ 854	$ 958	$ 1,308	$ 1,102	$ 1,273	$ 2,054	$ 1,693
Contribution deficiency (excess)	$	$	$	$	$	$	$	$
Employer's covered-employee payroll	$ 49,175	$ 47,027	$ 45,828	$ 43,369	$ 39,649	$ 39,049	$ 37,415	$ 35,928
Contributions as a percentage of covered-employee payroll	4.38%	1.82%	2.09%	3.02%	2.78%	3.26%	5.49%	4.71%

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

Changes in Actuarial Assumptions

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

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

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

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

Recent Plan Changes

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

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, three years prior to the end of the fiscal year in which contributions are reported. Therefore, the actuarially determined employer contribution for fiscal year ending September 30, 2024, is determined based on the actuarial valuation as of September 30, 2021. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
Revenues						
State	$ 64,343,341.38	$ 65,323,407.00	$ 85,426,445.25		$	$ 85,426,445.25
Federal	1,000.00	1,000.00	337,348.04			337,348.04
Local	13,270,990.00	13,720,990.00	16,229,427.08	(1)	143,788.30	16,373,215.38
Other	98,000.00	98,000.00	330,207.42			330,207.42
Total Revenues	77,713,331.38	79,143,397.00	102,323,427.79		143,788.30	102,467,216.09
Expenditures						
Current:						
Instruction	42,963,989.17	44,060,362.53	43,432,575.58	(2)	(128,998.56)	43,561,574.14
Instructional Support	12,905,803.37	13,215,422.53	13,899,604.92	(2)	(34,903.18)	13,934,508.10
Operation and Maintenance	8,308,869.09	8,308,999.44	6,635,662.56	(2)	(3,504.02)	6,639,166.58
Auxiliary Services:						
Student Transportation	4,723,657.11	4,723,657.11	4,815,919.57	(2)	(14,641.89)	4,830,561.46
General Administrative and Central Support	3,756,949.12	3,321,949.12	3,286,178.80	(2)	(8,568.71)	3,294,747.51
Other	2,328,451.02	2,730,022.73	2,718,313.82	(2)	9,235.78	2,709,078.04
Capital Outlay	10,128,132.00	15,632,143.34	9,805,225.34			9,805,225.34
Total Expenditures	85,115,850.88	91,992,556.80	84,593,480.59		(181,380.58)	84,774,861.17
Excess (Deficiency) of Revenues Over Expenditures	(7,402,519.50)	(12,849,159.80)	17,729,947.20		(37,592.28)	17,692,354.92
Other Financing Sources (Uses)						
Indirect Cost	531,917.06	536,320.25	546,062.96			546,062.96
Transfers In	333,249.00	333,249.00	379,555.09			379,555.09
Other Financing Sources			165,007.91			165,007.91
Transfers Out	(2,295,208.88)	(2,295,208.88)	(2,318,587.14)			(2,318,587.14)
Total Other Financing Sources (Uses)	(1,430,042.82)	(1,425,639.63)	(1,227,961.18)			(1,227,961.18)
Net Change in Fund Balances	(8,832,562.32)	(14,274,799.43)	16,501,986.02		(37,592.28)	16,464,393.74
Fund Balances - Beginning of Year	30,322,477.19	44,011,260.05	44,011,260.05	(3)	(6,618,715.66)	37,392,544.39
Fund Balances - End of Year	$ 21,489,914.87	$ 29,736,460.62	$ 60,513,246.07		$ (6,656,307.94)	$ 53,856,938.13

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2025

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

The Board budgets on the modified accrual basis of accounting with the following exceptions:

(1) The Board budgets ad valorem taxes as collected, rather than on the modified accrual basis (GAAP).	$	143,788.30
(2) The Board budgets salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis (GAAP).		(181,380.58)
Net Change in Fund Balances - Budget to GAAP	$	(37,592.28)

(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 (Exhibit 5) 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, 2025

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
State	$	$	$ 2,478.60		$	$ 2,478.60
Federal	12,995,680.77	13,923,205.64	12,746,704.09			12,746,704.09
Local	6,032,468.22	6,032,468.22	4,554,708.32			4,554,708.32
Other	100,861.08	100,861.08	92,325.13			92,325.13
Total Revenues	19,129,010.07	20,056,534.94	17,396,216.14			17,396,216.14
Expenditures						
Current:						
Instruction	6,111,248.54	6,728,665.85	6,253,909.00			6,253,909.00
Instructional Support	1,064,785.80	1,317,390.66	1,397,413.95			1,397,413.95
Operation and Maintenance	310,912.00	310,912.00	376,742.93			376,742.93
Auxiliary Services:						
Student Transportation	148,578.00	211,644.00	170,167.65			170,167.65
Food Service	7,986,612.06	8,335,006.11	9,041,749.65	(1)	(17,330.93)	9,059,080.58
General Administrative and Central Support	408,147.04	422,473.69	397,342.03			397,342.03
Other	1,503,516.75	1,511,794.67	1,360,491.95			1,360,491.95
Capital Outlay	1,084,300.00	599,300.00	416,551.82			416,551.82
Total Expenditures	18,618,100.19	19,437,186.98	19,414,368.98		(17,330.93)	19,431,699.91
Excess (Deficiency) of Revenues Over Expenditures	510,909.88	619,347.96	(2,018,152.84)		(17,330.93)	(2,035,483.77)
Other Financing Sources (Uses)						
Transfers In	2,362,508.88	2,362,508.88	2,318,587.14			2,318,587.14
Transfers Out	(396,249.00)	(400,549.00)	(379,555.09)			(379,555.09)
Total Other Financing Sources (Uses)	1,966,259.88	1,961,959.88	1,939,032.05			1,939,032.05
Net Change in Fund Balances	2,477,169.76	2,581,307.84	(79,120.79)		(17,330.93)	(96,451.72)
Fund Balances - Beginning of Year	1,565,793.98	7,840,972.29	7,840,972.29	(2)	(319,826.28)	7,521,146.01
Fund Balances - End of Year	$ 4,042,963.74	$ 10,422,280.13	$ 7,761,851.50		$ (337,157.21)	$ 7,424,694.29

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
For the Year Ended September 30, 2025

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

The Board budgets on the modified accrual basis of accounting with the following exception:

(1) The Board budgets salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis (GAAP).	$	(17,330.93)
Net Change in Fund Balances - Budget to GAAP	$	(17,330.93)

(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 (Exhibit 5) 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, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying 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.	$ 1,770,305.54
National School Lunch Program:			
Cash Assistance	10.555	N.A.	4,668,968.07
Non-Cash Assistance (Commodities)	10.555	N.A.	314,665.01
FFAVORS Commodities	10.555	N.A.	20,800.10
Sub-Total National School Lunch Program			5,004,433.18
Summer Food Service Program for Children	10.559	N.A.	119,726.83
Total Child Nutrition Cluster			6,894,465.55
Child and Adult Care Food Program	10.558	N.A.	391,507.70
State Administrative Expenses for Child Nutrition	10.560	N.A.	13,609.27
Farm to School Grant Program	10.575	N.A.	6,937.60
Total U. S. Department of Agriculture			7,306,520.12
U. S. Department of the Treasury			
Passed Through Alabama Department of Rehabilitation Services			
Coronavirus State Fiscal Recovery Fund	21.027	N.A.	17,597.16
Total Department of the Treasury			17,597.16
Passed Through Alabama Department of Education			
Title I Grants to Local Educational Agencies	84.010	N.A.	2,464,398.50
Special Education Cluster:			
Special Education - Grants to States	84.027	N.A.	2,244,689.10
Special Education - Preschool Grants	84.173	N.A.	95,732.44
Sub-Total Special Education Cluster			2,340,421.54
Career and Technical Education - Basic Grants to States	84.048	N.A.	146,119.00
Rural Education	84.358	N.A.	229,866.78
English Language Acquisition State Grants	84.365	N.A.	53,867.98
Supporting Effective Instruction State Grants	84.367	N.A.	363,934.45
Student Support and Academic Enrichment Program	84.424	N.A.	180,826.70
Total U. S. Department of Education			5,779,434.95
Sub-Total Forward			$ 13,103,552.23

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Total Federal Expenditures
Sub-Total Brought Forward			$ 13,103,552.23
U. S. Department of Health and Human Services			
Passed Through Alabama Department of Public Health			
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	N.A	14,999.00
Total U. S. Department of Health and Human Services			14,999.00
Social Security Administration			
Passed Through Alabama Department of Education			
Social Security - Disability Insurance	96.001	N.A.	1,300.00
Total Social Security Administration			1,300.00
Total Expenditures of Federal Awards			$ 13,119,851.23

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, 2025

<u>Note 1 – Basis of Presentation</u>

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Chilton County Board of Education under programs of the federal government for the year ended September 30, 2025. 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 Chilton County Board of Education, it is not intended to and does not present the financial position or changes in net position of the Chilton County Board of Education.

<u>Note 2 – Summary of Significant Accounting Policies</u>

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.

<u>Note 3 – Indirect Cost Rate</u>

The Chilton County Board of Education has not elected to use the 15-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

Additional Information

Board Members and Administrative Personnel

October 1, 2024 through September 30, 2025

Board Members		**Term Expires**
Hon. Rodney Payton	President	November 2030
Hon. Ken Harmon	Vice-President	November 2030
Hon. Jacqueline Sullivan	Member	November 2030
Hon. Mike Davis	Member	November 2030
Hon. Cameron Ellison	Member	November 2030
Hon. Ashland English	Member	November 2030
Hon. Lisa Nicholas	Member	November 2030
Hon. Diane Calloway	Member	November 2024
Hon. Brad Carter	Member	November 2024
Hon. Lori Patterson	Member	November 2024
Hon. Pam Price	Member	November 2024
Hon. Chris Smith	Member	November 2024
Administrative Personnel		
Hon. Corey Clements	Superintendent	December 31, 2026
Cheri' Miley Wright	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 Chilton County Board of Education,
Superintendent and Chief School Financial Officer
Clanton, 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 Chilton County Board of Education, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Chilton County Board of Education's basic financial statements, and have issued our report thereon dated June 8, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chilton 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 Chilton County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chilton 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 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.

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

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2025-001 and 2025-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chilton 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***.

Chilton County Board of Education's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Chilton County Board of Education's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Chilton County Board of Education's response to the findings identified in our audit are described in the accompanying Auditee Response/Corrective Action Plan. The Chilton County Board of Education's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

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

June 8, 2026

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 Chilton County Board of Education,
Superintendent and Chief School Financial Officer
Clanton, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Chilton 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 Chilton County Board of Education's major federal programs for the year ended September 30, 2025. The Chilton 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 Chilton 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 Chilton 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 Chilton County Bord 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 Chilton 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 Chilton 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 Chilton 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 Chilton 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 Chilton 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 Chilton 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 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 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 of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

June 8, 2026

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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?	__X__ Yes	______ 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
10.553, 10.555 and 10.559	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$1,000,000.00	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

Section II – Financial Statement Findings (GAGAS)

Reference Number: 2025-001
Type of Finding: Internal Control
Internal Control Impact: Significant Deficiency
Compliance Impact: None

Clanton Middle School and Chilton County High School did not follow established policies and procedures for disbursing monies.

Finding

The *Financial Procedures for Local Schools*, prescribed by the State of Alabama Department of Education, has established guidelines for local schools to ensure adequate procedures are followed for local school expenditures. Additionally, the Board has established policies and procedures regarding approval and disbursement of local school funds. These procedures require voided checks to be maintained, purchase orders to be prepared prior to purchase, and invoices and supporting documents to be provided prior to payment being made to demonstrate the allowable expenditures of funds. During testing of expenditures at Clanton Middle School, 6 of the 68 payments to vendors were not made in accordance with Board policies. Additionally, at Chilton County High School 17 of the 52 payments to vendors were not made in accordance with Board policies. Procedures were not in place to ensure voided checks were maintained, purchase orders were prepared prior to purchase, and adequate supporting documentation was retained to support the allowable purpose for all disbursements. After multiple inquiries, the local schools were able to provide additional information to support the allowable purposes of all the expenditures. The local schools failed to follow established policies and procedures regarding expenditures. As a result, voided checks were not maintained, purchase orders were not prepared prior to purchase, and numerous purchases were not properly documented, which could result in public money being spent for unallowable purposes.

Recommendation

The Board should ensure schools follow established policies and procedures related to expenditures.

Views of Responsible Officials of the Auditee

The Board agrees with this finding.

Section II – Financial Statement Findings (GAGAS)

Reference Number: 2025-002
Type of Finding: Internal Control
Internal Control Impact: Significant Deficiency
Compliance Impact: None

Local schools did not follow established policies and procedures for yearbook sales, concessions and fund raisers.

Finding

The *Financial Procedures for Local Schools*, prescribed by the State of Alabama Department of Education, has established guidelines for local schools to ensure adequate procedures are followed for the receipt and deposit of money collected for yearbook sales, concessions, fundraisers. These procedures include master receipts should be issued in numerical order at the time money is received; money should be deposited daily; teacher receipt books should be secured and a log maintained to track receipt books; money must not be left in the classroom overnight; and all money received should be accurately recorded in the accounting records. Also, documentation should be maintained to support the amounts collected and deposited for ticketed events, fundraisers, and concession sales. Tests performed revealed the following discrepancies:

- At Jemison Elementary School, receipts were not always issued for yearbook sales and the school could not account for thirty yearbooks; therefore, we were unable to verify that all money received from sale of yearbooks was deposited into the school's bank account.
- At Chilton County High School, six instances were noted where money received from the sale of concessions was not deposited in a timely manner.
- At Clanton Middle School, it was noted that concession forms were not always completed properly and contained errors that were not addressed by the school.
- At Chilton County High School, none of the fundraiser forms tested included all appropriate information; therefore, we are unable to verify that fundraisers operated at a profit.

The local schools did not follow established policies and procedures related to receipts and deposits for yearbook sales, concessions and fundraisers; therefore, the Board was at risk of loss or theft.

Recommendation

The Board should ensure all schools and Board personnel follow established policies and procedures related to money collected for yearbook sales, concessions and fundraisers.

Views of Responsible Officials of the Auditee

The Board agrees with this finding.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.

Auditee Response/Corrective Action Plan

Superintendent
Corey Clements

Telephone
205-280-3000
Fax
205-755-6549

CHILTON
COUNTY SCHOOLS

1705 Lay Dam Road
Clanton, AL 35045
www. chiltonboe.com

Auditee Response/Corrective Action Plan

For the Year Ended September 30, 2025

As required by the ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards***, 2 CFR 200.511(c), the Chilton County Board of Education has prepared and hereby submits the following Corrective Action Plan for the findings which are included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2025.

Finding Ref. No.	Corrective Action Plan Details
2025-001	***Finding:***

The *Financial Procedures for Local Schools*, prescribed by the State of Alabama Department of Education, has established guidelines for local schools to ensure adequate procedures are followed for local school expenditures. Additionally, the Board has established policies and procedures regarding approval and disbursement of local school funds. These procedures require voided checks to be maintained, purchase orders to be prepared prior to purchase, and invoices and supporting documents to be provided prior to payment being made to demonstrate the allowable expenditure of funds. During testing of expenditures at Clanton Middle School, 6 of 68 payments to vendors were not made in accordance with Board policies. Additionally, at Chilton County High School, 17 of 52 payments to vendors were not made in accordance with Board policies. Procedures were not in place to ensure voided checks were maintained, purchase orders were prepared prior to purchase, and adequate supporting documentation was retained to support the allowable purpose for all disbursements. After multiple inquiries, the local schools were able to provide additional information to support the allowable purposes of all the expenditures.

The local schools failed to follow established policies and procedures regarding expenditures. As a result, voided checks were not maintained, purchase orders were not prepared prior to purchase, and numerous purchases were not properly documented, which could result in public money being spent for unallowable purposes.

Recommendation:

The Board should ensure schools follow established policies and procedures related to expenditures.

Response/Views:

We agree with the finding.

Corrective Action Planned:

All principals, bookkeepers, and staff responsible for financial transactions will receive training on Board policies and procedures related to local school expenditures, check issuance, and voided check processing.

The district will implement stronger internal controls for voided check processing. Voided checks will be reviewed and approved by the principal and included in monthly financial reviews.

The Central Office Finance Department will continue periodic internal audits to review school financial reports to verify compliance with Board policies and procedures. Any instances of noncompliance identified during reviews will be communicated to school administration and the CSFO.

Anticipated Completion Date:

July 8, 2026 a training will be held for principals and bookkeepers.

Ongoing training will be implemented throughout the fiscal year to ensure compliance with policies and procedures.

Contact Person(s): Cheri' Miley Wright, CSFO or Talitha Barnhill, Staff Accountant

2025-002 ***Finding:***

The *Financial Procedures for Local Schools*, prescribed by the State of Alabama Department of Education, has established guidelines for local schools to ensure adequate procedures are followed for the receipt and deposit of money collected for yearbook sales, concessions, and fundraisers. These procedures include master receipts should be issued in numerical order at the time money is received; money should be deposited daily; teacher receipt books should be secured and a log maintained to track receipt books; money must not be left in the classroom overnight; and all money received should be accurately recorded in the accounting records. Also, documentation should be maintained to support the amounts collected and deposited for ticketed events, fundraisers, and concession sales. Tests performed revealed the following discrepancies:

- At Jemison Elementary School, receipts were not always issued for yearbook sales and the school could not account for thirty yearbooks; therefore, we were unable to verify that all money received from sale of yearbooks was deposited into the school's bank account.
- At Chilton County High School, six instances were noted where money received from the sale of concessions was not deposited in a timely manner.
- At Clanton Middle School, it was noted that concession forms were not always completed properly and contained errors that were not addressed by the school.
- At Chilton County High School, none of the fundraiser forms tested included all appropriate information; therefore, we are unable to verify that fundraisers operated at a profit.

The local schools did not follow established policies and procedures related to receipts and deposits for yearbook sales, concessions, and fundraisers; therefore, the Board was at risk of loss or theft.

Recommendation:

The Board should ensure all schools and Board personnel follow established policies and procedures related to money collected for yearbook sales, concessions, and fundraisers.

Response/Views:

We agree with this finding.

Corrective Action Planned:

Principals, bookkeepers, sponsors, and employees responsible for handling funds will receive training on Board polices and procedures related to receipts, deposits, concession activities, fundraiser documentation, and inventory accountability.

All funds collected will be deposited within the timeframe required by Board policy. Principals and bookkeepers will monitor deposits daily to ensure compliance and address any delays immediately.

Schools will maintain documentation supporting revenues, expenses, and profitability for inventory, concessions, and fundraising activities. Any discrepancies or errors identified during review will be investigated and corrected promptly.

The Finance Department will perform reviews of school activity records to verify compliance with Board policies and procedures during continued internal audits. Findings will be communicated to school administrators, and corrective measures will be implemented when deficiencies are identified.

Anticipated Completion Date:

July 8, 2026 a training will be held for principals and bookkeepers.

Ongoing training will be implemented throughout the fiscal year to ensure compliance with policies and procedures.

Contact Person(s): Cheri' Miley Wright, CSFO or Talitha Barnhill, Staff Accountant

Corey Clements, Superintendent

Chilton County Board of Education

APPENDIX D

FORM OF
CONTINUING DISCLOSURE AGREEMENT

Appendix D

FORM OF
CONTINUING DISCLOSURE AGREEMENT

The CHILTON COUNTY BOARD OF EDUCATION, an agency and instrumentality of the State of Alabama (the "Board"), hereby undertakes and agrees with the holders of its $[par] aggregate principal amount of Special Tax School Warrants, Series 2026, dated __________, 2026 (the "Warrants"), as follows:

Recitals

The Warrants are proposed to be issued on or about __________, 2026, 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 __________, 2026 (the "Authorizing Resolution"), to provide a portion of the funds needed (a) to finance various capital improvements to certain public school facilities under the jurisdiction of the Board, (b) to purchase a municipal bond insurance policy for the Warrants and (c) to pay the costs of issuing the Warrants. The Warrants have been sold to Raymond James & Associates, Inc. (the "Underwriter"), and the Board has delivered to the Underwriter the Board's Official Statement with respect to the Warrants dated _____________, 2026 (the "Official Statement"). There is no "obligated person," as defined in the Rule, with respect to the Warrants other than the Board.

The Board is entering into this agreement in order to assist the Underwriter in complying with the Rule.

The Board, therefore, hereby undertakes and agrees 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 nine (9) months after the close of each fiscal year of the Board (October 1 – September 30), commencing with the fiscal year ended September 30, 2026, 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:

(i) "THE SPECIAL TAX – Receipts of the Special Tax";

(ii) "GENERAL INFORMATION CONERNING THE BOARD – General Financial Information"; and

(iii) "MAJOR SOURCES OF BOARD REVENUE – Summary of Local Revenues."

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 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 this agreement shall constitute an event of default under the Indenture.

Section 5. Amendment.

This 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 executed as of the date first written above on behalf of the Board by its undersigned officers.

CHILTON COUNTY BOARD OF EDUCATION

By: ______________________________
Name: Ken Harmon
Its: President

[S E A L]

By: ______________________________
Name: Mr. Corey Clements
Its: Superintendent of Education and *ex officio* Secretary

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
28 Liberty Street, 59th Floor
New York, New York 10005
Telecopy:
212-962-1524 (attention: Claims)