

*MUNICIPAL UTILITIES BOARD
OF THE CITY OF ALBERTVILLE
WASTE WATER SYSTEM*

Albertville, Alabama

AUDITED FINANCIAL STATEMENTS

June 30, 2024 and 2023



Municipal Utilities Board of the City of Albertville – Waste Water
System
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June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Municipal Utilities Board of the City of Albertville
Albertville, Alabama

Opinion

We have audited the accompanying financial statements of the Waste Water System enterprise fund of the Municipal Utilities Board of the City of Albertville (the "Waste Water System" or the "System") and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System, as of June 30, 2024, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Municipal Utilities Board of the City of Albertville, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Waste Water System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the Municipal Utilities Board of the City of Albertville that is attributable to the transactions of the Waste Water System. They do not purport to, and do not, present fairly the financial position of the Municipal Utilities Board of the City of Albertville as a whole, as of June 30, 2024 and 2023, the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System'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 System's ability to continue as a going concern for a reasonable period of time.



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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 have identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability and related ratios, the schedule of employer contributions, and the schedule of changes in the total OPB liability and related ratios, as listed in the table of contents, be presented to supplement the 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 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 the consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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 assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's financial statements. The schedules of operating expenses, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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Other Information

Management is responsible for the other information included in this report. The other information comprises the schedule of operating statistics, as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

The financial statements of the System as of June 30, 2023 were audited by other auditors whose opinion, dated October 31, 2023, was unmodified. We were not engaged to audit, review, or apply any procedures to the June 30, 2023 financial statements of the System and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2023 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

Management In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of 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 System'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 System's internal control over financial reporting and compliance.

Darrell W. Wates, CPA, PC

Decatur, Alabama
December 16, 2024

*MANAGEMENT'S DISCUSSION AND
ANALYSIS
(Unaudited)*



Municipal Utilities Board of the City of Albertville – Waste Water System Management’s Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

As management of the Municipal Utilities Board of the City of Albertville, we offer readers of the Waste Water System enterprise fund of the Municipal Utilities Board of the City of Albertville’s (the “Waste Water System” or the “System”) financial statements this narrative overview and analysis of the financial activities of the System for the fiscal year ended June 30, 2024. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the System’s financial activity, (c) identify changes in the System’s financial position (its ability to address the challenges of the coming and subsequent years), and (d) identify any material deviations from the financial plan (the budget).

Because the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and known facts, we encourage readers to consider the information presented here in conjunction with the System’s financial statements, which follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. These financial statements report information about the Waste Water System using full accrual accounting methods.

The Municipal Utilities Board (MUB) was reorganized and incorporated on May 15, 2013, under Article 9, Chapter 50, Title 11 (Sections 11–50–310 et seq.) of the Code of Alabama (1975). Prior to May, 2013, MUB operated within the confines of an Act of the Alabama Legislature passed in 1943. While operating under the 1943 Act, MUB was organized as an entity of the City of Albertville and the City had to issue all debt for MUB. The new form of organization allows MUB to issue its own debt. The three member Board of Directors of MUB (appointed by the City Council of Albertville) was given complete control of the public utilities in the City of Albertville. In addition to the Waste Water System, the Board also governs the Electric and Water Systems of the City.

Even though MUB is a municipal entity, the financial statements are presented more similar to a private business entity because a majority of the revenues in the Electric, Water and Waste Water Systems are generated from user fees, not any type of public tax. The Governmental Accounting Standards Board requires that these types of municipal entities follow accounting procedures more similar to those of private business. However, the mission of the Board is not to be a profitable entity, unlike a private system, but is to be able to finance all or most of its activities through user fees and reinvest assets in improving and maintaining the system.

The financial statements include a statement of net position; a statement of revenues, expenses and changes in net position; a statement of cash flows; and notes to the financial statements.

The statement of net position presents the financial position of the Waste Water System and all its assets and liabilities, with the difference reported as net position. Over time, increases or decreases in the System’s net position are one indicator of whether the System’s financial position is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents the results of the System’s activities over the course of the fiscal year. This statement also provides information about the System’s recovery of costs. Rate setting policies vary; however, the primary objective of any rate model is to improve equity among customer classes and ensure that capital costs are allocated on the basis of long–term capacity needs, ensuring that growth pays for growth.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, financing, and investing activities. This statement presents cash inflows and cash outflows for the fiscal year.

Municipal Utilities Board of the City of Albertville – Waste Water System
Management’s Discussion and Analysis (Unaudited - Continued)

June 30, 2024 and 2023

The notes to the financial statements provide required disclosures and other information vital to obtaining a full understanding of the System’s financial statements. The notes present information about the System’s accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any. Supplementary information, providing additional financial detail, is also provided.

The financial statements were prepared by the Board’s accounting staff from the detailed books and records of the System. The financial statements were then audited and adjusted, if necessary, during the independent external audit process.

FINANCIAL ANALYSIS

The following comparative condensed financial statements serve as the key financial data and indicators for management, monitoring and planning. The financial statements are studied in depth to detect trends, project growth and prepare budgets for the upcoming year.

Waste Water System’s Condensed Statement of Net Position

	Fiscal Year Ended		
	June 30, 2024	June 30, 2023	June 30, 2022
Assets			
Current Assets	\$ 8,026,609	\$ 6,739,728	\$ 7,886,863
Capital Assets	35,568,352	36,945,594	36,281,175
Other Assets	718,454	868,685	1,016,120
Total assets	44,313,415	44,554,007	45,184,158
Deferrd Outflows of Resources	1,371,038	1,806,329	1,352,338
Liabilities			
Current liabilities	1,409,700	1,826,419	1,496,900
Noncurrent liabilities	14,417,941	15,164,235	15,093,947
Total liabilities	15,827,641	16,990,654	16,590,847
Deferrd Inflows of Resources	246,714	275,181	574,615
Net position			
Net investment in capital assets	25,834,001	26,653,466	25,130,599
Restricted:			
Debt service	357	295	2
Unrestricted	3,775,740	2,440,740	4,240,433
Total net position	\$ 29,610,098	\$ 29,094,501	\$ 29,371,034

2024 Highlights

Municipal Utilities Board of the City of Albertville – Waste Water System Management’s Discussion and Analysis (Unaudited - Continued)

June 30, 2024 and 2023

The Waste Water System’s financial position remains stable for 2024. Total assets and deferred outflows decreased \$675,883 from 2024. Cash increased significantly due to an overall increase in cash flows from continued growth and increased rates along with an increase in interest income. Interest income increased from overall increases in rates due to inflation and the overall federal rate increases and the fact that the System began utilizing a sweep account in the current year to maximize their interest earnings. The increase in cash was not enough to overcome the continued increase in accumulated depreciation on existing capital assets in excess of current year additions of capital assets and the decrease in deferred outflows for both the pension and OPEB plans resulting from changes in actuarial assumptions. Total liabilities and deferred inflows decreased \$1,191,480 from 2023 primarily related to a decrease in accounts payable related to timing of receipts and payments surrounding year end and a continued reduction of outstanding debt from regularly scheduled principal payments, .

Total net position (total assets and deferred outflows minus total liabilities and deferred inflows) of \$29,610,098 reflects an increase of \$515,597 or 1.77% from 2023. Of this amount, 87% is invested in net plant assets and 13% is unrestricted.

2023 Highlights

Total assets and deferred outflows decreased \$176,160 from 2022 due to decreased cash and cash equivalents. Total liabilities and deferred inflows increased \$100,373 from 2022 mostly due to changes in the net pension liability, offset by a decrease in warrants payable carried at year end.

In 2023, total net position (total assets and deferred outflows minus total liabilities and deferred inflows) of \$29,094,501 reflects a decrease of \$276,533 from 2022, a .9% decrease. Of this amount, 92% is invested in net plant assets and 8% is unrestricted.

Waste Water System's Condensed Statement of Revenues, Expenses and Changes in Net Position

	Fiscal Year Ended		
	June 30, 2024	June 30, 2023	June 30, 2022
Operating revenues	\$ 9,969,271	\$ 9,387,408	\$ 8,445,208
Operating expenses	9,343,697	9,461,118	8,710,602
Operating income (loss)	625,574	(73,710)	(265,394)
Nonoperating revenues (expenses)	(109,977)	(202,823)	(316,116)
Change in net position	515,597	(276,533)	(581,510)
Net position - beginning of year	29,094,501	29,371,034	29,952,544
Net position - end of year	<u>\$ 29,610,098</u>	<u>\$ 29,094,501</u>	<u>\$ 29,371,034</u>

Municipal Utilities Board of the City of Albertville – Waste Water System Management’s Discussion and Analysis (Unaudited - Continued)

June 30, 2024 and 2023

2024 Highlights

The Waste Water System’s operating revenues are derived from sales of waste water treatment services. Other revenue consists of forfeited discounts industry surcharges, service fees and collection charges.

The Waste Water System has three classes of sales: residential, commercial, and industrial. Total sales revenue increased \$293,890 in 2024 as follows:

Residential	\$	151,178	6.85%	Increase
Commercial	\$	83,205	7.58%	Increase
Industrial	\$	59,507	1.11%	Increase

Total operating expense decreased \$117,421 or 1.24% from last year. Administrative and general expense increased \$59,504 due to the recording of pension expense per GASB68 and recording of OPEB expense per GASB75. Waste Water treatment plant expense decreased \$116,465 primarily due to a decrease in utility costs. Pumping station expense decreased \$83,043 as payroll allocated to this line item decreased due to more open work orders being allocated to plant rather than to expense.

2023 Highlights

For the fiscal year ending in 2023, Total sales revenue increased \$811,093 for 2023 as follows:

Residential	\$	198,063	9.86%	Increase
Commercial	\$	199,137	22.15%	Increase
Industrial	\$	413,893	8.34%	Increase

Total operating expense increased \$750,516 or 8.6% from 2022 to 2023. Administrative and general expense increased \$286,770 due to the recording of pension expense per GASB68 and recording of OPEB expense per GASB75. Waste Water treatment plant expense increased \$284,473 due to an increase in utilities and chemical costs. Depreciation expense increased \$234,051. Waste Water line expense increased \$35,092 mostly due to increased payroll. Customer accounts expense decreased \$58,750 due to decreased payroll costs and a decrease in credit card fees. Pump station expense decreased \$31,120 due to decreased labor maintenance and supplies.

Municipal Utilities Board of the City of Albertville – Waste Water System
Management’s Discussion and Analysis (Unaudited - Continued)
June 30, 2024 and 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2024 Highlights

Total Waste Water Plant (before depreciation and retirements) increased \$2,867,192 for 2024. Structures and buildings increased \$2,132,257, due to the conversion of the aerobic digester at the Waste Water plant. Transportation increased \$208,626 with the purchase of two service trucks and a backhoe. Pumping Stations increased \$144,464, while 53 new services were installed at a cost of \$68,261. Sewer mains increased \$55,553 due to main upgrades. General plant equipment increased \$31,284 due to the purchase of three refrigerated samplers. \$26,397 was invested in waste water’s portion of a host server and an AML server, while \$14,555 was invested in machinery and equipment. Communication equipment increased \$5,795 due to the purchase of two new handheld GPS units.

2023 Highlights

Total Waste Water Plant (before depreciation and retirements) increased \$2,766,385 for 2023. Structures and buildings increased \$1,046,672, mostly due to the addition of the Westside bypass line, an equipment shed, and the purchase of a transfer pump and an influent pump. Pumping Stations increased \$813,826 due to upgrades at Industrial Park and Solitude pump stations and capital repairs at George Wallace, Drum Circle, and Rural King pump stations. Sewer mains increased \$413,736 due to main upgrades at Solitude, Industrial Boulevard, and Martling Road. Transportation increased \$166,489 due to the purchase of two service trucks, a transit van, and capital repairs. \$112,987 was invested in machinery and equipment for a skid steer, mule, soft wash equipment, and camera. \$102,020 was invested in a new bridge at Westside and land improvements near the Wastewater plant. Communication equipment increased \$59,224 due to SCADA upgrades and the purchase of underground line locators. General plant equipment increased \$25,747 due to the purchase of two refrigerated samplers and a portable sampler while 20 new services were installed at a cost of \$25,684.

Debt Administration

During the fiscal year 2024, long term debt decreased by \$885,000 due to principal payments. Total long term debt remaining at June 30, 2024 is \$9,445,000.

During the fiscal year 2023, long term debt decreased by \$865,000 due to principal payments. Total long term debt remaining at June 30, 2023 is \$10,330,000.

Municipal Utilities Board of the City of Albertville – Waste Water System
Management’s Discussion and Analysis (Unaudited - Continued)
June 30, 2024 and 2023

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Capital Expenditures Budget for 2025 is \$7,532,420. These expenditures will include:

- \$ 5,195,000 - Structures - Treatment Plant additions and capital repairs
- \$ 880,000 - Main Upgrades – Miscellaneous upgrades
- \$ 827,000 - Pump Stations – Miscellaneous upgrades
- \$ 249,500 - Machinery & Equipment –Camera system trailer, two push cameras and a trench box
- \$ 180,000 - Transportation Equipment – Two service trucks and capital repairs
- \$ 125,500 - Service Laterals – Includes 61 new services
- \$ 25,000 - General Plant Equipment/Lab – Miscellaneous repairs and upgrades
- \$ 20,000 - Communication Equipment – Miscellaneous upgrades
- \$ 16,100 - Office & Computer Equipment– Warehouse furniture and miscellaneous
- \$ 10,000 - Land Improvements – Miscellaneous
- \$ 4,320 - Meters – Itron antenna’s for ERT’s

FINAL COMMENTS

The Waste Water System’s management and the MUB Board annually prepare and review operating budgets, payroll budgets and capital purchases budgets. The preparations of these budgets involve reviewing several factors such as: anticipated growth and expansion or cutbacks in industrial usage; forecasting expenses; and determination of capital needs. These budgets provide a blueprint for operations for the next year and assist in determining financial position for the near future.

A Waste Water rate study was completed in 2022 which resulted in a three step rate per gallon increase. Phase 1 of this increase was implemented in July, 2022. Phase 2 was implemented in October, 2023 and Phase 3 will be implemented in October, 2024. Additional review of rates may be needed to ensure that the Waste Water department has the funds necessary for operations and expansion.

CONTACTING THE SYSTEM’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the System’s finances for all those with an interest in the System’s finances and to demonstrate the System’s accountability for the funds it receives. Questions concerning any information provided in this report or requests for any additional information should be directed to the General Manager/CEO and Chief Financial Officer of the Municipal Utilities Board of Albertville, 210 West Main Street, Albertville, Alabama 35950.



Elden Chumley
General Manager/CEO
Municipal Utilities Board of Albertville



Paige Cagle
Chief Financial Officer
Municipal Utilities Board of Albertville

*BASIC
FINANCIAL STATEMENTS*



Municipal Utilities Board of the City of Albertville – Waste Water System
 Statements of Net Position
 June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 6,563,726	\$ 5,532,888
Restricted Cash and Cash Equivalents	357	295
Receivables - Customers	185,509	163,607
Receivables - Other	683,880	432,225
Materials and Supplies	428,660	446,323
Prepaid Expenses	16,635	19,343
Current portion of Notes Receivable - Water System	147,842	145,047
Total Current Assets	8,026,609	6,739,728
Noncurrent Assets		
Capital Assets:		
Utility Plant in Service	89,461,937	86,594,746
Land and Land Rights	1,118,168	1,118,168
Construction in Progress	282,144	1,674,372
Less: Accumulated Depreciation	(55,293,897)	(52,441,692)
Total Capital Assets, Net	35,568,352	36,945,594
Notes Receivable - Water System, net of Current Portion	701,343	849,186
Other Noncurrent Assets	17,111	19,499
Total Noncurrent Assets	36,286,806	37,814,279
Total Assets	44,313,415	44,554,007
Deferred Outflows of Resources		
Deferred Amount of Refunding	320,671	367,598
Deferred Outflows of Resources Related to Pensions	933,518	1,289,491
Deferred Outflows of Resources Related to OPEB	116,849	149,240
Total Deferred Outflows of Resources	1,371,038	1,806,329
Total Assets and Deferred Outflows of Resources	\$ 45,684,453	\$ 46,360,336

The accompanying notes are an integral part of this statement.

Liabilities	2024	2023
Current Liabilities:		
Accounts Payable	\$ 211,494	\$ 640,239
Accrued Payroll Liabilities	78,435	77,672
Accrued Interest	-	-
Other Current Liabilities	117,575	137,875
Noncurrent Liabilities, Due in One Year:		
Compensated Absences	92,196	85,633
Current Portion of Warrants Payable	460,000	450,000
Current Portion of Debt from Direct Borrowings	450,000	435,000
Total Current Liabilities	1,409,700	1,826,419
Noncurrent Liabilities:		
Warrants Payable, Net of Current Maturities and Unamortized Discount	4,004,351	4,504,726
Debt from Direct Borrowings, Net of Current Maturities	4,820,000	5,270,000
Net Pension Liability	4,571,311	4,411,826
Total OPEB Liability	883,985	849,234
Compensated Absences	138,294	128,449
Total Noncurrent Liabilities	14,417,941	15,164,235
Total Liabilities	15,827,641	16,990,654
Deferred Inflows of Resources		
Deferred Inflows of Resources Related to Pensions	64,360	74,826
Deferred Inflows of Resources Related to OPEB	182,354	200,355
Total Deferred Inflows of Resources	246,714	275,181
Net Position		
Net Investment in Capital Assets	25,834,001	26,653,466
Restricted for Debt Service	357	295
Unrestricted	3,775,740	2,440,740
Total Net Position	29,610,098	29,094,501
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 45,684,453	\$ 46,360,336

Municipal Utilities Board of the City of Albertville – Waste Water System
 Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenue		
Sales		
Residential Sales	\$ 2,357,053	\$ 2,205,875
Commercial	1,181,296	1,098,091
Industrial	5,436,103	5,376,596
Total Sales	<u>8,974,452</u>	<u>8,680,562</u>
Other Operating Revenues:		
Customers' Forefited Discounts and Penalties	55,479	32,259
System Development Charge	109,026	71,111
Other Revenues	830,314	603,476
Total Operating Revenues	<u>9,969,271</u>	<u>9,387,408</u>
Operating Expenses		
Wastewater Treatment Plant	3,309,325	3,425,790
Pumping Stations	654,068	737,111
Wastewater Line	856,930	839,140
Customer Accounts	316,344	313,659
Administrative and General	1,465,105	1,405,601
Depreciation	2,741,925	2,739,817
	<u>9,343,697</u>	<u>9,461,118</u>
Operating income (loss)	625,574	(73,710)
Nonoperating Revenues (Expenses)		
Interest income	190,639	121,701
Interest expense	(300,616)	(324,524)
Total Nonoperating Revenues (Expenses)	<u>(109,977)</u>	<u>(202,823)</u>
Change in Net Position	515,597	(276,533)
Net Position - Beginning of Year	<u>29,094,501</u>	<u>29,371,034</u>
Net Position - End of Year	<u>\$ 29,610,098</u>	<u>\$ 29,094,501</u>

The accompanying notes are an integral part of this statement.

Municipal Utilities Board of the City of Albertville – Waste Water System
 Statements of Cash Flows
 For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Cash Received from Customers	\$ 9,117,055	\$ 8,780,181
Cash Paid to Suppliers	(3,943,690)	(3,626,189)
Cash Paid to Employees	(2,515,452)	(2,113,160)
Other operating cash receipts	578,659	706,846
Net Cash Provided By Operating Activities	<u>3,236,572</u>	<u>3,747,678</u>
Noncapital Financing Activities		
Principal Payments from Note Receivable - Water System	145,048	142,305
Interest from Note Receivable - Water System	17,724	20,467
Net Cash (Used) Provided By Noncapital Financing Activities	<u>162,772</u>	<u>162,772</u>
Capital and Related Financing Activities		
Purchase and Construction of Capital Assets	(1,364,683)	(3,901,429)
Proceeds from sale of capital assets	-	-
Principal Payments on warrants	(450,000)	(440,000)
Principal Payments on direct placement debt	(429,937)	(425,000)
Interest paid on warrants	(156,710)	(168,819)
Interest paid on direct placement debt	(140,029)	(155,666)
Net Cash Used By Capital and Related Financing Activities	<u>(2,541,359)</u>	<u>(5,090,914)</u>
Investing Activities		
Interest received	172,853	100,941
Net Cash (Used) Provided By Investing Activities	<u>172,853</u>	<u>100,941</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,030,838	(1,079,523)
Cash and cash equivalents, beginning	<u>5,532,888</u>	<u>6,612,411</u>
Cash and Cash Equivalents, Ending	<u>\$ 6,563,726</u>	<u>\$ 5,532,888</u>

The accompanying notes are an integral part of this statement.

Operating Income (loss)	\$ 625,574	\$ (73,710)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,852,205	2,934,178
(Gain) Loss on Disposition of Capital Assets	-	302,832
Bad Debt Expense	-	3,693
Decrease (increase) in operating assets and Increase (decrease) in operating liabilities:		
Receivables	(273,557)	96,724
Inventory	17,663	(26,584)
Prepaid Expenses	5,096	(798)
Accounts Payable and Accrued Expenses	(544,542)	315,983
Pension and OPEB Related Deferrals and Liabilities	554,133	195,360
Net Cash Provided By Operating Activities	<u>\$ 3,236,572</u>	<u>\$ 3,747,678</u>
Reconciliation of Depreciation Totals to Statements of Cash Flow		
Depreciation Expense	\$ 2,741,925	\$ 2,739,817
Depreciation of Transportation Equipment Included in Distribution Expenses	<u>110,280</u>	<u>194,361</u>
Total Depreciation	<u>\$ 2,852,205</u>	<u>\$ 2,934,178</u>

The accompanying notes are an integral part of this statement.

*NOTES TO THE
FINANCIAL STATEMENTS*



Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements
June 30, 2024 and 2023

NOTE 1 - OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY

REPORTING ENTITY

This report includes the financial statements of the Waste Water System of the Municipal Utilities Board of the City of Albertville, Alabama. It does not include the following other enterprise funds of the Municipal Utilities Board of the city of Albertville:

Electric System
Water System

The above-mentioned funds must be considered when evaluating the financial position of the System and the results of its operations and changes in financial position taken as a whole. The financial statements of other Systems may be obtained by contacting the office of the Municipal Utilities Board of the City of Albertville, Alabama.

The property and business of the Municipal Utilities Board of the City of Albertville is managed by a three-member Board of Directors appointed by the Mayor and City Council of the City of Albertville. The members of the Board and Management at June 30, 2024 were as follows:

Board of Directors
Paul McAbee, Chairman
Kasey Culbert, Member
Keith McGee, Member

Management
Elden Chumley, General Manager/Chief Executive Officer

NATURE OF BUSINESS

The operations of the Waste Water System primarily consist of the sale of waste water treatment services to citizens of the City of Albertville, Alabama.

ACCOUNTING POLICIES

The Waste Water System uses the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

RECOGNITION OF REVENUE AND COST

The Waste Water System records service revenue on the accrual basis of accounting. Amounts are recorded in the period they are earned. The Waste Water System records purchased pumping and treatment expenses under the accrual method of accounting. Amounts are recorded in the period that they are used.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents may include cash on hand, demand deposits, money market, and savings accounts, and short-term investments with original maturities of three months or less, excluding restricted funds, which are carried at fair value (level 1).

ACCOUNTS RECEIVABLES - TRADE

All services provided by the Albertville Municipal Utilities Board (or "MUB") are billed and collected by the Electric System, with revenues recognized by each System through an intercompany system of accounting. Albertville MUB extends credit to its customers who are primarily located in Albertville, Alabama. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. Doubtful accounts related to trade receivables were insignificant at June 30, 2024 and 2023.

INVENTORIES

Inventories of materials and supplies are priced at the lower of average cost or net realizable value, with cost being determined by the average cost method.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Utilities have three items that qualify for reporting in this category. They are (i) the deferred outflow of resources related to pensions, (ii) the deferred outflow of resources related to OPEB, and (iii) the unamortized deferred loss on debt defeasance.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Utilities have two items that qualify for reporting in this category. They are (i) the deferred inflow of resources related to pensions and (ii) the deferred inflow of resources related to OPEB.

Municipal Utilities Board of the City of Albertville – Waste Water System
 Notes to Financial Statements (Continued)
 June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

UTILITY PLANT

Utility plant is stated at original cost less accumulated depreciation. Plant additions are constructed by employees and outside contractors depending on the type of work and overhead costs. While projects are in progress, costs are accumulated in the construction work-in-progress account. Other additions to the utility plant accounts include purchased items capitalized based on acquisition costs over \$5,000. Additions, improvements, and expenditures for repairs and maintenance that significantly add to the productivity or extend the economic life of the assets are capitalized. Other expenditures for repairs and maintenance are charged to operations.

Depreciation has been applied on a straight-line basis as follows:

Waste Water Plant:		General Plant:	
Land and Land Rights	0.00%	Furniture and Office Equipment	10.00%
Land Improvements	3.00%	Transportation Equipment	10.00%
Structures and Improvements	3.00%	Communication Equipment	20.00%
Machinery and Equipment	15.00%	General Plant Equipment	8.00%
Radio Read Meters	5.00%		
Sewer Mains	2.00%		
Service Laterals	2.00%		
Pumping Stations	7.00%		

When property subject to depreciation is retired or otherwise disposed of, the original cost and accumulated depreciation are removed from the appropriate accounts at original cost, together with cost of removal. Salvage value is credited to the accumulated depreciation accounts.

AMORTIZATION

Amortization of debt issuance costs (prepaid insurance), bond discounts, and bond premiums is computed using the effective interest method over the remaining term of the outstanding bonds.

ACCRUED ANNUAL LEAVE AND SICK LEAVE

Employees of the Waste Water System are provided various vacation and sick leave benefits and are accrued in the Waste Water System's financial statements. The annual leave policy of the Waste Water System allows each employee to receive up to twenty days of annual leave, depending on the employee's seniority. All regular status employees may accumulate annual leave and carry it over to the next year up to a total maximum of 40 hours. Accumulated annual leave in excess of 40 hours will be forfeited. The accrued annual leave, based on each employee's accumulated hours, at June 30, 2024 and 2023, was as follows:

	<u>2024</u>	<u>2023</u>
Accrued vacation	\$ 149,563	\$ 133,680

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The sick leave policy provides that accumulated sick leave may be paid to employees at a rate equal to one hour's pay for every eight or twelve hours accumulated, depending on hire date. The right to this benefit is not vested until the employee meets the defined requirements. The accrued sick leave, based on each employee's accumulated hours, at June 30, 2024 and 2023, was as follows:

	<u>2024</u>	<u>2023</u>
Accrued sick	\$ 80,927	\$ 80,402

NET POSITION

Net position of the Waste Water System is classified in the following three components:

Net Investment in Capital Assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation, reduced by the current balances of any outstanding borrowing or deferred inflows of resources used to finance the purchase, construction, or improvement of the assets and increased by current balances of deferred outflows of resources related to those assets.

Restricted – consists of noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, laws or regulations of other governments, or contributors external to the Utilities Board, including amounts deposited with trustees as required by revenue bond indentures, discussed in Note 2.

Unrestricted – consists of the remaining net position that does not meet the definition of net investment in capital assets, net of related debt, or restricted. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Waste Water System's general policy to use restricted resources first.

REVENUES AND EXPENSES

Operating revenues consist of revenues generated by the sale of waste water and sewer services. Non-operating revenues consist of revenues generated by activities other than the direct operation of the system. Operating expenses consist of all expenses incurred to provide waste water and sewer services, other than financing costs. Non-operating expenses consist of interest expense and other expenses not directly related to providing waste water services.

STATEMENTS OF CASH FLOW

For purposes of the Statements of Cash Flow, the Waste Water System consider all highly liquid investments (excluding all restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PENSIONS

The Employees' 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 the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value.

Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Municipal Utilities Board of the City of Albertville provides other postemployment benefits to retirees who meet certain requirements. The total OPEB liability, as well as deferred outflows and deferred inflows of resources are based upon an actuarial valuation.

SUBSEQUENT EVENTS

In preparing these financial statements, the Waste Water System has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, which was the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS

The Waste Water System's cash and cash equivalents at June 30, 2024 and 2023, were comprised of the following:

	<u>2024</u>	<u>2023</u>	<u>Risks</u>
Demand Deposits	\$ 5,524,138	\$ 5,532,888	N/A
Non-Negotiable Certificates of Deposit	1,039,588	-	Custodial Credit
U.S. Treasuries	<u>357</u>	<u>295</u>	Custodial Credit
Total Cash and Investments	<u>\$ 6,564,083</u>	<u>\$ 5,533,183</u>	
Cash and Cash Equivalents	\$ 6,563,726	\$ 5,532,888	
Restricted Cash and Cash Equivalents	<u>357</u>	<u>295</u>	
Total Cash and Cash Equivalents per Statement of Net Position	<u>\$ 6,564,083</u>	<u>\$ 5,533,183</u>	

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CUSTODIAL CREDIT RISK

All of the Waste Water System's deposits at year-end were held by financial institutions in the State of Alabama's Security of Alabama Funds Enhancement (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 Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

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Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 3 - CAPITAL ASSETS

Information related to property, plant and equipment of the Waste Water System for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Waste Water Plant:				
Land and Land Rights	\$ 1,118,168	\$ -	\$ -	\$ 1,118,168
Other Capital Assets:				
Construction Work-In-Progress	1,674,372	1,353,278	(2,745,506)	282,144
Total Capital Assets Not Being Depreciated	2,792,540	1,353,278	(2,745,506)	1,400,312
Capital Assets Being Depreciated:				
Waste Water Plant:				
Land Improvements	149,493	-	-	149,493
Structures/Buildings	41,671,085	2,312,257	-	43,983,342
Sewer Mains	26,411,186	55,553	-	26,466,739
Service Laterals	1,203,890	68,261	-	1,272,151
Radio Read Meters	1,443,061	-	-	1,443,061
Pumping Stations	12,063,432	144,464	-	12,207,896
Machinery and Equipment	835,591	14,555	-	850,146
Transportation Equipment	2,021,178	208,626	-	2,229,804
General Plant Equipment	98,867	31,284	-	130,151
Office and Computer Equipment/Furniture	297,392	26,397	-	323,789
Communication Equipment	399,571	5,794	-	405,365
	86,594,746	2,867,191	-	89,461,937
Less Accumulated Depreciation for:				
Land Improvements	(20,249)	(4,485)	-	(24,734)
Structures/Buildings	(24,571,469)	(1,252,550)	-	(25,824,019)
Sewer Mains	(12,301,137)	(528,665)	-	(12,829,802)
Service Laterals	(362,126)	(24,660)	-	(386,786)
Radio Read Meters	(304,737)	(72,153)	-	(376,890)
Pumping Stations	(11,470,303)	(707,844)	-	(12,178,147)
Machinery and Equipment	(774,067)	(69,128)	-	(843,195)
Transportation Equipment	(1,928,002)	(110,281)	-	(2,038,283)
General Plant Equipment	(67,881)	(7,909)	-	(75,790)
Office and Computer Equipment/Furniture	(297,393)	(13,491)	-	(310,884)
Communication Equipment	(344,328)	(61,039)	-	(405,367)
	(52,441,692)	(2,852,205)	-	(55,293,897)
Total Capital Assets Being Depreciated, Net	34,153,054	14,986	-	34,168,040
Total Capital Assets, Net	\$ 36,945,594	\$ 1,368,264	\$ (2,745,506)	\$ 35,568,352

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 3 - CAPITAL ASSETS (Continued)

Information related to property, plant and equipment of the Waste Water System for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Waste Water Plant:				
Land and Land Rights	\$ 1,118,168	\$ -	\$ -	\$ 1,118,168
Other Capital Assets:				
Construction Work-In-Progress	775,471	3,148,209	(2,249,308)	1,674,372
Total Capital Assets Not Being Depreciated	1,893,639	3,148,209	(2,249,308)	2,792,540
Capital Assets Being Depreciated:				
Waste Water Plant:				
Land Improvements	47,473	102,020	-	149,493
Structures/Buildings	40,624,413	1,046,672	-	41,671,085
Sewer Mains	26,028,483	413,736	(31,033)	26,411,186
Service Laterals	1,178,206	25,684	-	1,203,890
Radio Read Meters	1,443,061	-	-	1,443,061
Pumping Stations	11,292,051	813,826	(42,445)	12,063,432
Machinery and Equipment	722,604	112,987	-	835,591
Transportation Equipment	1,903,327	166,489	(48,638)	2,021,178
General Plant Equipment	73,120	25,747	-	98,867
Office and Computer Equipment/Furniture	297,392	-	-	297,392
Communication Equipment	344,805	59,224	(4,458)	399,571
	83,954,935	2,766,385	(126,574)	86,594,746
Less Accumulated Depreciation for:				
Land Improvements	(17,495)	(2,754)	-	(20,249)
Structures/Buildings	(23,338,845)	(1,232,624)	-	(24,571,469)
Sewer Mains	(11,775,615)	(522,940)	(2,582)	(12,301,137)
Service Laterals	(338,344)	(23,782)	-	(362,126)
Radio Read Meters	(232,584)	(72,153)	-	(304,737)
Pumping Stations	(10,701,707)	(811,041)	42,445	(11,470,303)
Machinery and Equipment	(710,074)	(63,993)	-	(774,067)
Transportation Equipment	(1,749,205)	(194,361)	15,564	(1,928,002)
General Plant Equipment	(61,331)	(6,550)	-	(67,881)
Office and Computer Equipment/Furniture	(297,393)	-	-	(297,393)
Communication Equipment	(344,806)	(3,980)	4,458	(344,328)
	(49,567,399)	(2,934,178)	59,885	(52,441,692)
Total Capital Assets Being Depreciated, Net	34,387,536	(167,793)	(66,689)	34,153,054
Total Capital Assets, Net	\$ 36,281,175	\$ 2,980,416	\$ (2,315,997)	\$ 36,945,594

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 4 - LONG-TERM RECEIVABLES

Note Receivable – Water System

During the year ended June 30, 2020, the Water System refinanced the Water Revenue Bonds, Series 2010-SRF by borrowing from the Waste Water System. The Waste Water System issued a note dated December 19, 2019, for an original amount of \$1,480,643, and the note bears interest of 1.91% per annum. Payments of \$13,564.31 are due monthly, including interest and matures December 19, 2029. The balance due on the note as of June 30, 2024, and 2023 was \$849,185 and \$994,233, respectively.

NOTE 5 – NONCURRENT LIABILITIES

The Waste Water System issues Revenue Warrants to provide funds primarily for capital improvements and refunding of other bonds. All bond issues are secured by a pledge on the net revenues of the Waste Water System on parity with the pledge established by all bonds issued for each System.

Sewer Revenue Bonds, Series 2013-B-CWSRF (Direct Placement)

During the year ended June 30, 2014, the Waste Water System issued General Obligation Warrants Series 2013-B-CWSRF. These warrants were authorized in the original amount of \$3,460,000 and bear interest of 2.75% per annum, which is due on February 15 and August 15 each year according to stated maturity dates. The balance due on these warrants as of June 30, 2024 and 2023 was \$2,110,000 and \$2,275,000, respectively. Series 2013-B-CWSRF bonds are secured by a pledge of revenues derived from the operation of the waste water system. The bond ordinance and indentures place certain restrictions on the use of revenues as discussed in Note 2.

Waste Water Revenue Bonds, Series 2012-CWSRF (Direct Placement)

During the year ended June 30, 2012, the Waste Water System issued General Obligation Warrants Series 2012-CWSRF. These warrants were authorized in the original amount of \$5,560,000 and bear interest of 2.75% per annum, which is due on February 15 and August 15 each year according to stated maturity dates. The balance due on these warrants as of June 30, 2024 and 2023 was \$3,160,000 and \$3,430,000, respectively. Series 2012-CWSRF bonds are secured by a pledge of revenues derived from the operation of the waste water system. The bond ordinance and indentures place certain restrictions on the use of revenues as discussed in Note 2.

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Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 5 – NONCURRENT LIABILITIES (Continued)

Sewer Revenue Bonds, Series 2019-A

During the year ended June 30, 2020, the Waste Water System issued Municipal Utilities Board of the City of Albertville Sewer Revenue Bonds, Series 2019-A dated December 4, 2019. These warrants were authorized in the original amount of \$5,925,000 and bear interest ranging from 1.4% – 4.0% per annum, which is due on February 15 and August 15 each year according to stated maturity dates. The balance due on these warrants as of June 30, 2024 and 2023 was \$4,175,000 and \$4,625,000, respectively. Series 2019-A bonds are secured by a pledge of revenues derived from the operation of the Waste Water system. The bond ordinance and indentures place certain restrictions on the use of revenues as discussed in Note 2. The proceeds from the Series 2019-A bonds were used to establish an escrow fund to refund the Series 2013-A bonds, refund the Water Revenue SRF bond, and pay the bond issuance costs.

The following is a summary of the Waste Water System's noncurrent liability transactions for the fiscal year ended June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Revenue Warrants	\$ 4,625,000	\$ -	\$ (450,000)	\$ 4,175,000	\$ 460,000
Issue Discounts	329,726		(40,375)	289,351	-
Total Noncurrent Debt	4,954,726	-	(490,375)	4,464,351	460,000
Debt from Direct Borrowings	\$ 5,705,000	\$ -	\$ (435,000)	\$ 5,270,000	\$ 450,000
Total Noncurrent Debt	5,705,000	-	(435,000)	5,270,000	450,000
Compensated Absences	214,082	105,435	(89,027)	230,490	92,196
Net Pension Liability	4,411,826	1,244,420	(1,084,935)	4,571,311	-
Total OPEB Liability	849,234	68,782	(34,031)	883,985	-
Total Noncurrent Liabilities	<u>\$ 16,134,868</u>	<u>\$ 1,418,637</u>	<u>\$ (2,133,368)</u>	<u>\$ 15,420,137</u>	<u>\$ 1,002,196</u>

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Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 5 – NONCURRENT LIABILITIES (Continued)

The following is a summary of the Waste Water System's noncurrent liability transactions for the fiscal year ended June 30, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Revenue Warrants	\$ 5,065,000	\$ -	\$ (440,000)	\$ 4,625,000	\$ 450,000
Issue Discounts	370,101		(40,375)	329,726	-
Total Noncurrent Debt	5,435,101	-	(480,375)	4,954,726	450,000
Direct Placement Debt	6,130,000	-	(425,000)	5,705,000	435,000
Total Noncurrent Debt	6,130,000	-	(425,000)	5,705,000	435,000
Compensated Absences	214,163	85,584	(85,665)	214,082	85,633
Net Pension Liability	3,412,693	1,645,821	(646,688)	4,411,826	-
Total OPEB Liability	852,655	98,820	(102,241)	849,234	-
Total Noncurrent Liabilities	\$ 16,044,612	\$ 1,830,225	\$ (1,739,969)	\$ 16,134,868	\$ 970,633

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

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NOTE 6 – DEFINED BENEFIT PENSION PLAN

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

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

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 6 – DEFINED BENEFIT PENSION PLAN - Continued

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

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

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

The ERS serves approximately 884 local participating employers. The ERS membership includes approximately 113,079 participants. As of September 30, 2023, membership consisted of:

	Employee Retirement System	Albertville MUB MUB
Retired members of their beneficiaries currently receiving benefits	31,481	59
Vested inactive members	2,350	3
Non-vested inactive members	20,556	3
Active members	58,659	100
Post-DROP retired members still in active service	33	-
	113,079	165

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Municipal Utilities Board of the City of Albertville – Waste Water System
 Notes to Financial Statements (Continued)
 June 30, 2024 and 2023

NOTE 6 – DEFINED BENEFIT PENSION PLAN - Continued

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended June 30, 2024, the System's active employee contribution rate was 5.0% (Tier 1) and 7.5% (Tier 2) of covered employee payroll, and the System's average contribution rate to fund the normal and accrued liability costs was 14.80% (Tier 1) and 13.14% (Tier 2) of covered employee payroll. These required contribution rates are based upon the actuarial valuation as of September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability.

Total employer contributions to the pension plan from the Systems were \$1,126,596 and \$1,105,314 for the years ended June 30, 2024 and 2023, respectively.

	June 30, 2024			
	Electric	Water	Waste Water	Total
Employer Contributions	\$ 362,455	\$ 385,141	\$ 379,000	\$ 1,126,596

	June 30, 2023			
	Electric	Water	Waste Water	Total
Employer Contributions	\$ 495,371	\$ 303,936	\$ 306,007	\$ 1,105,314

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 6 – DEFINED BENEFIT PENSION PLAN - Continued

Net Pension Liability

The System’s June 30, 2024 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 September 30, 2022, rolled forward to September 30, 2023, using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2022	\$ 36,442,243	\$ 37,120,953	\$ 37,120,953
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2022 - September 30, 2023	614,802	614,802	614,802
(d) Transfers Among Employees	-	-	-
(e) Actual Benefit Payments and Refunds for October 1, 2022 - September 30, 2023	<u>(2,108,069)</u>	<u>(2,108,069)</u>	<u>(2,108,069)</u>
(f) Total Pension Liability as of September 30, 2023 [(a) x (1+(b))] + (c) + (d)- + [(e) + (1+0.5* (b))]	<u>\$ 37,585,399</u>	<u>\$ 38,314,672</u>	<u>\$ 38,314,672</u>
(g) Difference between Expected and Actual		\$ 729,274	
(h) Less Liability Transferred for Immediate Recognition		<u>-</u>	
(i) Difference between Expected and Actual - Expected (Gain) / Loss		<u>\$ 729,274</u>	
(j) Difference between expected and actual TPL Before After Plan Changes - Benefit Change (Gain) / Loss			\$ -

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Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 6 – DEFINED BENEFIT PENSION PLAN - Continued

The System's June 30, 2023 net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2021, rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	\$ 35,404,523	\$ 35,159,209	\$ 35,194,153
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2021 - September 30, 2022	601,597	601,597	602,268
(d) Transfers Among Employees	-	(103,309)	(103,309)
(e) Actual Benefit Payments and Refunds for October 1, 2021 - September 30, 2022	<u>(1,805,575)</u>	<u>(1,805,575)</u>	<u>(1,805,575)</u>
(f) Total Pension Liability as of September 30, 2022 [(a) x (1+(b))] + (c) + (d)- + [(e) + (1+0.5* (b))]	<u>\$ 36,770,924</u>	<u>\$ 36,404,025</u>	<u>\$ 36,442,244</u>
(g) Difference between Expected and Actual		\$ (366,899)	
(h) Less Liability Transferred for Immediate Recognition		<u>(103,309.00)</u>	
(i) Difference between Expected and Actual - Expected (Gain) / Loss		<u>\$ (263,590)</u>	
(j) Difference between expected and actual TPL Before After Plan Changes - Benefit Change (Gain) / Loss			\$ 38,218

Actuarial Assumptions

The total pension liability as of September 30, 2023 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. The key actuarial assumptions are summarized below:

Inflation	2.50%
Salary increases	3.25% - 6.00%
Investment rate of return*	7.45%, including inflation

*Net of pension plan investment expense

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 6 – DEFINED BENEFIT PENSION PLAN - Continued

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

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

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

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

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

*Includes assumed rate of inflation of 2.00%

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 6 – DEFINED BENEFIT PENSION PLAN - Continued

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
	(a)	(b)	(c)
Reported Balances at July 1, 2022	\$ 35,404,523	\$ 22,764,920	\$ 12,639,603
Changes for the year:			
Service cost	601,597	-	601,597
Interest	2,570,379	-	2,570,379
Changes of assumptions and benefit terms	38,218	-	38,218
Differences between expected and actual experience	(263,590)	-	(263,590)
Contributions - employer	-	1,091,960	(1,091,960)
Contributions - employee	-	411,130	(411,130)
Net investment income	-	(2,885,443)	2,885,443
Benefit payments, including refunds of employee contributions	(1,805,575)	(1,805,575)	-
Administrative expense	-	-	-
Transfers among Employers	(103,309)	(103,309)	-
Net changes	1,037,720	(3,291,237)	4,328,957
Balances at June 30, 2023	\$ 36,442,243	\$ 19,473,683	\$ 16,968,560
Changes for the year:			
Service cost	614,802	-	614,802
Interest	2,636,422	-	2,636,422
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	729,274	-	729,274
Contributions - employer	-	1,096,093	(1,096,093)
Contributions - employee	-	431,695	(431,695)
Net investment income	-	2,490,490	(2,490,490)
Benefit payments, including refunds of employee contributions	(2,108,069)	(2,108,069)	-
Administrative expense	-	-	-
Transfers among Employers	-	-	-
Net changes	1,872,429	1,910,209	(37,780)
Balances at June 30, 2024	\$ 38,314,672	\$ 21,383,892	\$ 16,930,780

Municipal Utilities Board of the City of Albertville – Waste Water System
 Notes to Financial Statements (Continued)
 June 30, 2024 and 2023

NOTE 6 – DEFINED BENEFIT PENSION PLAN - Continued

The net pension liability is reflected in each System’s financial statements, as follows:

	2024	2023
Electric System	\$ 7,788,158	\$ 8,144,908
Water System	4,571,311	4,411,826
Waste Water System	4,571,311	4,411,826
	<u>\$ 16,930,780</u>	<u>\$ 16,968,560</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the System’s net pension liability calculated using the discount rate of 7.45%, as well as what the System’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 (dollar amounts in thousands):

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
2024 Reported Net Pension Liability	\$ 21,719,421	\$ 16,930,780	\$ 12,915,504
	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
2023 Reported Net Pension Liability	\$ 21,545,557	\$ 16,968,560	\$ 13,128,901

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor’s report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 6 – DEFINED BENEFIT PENSION PLAN - Continued

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

For the years ended June 30, 2024 and 2023, the Systems recognized net pension expense of \$2,379,028 and \$2,228,782, respectively calculated as follows:

Service Cost	\$ 614,802	\$ 601,597
Interest on the Total Pension Liability	2,636,422	2,570,379
Current Period Benefit Change	-	38,218
Expensed Portion of Current Period Difference Between Expected and Actual Experience in the Total Pension Liability	107,246	(38,763)
Expensed Portion of Current Period Changes of Assumptions and Benefits	-	-
Member Contributions	(431,695)	(411,130)
Projected Earnings on Plan Investments	(1,429,174)	(1,680,871)
Expensed Portion of Current Period Difference Between Actual and Projected Earnings on Plan Investments	(212,263)	913,263
Recognition of Beginning Deferred Outflows of Resources as Pension Expense	1,132,453	572,182
Recognition of Beginning Deferred Inflows of Resources as Pension Expense	(38,763)	(336,093)
	<u>\$ 2,379,028</u>	<u>\$ 2,228,782</u>

At June 30, 2024, the Systems reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>2024</u>		<u>2023</u>	
	Deferred Outflows Resources	Deferred Inflows Resources	Deferred Outflows Resources	Deferred Inflows Resources
Differences between expected and actual experiences	\$ 1,390,223	\$ 186,064	\$ 1,114,381	\$ 224,827
Changes of assumptions	492,197	-	648,724	-
Net difference between projected and actual earnings on pension plan investments	873,264	-	2,352,057	-
Employer contributions subsequent to the measurement date	790,395	-	789,442	-
Total	<u>\$ 3,546,079</u>	<u>\$ 186,064</u>	<u>\$ 4,904,604</u>	<u>\$ 224,827</u>

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 6 – DEFINED BENEFIT PENSION PLAN –(Continued)

The deferred outflow of resources and deferred inflows of resources were reported in each Electric System's financial statements as follows for June 30, 2024 and 2023:

	2024		2023	
	Deferred Outflows Resources	Deferred Inflows Resources	Deferred Outflows Resources	Deferred Inflows Resources
Electric System	\$ 1,656,967	\$ 73,715	\$ 2,294,163	\$ 91,546
Water System	955,594	47,989	1,320,950	58,455
Waste Water System	933,518	64,360	1,289,491	74,826
	<u>\$ 3,546,079</u>	<u>\$ 186,064</u>	<u>\$ 4,904,604</u>	<u>\$ 224,827</u>

The \$933,518 and \$1,289,491 reported as deferred outflows of resources related to pensions at June 30, 2024 and 2023, respectively, resulting from the Systems' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024 (\$3,546,079) and 2023 (\$4,904,604). Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended September 30:	
2025	\$ 742,005
2026	607,210
2026	1,028,982
2027	29,391
2028	76,234
Thereafter	85,798

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the total position of the plan (OPEB Plan) and additions to/deductions from the OPEB Plan's total position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the flowing timeframes are used:

Valuation Date	September 30, 2023
Measurement Date	September 30, 2022
Measurement Period	September 30, 2023
Reporting Date	June 30, 2024

Municipal Utilities Board of the City of Albertville – Waste Water System
 Notes to Financial Statements (Continued)
 June 30, 2024 and 2023

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

Plan Administration

The Systems provide certain continuing health care benefits for its retired employees. The Systems Other Postretirement Employee Benefits Plan (or “OPEB”) is provided through the Local Government Health Insurance Plan (or “LGHIP”), an agent multiple–employer healthcare plan affiliated with the Retirement System of Alabama (see Note 8). Once retirees and/or their dependents are eligible for Medicare, their coverage through LGHIP becomes secondary to Medicare. As the Systems are under no statutory or contractual obligation to provide these benefits, and the plan consists only from the payment of premiums to the LGHIP, there is no stand–alone financial report available or generated.

Plan Membership

Membership in the OPEB Plan consisted of the following at June 30, 2024 and June 30, 2023, respectively:

	2024	2023
Active employees	99	99
Inactive employees currently receiving benefits	10	10
Total Membership	109	109

Benefits Provided

A participant is offered coverage through the Alabama Local Government Health Insurance Board (LGHIB). Medical and drug benefits are offered for both pre–Medicare and Medicare eligible retirees.

Contributions

Premiums under the Plan for post–employment healthcare benefits are funded by participating retirees in accordance with rates established by the LGHIB and the Albertville Municipal Utilities Board itself from appropriate Waste Water System funds. For the first three years after retirement, retirees pay \$30 per month for single coverage or \$65 per month for family coverage, the same rates for active employees. At the end of the three–year period, the retiree must pay the entire cost of their premium and that of their dependents. The Plan is financed on a pay-as-you-go basis.

The Systems have not established a trust fund for depositing contributions and managing the OPEB obligation. As of September 30, 2023, the most recent actuarial valuation date, the plan was 0% funded, as there were no assets (1) held in an irrevocable trust, (2) dedicated solely to provide benefits under the plan to retirees and their beneficiaries, or (3) protected by creditors.

Municipal Utilities Board of the City of Albertville – Waste Water System
 Notes to Financial Statements (Continued)
 June 30, 2024 and 2023

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – (Continued)

Total OPEB Liability

The Systems' total OPEB liability was determined by an actual valuation dated September 30, 2022 that was rolled forward to determine the September 30, 2023 total OPEB liability, based on the following methods and assumptions:

Inflation	2.50%	
Real wage growth	0.25%	
Wage inflation	2.75%	
Salary increases	3.25% - 6.00%	<i>including wage inflation</i>
Discount Rate	4.09%	
Municipal Bond Index Rate		
Prior Measurement Date	4.02%	
Measurement Date	4.09%	
Health Care Cost Rates		
Pre-Medicare Medical and Prescription Drug	7.00%	<i>for 2022, decreasing to 4.5% by 2032</i>
Medicare Medical and Prescription Drug	5.125%	<i>for 2022, decreasing to 4.5% by 2025</i>

The following changes in actuarial assumptions have been made since the prior measurement date:

- The assumed discount rate was updated to reflect the current economic environment.
- The mortality assumption has been updated to conform to the most recent available recommendations from the Society of Actuaries.
- The assumed claims and trend assumptions have been updated to reflect current plan structure and economic environment.
- The 1% load applied in the previous valuation was removed due to the inclusion of employees without medical coverage in the reported participant data.

Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the actuarial valuation, the entry age normal method was used. The actuarial assumptions included a discount rate of 4.09%, and an annual healthcare cost trend rate of 7.00%. Rates include a 2.50% inflation assumption.

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09% and 4.02%, respectively. The following tables present the total OPEB liability calculated using the discount rates of 4.09% and 4.02%, as well as what the total OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
2024 Reported Total OPEB Liability	\$ 3,288,123	\$ 3,048,225	\$ 2,824,407

	1% Decrease (3.02%)	Current Discount Rate (4.02%)	1% Increase (5.02%)
2023 Reported Total OPEB Liability	\$ 3,166,874	\$ 2,928,393	\$ 2,706,202

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1–percentage–point lower or 1–percentage–point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
2024 Reported Total OPEB Liability	\$ 2,704,017	\$ 3,048,225	\$ 3,452,781
2023 Reported Total OPEB Liability	\$ 2,611,942	\$ 2,928,393	\$ 3,299,420

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – (Continued)

Changes in the OPEB Liability

The changes in the total OPEB liability for the Plan are as follows:

	Total OPEB Liability
Reported Balances at June 30, 2022	<u>\$ 2,940,189</u>
Changes for the year:	
Service Costs	143,893
Interest om Total OPEB Liability	65,725
Effect of Economic/Demographic Gains or Losses	156,381
Effect of Assumptions, Changes, or Inputs	(313,446)
Benefit Payments	<u>(64,349)</u>
Net Changes	<u>(11,796)</u>
Reported Balances at June 30, 2023	<u>\$ 2,928,393</u>
Changes for the year:	
Service Costs	120,586
Interest om Total OPEB Liability	115,710
Effect of Economic/Demographic Gains or Losses	884
Effect of Assumptions, Changes, or Inputs	(16,280)
Benefit Payments	<u>(101,068)</u>
Net Changes	<u>119,832</u>
Reported Balances at June 30, 2024	<u>\$ 3,048,225</u>

The financial statements as of June 30, 2024 and 2023 reflect a long-term liability and the related expense for each System as follows:

	<u>2024</u>		<u>2023</u>	
	Long-Term Liability	Related Expense	Long-Term Liability	Related Expense
Electric System	\$ 1,280,255	\$ 54,494	\$ 1,229,925	\$ 75,558
Water System	883,985	74,006	849,234	52,170
Waste Water System	883,985	79,176	849,234	52,170
	<u>\$ 3,048,225</u>	<u>\$ 207,676</u>	<u>\$ 2,928,393</u>	<u>\$ 179,898</u>

Municipal Utilities Board of the City of Albertville – Waste Water System
Notes to Financial Statements (Continued)
June 30, 2024 and 2023

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. For the fiscal year ended June 30, 2024 and 2023, the Utilities recognized OPEB expense as follows:

	2024	2023
Service cost	\$ 120,586	\$ 143,893
Interest on Total OPEB Liability	115,710	65,725
Effect of Economic/Demographic Gains or Losses	80	14,216
Effect of Assumptions, Changes or Inputs	1,020	(28,495)
Recognition of Beginning Deferred Outflows as Expense	61,718	47,502
Recognition of Beginning Deferred Inflows as Expense	(91,438)	(62,943)
Transfers among Employers	<u>\$ 207,676</u>	<u>\$ 179,898</u>

As of fiscal year ended June 30, 2024 and 2023, the Utilities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2024</u>		<u>2023</u>	
	Deferred Outflows Resources	Deferred Inflows Resources	Deferred Outflows Resources	Deferred Inflows Resources
Differences between expected and actual experiences	\$ 138,317	\$ 159,499	\$ 152,921	\$ 189,792
Changes of assumptions	<u>264,610</u>	<u>469,308</u>	<u>310,920</u>	<u>515,653</u>
Total	<u>\$ 402,927</u>	<u>\$ 628,807</u>	<u>\$ 463,841</u>	<u>\$ 705,445</u>

	<u>2024</u>		<u>2023</u>	
	Deferred Outflows Resources	Deferred Inflows Resources	Deferred Outflows Resources	Deferred Inflows Resources
Electric System	\$ 169,229	\$ 264,099	\$ 164,811	\$ 299,015
Water System	116,849	182,354	149,790	206,075
Waste Water System	<u>116,849</u>	<u>182,354</u>	<u>149,240</u>	<u>200,355</u>
Total	<u>\$ 402,927</u>	<u>\$ 628,807</u>	<u>\$ 463,841</u>	<u>\$ 705,445</u>

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – (Continued)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended September 30:		
2024	\$	(31,120)
2025		(31,120)
2026		(31,120)
2027		(20,760)
2028		(6,259)
Thereafter		(105,501)

NOTE 8 – RELATED PARTIES

The Electric System bills and collects revenues for the Water and Waste Water Systems in order to stream-line operations and will remit the billings to the respective Systems monthly. The amounts to be received by the Waste Water System at June 30, 2024 and 2023 and listed as receivables - other by the Waste Water System are \$638,880 and \$432,225, respectively.

NOTE 9 – COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

At June 30, 2024, the Waste Water System was obligated under the following contracts or significant agreements:

Legal - The Waste Water System 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 System carries commercial insurance for all major programs, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from coverage in the prior two years.

Construction - At June 30, 2024, the System was not obligated under significant contracts for equipment and services to be delivered subsequent to June 30, 2024.

NOTE 10 – CONCENTRATION OF CREDIT RISK

Credit Risk

The Waste Water System consider a major customer to be one which constitutes 10% or more of total annual revenues. For fiscal years ended June 30, 2024 and 2023, three customers made up \$4,052,661, or 45%, and \$4,042,068, or 47% of total sales, respectively

*REQUIRED SUPPLEMENTARY
INFORMATION*



Municipal Utilities Board of the City of Albertville – Waste Water System
Schedule of Changed in Net Pension Liability
Employee's Retirement Systems of Alabama
Last 10 Fiscal Years Ending June 30*

	Last Ten (10) Years Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 614,802	\$ 601,597	\$ 496,795	\$ 445,568	\$ 428,717	\$ 407,409	\$ 382,828	\$ 398,212	\$ 379,498	\$ 364,766
Interest	2,636,422	2,570,379	2,439,769	2,320,841	2,218,024	2,151,504	2,093,962	2,067,864	1,966,782	1,909,399
Change of Benefit Terms	-	38,218	-	192,919	-	-	-	-	-	-
Difference between expected and actual experience	729,274	(263,590)	804,630	375,395	634,670	173,586	315,077	144,947	474,452	-
Changes of Assumptions	-	-	852,900	-	-	162,476	-	403,120	-	-
Benefit payments, including refunds of employee contributions	(2,108,069)	(1,805,575)	(1,749,755)	(1,864,029)	(2,028,241)	(1,672,318)	(2,107,286)	(1,565,510)	(1,548,899)	(1,564,873)
Transfer among employers	-	(103,309)	-	16,688	-	(525)	(159,587)	(7,179)	-	-
Net change in total pension liability	1,872,429	1,037,720	2,844,339	1,487,382	1,253,170	1,222,132	524,994	1,441,454	1,271,833	709,292
Total pension liability - beginning	36,442,243	35,404,523	32,560,184	31,072,802	29,819,632	28,597,500	28,072,506	26,631,052	25,359,219	24,649,927
Total pension liability - ending (a)	\$ 38,314,672	\$ 36,442,243	\$ 35,404,523	\$ 32,560,184	\$ 31,072,802	\$ 29,819,632	\$ 28,597,500	\$ 28,072,506	\$ 26,631,052	\$ 25,359,219
Plan fiduciary net position										
Contributions - employer	\$ 1,096,093	\$ 1,091,960	\$ 992,270	\$ 943,044	\$ 875,592	\$ 860,087	\$ 825,654	\$ 797,996	\$ 743,007	\$ 692,260
Contributions - employee	431,695	411,130	385,440	352,769	322,885	311,959	297,978	281,741	274,597	265,949
Net investment income	2,490,490	(2,885,443)	4,170,491	1,040,119	472,984	1,616,653	2,076,089	1,574,278	187,246	1,751,570
Benefit payments, including refunds of employee contributions	(2,108,069)	(1,805,575)	(1,749,755)	(1,864,029)	(2,028,241)	(1,672,318)	(2,107,286)	(1,565,510)	(1,548,899)	(1,564,873)
Transfer among employers	-	(103,309)	-	16,688	-	(525)	(159,587)	(7,179)	-	4,575
Net change in plan fiduciary net position	1,910,209	(3,291,237)	3,798,446	488,591	(356,780)	1,115,856	932,848	1,081,326	(344,049)	1,149,481
Plan net position - beginning	19,473,683	22,764,920	18,966,474	18,477,883	18,834,663	17,718,807	16,785,959	15,704,633	16,048,682	14,899,201
Plan net position - ending (b)	\$ 21,383,892	\$ 19,473,683	\$ 22,764,920	\$ 18,966,474	\$ 18,477,883	\$ 18,834,663	\$ 17,718,807	\$ 16,785,959	\$ 15,704,633	\$ 16,048,682
Net pension liability - ending (a) - (b)	\$ 16,930,780	\$ 16,968,560	\$ 12,639,603	\$ 13,593,710	\$ 12,594,919	\$ 10,984,969	\$ 10,878,693	\$ 11,286,547	\$ 10,926,419	\$ 9,310,537
Plan fiduciary net position as a percentage of the total pension liability	55.81%	53.44%	64.30%	58.25%	59.47%	63.16%	61.96%	59.80%	58.97%	63.29%
Covered-employee payroll*	\$ 8,182,822	\$ 7,248,254	\$ 6,980,738	\$ 6,830,182	\$ 6,262,360	\$ 6,028,705	\$ 5,860,040	\$ 5,620,854	\$ 5,443,506	\$ 5,293,453
Net pension liability as a percentage of covered-employee payroll	206.91%	234.11%	181.06%	199.02%	201.12%	182.21%	185.64%	200.80%	200.72%	175.89%

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

* Employer's covered-payroll during the measurement period is the total covered payroll. For FY 2022 the measurement period is October 1 2020 - September 30, 2021
GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning in FY 2017.

Municipal Utilities Board of the City of Albertville – Waste Water System
Schedule of Employer Contributions
Employee’s Retirement Systems of Alabama
Last 10 Fiscal Years Ending September 30*

	Actuarial Valuation as of June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,281,982	\$ 1,105,314	\$ 1,068,035	\$ 998,245	\$ 918,636	\$ 863,669	\$ 823,941	\$ 815,306	\$ 829,236	\$ 749,824
Contributions in relation to the actuarially determined contribution	(1,281,982)	(1,105,314)	(1,068,035)	(998,245)	(918,636)	(863,669)	(823,941)	(815,306)	(829,236)	(749,824)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 8,182,822	\$ 8,182,822	\$ 7,248,254	\$ 6,887,643	\$ 6,477,556	\$ 6,216,723	\$ 5,968,322	\$ 5,822,269	\$ 5,752,545	\$ 5,415,852
Contributions as a percentage of covered-employee payroll	15.67%	13.51%	14.74%	14.49%	14.18%	13.89%	13.81%	14.00%	14.42%	13.84%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates for the period October 1, 2023 to September 30, 2024:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26.6 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

* Net of pension plan investment expense, including inflation

1 The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

2 Employer's covered payroll for Fy 2024 us the total covered payroll for the 12 month period of the underlying financial statement.

Municipal Utilities Board of the City of Albertville – Waste Water System
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last 10 Fiscal Years Ending September 30*

	Years Ending June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 120,586	\$ 143,893	\$ 133,702	\$ 126,225	\$ 90,329	\$ 98,998	\$ 109,139
Interest on the total OPEB liability	115,710	65,725	65,583	76,412	101,561	84,976	72,826
Change in Benefit Terms	-	-	-	46,798	-	-	-
Actual and expected experience difference	884	156,381	13,140	(182,331)	(3,242)	(29,176)	(100,303)
Changes in assumptions or inputs	(16,280)	(313,446)	(200,258)	123,074	361,137	(9,974)	(142,733)
Benefit payments	(101,068)	(64,349)	(78,679)	(111,456)	(101,958)	(89,143)	-
Net change in total OPEB liability	119,832	(11,796)	(66,512)	78,722	447,827	55,681	(61,071)
Total OPEB liability - beginning	2,928,393	2,940,189	3,006,701	2,927,979	2,480,152	2,424,471	2,485,542
Total OPEB liability - ending (a)	<u>\$ 3,048,225</u>	<u>\$ 2,928,393</u>	<u>\$ 2,940,189</u>	<u>\$ 3,006,701</u>	<u>\$ 2,927,979</u>	<u>\$ 2,480,152</u>	<u>\$ 2,424,471</u>
Covered payroll 1	\$ 7,193,936	\$ 7,193,936	\$ 6,632,043	\$ 6,632,043	\$ 5,922,723	\$ 5,922,723	\$ 5,520,856
Net OPEB liability as a percentage of covered employee payroll	42.37%	40.71%	44.33%	45.34%	49.44%	41.88%	43.91%

Notes to the Schedule of Changes in the Total OPEB Liability and Related Ratios:

Historical information is required only for measurement periods for which GASB No. 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75 to pay related benefits.

Trends in the amounts reported could be significantly affected by assumption and methods made relative to various occurrences, such as rates of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates.

The actuarial valuation date was September 30, 2023, the measurement date was September 30, 2022, and reporting date was June 30, 2024.

1 Employer's covered payroll during the measurement period is the total covered payroll. For FY 2024 the measurement period is October 1, 2022 - September 30, 2023.

*SUPPLEMENTARY
INFORMATION*



Municipal Utilities Board of the City of Albertville – Waste Water System
Schedule of Operating Expenses
For the Year Ended June 30, 2024

	2024		2023	
	Amount	Percent of Operating Revenue	Amount	Percent of Operating Revenue
WASTEWATER TREATMENT PLANT EXPENSE				
Salaries and Wages	\$ 1,054,882	10.58%	\$ 955,261	10.18%
Supplies	93,882	0.94%	105,902	1.13%
Employee Welfare	460,321	4.62%	424,314	4.52%
Chemicals and Odor Control	295,550	2.96%	270,122	2.88%
Maintenance and Repair	181,792	1.82%	174,276	1.86%
Sludge Disposal	190,275	1.91%	196,228	2.09%
Utilities	989,725	9.93%	1,238,793	13.20%
Other	42,898	0.43%	60,894	0.65%
	<u>3,309,325</u>	<u>33.19%</u>	<u>3,425,790</u>	<u>36.51%</u>
PUMPING STATION EXPENSE				
Salaries and Wages	123,064	1.23%	123,301	1.31%
Supplies	49,084	0.49%	67,644	0.72%
Maintenance and Repairs	256,573	2.57%	291,131	3.10%
Utilities	225,347	2.26%	255,035	2.72%
	<u>654,068</u>	<u>6.55%</u>	<u>737,111</u>	<u>7.85%</u>
WASTEWATER LINE EXPENSE				
Salaries & Wages	242,192	2.43%	242,041	2.58%
System Operation	144,697	1.45%	143,677	1.53%
System Maintenance	371,162	3.72%	350,874	3.74%
Meter Repair and Tests	3,260	0.03%	3,444	0.04%
Mapping	95,619	0.96%	99,104	1.06%
	<u>856,930</u>	<u>8.59%</u>	<u>839,140</u>	<u>8.95%</u>
CUSTOMER ACCOUNTS				
Billing and Collection	316,344	3.17%	313,659	3.34%
	<u>316,344</u>	<u>3.17%</u>	<u>313,659</u>	<u>3.34%</u>
ADMINISTRATIVE & GENERAL				
Salaries and Wages	83,190	0.83%	89,540	0.95%
General	44,635	0.45%	44,125	0.47%
Supplies	76,651	0.77%	70,306	0.75%
Insurance	126,978	1.27%	116,444	1.24%
Legal, Accounting & Consulting	10,544	0.11%	36,086	0.38%
Employee Pensions & Benefits	1,123,107	11.27%	1,049,100	11.18%
	<u>1,465,105</u>	<u>14.70%</u>	<u>1,405,601</u>	<u>14.97%</u>
DEPRECIATION				
	<u>2,741,925</u>	<u>27.50%</u>	<u>2,739,817</u>	<u>29.19%</u>
TOTAL OPERATING EXPENSES				
	<u>\$ 9,343,697</u>	<u>93.70%</u>	<u>\$ 9,461,118</u>	<u>100.81%</u>

Municipal Utilities Board of the City of Albertville – Waste Water System
 Schedule of Operating Statistics
 For the Year Ended June 30, 2024

Customer Accounts and Gallons Billed

	Average Number of Customers	Annual Consumption
Residential	5,957	367,950,300
Commercial	972	131,900,000
Industrial	30	1,194,976,800
Total	6,959	1,694,827,100

Largest Customers - Waste Water Revenues, Percentage of Total Waste Water Revenue, and Gallons

	Waste Water Revenue	Percentage of Waste Water Revenue	Consumption
Tyson Foods, Inc.	\$ 1,681,378	18.74%	3,781,392
Wayne Farms, LLC	1,220,535	13.60%	2,586,590
Huhtanaki Retail	1,150,748	12.82%	2,575,281
OK Foods	779,722	8.69%	679,250
Alatrade Foods, LLC	452,445	5.04%	867,347
MUB - Water Sludge	394,730	4.40%	871,458
	<u>\$ 5,679,558</u>	<u>63.29%</u>	<u>11,361,318</u>
Total Water Sales Revenue	\$ 8,974,452		

Average Residential Usage - Gallons

Total Annual Consumption	Average Monthly Consumption	Average Number of Customers	Average Monthly Consumption Per Customer
<u>367,950,300</u>	<u>30,662,525</u>	<u>5,957</u>	<u>5,147</u>

Municipal Utilities Board of the City of Albertville – Waste Water System
 Schedule of Operating Statistics - (Continued)
 For the Year Ended June 30, 2024

Measurement of Transmission Mains and Distribution Line

	<u>Total Feet</u>	<u>Total Cost</u>	<u>Price Per Foot</u>
Sewer Mains	668,811	\$ 9,253,734	\$ 13.84
2" Sewer Mains	6,693	95,213	14.23
3" Sewer Mains	15,880	171,414	10.79
4" Sewer Mains	28,868	354,756	12.29
6" Sewer Mains	14,491	461,594	31.85
8" Sewer Mains	86,847	6,046,416	69.62
10" Sewer Mains	9,200	388,621	42.24
12" Sewer Mains	24,546	1,620,663	66.03
15", 16", 18", 24", 36" Sewer Mains	34,505	5,932,183	171.92
Total	<u>889,841</u>	<u>\$ 24,324,594</u>	<u>\$ 432.81</u>

Total Miles of Distribution Pipeline 169

	<u>Total Feet</u>	<u>Total Cost</u>	<u>Price Per Foot</u>
Manholes	391	\$ 2,067,925	\$ 5,288.81
2" Service Laterals	167	144,344	864.34
4" Service Laterals	1,030	1,031,682	1,001.63
6" Service Laterals	70	71,408	1,020.11
8" Service Laterals	17	24,717	1,453.94
	<u>1,675</u>	<u>\$ 3,340,076</u>	<u>\$ 9,628.83</u>

Total Miles of Transmission Pipeline 0.32

Municipal Utilities Board of the City of Albertville – Waste Water System
 Schedule of Debt Service Requirements to Maturity
 For the Year Ended June 30, 2024

Maturity Date	General Obligation Warrants, Series 2012-CWSRF-DL Dated October 1, 2012				Sewer Revenue Bonds, Series 2013-B-CWSRF-DL Dated October 1, 2013			
	Interest Rate	Principal	Interest	Total	Interest Rate	Principal	Interest	Total
2025	2.75%	\$ 280,000	\$ 83,050	\$ 363,050	2.45%	\$ 170,000	\$ 49,613	\$ 219,613
2026	2.75%	285,000	75,282	360,282	2.45%	175,000	45,386	220,386
2027	2.75%	295,000	67,307	362,307	2.45%	180,000	41,038	221,038
2028	2.75%	300,000	59,125	359,125	2.45%	185,000	36,565	221,565
2029	2.75%	310,000	50,738	360,738	2.45%	185,000	32,034	217,034
2030	2.75%	320,000	42,075	362,075	2.45%	190,000	27,440	217,440
2031	2.75%	330,000	33,138	363,138	2.45%	195,000	22,724	217,724
2032	2.75%	340,000	23,925	363,925	2.45%	200,000	17,885	217,885
2033	2.75%	345,000	14,506	359,506	2.45%	205,000	12,924	217,924
2034	2.75%	355,000	4,881	359,881	2.45%	210,000	7,840	217,840
2035	2.75%	-	-	-	2.45%	215,000	2,634	217,634
		<u>\$ 3,160,000</u>	<u>\$ 454,027</u>	<u>\$ 3,614,027</u>		<u>\$ 2,110,000</u>	<u>\$ 296,083</u>	<u>\$ 2,406,083</u>

**Sewer Revenue Bonds, Series 2019A
 Dated December 1, 2019**

Interest Rate	Principal	Interest	Total	Total Principal and Interest
3.00%	\$ 460,000	\$ 139,650	\$ 599,650	\$ 1,182,313
3.00%	475,000	125,625	600,625	1,181,293
4.00%	495,000	108,600	603,600	1,186,945
4.00%	510,000	88,500	598,500	1,179,190
4.00%	530,000	67,700	597,700	1,175,472
2.00%	555,000	51,550	606,550	1,186,065
4.00%	565,000	34,700	599,700	1,180,562
4.00%	585,000	11,700	596,700	1,178,510
	-	-	-	577,430
	-	-	-	577,721
	-	-	-	217,634
	<u>\$ 4,175,000</u>	<u>\$ 628,025</u>	<u>\$ 4,803,025</u>	<u>\$ 10,823,135</u>

*ADDITIONAL REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS*





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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*

To the Board of Directors
of Municipal Utilities Board of the City of Albertville
Albertville, 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 Waste Water System enterprise fund of the Municipal Utilities Board of the City of Albertville (the "Waste Water System" or the "System"), as of and for the year ended June 30, 2024, and the related notes to the financial statements and have issued our report thereon dated December 16, 2024

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Waste Water System'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 Waste Water System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Waste Water System's internal control.

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

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



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820 6th Ave SE / P.O. Box 5220 Decatur, AL 35601

Report on Compliance and Other Matters

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

Purpose of this Report

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

Darrell W. Wates, CPA, PC

Darrell W. Wates, CPA, PC
Certified Public Accountants
Decatur, Alabama

December 16, 2024

Municipal Utilities Board of the City of Albertville – Water System
Schedule of Findings
For the year ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified not considered? to be material weaknesses? _____ yes ✓ none reported

Noncompliance material to the financial statements noted? _____ yes ✓ no

Federal Awards

There was not an audit of major federal award programs for the fiscal year June 30, 2024 due to the total amount expenses being less than \$750,000

Municipal Utilities Board of the City of Albertville – Water System
Status of Findings – (Continued)
For the year ended June 30, 2023

Section II – Financial Statement Findings

None Noted

Municipal Utilities Board of the City of Albertville – Water System
Status of Prior Year Findings and Responses
For the year ended June 30, 2023

2023-001 Deferred Outflows of Resources Related to OPEB

Criteria: Generally accepted accounting principles require deferred outflows of resources related to OPEB be reported for benefits paid out for OPEB as the benefits come due subsequent to the measurement date of the total OPEB liability and before the end of the reporting period.

Condition: The System reported insurance premiums paid in, rather than benefits paid out, as deferred outflows of resources related to OPEB. Audit adjustments were required to properly report the System's OPEB expense and related deferred outflow account as follows:

- The financial statements for June 30, 2022 and June 30, 2021 were restated. The effect of the restatement was to decrease the System's net position and change in net position by \$326,134 and \$43,723, respectively.
- The OPEB expense for June 30, 2023 was increased by \$20,745 and the related deferred outflow account for June 30, 2023 was decreased by \$20,745.

Cause: The System reported insurance premiums paid in, rather than benefits paid out, as deferred outflows of resources related to OPEB.

Effects: Audit adjustments as noted above were required to correctly report the Utilities' revenues and related assets in accordance with GAAP.

Corrections: Management agreed with the prior findings and made corrections going forward to properly account for premium payments made subsequent to the measurement date of the total OPEB liability and before the end of the reporting period.