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*Chief Examiner*

**State of Alabama**  
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September 5, 2025

This audit of the Wilcox County Board of Education, for the period October 1, 2023 through September 30, 2024, was conducted by the firm of Jackson Thornton Certified Public Accountants & Consultants pursuant to a contract with the Department of Examiners of Public Accounts (the "Department") dated August 19, 2024. The Department is required by the *Code of Alabama 1975*, Section 16-13A-7(a)(2) to conduct audits of local boards of education and contracted with this firm to fulfill its statutorily required obligation. The audit is released following the same procedures the Department uses for audits it conducts and upon its release becomes a matter of public record.

Sincerely,

Rachel Laurie Riddle  
*Chief Examiner*

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Certified Public Accountants  
& Consultants



**Wilcox County Board of Education  
For the Year Ended September 30, 2024  
Annual Financial Report**

## **Introductory Section**

**Wilcox County Board of Education  
Annual Financial Report  
For the Year Ended September 30, 2024**

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**Wilcox County Board of Education**  
**List of Board Members and Administrative Personnel**  
**As of September 30, 2024**

**Board Members**

<b>Officials</b>	<b>Position</b>	<b>Term Expires</b>
Honorable Synauri Boykin	President	2028
Honorable Bernard Martin, Jr.	Vice-President	2028
Honorable Joseph Pettway	Member	2030
Honorable Lester Turk	Member	2026
Honorable Fran Gaston Cook	Member	2026
Honorable Sheila S. Dortch	Member	2030

**Administrative Personnel**

<b>Officials</b>	<b>Position</b>	<b>Term Expires</b>
Dr. Andre Saulsberry	Superintendent	2024
Marcus Lennon	Chief School Financial Officer	Indefinite

## **Financial Section**

## Independent Auditor's Report

Members of the Wilcox County Board of Education,  
Superintendent and Chief School Financial Officer  
Camden, Alabama

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilcox County Board of Education (the Board), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board, as of September 30, 2024, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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 Board's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibility 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 opinion. 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the 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 on pages 34 through 43 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 Management's Discussion and Analysis 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 Board's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by *Title 2, U. S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for the purpose of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the list of Board members and administrative personnel but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2025, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wilcox County Board of Education's internal control over financial reporting and compliance.

  
Jackson Thornton & Co. PC

Montgomery, Alabama  
August 28, 2025

## **Basic Financial Statements**

**Wilcox County Board of Education**  
**Statement of Net Position**  
**September 30, 2024**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 3,922,743
Ad valorem property taxes receivable	1,628,706
Receivables (Note 4)	1,708,932
Inventories	73,005
Other assets	11,686
Capital assets (Note 5)	
Nondepreciable	8,694,936
Depreciable, net	18,518,223
Total assets	<u>34,558,231</u>
<b>Deferred Outflows of Resources</b>	
Loss on refunding of debt	384,513
Proportionate share of collective deferred outflows related to net pension liability	6,647,331
Proportionate share of collective deferred outflows related to net other postemployment benefits (OPEB) liability	<u>4,100,110</u>
Total deferred outflows of resources	<u>11,131,954</u>
<b>Liabilities</b>	
Payables (Note 8)	2,228,480
Unearned revenue	11,123
Salaries and benefits payable	1,423,308
Accrued interest payable	100,111
Long-term liabilities (Note 9)	
Portion due or payable within one year	965,335
Portion due or payable after one year	<u>37,809,886</u>
Total liabilities	<u>42,538,243</u>
<b>Deferred Inflows of Resources</b>	
Unavailable revenue - property taxes	1,628,706
Proportionate share of collective deferred inflows related to net pension liability	842,000
Proportionate share of collective deferred inflows related to net other postemployment benefits (OPEB) liability	<u>10,261,726</u>
Total deferred inflows of resources	<u>12,732,432</u>
<b>Net Position</b>	
Net investment in capital assets	14,507,400
Restricted for	
Capital projects	396,815
Debt services	683,867
Child nutrition program	94,964
Other purposes	553,590
Unrestricted	<u>(25,817,126)</u>
Total net position	<u>\$ (9,580,490)</u>

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

**Wilcox County Board of Education**  
**Statement of Activities**  
**For the Year Ended September 30, 2024**

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>						
Instruction	\$ 10,505,843	\$ 167,408	\$ 11,891,450	\$ 816	\$ 1,553,831	
Instructional support	4,744,328	8,428	4,222,734		(513,166)	
Operation and maintenance	3,102,607	9,790	1,197,163	319,482		(1,576,172)
Auxiliary services						
Student transportation	2,080,329	62,646	2,497,557	151,620		631,494
Food service	1,866,632	1,381,721	153,019		(331,892)	
General administrative and central support	1,496,239	1,257	898,314			(596,668)
Interest and fiscal charges	423,932					(423,932)
Other expenses	2,015,836	244,580	1,587,143			(184,113)
Total governmental activities	<u>\$ 26,235,746</u>	<u>\$ 1,875,830</u>	<u>\$ 22,447,380</u>	<u>\$ 471,918</u>	<u>\$ (1,440,618)</u>	
<b>General Revenues</b>						
Taxes						
Property taxes for general purposes					1,986,175	
Sales tax					2,671,681	
Other taxes					7,293	
Investment earnings					44,949	
Miscellaneous					<u>1,441,493</u>	
Total general revenues					<u>6,151,591</u>	
<b>Change in Net Position</b>						
Net Position - Beginning of Year					(14,291,463)	
Net Position - End of Year					<u>\$ (9,580,490)</u>	

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

**Wilcox County Board of Education**  
**Balance Sheet - Governmental Funds**  
**September 30, 2024**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 1,663,650	\$ 1,004,743	\$ 1,242,195	\$ 12,155	\$ 3,922,743
Ad valorem property taxes receivable	485,198	1,143,508			1,628,706
Receivables (Note 4)	847,635	827,297	34,000		1,708,932
Due from other funds	278,713	385,314		215,404	879,431
Inventories		73,005			73,005
Other assets	333	11,353			11,686
<b>Total assets</b>	<b><u>\$ 3,275,529</u></b>	<b><u>\$ 3,445,220</u></b>	<b><u>\$ 1,276,195</u></b>	<b><u>\$ 227,559</u></b>	<b><u>\$ 8,224,503</u></b>
<b>Liabilities</b>					
Payables (Note 8)	\$ 491,223	\$ 857,877	\$ 879,380		\$ 2,228,480
Due to other funds	381,853	497,578			879,431
Unearned revenues	6,333	4,790			11,123
Salaries and benefits payable	1,357,332	65,976			1,423,308
<b>Total liabilities</b>	<b><u>2,236,741</u></b>	<b><u>1,426,221</u></b>	<b><u>879,380</u></b>		<b><u>4,542,342</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	485,198	1,143,508			1,628,706
<b>Total deferred inflows of resources</b>	<b><u>485,198</u></b>	<b><u>1,143,508</u></b>			<b><u>1,628,706</u></b>
<b>Fund Balances</b>					
Nonspendable					
Inventories		73,005			73,005
Restricted					
Capital projects			396,815		396,815
Child nutrition program		94,964			94,964
Debt service		456,308		\$ 227,559	683,867
Other purposes	553,590				553,590
Assigned					
Local schools		251,214			251,214
Other purposes					
Total fund balances	553,590	875,491	396,815	227,559	2,053,455
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,275,529</u>	<u>\$ 3,445,220</u>	<u>\$ 1,276,195</u>	<u>\$ 227,559</u>	<u>\$ 8,224,503</u>

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

**Wilcox County Board of Education**  
**Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position**  
**September 30, 2024**

Differences in amounts reported for governmental activities in the statement of net position:

Total fund balances - governmental funds	\$ 2,053,455
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Cost of capital assets is	\$ 48,085,432
Accumulated depreciation is	<u>(20,872,273)</u>
	27,213,159

Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current period expenditures and, therefore, are deferred on the statement of net position.

384,513

Deferred outflows and inflows of resources related to the pension plan are applicable to future periods and, therefore, are not reported in the governmental funds.

5,805,331

Deferred outflows and inflows of resources related to OPEB obligations are applicable to future periods and, therefore, are not reported in the governmental funds.

(6,161,616)

Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Current portion of long-term debt	965,335
Noncurrent portion of long-term debt	<u>37,809,886</u>
	(38,775,221)

Interest on long-term debt is not accrued in the funds but rather is recognized as an expenditure when due.

Accrued interest payable	(100,111)
Net position of governmental activities	<u>\$ (9,580,490)</u>

**Wilcox County Board of Education**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2024**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Fund	Total Governmental Funds
<b>Revenues</b>						
State	\$ 13,242,620		\$ 1,921,918			\$ 15,164,538
Federal	114,635	\$ 9,065,663				9,180,298
Local	3,456,977	1,845,169	75,039			5,377,185
Other	522,943	16,203				539,146
Total revenues	<u>17,337,175</u>	<u>10,927,035</u>	<u>1,996,957</u>			<u>30,261,167</u>
<b>Expenditures</b>						
Current						
Instruction	7,744,975	2,034,030				9,779,005
Instructional support	2,840,073	1,854,301				4,694,374
Operation and maintenance	1,770,964	673,760	720,275			3,164,999
Auxiliary services						
Student transportation	1,917,341	27,404				1,944,745
Food service		1,892,726				1,892,726
General administrative and central support	1,098,960	658,763				1,757,723
Other	790,599	1,134,881				1,925,480
Capital outlay	688,403	1,545,483	3,782,537			6,016,423
Debt service						
Principal retirement		768,000	146,287			914,287
Interest and fiscal charges		385,206	36,310			421,516
Debt issuance costs/other debt service		3,300				3,300
Total expenditures	<u>16,851,315</u>	<u>10,977,854</u>	<u>4,685,409</u>			<u>32,514,578</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>485,860</b>	<b>(50,819)</b>	<b>(2,688,452)</b>			<b>(2,253,411)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	15,293	369,000				384,293
Insurance recoveries			996,982			996,982
Transfers out	(369,000)	(15,293)				(384,293)
Total other financing sources (uses)	<u>(353,707)</u>	<u>353,707</u>	<u>996,982</u>			<u>996,982</u>
Net changes in fund balances	132,153	302,888	(1,691,470)			(1,256,429)
<b>Fund Balances - Beginning of Year, as previously reported</b>	<b>421,437</b>	<b>572,603</b>	<b>2,088,285</b>	<b>\$ 227,559</b>	<b>(227,559)</b>	<b>3,309,884</b>
<b>Fund Balances - Beginning of Year, as adjusted</b>	<b>421,437</b>	<b>572,603</b>	<b>2,088,285</b>	<b>227,559</b>	<b></b>	<b>3,309,884</b>
<b>Fund Balances - End of Year</b>	<b>\$ 553,590</b>	<b>\$ 875,491</b>	<b>\$ 396,815</b>	<b>\$ 227,559</b>	<b>\$ -</b>	<b>\$ 2,053,455</b>

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

**Wilcox County Board of Education**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to Statement of Activities**  
**For the Year Ended September 30, 2024**

Differences in amounts reported for governmental activities in the statement of activities:

Net changes in fund balances - total governmental funds	\$ (1,256,429)
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Capital outlays to purchase or build capital assets are reported in the 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 capital outlays exceed depreciation in the period.

Capital outlays	\$ 6,016,423
Depreciation expense	<u>(990,164)</u>
	5,026,259

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.

914,287

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable - current year increase/(decrease)	(18,702)
Gain on refunding	3,593
Amortization of premium/discount	14,225
Pension expense, current year increase/(decrease)	2,037,779
Other postemployment benefits (OPEB) expense current year increase/(decrease)	<u>(2,063,751)</u>
	26,856
Change in net position of governmental activities	<u><u>\$ 4,710,973</u></u>

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Wilcox 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.

**Reporting entity** - The Board is governed by a separately elected board composed of six members elected by the qualified electors of the County. The Board is responsible for the general administration and supervision of the public schools for the educational interests of the County (with the exception of cities having a city board of education).

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

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

**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. The remaining governmental fund is reported as a nonmajor fund in the Other Governmental Fund 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.

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 1 - Summary of Significant Accounting Policies (continued)**

*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 I, Education Stabilization, 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.

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

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

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 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 is 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.

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 1 - Summary of Significant Accounting Policies (continued)**

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

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

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.

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.

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. Intangible right-to-use lease assets are amortized over the shorter of the lease term or the asset's estimated useful life, unless the lease contains a purchase option the Board is reasonably certain will be exercised. In those instances, the right-to-use leased asset is amortized over the asset's 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:

<b>Asset Class</b>	<b>Estimated Useful Lives</b>	<b>Capitalization Threshold</b>
Land improvements	20 years	\$ 50,000
Buildings	25 - 50 years	50,000
Building improvements	7 - 30 years	50,000
Equipment and furniture	5 - 20 years	5,000
Vehicles	8 - 10 years	5,000

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 1 - Summary of Significant Accounting Policies (continued)**

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.

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

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

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.

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 minus 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 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.

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 1 - Summary of Significant Accounting Policies (continued)**

- 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 or designee will 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, restricted amounts will be reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

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.

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.

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**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 adopts 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**

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.

**Note 4 - Receivables**

At September 30, 2024, receivables for the Board's individual major funds are as follows:

<b>Receivables</b>	<b>General</b>		<b>Special Revenue</b>		<b>Capital Projects</b>		<b>Totals</b>
	<b>Fund</b>		<b>Fund</b>		<b>Fund</b>		
Accounts receivables	\$ 6,191		\$ 1,300				\$ 7,491
Intergovernmental		824,511		825,997	\$ 34,000		1,684,508
Other		16,933					16,933
<b>Total receivables</b>	<b>\$ 847,635</b>		<b>\$ 827,297</b>		<b>\$ 34,000</b>		<b>\$ 1,708,932</b>

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 5 - Capital Assets**

Capital asset activity for the year ended September 30, 2024, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Beginning Balance</b>
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 318,690			\$ 318,690
Construction in progress	4,560,057	\$ 3,816,189		8,376,246
Total capital assets, not being depreciated	<u>4,878,747</u>	<u>3,816,189</u>		<u>8,694,936</u>
Capital assets being depreciated				
Land improvements (exhaustible)	196,139			196,139
Buildings	18,993,601			18,993,601
Buildings improvements	11,954,999			11,954,999
Equipment and furniture	1,638,576	24,778		1,663,354
Vehicles	4,406,947	2,175,456		6,582,403
Total capital assets being depreciated	<u>37,190,262</u>	<u>2,200,234</u>		<u>39,390,496</u>
Less accumulated depreciation for				
Land improvements (exhaustible)	(141,251)			(141,251)
Buildings	(9,449,560)	(285,730)		(9,735,290)
Buildings improvements	(5,957,562)	(361,775)		(6,319,337)
Equipment and furniture	(1,452,759)	(36,352)		(1,489,111)
Vehicles	(2,880,977)	(306,307)		(3,187,284)
Total accumulated depreciation	<u>(19,882,109)</u>	<u>(990,164)</u>		<u>(20,872,273)</u>
Total capital assets being depreciated, net	<u>17,308,153</u>	<u>1,210,070</u>		<u>18,518,223</u>
Total governmental activities capital assets, net	<u><u>\$ 22,186,900</u></u>	<u><u>\$ 5,026,259</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,213,159</u></u>

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

**Governmental Activities**

Instruction	\$ 608,841
Operation and maintenance	17,452
<b>Auxiliary services</b>	
Food service	58,245
Student transportation	303,422
General administrative and central support	2,204
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 990,164</u></b>

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 6 - Defined Benefit Pension Plan**

Plan description - The Teachers' Retirement System of Alabama (TRS), a cost-sharing multiple employer public employee retirement plan, was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and 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, Title 16, Chapter 25* 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](http://www.rsa-al.gov).

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

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

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

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

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 6 - Defined Benefit Pension Plan (continued)**

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters' contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute. These Tier 2 member contribution rate increases were a result of Act 537 of the Legislature of 2021 which allows sick leave conversion for Tier 2 members.

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 2023, was 12.59% of annual pay for Tier 1 members and 11.57% 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 \$1,477,331 for the year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2024, the Board reported a liability of \$22,898,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. 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, 2023, the Board's proportion was 0.143493%, which was an increase of 0.005478% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the Board recognized pension expense of \$3,517,000. At September 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,047,000	\$ 309,000
Changes of assumptions	644,000	
Net difference between projected and actual earnings on pension plan investments	1,570,000	
Changes in proportion and differences between employer contributions and proportionate share of contributions	909,000	533,000
Employer contributions subsequent to the measurement date	1,477,331	
<b>Total</b>	<b>\$ 6,647,331</b>	<b>\$ 842,000</b>

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 6 - Defined Benefit Pension Plan (continued)**

The \$1,477,331 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending September 30</b>	<b>Amount</b>
2025	\$ 1,188,000
2026	1,160,000
2027	1,919,000
2028	61,000
2029	-
Thereafter	-

**Actuarial assumptions** - The total pension liability as of September 30, 2023, was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	3.25% - 5.00%
Investment rate of return *	7.45%

\* Net of pension plan investment expense.

The actuarial assumptions used in the actuarial valuation as of September 30, 2022, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

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

<b>Group</b>	<b>Membership Table</b>	<b>Set Forward (+)/ Setback (-)</b>		<b>Adjustment to Rates</b>
		Male: +2, Female: +2	Male: 108% ages<63, 96% ages>67; Phasing down 63-67	
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

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 6 - Defined Benefit Pension Plan (continued)**

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return *</b>
Fixed income	15.0%	2.8%
U.S. large stocks	32.0%	8.0%
U.S. mid stocks	9.0%	10.0%
U.S. small stocks	4.0%	11.0%
International developed market stocks	12.0%	9.5%
International emerging market stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real estate	10.0%	6.5%
Cash	5.0%	1.5%
Total	<b><u>100.0%</u></b>	

\* Includes assumed rate of inflation of 2.00%

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.

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

	<b>1.00% Decrease (6.45%)</b>	<b>Current Discount Rate (7.45%)</b>	<b>1.00% Increase (8.45%)</b>
Board's Proportionate Share of Collective Net Pension Liability	\$ 29,914,000	\$ 22,898,000	\$ 16,998,000

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2023. The auditor's report on the schedule of employer allocations and pension amounts by employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

**Note 7 - Other Postemployment Benefits (OPEB)**

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

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

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.

**Wilcox County Board of Education**  
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**September 30, 2024**

**Note 7 - Other Postemployment Benefits (OPEB) (continued)**

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 PEEHIP), Marketplace (Exchange) Plans, State Employees Insurance Board (SEIB), Local Government Board (LGB), Medicare, Medicaid, ALL Kids, Tricare, or Champus as their primary coverage, or are enrolled in a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

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

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

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

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

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 7 - Other Postemployment Benefits (OPEB) (continued)**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At September 30, 2024, the Board reported a liability of \$3,316,765 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of September 30, 2022. 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, 2023, the Board's proportion was 0.17255494%, which was a decrease of 0.01427448% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the Board recognized OPEB income of \$1,833,786, with no special funding situations. At September 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 64,854	\$ 5,233,758
Changes of assumptions	2,794,261	3,281,177
Net difference between projected and actual earnings on OPEB plan investments	113,295	
Changes in proportion and differences between employer contributions and proportionate share of contributions	896,942	1,746,791
Employer contributions subsequent to the measurement date	230,758	
<b>Total</b>	<b>\$ 4,100,110</b>	<b>\$ 10,261,726</b>

The \$230,758 reported as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2025.

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

<b>Year Ending September 30</b>	<b>Amount</b>
2025	\$ (2,233,819)
2026	(1,149,207)
2027	(1,011,417)
2028	(1,243,877)
2029	(731,031)
Thereafter	(23,023)

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
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**Note 7 - Other Postemployment Benefits (OPEB) (continued)**

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, 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	4.53%
Municipal Bond Index Rate at the Prior Measurement Date	4.40%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	N/A
Single Equivalent Interest Rate the Measurement Date	7.00%
Single Equivalent Interest Rate the Prior Measurement Date	7.00%
Healthcare Cost Trend Rate	
Initial Trend Rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	(**)
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2033 FYE
Medicare Eligible	4.50% in 2033 FYE
Optional Plans Trend Rate	2.00%

(1) Includes 2.75% wage inflation.

(2) Compounded annually, net of investment expense, and includes inflation.

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

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 7 - Other Postemployment Benefits (OPEB) (continued)**

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

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Active Members	Teacher Employee - Below Median	None	65%
Service Retirees	Teacher Retiree - Below Median	Male: +2, Female: +2	Male: 108% ages<63, 96% ages>67; Phasing down 63-67 Female: 112% ages <69 98%> age 74; Phasing down 69-74
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, 2022 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.

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 7 - Other Postemployment Benefits (OPEB) (continued)**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (*)</b>
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	<u>5.00%</u>	1.50%
Total	<u><u>100.00%</u></u>	

(\*) Geometric mean, includes 2.5% inflation.

Discount rate - The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per active member for participating employers. Approximately, 11.051% of the employer contributions were used to assist in funding retiree benefit payments in 2023 and it is assumed that the 11.051% 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 budgeted projections, it increases to \$940 in 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. Projected future benefit payments for all current plan members are projected through 2121.

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 Net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the Net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00% Decreasing to 3.50% for Pre-Medicare, Known Decreasing to 3.50% for Medicare Eligible)	Current Healthcare Trend Rate (7.00% Decreasing to 4.50% for Pre-Medicare, Known Decreasing to 4.50% for Medicare Eligible)	1% Increase (8.00% 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	\$ 2,514,073	\$ 3,316,765	\$ 4,291,397

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Board's Proportionate Share of the Collective Net OPEB Liability	\$ 4,094,540	\$ 3,316,765	\$ 2,654,778

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 No. 74 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

**Note 8 - Payables**

At September 30, 2024, payables for the Board's individual major funds are as follows:

<b>Payables</b>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Totals</b>
	\$ 486,413	\$ 335,041	\$ 879,380	\$ 1,700,834
Accounts payable	3,377	3,971		7,348
Intergovernmental	1,433	518,865		520,298
Total payables	<u><u>\$ 491,223</u></u>	<u><u>\$ 857,877</u></u>	<u><u>\$ 879,380</u></u>	<u><u>\$ 2,228,480</u></u>

**Note 9 - Debt**

**Short-Term Debt**

During the year, the Board approved a short-term loan to cover a settlement payment made during the year as a result of litigation. The loan was fully repaid as of June 2024. Short-term debt activity for the year ended September 30, 2024 was as follows:

	<b>Beginning Balance</b>	<b>Proceeds</b>	<b>Repaid</b>	<b>Ending Balance</b>
Short-term loan	<u><u>\$ -</u></u>	<u><u>\$ 234,738</u></u>	<u><u>\$ 234,738</u></u>	<u><u>\$ -</u></u>

**Long-Term Debt**

*Warrants Payable*

On July 5, 2011, the Board issued the Capital Outlay School Warrants, Series 2011 in the amount of \$1,117,000. These warrants were issued for the purpose of refunding and retiring the principal indebtedness evidenced by the Board's Warrant Anticipation Note which was issued to finance a portion of the costs of acquiring a multipurpose building and constructing various improvements. In the event of default the holders of the warrants are empowered (1) to sue on such warrant, (2) by mandamus, suit or other proceeding, to enforce all agreements of the Board contained in the warrant, including proper segregation of the proceeds of the pledged revenue, (3) by action or suit in equity, to require the Board to account as if it were the trustee of any express trust for the holders of the warrants, and (4) by action or suit in equity, to enjoin any act or things which may be unlawful or a violation of the rights of the holders of the warrants.

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 9 - Debt (continued)**

On December 1, 2015, the Board issued the Capital Outlay Tax Anticipation Warrants, Series 2015 in the amount of \$6,035,000, to currently refund and redeem the Capital Outlay Tax Anticipation Warrants, Series 2005, and to also provide funds for capital improvements to the Board's public school infrastructure.

On January 1, 2016, the Board issued the Capital Outlay Tax Anticipation Warrants, Series 2016 in the amount of \$9,375,000, to currently refund and redeem the Capital Outlay Tax Anticipation Warrants, Series 2006, and to also provide funds for capital improvements to the Board's public school infrastructure.

On September 1, 2017, the Board entered into an agreement with the United States Department of Agriculture (USDA) in the amount of \$683,500 to provide funding for construction improvements for the high school's natatorium.

*Notes from Direct Borrowing*

The Board has an outstanding note from direct borrowing, originally issued at \$522,651 with an interest rate of 2.63% and is secured by six 2016 school buses. If a scheduled payment is not paid when due and remains unpaid for 10 days that the Board shall pay the lender the amount due with interest from the due date at an overdue rate of 5%.

The Board has an outstanding note from direct borrowing, originally issued at \$349,316 with an interest rate of 3.75% and is secured by four 2019 school buses.

The Board has an outstanding note from direct borrowing, originally issued at \$349,316 with an interest rate of 2.77% and is secured by four 2020 school buses. In the event of default, the lender may (1) terminate the agreement and all rights of the Board to use the equipment, (2) take possession of and sell the equipment, (3) declare the unpaid balance due and payable at the default rate of 5%, and/or (4) exercise any other right, remedy, or recourse available under law.

The Board has an outstanding note from direct borrowing, originally issued at \$306,945 with an interest rate of 4.86% and is secured by five 2024 school buses. In the event of default, the lender may (1) terminate the agreement and all rights of the Board to use the equipment, (2) take possession of and sell the equipment, (3) declare the unpaid balance due and payable and/or (4) exercise any other right, remedy, or recourse available under law.

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 9 - Debt (continued)**

The following is a summary of long-term obligations for the Board for the year ended September 30, 2024:

	<b>Debt Outstanding 10/1/2023</b>	<b>Issued/ Increased</b>	<b>Repaid/ Decreased</b>	<b>Debt Outstanding 9/30/2024</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities</b>					
Warrants Payable					
Capital Outlay Refunding School					
Warrants, Series 2011	\$ 409,000		\$ 76,000	\$ 333,000	\$ 78,000
Capital Outlay Tax Anticipation					
Warrants, Series 2015	4,245,000		280,000	3,965,000	285,000
Capital Outlay Tax Anticipation					
Warrants, Series 2016	7,045,000		395,000	6,650,000	420,000
USDA Capital Outlay Tax					
Anticipation Warrant, Series 2017	593,500		17,000	576,500	17,000
Less unamortized discount	(24,801)		(1,908)	(22,893)	(1,908)
Unamortized premium	209,725		16,133	193,592	16,133
Total Warrants Payable, net	<u>12,477,424</u>		<u>782,225</u>	<u>11,695,199</u>	<u>814,225</u>
<b>Other Liabilities</b>					
Notes from Direct Borrowing (Buses)	1,011,544		146,287	865,257	151,110
Subtotal Notes from Direct Borrowing	<u>1,011,544</u>		<u>146,287</u>	<u>865,257</u>	<u>151,110</u>
Net Pension Liability	21,449,000	\$ 1,449,000		22,898,000	
Net OPEB Liability	3,255,407	61,358		3,316,765	
Total Other Liabilities	<u>24,704,407</u>	<u>1,510,358</u>		<u>26,214,765</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 38,193,375</u>	<u>\$ 1,510,358</u>	<u>\$ 928,512</u>	<u>\$ 38,775,221</u>	<u>\$ 965,335</u>

Payment on the warrants are made using Public School funds received from the Alabama Department of Education and with ad valorem and sales taxes. Payments on the notes from direct borrowing are made using the Fleet Renewal Funds' allocation from the Alabama Department of Education.

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

<b>Fiscal Year Ending September 30</b>	<b>Warrant Payable</b>		<b>Notes from Direct Borrowing (Buses)</b>		<b>Total Principal and Interest Requirements to Maturity</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2025	\$ 800,000	\$ 366,545	\$ 151,110	\$ 31,487	\$ 1,349,142
2026	825,000	342,579	156,102	26,495	1,350,176
2027	868,000	313,151	161,269	21,328	1,363,748
2028	902,000	282,011	106,499	15,978	1,306,488
2029	865,000	248,946	110,456	12,022	1,236,424
2030-2034	4,798,000	772,066	179,821	18,544	5,768,431
2035-2039	2,217,000	118,671			2,335,671
2040-2044	150,000	31,119			181,119
2045-2049	99,500	6,549			106,049
Totals	<u>\$ 11,524,500</u>	<u>\$ 2,481,637</u>	<u>\$ 865,257</u>	<u>\$ 125,854</u>	<u>\$ 14,997,248</u>

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

*Pledged Revenues*

The Board has pledged a portion of the future special ad valorem tax revenues to repay \$970,000 in Capital Outlay Refunding School Warrants, Series 2011, issued in July 2011. The warrant is payable solely from a share of the proceeds of a special ad valorem tax that is levied and collected in Wilcox County which totaled \$642,296 in fiscal year 2024. Total principal and interest remaining on the debt at September 30, 2024, is \$366,960, payable through fiscal year 2028. For the current year, principal and interest paid was \$92,360, which represents 14% of pledged revenues received.

The Board has pledged a portion of the future special ad valorem tax and the future sales tax revenues to repay \$6,035,000 in Capital Outlay Tax Anticipation Warrants, Series 2015, issued on December 1, 2015, as well as to repay \$9,375,000 in Capital Outlay Tax Anticipation Warrants, Series 2016 issued on January 1, 2016. The warrants are payable solely from (a) seven (7) mills of the Board's special ad valorem tax and (b) the special privilege or license tax that is levied and collected in Wilcox County which totaled \$3,121,288 in fiscal year 2024. Total principal and interest remaining on the 2015 and 2016 debt at September 30, 2024, is \$4,737,019 and \$8,074,970, respectively, payable through fiscal year 2036 for both warrant issues. For the current year, principal and interest payments of \$398,968 and \$625,590 was paid on the 2015 and 2016 debt, respectively, which represented 33% of pledged revenues received.

**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 educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The Board contributes a specified amount monthly to the PEEHIF for each employee of state educational institutions. The Board's contribution is applied against 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.

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 11 - Interfund Transactions**

Interfund receivables and payables - The interfund receivables and payables at September 30, 2024, were as follows:

	<b>Interfund Receivables</b>			
	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Totals</b>
	<b>Interfund Payables</b>			
General Fund		\$ 381,853		\$ 381,853
Special Revenue Fund	\$ 278,713	3,461	\$ 215,404	497,578
<b>Totals</b>	<b>\$ 278,713</b>	<b>\$ 385,314</b>	<b>\$ 215,404</b>	<b>\$ 879,431</b>

Interfund transfers - The amounts of interfund transfers during the fiscal year ended September 30, 2024, were as follows:

	<b>Transfers Out</b>		
	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
	<b>Transfers In</b>		
General Fund		\$ 15,293	\$ 15,293
Special Revenue Fund	\$ 369,000		369,000
<b>Totals</b>	<b>\$ 369,000</b>	<b>\$ 15,293</b>	<b>\$ 384,293</b>

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

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 12 - Effect of New Pronouncements**

GASB Statement No. 101, Compensated Absences, has a primary objective to align recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. Additionally, the Statement provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and removes the disclosure of the government funds used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

GASB 102, Certain Risk Disclosures. This Statement requires governments to disclose information about certain risks. Governments are required to disclose information about their exposure to some risks, such as interest and credit risk associated with investments. However, essential information about certain other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The Statement will provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. The Statement requires governments to disclose essential information about risks related to a government's current vulnerabilities due to certain concentrations and constraints common in the governmental environment. Requirements for this Statement will take effect for financial statements whose fiscal year begins after June 15, 2024.

GASB Statement No. 103, Financial Reporting Model Improvements, has a primary objective to improve key components of the financial reporting model by enhancing the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability and addressing certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, Disclosure of Certain Capital Assets, establishes requirements for certain types of capital assets to be disclosed separately for purposes of note disclosures and establishes requirements for capital assets held for sale and requires additional disclosures for those capital assets. This is designed to allow users to make informed decisions about these assets and to evaluate accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

**Note 13 - Subsequent Events**

The Board has evaluated subsequent events through August 28, 2025, the date which the financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of September 30, 2024 has been incorporated into these financial statements.

**Note 14 - Commitments**

The Board is in the process of upgrading the HVAC and lighting in its facilities. Construction costs to date, which have been capitalized as construction in progress, are \$7,651,022 as of September 30, 2024. The Board expects the additional costs to complete the project will be approximately \$1,454,000.

The Board is in the process of repairing damages sustained in a fire to J.E. Hobbs Elementary School. Construction costs to date, which have been capitalized as construction in progress, are \$2,270,706 as of September 30, 2024. The Board expects the additional costs to complete the project will be approximately \$682,000.

**Wilcox County Board of Education**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 15 - Change in Reporting Entity**

Effective for the fiscal year ended September 30, 2024, the Board determined that the Debt Service Fund, which had previously been reported as a nonmajor governmental fund, met the criteria to be reported as a major governmental fund due to changes in financial activity and significance to the financial statements. In accordance with GASB Statement No. 100, this represents a change in the reporting entity. The financial statement presentation for the current period includes the Debt Service Fund as a major fund. This change had no impact on beginning net position/fund balance. This change did not result from an error or correction but reflects the Board's reassessment of fund classification based on current year financial data and GASB reporting criteria.

**Required Supplementary Information**

**Wilcox County Board of Education**  
**Schedule of the Employer's Proportionate Share of the Collective Net Pension Liability**  
**Required Supplementary Information**  
**For the Year Ended September 30,**  
*(Dollar amounts in thousands)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the collective net pension liability	0.143493%	0.138015%	0.140156%	0.130601%	0.149355%	0.144583%	0.149543%	0.152639%	0.156006%	0.160423%
Employer's proportionate share of the collective net pension liability	\$ 22,898	\$ 21,449	\$ 13,203	\$ 16,155	\$ 16,514	\$ 14,375	\$ 14,698	\$ 16,525	\$ 16,327	\$ 14,574
Employer's covered payroll during the measurement period (*)	\$ 12,389	\$ 11,226	\$ 10,605	\$ 10,118	\$ 10,024	\$ 9,760	\$ 9,599	\$ 9,754	\$ 9,692	\$ 10,221
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	184.83%	191.07%	124.50%	159.67%	164.74%	147.28%	153.12%	169.42%	168.46%	142.59%
Plan fiduciary net position as a percentage of the total collective pension liability	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

(\*) Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. For fiscal year 2024, the measurement period for covered payroll is October 1, 2022 through September 30, 2023.

**Wilcox County Board of Education**  
**Schedule of the Employer's Contributions - Pension**  
**Required Supplementary Information**  
**For the Year Ended September 30,**  
*(Dollar amounts in thousands)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 1,447	\$ 1,445	\$ 1,288	\$ 1,226	\$ 1,228	\$ 1,209	\$ 1,161	\$ 1,172	\$ 1,147	\$ 1,151
Contributions in relation to the contractually required contribution	<u>1,447</u>	<u>1,445</u>	<u>1,288</u>	<u>1,226</u>	<u>1,228</u>	<u>1,209</u>	<u>1,161</u>	<u>1,172</u>	<u>1,147</u>	<u>1,151</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Employer's covered payroll	\$ 12,389	\$ 11,226	\$ 10,605	\$ 10,118	\$ 10,024	\$ 9,760	\$ 9,599	\$ 9,754	\$ 9,692	\$ 10,221
Contributions as a percentage of covered payroll	11.68%	12.87%	12.15%	12.12%	12.25%	12.39%	12.10%	12.02%	11.83%	11.26%

Per GASB 82, which amends GASB 68, covered payroll is defined as the payroll on which contributions to a pension plan are based, also known as pensionable payroll. For fiscal year 2024, the covered payroll is for the reporting fiscal year October 1, 2023 through September 30, 2024.

The amount of contractually required contributions is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year. For participants in TRS, this includes amounts paid for Accrued Liability, Normal Cost, Term Life Insurance, Pre-Retirement Death Benefit and Administrative Expenses.

**Wilcox County Board of Education**  
**Schedule of the Employer's Proportionate Share of the Collective Net Other Postemployment Benefits (OPEB) Liability**  
**Alabama Retired Education Employees' Health Care Trust**  
**Required Supplementary Information**  
**For the Year Ended September 30,**  
*(Dollar amounts in thousands)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Employer's proportion of the collective net OPEB liability	0.172555%	0.186829%	0.169637%	0.172903%	0.200741%	0.198994%	0.207313%
Employer's proportionate share of the collective net OPEB liability	\$ 3,317	\$ 3,255	\$ 8,765	\$ 11,221	\$ 1,573	\$ 16,355	\$ 15,398
Employer's covered-employee payroll during the measurement period (*)	\$ 12,389	\$ 11,226	\$ 10,605	\$ 10,118	\$ 10,024	\$ 9,760	\$ 9,599
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	26.77%	29.00%	82.65%	111.94%	77.59%	170.38%	157.86%
Plan fiduciary net position as a percentage of the total collective OPEB liability	49.42%	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

(\*) Per GASB 75, covered-employee payroll is defined as the payroll of employees that are provided with OPEB through the OPEB plan.

The covered-employee payroll for this RSI Schedule (GASB 75 paragraph 97) is for the reporting period (i.e. the measurement period), which for the September 30, 2024 year is October 1, 2022 through September 30, 2023.

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

**Wilcox County Board of Education**  
**Schedule of the Employer's Contributions - Other Postemployment Benefits (OPEB)**  
**Alabama Retired Education Employees' Health Care Trust**  
**Required Supplementary Information**  
**For the Year Ended September 30,**  
*(Dollar amounts in thousands)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 231	\$ 269	\$ 356	\$ 296	\$ 338	\$ 581	\$ 491
Contributions in relation to the contractually required contribution	<u>231</u>	<u>269</u>	<u>356</u>	<u>296</u>	<u>338</u>	<u>581</u>	<u>491</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>						
Employer's covered-employee payroll	\$ 12,389	\$ 11,226	\$ 10,605	\$ 10,118	\$ 10,024	\$ 9,760	\$ 9,599
Contributions as a percentage of covered-employee payroll	1.86%	2.40%	3.36%	2.93%	3.37%	5.95%	5.12%

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

**Wilcox County Board of Education  
Notes to Required Supplementary Information  
for Other Postemployment Benefits (OPEB)  
September 30, 2024**

Changes in Actuarial Assumptions - In 2022, rates of plan participation and tobacco usage assumptions were adjusted to reflect actual experience more closely.

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

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

Recent Plan Changes - The September 30, 2022 valuation reflects the impact of Act 2022-222.

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

The Health Plan is changed each year to reflect the ACA maximum annual out-of-pocket amounts.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions - The actuarially determined contribution rates in the Schedule of OPEB Contributions were calculated as of September 30, 2020 which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	21 years
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.50%
Medicare Eligible (*)	**
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2027 for Pre-Medicare Eligible 2024 for Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

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

**Wilcox County Board of Education**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Year Ended September 30, 2024**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
<b>Revenues</b>						
State	\$ 11,415,724	\$ 12,756,413	\$ 13,242,620		\$ 13,242,620	\$ 486,207
Federal	450	450	114,635		114,635	114,185
Local	3,290,136	3,290,136	3,456,977		3,456,977	166,841
Other			522,943		522,943	522,943
Total revenues	14,706,310	16,046,999	17,337,175		17,337,175	1,290,176
<b>Expenditures</b>						
Current						
Instruction	6,633,911	7,165,949	7,832,819	\$ (87,844)	7,744,975	(666,870)
Instructional support	2,321,088	2,584,540	2,805,944	34,129	2,840,073	(221,404)
Operation and maintenance	928,793	2,765,845	1,768,462	2,502	1,770,964	997,383
Auxiliary services						
Student transportation	1,728,826	2,058,826	1,923,226	(5,885)	1,917,341	135,600
General administrative and central support	908,393	948,393	1,094,667	4,293	1,098,960	(146,274)
Other	712,048	761,600	795,905	(5,306)	790,599	(34,305)
Capital outlay	952,800	145,000	688,403		688,403	(543,403)
Total expenditures	14,185,859	16,430,153	16,909,426	(58,111)	16,851,315	(479,273)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	520,451	(383,154)	427,749	58,111	485,860	1,769,449
<b>Other Financing Sources (Uses)</b>						
Transfer in			15,293		15,293	15,293
Other financing sources	180,000	180,000				(180,000)
Transfers out	(481,777)	(481,777)	(369,000)		(369,000)	112,777
Total other financing sources (uses)	(301,777)	(301,777)	(353,707)		(353,707)	(51,930)
Net change in fund balances	218,674	(684,931)	74,042	58,111	132,153	1,717,519
<b>Fund Balances - Beginning of Year</b>					421,437	
<b>Fund Balances - End of Year</b>					\$ 553,590	

**Wilcox County Board of Education**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Year Ended September 30, 2024**

The School System budgets revenues and expenditures to the extent they are expected to be received or paid in the current fiscal period, rather than on the modified accrual basis.

\$ 58,111

**Wilcox County Board of Education**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**For the Year Ended September 30, 2024**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
<b>Revenues</b>						
Federal	\$ 8,192,895	\$ 9,344,505	\$ 9,065,663		\$ 9,065,663	\$ (278,842)
Local	1,652,186	1,652,185	1,845,169		1,845,169	192,984
Other	26,256	26,256	16,203		16,203	(10,053)
Total revenues	<u>9,871,337</u>	<u>11,022,946</u>	<u>10,927,035</u>		<u>10,927,035</u>	<u>(95,911)</u>
<b>Expenditures</b>						
Current						
Instruction	1,462,089	2,121,167	2,034,030		2,034,030	87,137
Instructional support	1,860,218	2,032,120	1,854,301		1,854,301	177,819
Operation and maintenance	520,306	697,864	673,760		673,760	24,104
Auxiliary services						
Student transportation	47,978	31,791	27,404		27,404	4,387
Food service	1,659,501	1,550,485	1,897,119	\$ (4,393)	1,892,726	(346,634)
General administrative and central support	723,647	694,399	658,763		658,763	35,636
Other	904,667	1,079,130	1,134,881		1,134,881	(55,751)
Capital outlay	1,500,000	1,505,217	1,545,483		1,545,483	(40,266)
Debt service						
Principal retirement	720,951	720,951	768,000		768,000	(47,050)
Interest and fiscal charges	420,686	420,686	385,206		385,206	35,480
Debt issuance costs/other debt service	3,300	3,300	3,300		3,300	
Total expenditures	<u>9,823,343</u>	<u>10,857,110</u>	<u>10,982,247</u>	<u>(4,393)</u>	<u>10,977,854</u>	<u>(125,137)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>47,994</b>	<b>165,836</b>	<b>(55,212)</b>	<b>4,393</b>	<b>(50,819)</b>	<b>29,226</b>
<b>Other Financing Sources (Uses)</b>						
Transfer in	521,214	521,214	369,000		369,000	(152,214)
Transfers out	(39,437)	(39,437)	(15,293)		(15,293)	24,144
Total other financing sources (uses)	<u>481,777</u>	<u>481,777</u>	<u>353,707</u>		<u>353,707</u>	<u>(128,070)</u>
Net change in fund balances	<u>529,771</u>	<u>647,613</u>	<u>298,495</u>	<u>4,393</u>	<u>302,888</u>	<u>(98,844)</u>
<b>Fund Balances - Beginning of Year</b>					<b>572,603</b>	
<b>Fund Balances - End of Year</b>					<u>\$ 875,491</u>	

**Wilcox County Board of Education**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
**For the Year Ended September 30, 2024**

**Explanation of Differences:**

The School System budgets revenues and expenditures to the extent they are expected to be received or paid in the current fiscal period, rather than on the modified accrual basis.

\$ 4,393

**Wilcox County Board of Education  
Notes to Budget to Actual Schedules  
For the Year Ended September 30, 2024**

**Budgets and budgetary accounting** - 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 adopts 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.

**Excess of expenditures over appropriations** - For the year ended September 30, 2024, five General Fund functional expenditure categories (the legal level of budgetary control) exceeded appropriations.

Instruction expenditures exceeded budgeted amounts by 9% (\$666,870) due to additional personnel hired related to the Governor's Turnaround Initiative that were not budgeted for.

Instructional support expenditures exceeded budgeted amounts by 8% (\$221,404) due to additional expenditures related to the Governor's Turnaround Initiative that were not budgeted for.

General administrative and central support expenditures exceeded budgeted amounts by 13% (\$146,274) due to unforeseen expenditures not originally budgeted for.

Other expenditures exceeded budgeted amounts by 4% (\$34,305) due to unforeseen expenditures not originally budgeted for.

Capital outlay expenditures exceeded budgeted amounts by 79% (\$543,403) due to unforeseen expenditures not originally budgeted for.

For the year ended September 30, 2024, four Special Revenue functional expenditure categories (the legal level of budgetary control) exceeded appropriations.

Food service expenditures exceeded budgeted amounts by 18% (\$346,634) due to the increase in the cost of food and supplies during the year.

Other expenditures exceeded budgeted amounts by 5% (\$55,751) due to unforeseen expenditures not originally budgeted for.

Capital outlay expenditures exceeded budgeted amounts by 3% (\$40,266) due to unforeseen expenditures not originally budgeted for.

Principal retirement expenditures exceeded budgeted amounts by 6% (\$47,050) due to increases in principal payments made in the current fiscal year.

**Supplementary Information**

**Wilcox County Board of Education  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2024**

<b>Federal Grantor/ Pass-through Grantor/ Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Grantor's Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U. S. Department of Agriculture</b>			
<b>Passed Through Alabama Department of Education</b>			
Child Nutrition Cluster			
School Breakfast Program	10.553	NA	\$ 452,037
National School Lunch Program			
Cash Assistance	10.555	NA	817,759
Non-Cash Assistance (Commodities)	10.555	NA	67,243
USDA Supply Chain Assistance	10.555	NA	51,818
After School Snack	10.555	NA	<u>14,393</u>
Sub-Total National School Lunch Program			951,213
Summer Food Service Program for Children	10.559	NA	129,689
Fresh Fruit and Vegetable Program	10.582	NA	<u>50,232</u>
Sub-Total Child Nutrition Cluster			1,583,171
Child and Adult Care Food Program	10.558	NA	<u>11,660</u>
Total U.S. Department of Agriculture			<u>1,594,831</u>
<b>U. S. Department of Education</b>			
<b>Passed Through Alabama Department of Education</b>			
Special Education Cluster			
Special Education - Grants to States	84.027	NA	450,345
Special Education - Preschool Grants	84.173	NA	<u>26,290</u>
Sub-Total Special Education Cluster			476,635

**Wilcox County Board of Education  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2024**

<b>Federal Grantor/ Pass-through Grantor/ Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Grantor's Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U. S. Department of Education</b>			
<b>Passed Through Alabama Department of Education (continued)</b>			
Title I Grants to Local Educational Agencies	84.010	NA	\$ 1,670,824
Career and Technical Education - Basic Grants to States	84.048	NA	55,133
Education for Homeless Children and Youth	84.196	NA	47,765
Rural Education	84.358	NA	36,114
Supporting Effective Instruction State Grants	84.367	NA	156,572
Student Support and Academic Enrichment Program	84.424	NA	118,575
COVID-19 Education Stabilization Fund:			
COVID-19 American Rescue Plan - Elementary and Secondary School			
Emergency Relief (ARP ESSER) Fund	84.425U	NA	4,965,453
COVID-19 American Rescue Plan Elementary and Secondary School			
Emergency Relief - Homeless Children and Youth (ARP-HCY)	84.425W	NA	63,856
Sub-Total COVID-19 Education Stabilization Fund			5,029,309
Total U. S. Department of Education			<u>7,590,926</u>
<b>Social Security Administration</b>			
<b>Passed through Alabama Department of Education</b>			
Social Security - Disability Insurance	96.001	NA	<u>220</u>
<b>Total Expenditures</b>			<b>\$ 9,185,978</b>

**Wilcox County Board of Education  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2024**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Wilcox County Board of Education under programs of the federal government for the year ended September 30, 2024. 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 Wilcox County Board of Education, it is not intended to and does not present the financial position or changes in net position of the Wilcox County Board of Education.

**Note 2 - Summary of Significant Accounting Policies**

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

**Note 3 - Indirect Cost Rate**

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

### **Additional Information**

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Members of the Wilcox County Board of Education,  
Superintendent and Chief School Financial Officer  
Camden, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilcox County Board of Education (the Board), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated August 28, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

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

**The Board's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Board's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Board'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.

**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 Board'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.

*Jackson Thornton & Co. PC*

Montgomery, Alabama  
August 28, 2025

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Members of the Wilcox County Board of Education,  
Superintendent and Chief School Financial Officer  
Camden, Alabama

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Wilcox County Board of Education (the Board) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended September 30, 2024. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

#### **Basis for Opinion on Each Major Federal Program**

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

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

#### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and quested costs as item 2024-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Jackson Thornton & Co. PC*

Montgomery, Alabama  
August 28, 2025

**Wilcox County Board of Education  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2024**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued - unmodified

**Internal Control over Financial Reporting**

- Material weakness(es) identified? \_\_\_\_\_ Yes  X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ X Yes \_\_\_\_\_ None reported

**Noncompliance Material to Financial Statements Noted?**

\_\_\_\_\_ Yes  X No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ X Yes \_\_\_\_\_ None reported

Type of auditor's report issued on compliance for major programs - unmodified

Any audit findings disclosed that are required to be reported in accordance with *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?

\_\_\_\_\_ Yes  X No

Identification of major programs

<b>CFDA Number</b>	<b>Name of Federal Program</b>
84.425	Education Stabilization Fund
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk auditee? \_\_\_\_\_ Yes  X No

**Wilcox County Board of Education  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2024**

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**Finding 2024-001 - Significant Deficiency**

**Criteria:**

Management is responsible for designing and maintaining internal controls that ensure transactions are recorded in accordance with Generally Accepted Accounting Principles (GAAP). This includes accurate recognition of payroll expenses and related liabilities in the proper accounting period. Effective internal controls should prevent and detect errors in payroll processing and ensure that employee compensation aligns with approved salary schedules.

**Condition:**

It was noted during single audit testing that certain employees tested were paid less than the amounts specified in the Board's published salary schedule, thus resulting in underpayment.

**Cause:**

The underpayments occurred due to a lack of adequate internal controls to ensure payroll amounts were calculated in accordance with the approved salary schedule. Specifically, there was no documented review or verification process in place to confirm that employee pay amounts aligned with the published salary schedule, which allowed the discrepancies to go undetected.

**Effect:**

As a result of this control weakness, the Board's financial records did not reflect accurate payroll expenses and related liabilities. This error represents a significant potential misstatement and indicates a systemic issue in payroll processing controls. Accordingly, this control deficiency is considered a significant deficiency in internal control over financial reporting.

**Recommendation:**

The Board should strengthen its internal control procedures over payroll processing by implementing a formal, documented review process to ensure all employee compensation is properly calculated in accordance with the published salary schedule prior to payment. Management should also perform periodic reconciliations of payroll amounts to approved salary schedules as part of ongoing monitoring procedures.

**Views of Responsible Officials:**

The Board agrees with the finding and acknowledges the payroll errors identified. Upon notification, the Board reviewed the payroll records of the certain employees with identified errors and confirmed the underpayments. Corrective action was taken on the identified employees and the Board issued checks to pay the difference owed. The Board is also implementing additional review procedures to ensure that future payroll is processed in accordance with approved salary schedules.

**Wilcox County Board of Education  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2024**

**Section III - Federal Award Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to major federal programs that are required to be reported in accordance with the Uniform Guidance.

**Finding 2024-002 - Significant Deficiency**

**Federal Program:** Education Stabilization Fund (ESF) - ALN 84.425

**Criteria:**

In accordance with 2 CFR §200.430, compensation for personal services must be based on records that accurately reflect the work performed and must be consistent with the entity's established salary schedule. Adequate internal controls must be in place to ensure that payroll disbursements are calculated and paid accurately in accordance with approved compensation policies.

**Condition:**

It was noted during single audit testing that certain employees tested were paid less than the amounts specified in the Board's published salary schedule, thus resulting in underpayment.

**Cause:**

The underpayments occurred due to a lack of adequate internal controls to ensure payroll amounts were calculated in accordance with the approved salary schedule. Specifically, there was no documented review or verification process in place to confirm that employee pay amounts aligned with the published salary schedule, which allowed the discrepancies to go undetected.

**Effect:**

As a result of this control weakness, the Board's financial records did not reflect accurate payroll expenses and related liabilities. This error represents a significant potential misstatement and indicates a systemic issue in payroll processing controls. However, since the payroll costs were not charged to the grant, and no unallowable costs were identified, the amounts are not considered questioned costs and no noncompliance was identified. This control deficiency is considered a significant deficiency in internal control over compliance.

**Recommendation:**

The Board should strengthen its internal control procedures over payroll processing by implementing a formal, documented review process to ensure all employee compensation is properly calculated in accordance with the published salary schedule prior to payment. Management should also perform periodic reconciliations of payroll amounts to approved salary schedules as part of ongoing monitoring procedures.

**Views of Responsible Officials:**

The Board agrees with the finding and acknowledges the payroll errors identified. Upon notification, the Board reviewed the payroll records of the certain employees with identified errors and confirmed the underpayments. Corrective action was taken on the identified employees and the Board issued checks to pay the difference owed. The Board is also implementing additional review procedures to ensure that future payroll is processed in accordance with approved salary schedules.

**Wilcox County Board of Education  
Corrective Action Plan  
For the Year Ended September 30, 2024**

**Finding 2024-001 - Significant Deficiency**

The Board of Education has acknowledged the finding and has agreed to the finding. We have reviewed the affected payroll records and confirmed the underpayment. We have issued a check to pay the difference owed to the employee.

At fiscal year end, we will implement a more detailed review process to ensure all employees' salary schedules are updated when we process the system-wide update. We will have an additional person to review and sign the new salary schedules before the first payroll is processed in the new fiscal year.

**Finding 2024-002 - Significant Deficiency**

The Board of Education has acknowledged the finding and has agreed to the finding. We have reviewed the affected payroll records and confirmed the underpayment. We have issued a check to pay the difference owed to the employee.

At fiscal year end, we will implement a more detailed review process to ensure all employees' salary schedules are updated when we process the system-wide update. We will have an additional person to review and sign the new salary schedules before the first payroll is processed in the new fiscal year.

**Wilcox County Board of Education  
Summary of Prior Audit Findings  
For the Year Ended September 30, 2024**

**Finding 2023-001 - Material Weakness**

**Condition:**

The Board expensed approximately \$1,300,000 of costs of “construction in progress” in the prior year.

**Recommendation:**

The Board recognized a prior period adjustment at the beginning of fiscal year 2023. Going forward, long-term construction projects should be coded as “construction in progress” as the project progresses. Review procedures should include reconciling the contracts to the books of original entry.

**Current Status:**

Resolved.