

AUBURN CITY BOARD OF EDUCATION

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

AUBURN CITY BOARD OF EDUCATION

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Auburn  
City Board of Education  
Auburn, Alabama

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pension information, and postemployment benefits other than pensions ("OPEB") information, on pages 4 through 14 and 55 through 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2025, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

*Machen McChesney, LLP*

Auburn, Alabama

April 7, 2025

AUBURN CITY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
SEPTEMBER 30, 2024

**Introduction**

The Management's Discussion and Analysis (MD&A) of the Auburn City Board of Education's (the "Board") financial performance provides an overview of the Board's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the Board's financial statements and notes to the financial statements, which immediately follow this analysis.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights** - Significant Items to Note

Our financial statements provide these insights into the results of this year's operations:

- The assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources at the close of the 2024 fiscal year by \$228.79 million (net position).
- The Board's total net position increased approximately 11.56 percent, or \$23.71 million, over the prior fiscal year. This is due primarily to the increase in investments and capital assets from construction projects and the increase in unrestricted net position.
- The total cost of the Board's programs for the year was \$138.00 million. After taking away a portion of these costs paid for with charges or fees, federal and state grants, interest earnings and other miscellaneous sources, the net cost that required funding from Auburn City taxpayers was \$39.15 million. The state's Foundation Program provided \$54.04 million towards the cost of the programs.
- General Fund revenues during the year exceeded total expenditures by \$8.57 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$26.96 million, or 24.69 percent of the total General Fund expenditures, before other financing uses and special items.
- There were eleven major capital outlay projects in process during the fiscal year, seven of which were still in progress at year-end. The locally funded Plains High School construction project is scheduled for completion in 2028. The local and state funded East Samford School Main Building Renovation project is scheduled for completion in 2025. The local and state funded System-wide Security Camera and Access Control Upgrade project is scheduled for completion in 2025. The state funded Duck Samford Drainage Improvements project is scheduled for completion in 2025. The locally funded Auburn High School Scoreboard and Videoboard Upgrade project was completed in 2025. The locally funded Auburn High School Turf Field and Track Refurbishment project is scheduled for completion in 2025. The state and federal funded System-wide Network Infrastructure Upgrade project is scheduled for completion in 2025.

**Using the Financial Statements** - An Overview for the User

The financial section consists of six parts - the *independent auditor's report*, *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, *supplementary information* and *additional information*.

The Board's basic financial statements are comprised of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the basic financial statements*.

**Government-wide financial statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the Board's finances as a whole instead of on an individual fund basis, in a manner similar to a private-sector business, indicating both long-term and short-term information about the Board's overall financial status. It is important to note that all of the activities of the Board reported in the *government-wide financial statements* are classified as governmental activities. These activities include, but are not limited to, student transportation, school food services, facility maintenance, local school public funds, interest and fiscal charges on long-term debt, and student instruction. *Government-wide financial statements* report the capitalization of capital assets and depreciation of all exhaustible capital assets and the outstanding balances of long-term debt and other obligations. These statements report all assets, deferred outflows of resources, liabilities, and deferred inflows of resources perpetuated by these activities using the accrual basis of accounting. The accrual basis takes into account all of the Board's current year revenues and expenses regardless of when received or paid. This approach moves the financial reporting method for governmental entities closer to the financial reporting methods used in the private sector. The following *government-wide financial statements* report on all of the governmental activities of the Board as a whole.

The *statement of net position* (on page 15) is most closely related to a balance sheet. It presents information on all of the Board's assets and deferred outflows of resources (what it owns) and liabilities and deferred inflows of resources (what it owes), with the difference between the two reported as net position. The net position reported in this statement represents the accumulation of changes in net position for the current fiscal year and all fiscal years in the past combined. Over time, the increases or decreases in net position reported in this statement may serve as a useful indicator of whether the financial position of the school board is improving or deteriorating.

The *statement of activities* (on page 17) is most closely related to an income statement. It presents information showing how the Board's net position changed during the current fiscal year only. All of the current year's revenues and expenses are accounted for in the *statement of activities* regardless of when cash is received or paid. This statement shows gross expenses and offsetting program revenues to arrive at net cost information for each major expense function or activity of the Board. By showing the change in net position for the year, the reader may be able to determine whether the Board's financial position has improved or deteriorated over the course of the current fiscal year. The change in net position may be financial or non-financial in nature. Non-financial factors which may have an impact on the Board's financial condition include: age and condition of facilities, mandated educational programs for which little or no funding is provided, and increases or decreases in funding from state and federal governments, to name a few.

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be classified into two categories: governmental funds and fiduciary funds.

*Governmental Funds* - Governmental *fund financial statements* begin on page 18. These statements account for basically the same governmental activities reported in the *government-wide financial statements*. The *fund financial statements* presented herein display information on each of the Board's most important governmental funds or *major funds*. This is required in order to better assess the Board's accountability for significant governmental programs or certain dedicated revenue. The Board's *major funds* are the General Fund and the Capital Projects Fund.

The *fund financial statements* are measured on the modified-accrual basis of accounting, where revenues and expenditures are recorded when they become measurable and available. As a result, the *fund financial statements* focus more on the near-term use and availability of spendable resources. The information provided in these statements is useful in determining the Board's immediate financial needs. This is in contrast to the accrual-based *government-wide financial statements*, which focus more on overall long-term availability of spendable resources. The relationship between governmental activities reported in the *government-wide financial statements* and the governmental funds reported in the *fund financial statements* are reconciled on pages 19 and 21 of these financial statements. These reconciliations are useful to readers in understanding the long-term impact of the Board's short-term financing decisions.

***Fiduciary Funds*** - Fiduciary funds are used to account for resources held by the Board but for the benefit of others and are not available to support the Board's own operations. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The Board's trust funds are for the payment of scholarships for students. Custodial funds are used to report fiduciary activities that are not required to be reported in trust funds and consist primarily of student organization accounts. Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. The *statement of fiduciary net position* is used to report the assets, liabilities, and fiduciary net position. The *statement of changes in fiduciary net position* is used to report additions to and deductions from the Board's trust funds and custodial funds. Since fiduciary funds do not represent resources of the Board, they are excluded from the government-wide financial statements.

***Notes to the Basic Financial Statements*** - The *notes to the basic financial statements* provide additional information that is essential for the statements to fairly represent the Board's financial position and its operations. The notes contain important information that is not part of the basic financial statements. However, the notes are an integral part of the statements, not an appendage to them. The *notes to the basic financial statements* begin on page 24.

After the presentation of the basic financial statements, additional supplementary information is required to be presented following the *notes to the basic financial statements*. The required supplementary information beginning on page 55 provides a comparison of the original adopted budget to the final amended budget of the Board's General Fund, which is then further compared to the actual operating results for the fiscal year. The comparison of this data allows users to assess management's ability to project and plan for its operations throughout the year. The required supplementary information also includes the following: two pension schedules and two other postemployment benefits other than pensions ("OPEB") schedules that provide more detailed information relating to the Board's net pension and OPEB liabilities as well as the Board's pension and OPEB contributions.

### **Analysis of the School Board's Overall Financial Position**

As indicated earlier, net position may serve over time as a useful indicator of a government's financial position. Refer to *Table 1* on the next page when reading the following analysis of net position. The Board's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$228.79 million at September 30, 2024.

- ✓ Of this figure, \$259.94 million reflects the Board's investment in capital assets (e.g., land, buildings, improvements other than buildings, furniture and equipment, and transportation equipment), less accumulated depreciation and debt related to the acquisition of the assets. Since these capital assets are used in governmental activities, this portion of net position is not available for future spending or funding of operations.
- ✓ Restricted net position accounts for 5.01 percent, or \$11.46 million, of total net position. Restricted net position is reported separately to show the external legal constraints from debt covenants and enabling legislation that limit the Board's ability to use those resources for day-to-day operations.

- ✓ These balances are offset by negative unrestricted net position of \$42.61 million. This negative balance is due primarily to the impact of GASB Statement Nos. 68 and 75, which were implemented in fiscal years 2015 and 2018, respectively. GASB Statement No. 68 has a \$87.30 million negative impact on net position as of September 30, 2024, while GASB Statement No. 75 has a \$38.55 million negative impact on net position as of September 30, 2024. This negative impact is offset by the Board's positive unrestricted net position in its governmental funds, reflecting the Board's ability to meet ongoing and future financial obligations.

**Table 1: Summary of Net Position**

As of September 30, 2024 and 2023 (in millions)

	Governmental Activities	
	2024	2023
Current and other assets	\$ 108.53	\$ 93.92
Non-current assets	14.07	5.69
Capital assets	260.14	250.34
Total assets	<u>382.74</u>	<u>349.95</u>
Deferred outflows of resources	<u>53.44</u>	<u>62.14</u>
Current and other liabilities	14.49	11.97
Long-term liabilities	134.89	127.03
Total liabilities	<u>149.38</u>	<u>139.00</u>
Deferred inflows of resources	<u>58.01</u>	<u>68.01</u>
Net Position:		
Net investment in capital assets	259.94	249.96
Restricted	11.46	10.14
Unrestricted	(42.61)	(55.02)
Total net position	<u>\$ 228.79</u>	<u>\$ 205.08</u>

The Board's increase in net position of \$23.71 million results primarily from increases in capital assets and investments. Net position invested in capital assets increased \$9.98 million, which is due to asset additions of \$38.98 million offset by depreciation expense, asset disposals and changes to related debt, which total \$29.00 million.

Unrestricted net position increased by \$12.41 million. The primary cause of this increase was the addition of investments totaling \$12.34 million. Unrestricted net position has a negative balance due to the impact of GASB Statement Nos. 68 and 75. The Board's proportionate share of the collective net pension liability at September 30, 2024, is \$120.47 million. When combined with related deferred outflows and inflows of resources, the total impact on unrestricted net position is \$87.30 million. The Board's proportionate share of the collective net OPEB liability at September 30, 2024, is \$14.37 million. When combined with the related deferred outflows and inflows of resources, the total impact on unrestricted net position is \$38.55 million.

Restricted net position increased \$1.32 million, contributing to the overall increase in net position mentioned above.

The results of this fiscal year's operations as a whole are reported in detail in the *statement of activities* on page 17. *Table 2* on the following page condenses the results of operations for the fiscal year into a format where the reader can easily see the total revenues of the Board for the year. It also shows the impact the operations had on changes in net position as of September 30, 2024.

**Table 2: Summary of Changes in Net Position from Operating Results**

Fiscal Years Ended September 30, 2024 and 2023 (in millions)

	Governmental Activities	
	2024	2023
Revenues:		
<i>Program Revenues:</i>		
Charges for services	\$ 8.34	\$ 8.04
Operating grants and contributions	87.16	72.92
Capital grants and contributions	3.36	3.28
<i>General Revenues:</i>		
Local property taxes	20.18	18.16
Local sales tax	12.55	11.99
Alcohol beverage tax	0.61	0.63
Other taxes	0.06	0.06
Restricted appropriations	22.86	26.88
Investment earnings	3.96	1.51
Other	2.63	1.29
Total revenues	<u>161.71</u>	<u>144.76</u>
Expenses:		
Instruction	77.04	69.45
Instructional support services	28.04	23.85
Operation and maintenance services	13.94	12.00
Student transportation services	6.93	6.82
Food services	6.03	5.52
General administrative services	4.11	3.82
Other	1.90	1.53
Interest and fiscal charges	0.01	0.01
Total expenses	<u>138.00</u>	<u>123.00</u>
Increase in net position	23.71	21.76
Net position, beginning of year	<u>205.08</u>	<u>183.32</u>
Net position, end of year	<u>\$ 228.79</u>	<u>\$ 205.08</u>

The Board's net position increased \$23.71 million during the current fiscal year. This is mainly attributable to:

- ✓ A decrease of \$12.24 million in unrestricted net position due to the current year effects of GASB Statement No. 68.
- ✓ An increase of \$6.83 million in unrestricted net position due to the current year effects of GASB Statement No. 75.
- ✓ An increase in unrestricted net position of \$17.82 million, which represents an increase of \$6.48 million in the General Fund, an increase of \$11.57 million in the Capital Projects Fund, and a decrease of \$0.23 million in the Other Governmental Funds.
- ✓ An increase in net position invested in capital assets of \$9.98 million, which resulted from asset additions offset by depreciation expense and changes to related debt.
- ✓ An increase in restricted net position of \$1.32 million.

Governmental Activities - As shown in *Table 2*, the cost of services rendered from the Board's governmental activities for the year ended September 30, 2024, was \$138.00 million. It is important to note that not all of these costs were borne by the taxpayers of the City of Auburn and Lee County:

- ✓ Some of the cost, \$8.34 million, was paid by users who benefited from services provided during the year, such as school lunches, after school programs, summer school and driver education instruction.
- ✓ State and federal governments subsidized certain programs with grants and contributions totaling \$87.16 million for operations and \$3.36 million for capital needs.
- ✓ Earnings on investment of School Board funds accounted for \$3.96 million in general revenues.
- ✓ Other general revenue sources, such as revenue in lieu of taxes, contributions from private sources, receipts from local trusts, the Alabama Medicaid Outreach Program, and other miscellaneous revenues provided for \$2.63 million in revenues.
- ✓ \$56.26 million of the Board's total cost was financed by district and state taxpayers, as follows: \$20.18 million in property taxes, \$22.86 million in City appropriations, \$12.55 million in sales tax, \$0.61 million in alcohol beverage tax, and \$0.06 million in other taxes (business privilege tax, helping-school vehicle tags, and manufactured home registration fees).

*Table 3* is a condensed statement taken from the *statement of activities* on page 17 showing the total cost for providing identified services for seven major Board activities. Total cost of services is compared to the net cost of providing these services. The net cost of services is the remaining cost of services after subtracting grants and charges for services that the Board used to offset the program's total cost. In other words, the net cost shows the financial burden that was placed on all taxpayers for each of these activities. This information allows citizens to consider the cost of each program in comparison to the benefits they believe are provided.

**Table 3: Net Cost of Governmental Activities**

Fiscal Year Ended September 30, 2024 (in millions)

	Total Cost of Services	Net Cost of Services
Instructional services	\$ 77.04	\$ (20.95)
Instructional support services	28.04	(4.13)
Operation and maintenance services	13.94	(8.07)
Auxiliary services:		
Student transportation services	6.93	(1.15)
Food services	6.03	(0.95)
General administrative services	4.11	(3.61)
Other expenses	1.90	(0.34)
Interest and fiscal charges	0.01	0.05
Total	<u>\$ 138.00</u>	<u>\$ (39.15)</u>

### **Performance of School Board Funds**

As noted earlier, the Board uses fund accounting to control and manage resources in order to ensure compliance with finance-related legal requirements. Using funds to account for resources for particular purposes helps the reader to determine whether the Board is being accountable for the resources provided by taxpayers and other entities, and it may also help to provide more insight into the Board's overall financial health. The following analysis of the Board's funds should be read in reference to the *fund financial statements*, which begin on page 18.

**Governmental Funds** - The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financial requirements. Note that the relationship between the *fund financial statements* and the *government-wide financial statements* is reconciled on pages 19 and 21. The strong financial performance of the Board as a whole is reflected in its governmental funds as well. At the end of the fiscal year, the Board's governmental funds reported combined ending fund balances of \$94.70 million.

- ✓ The General Fund has a restricted fund balance of \$6.95 million, an assigned fund balance of \$3.75 million, and an unassigned fund balance of \$26.96 million.
- ✓ The Capital Projects Fund has an assigned fund balance of \$51.17 million and a negative unassigned fund balance of 2.65 million.
- ✓ The Other Governmental Funds have a nonspendable fund balance of \$0.27 million, a restricted fund balance of \$4.24 million, a committed fund balance of \$4.72 million, and a negative unassigned fund balance of \$0.70 million.

**General Fund** - The General Fund is the primary operating fund of the Board. The General Fund increased \$8.57 million due to positive current year operations.

**Capital Projects Fund** - The Capital Projects Fund is used to account for state and local financial resources paid for the acquisition or construction of major capital facilities. This fund includes the proceeds of long-term financing issued by the City of Auburn on behalf of the school system. These proceeds are recognized as an appropriation to the school system and are restricted for specific capital projects. The fund also includes proceeds from the state appropriated Public School Capital Outlay Funds. The Capital Projects Fund increased \$10.84 million during fiscal year 2024. This is due primarily to operating transfers from the General Fund.

**Fiduciary Funds** - The fiduciary fund financial statements appear on pages 22 and 23. Fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Additions are recognized when earned, and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows. At the end of the fiscal year, private purpose trusts and custodial funds net position was \$2.31 million and \$0.81 million, respectively.

### **General Fund Budgetary Highlights**

Generally, on or before October 1 of each year, the Board is mandated by state law to prepare and submit to the State Superintendent of Education the annual budget adopted by the Board. The original 2024 fiscal year budget, adopted on September 12, 2023, was based on a conservative approach that reflected only guaranteed revenues and necessary expenditures.

The original budget figures were amended when revenue or expenditure fluctuations exceeded 10 percent. Over the course of the year, the Board revised the annual operating budget in February and June 2024. For purposes of this budgetary analysis, only the General Fund of the Board is discussed in accordance with the reporting model.

**General Fund** - The comparison of the General Fund original budget to the final amended budget is located on page 55. The differences between the original budget and the final amended budget of the Board were a \$15.73 million increase in overall revenue appropriations and a \$13.11 million increase in expenditures and can be briefly summarized as follows:

Amendment #1 was necessary to budget state and federal programs carryover, local revenue adjustments, capital project changes, changes to operational budgets, and changes to State Department of Education and federal allocations. This amendment also revised the budgeted beginning fund balances to reflect the actual ending fund balances from fiscal year 2023.

Amendment #2 was necessary to revise State Department of Education allocations, federal allocations, local revenue projections, debt service, capital projects, and operational budgets.

Overall, the final amended budget is reflective of the actual operating activity for the year. Actual revenues were \$3.59 million more than budgetary estimates, and actual expenditures were \$16.72 million less than budgetary estimates, variances of 2.73 percent and 13.26 percent, respectively.

### **Capital Assets and Debt Administration**

**Capital Assets** - The Board's investment in capital assets for its governmental activities for the year ended September 30, 2024, is \$259.94 million, net of accumulated depreciation and debt related to the acquisition of the assets. The Board's investment in capital assets includes land at estimated historical cost, buildings and improvements at estimated historical cost, equipment and furniture at estimated historical cost, right-to-use leased assets at the present value of payments expected to be made over the term of the lease, right-to-use subscription arrangements at the present value of subscription payments expected to be made during the subscription term, and construction in progress, and is shown in *Table 4* below.

**Table 4: Capital Assets (net of accumulated depreciation)**

Fiscal Years Ended September 30, 2024 and 2023 (in millions)

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Land and land improvements	\$ 29.73	\$ 27.69
Buildings and improvements	210.52	193.51
Furniture, equipment and vehicles	6.79	5.73
Right-to-use leased assets	0.02	0.04
Right-to-use subscription arrangements	1.08	1.02
Construction in progress	12.01	22.35
Total	<u>\$ 260.15</u>	<u>\$ 250.34</u>

Net capital assets increased \$9.81 million for the 2024 fiscal year, due to asset additions offset by depreciation expense and asset disposals. Land and land improvements additions totaled \$2.61 million and consisted of properties on Westview Drive and N. Donahue Drive, land improvements at Wrights Mill Road Elementary School, playground equipment at Pick Elementary School, parking lot lighting at Yarbrough Elementary School, and improvements to Auburn High School baseball and softball fields. Building and improvements additions amounted to \$23.07 million and consisted of construction of Woodland Pines Elementary School, new carpet for Yarbrough Elementary School, Drake Middle School, Dean Road Elementary School, Wrights Mill Road Elementary School, and Auburn Junior High School, lighting projects at Auburn Early Education Center, Ogletree Elementary School and Yarbrough Elementary School, a roofing project at Dean Road Elementary School, an access control project at Auburn Junior High School, and building improvement projects at Auburn High School, Auburn Junior High School, East Samford School, and Drake Middle School. Additions to construction in progress of \$10.57 million relate to construction of Plains High School, a renovation project at East Samford School, a system-wide security camera and access control upgrade, a drainage improvement project at Duck Samford Stadium, a

scoreboard and videoboard upgrade project at Auburn High School, a turf field and track refurbishment project at Auburn High School, and a system-wide network infrastructure upgrade project. Other capital asset additions include an increase of \$0.43 million in right-to-use subscription assets and an increase of \$2.30 million to furniture, equipment and vehicles, of which \$1.62 million was for the acquisition of twelve new school buses paid for with State Fleet Renewal, State Advancement and Technology, and local funds. These asset additions are reduced by the current year's depreciation expense of \$8.15 million as well as asset dispositions net of related accumulated depreciation of \$21.02 million. Additional information on the Board's net position is presented in the notes to the financial statements.

### **Economic Factors and Next Year's Budget**

The following are currently known economic factors for the City of Auburn that could impact the Board going into the 2024-2025 fiscal year:

- ✓ **Economic Conditions** - Revenues for the City of Auburn have continued to grow and compare well with historical growth rates. The City of Auburn's largest source of revenue, sales and use tax, improved more than expected indicating local economic growth. The City of Auburn, through its economic development, continues to attract new industry to the area.

The Auburn City Board of Education continues to be cautious with conservative spending and prudent allocation of resources, allowing the school system to maintain the appropriate reserves necessary to meet the challenges of uncertain economic conditions.

- ✓ **Population Growth** - The population in the City of Auburn as of the year 2020 census rose significantly since the last ten-year census taken in 2010. The population rose by approximately 22,763 people, or 42.64 percent over a ten-year period, for a total estimated population of 76,143. The latest annual population estimate published by the Census Bureau for 2023 reports the City of Auburn at 82,025, an increase of 5,882, or 7.72 percent, over the 2020 population estimates published by the Census Bureau.

- ✓ **Growth of Ad Valorem Taxes** - The Board of Education shares a 5 Mill countywide ad valorem tax with the other school systems in Lee County based on the 20<sup>th</sup> day average daily membership of each system. As the enrollment in Auburn City Schools grows, its share of this property tax increases. Further, the Board of Education is locally funded through a 3 Mill district ad valorem tax. As the assessed property valuations have increased and enrollment growth has impacted the district's proportionate share of the 5 Mill tax, collections have historically exceeded five percent annual growth. In fiscal year 2024, ad valorem tax revenues increased \$1.36 million, or 12.60 percent, compared with the prior year.

The City of Auburn also collects 16 mills of ad valorem taxes designated for school operations and capital projects. Amounts transferred to the school district for current year operations are reported as a City of Auburn appropriation, with the remainder of collections being used for debt service on school construction projects.

- ✓ **Growth of Sales Taxes** - The Board of Education shares a one-cent county-wide sales tax with the other school systems in Lee County based on the 20<sup>th</sup> day average daily membership of each system. As the enrollment in Auburn City Schools grows, its share of the sales tax continues to increase. Sales tax revenue increased \$0.56 million, or 4.7% in fiscal year 2024.

- ✓ **City of Auburn Appropriations** - City officials approved increases in school district funding effective with fiscal year 2015. These increases include an increase to its General Fund appropriation. The basis of this appropriation changed from 13.00% of General Fund revenues with a floor of \$6.80 million to 1.25 cents of sales tax with a floor of \$11.50 million. The City of Auburn sales tax appropriation for fiscal year 2024 increased by \$2.55 million, or 13.97%. The City of Auburn Appropriation related to sales tax is expected to increase in fiscal year 2025 as the City of Auburn sales tax collections continue to rise.

The City Council also voted to commit the City's 5 Mill property tax fund to the school district for school construction, effective with fiscal year 2016. This appropriation remained flat in fiscal year 2024. Other

appropriations related to capital projects decreased by \$6.58 million in fiscal year 2024. This decrease is due to less funding required for construction projects in fiscal year 2024.

- ✓ **Housing** - The City of Auburn issued 661 building permits in fiscal year 2024 compared to 469 in fiscal year 2023. The housing market remains a consistent catalyst for economic growth.

Residential Building Permits Issued	Fiscal Years			
	2024	2023	2022	2021
Single family, detached	476	391	338	642
Single family, attached	185	78	177	124

- ✓ **State Funding** - Due to uncertainty in funding from the State of Alabama Education Trust Fund, the Board continues to budget for cautious spending for the 2025 fiscal year. During the 2010 legislative session, the Alabama State Legislature enacted the “Rolling Reserve Act”, designed to limit volatility in state funding.

At the time these financial statements were prepared and audited, the Board was aware of the following circumstances that could significantly affect the Board’s financial health in the future:

**Student Enrollment** - Average Daily Membership (ADM) as of the 20<sup>th</sup> day report in the 2024-2025 school year of 9,435.05 indicates there will be an actual increase in enrollment of approximately 13 students for the 2025 fiscal year. The budget adopted by the Board in September 2024 accounted for expected enrollment changes. The five-year figures of growth based on the 20<sup>th</sup> Day ADM are indicated below.

<u>Fiscal Year</u>	<u>20th Day ADM</u>	<u>ADM Increase</u>
2025	9,435.05	12.85
2024	9,422.20	5.00
2023	9,417.20	171.90
2022	9,245.30	291.75
2021	8,953.55	63.65

The continued enrollment growth places pressures on building capacity of existing facilities. These growth trends correlate with increasing financial pressures moving forward in considering the funding of additional facilities.

**Estimated Capital Needs** - In January 2025, the Board of Education approved the 2035 Facilities Master Plan, a 10-year plan addressing the demolition, construction and renovation of buildings and the impact of student growth on facilities capacity. This plan includes the construction of a second high school, the construction of an additional middle school, demolition and reconstruction specified buildings on the Auburn Junior High School campus, and demolition and reconstruction of both Dean Road Elementary School and Wrights Mill Road Elementary School.

The 2035 Facilities Master Plan includes an estimated \$383.80 million in capital needs to complete the full implementation. These projects will be funded with local funds from the 16 Mill Special School Tax Fund. The school district continues to monitor student enrollment as it relates to the timing of projects from the facilities plan.

**Medical and Retirement Costs** - Employee health insurance is provided through the Public Education Employees' Health Insurance Program (PEEHIP). PEEHIP health insurance employer cost remained steady at \$800 per employee per month in fiscal year 2024. The employer contributions to the Teachers' Retirement System (TRS) remained steady 12.59 percent in fiscal year 2024 for Tier I employees and increased from 11.44 percent in fiscal year 2023 to 11.57 percent in fiscal year 2024 for Tier II employees.

#### **CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT**

This report is designated to provide citizens, taxpayers, investors, and creditors with a general overview of the Board's financial position. If you have any questions or need additional financial information, contact Liz Springer, Chief School Financial Officer, at the Auburn City Board of Education, P.O. Box 3270, Auburn, AL 36831-3270 or by calling (334) 887-2100 during regular business hours, Monday through Friday, from 7:30 a.m. to 4:30 p.m.

## BASIC FINANCIAL STATEMENTS

AUBURN CITY BOARD OF EDUCATION

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 75,345,910
Investments	13,809,189
Accounts receivable, net	817,917
Other assets	600
Accrued interest receivable	75,901
Property tax receivable	13,563,128
Due from other governments	4,647,293
Inventories	267,745
Total current assets	<u>108,527,683</u>
Noncurrent assets	
Investments	<u>14,073,646</u>
Capital assets not being depreciated	
Land	19,593,845
Construction in progress	12,005,200
Total capital assets not being depreciated	<u>31,599,045</u>
Capital assets	
Land improvements	14,611,506
Buildings and improvements	275,594,296
Furniture, equipment and vehicles	18,199,073
Right-to-use lease asset	77,648
Subscription asset	1,556,653
Less accumulated depreciation/amortization	<u>(81,492,929)</u>
Total depreciable capital assets, net of depreciation/amortization	<u>228,546,247</u>
Total assets	<u>382,746,621</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Employer pension contribution	8,159,287
Proportionate share of collective deferred outflows related to net pension liability	26,736,000
Employer other post-employment benefits (OPEB) contribution	1,063,283
Proportionate share of collective deferred outflows related to other post-employment benefits (OPEB) liability	<u>17,482,046</u>
Total deferred outflows of resources	<u>53,440,616</u>

The notes to the financial statements are an integral part of this statement.

AUBURN CITY BOARD OF EDUCATION  
STATEMENT OF NET POSITION - continued  
SEPTEMBER 30, 2024

	Governmental Activities
<b>LIABILITIES</b>	
Accounts payable	5,062,882
Due to other governments	47,449
Other	420
Unearned revenues	226,660
Salaries and benefits payable	8,999,130
Obligations under leases - due in less than one year	9,258
Obligations under leases - due after one year	7,023
Obligations under subscription arrangements - due in less than one year	143,073
Obligations under subscription arrangements - due after one year	42,360
Proportionate share of collective net pension liability	120,472,000
Proportionate share of collective net OPEB liability	14,371,802
Total liabilities	149,382,057
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Future property tax revenue	13,563,128
Proportionate share of collective deferred inflows related to net pension liability	1,727,000
Proportionate share of collective deferred inflows related to other post-employment benefits (OPEB) liability	42,721,352
Total deferred inflows of resources	58,011,480
 <b>NET POSITION</b>	
Net investment in capital assets	259,943,578
Restricted for	
Other projects	11,460,536
Unrestricted	(42,610,414)
Total net position	\$ 228,793,700

The notes to the financial statements are an integral part of this statement.

AUBURN CITY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental activities</b>					
Instruction	\$ 77,039,014	\$ 1,705,939	\$ 54,377,990	\$ -	\$ (20,955,085)
Instructional support	28,040,746	842,646	23,005,983	65,898	(4,126,219)
Operation and maintenance	13,938,983	185,632	3,152,078	2,531,341	(8,069,932)
<b>Auxiliary services</b>					
Student transportation services	6,929,164	205,398	4,819,247	758,100	(1,146,419)
Food services	6,034,137	4,549,914	529,995	-	(954,228)
General administrative services	4,111,761	3,540	500,668	-	(3,607,553)
Other	1,899,839	847,784	710,275	-	(341,780)
Interest and fiscal charges	13,860	-	68,663	-	54,803
Total governmental activities	<u>\$ 138,007,504</u>	<u>\$ 8,340,853</u>	<u>\$ 87,164,899</u>	<u>\$ 3,355,339</u>	<u>(39,146,413)</u>
<b>General revenues</b>					
<b>Taxes</b>					
Property taxes for general purposes					20,180,805
Local sales taxes					12,552,768
Alcohol beverage tax					613,412
Other taxes					57,817
Grants and contributions not restricted					2,000
City Council appropriations/payments					22,855,133
Investment earnings					3,960,305
Miscellaneous					2,634,437
Total general revenues					<u>62,856,677</u>
Change in net position					23,710,264
Net position, beginning of year					<u>205,083,436</u>
Net position, end of year					<u>\$ 228,793,700</u>

The notes to the financial statements are an integral part of this statement.

AUBURN CITY BOARD OF EDUCATION  
BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,225,474	\$ 49,261,206	\$ 5,859,230	\$ 75,345,910
Investments	27,882,835	-	-	27,882,835
Receivables, net				
Accounts	2,070	1,400	814,447	817,917
Interest	75,901	-	-	75,901
Due from other governments	1,526,932	-	3,120,361	4,647,293
Other assets	600	-	-	600
Interfund receivable	9,259	-	71,619	80,878
Inventories	-	-	267,745	267,745
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 49,723,071</u>	<u>\$ 49,262,606</u>	<u>\$ 10,133,402</u>	<u>\$ 109,119,079</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,983,416	\$ 744,409	\$ 335,057	\$ 5,062,882
Due to other governments	47,449	-	-	47,449
Other Payable	420	-	-	420
Unearned revenue	-	-	226,660	226,660
Interfund payable	72,446	-	8,432	80,878
Salaries and benefits payable	7,962,849	-	1,036,281	8,999,130
Total liabilities	<u>12,066,580</u>	<u>744,409</u>	<u>1,606,430</u>	<u>14,417,419</u>
<b>Fund balances</b>				
Nonspendable	-	-	267,745	267,745
Restricted	6,953,229	-	4,239,562	11,192,791
Committed	-	-	4,722,841	4,722,841
Assigned	3,747,298	51,172,799	-	54,920,097
Unassigned	26,955,964	(2,654,602)	(703,176)	23,598,186
Total fund balances	<u>37,656,491</u>	<u>48,518,197</u>	<u>8,526,972</u>	<u>94,701,660</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 49,723,071</u>	<u>\$ 49,262,606</u>	<u>\$ 10,133,402</u>	<u>\$ 109,119,079</u>

The notes to the financial statements are an integral part of this statement.

AUBURN CITY BOARD OF EDUCATION

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

Total fund balances - governmental funds \$ 94,701,660

Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not financial resources and, therefore,  
are not reported as assets in governmental funds. These assets consist of:

Land	19,593,845	
Land improvements	14,611,506	
Buildings and improvements	275,594,296	
Furniture, equipment and vehicles	18,199,073	
Right-to-use lease asset	77,648	
Subscription asset	1,556,653	
Construction in progress	12,005,200	
Less accumulated depreciation/amortization	<u>(81,492,929)</u>	
Total capital assets, net of depreciation/amortization		260,145,292

Deferred outflows and inflows of resources related to pensions are applicable to future  
periods and, therefore, are not reported in the governmental funds. 33,168,287

Deferred outflows and inflows of resources related to OPEB obligations are applicable to future  
periods and, therefore, are not reported in the governmental funds. (24,176,023)

Certain liabilities are not due and payable in the current period and, therefore, are not  
reported as liabilities in the funds but are listed in the governmental activities.  
These liabilities consist of:

Obligations under leases - due or payable within one year	(9,258)	
Obligations under subscription arrangements - due or payable within one year	(143,073)	
Obligations under leases - due or payable after one year	(7,023)	
Obligations under subscription arrangements - due or payable after one year	(42,360)	
Proportionate share of collective net pension liability	(120,472,000)	
Proportionate share of collective net OPEB liability	<u>(14,371,802)</u>	
Total liabilities		<u>(135,045,516)</u>

Total net position - governmental activities \$ 228,793,700

The notes to the financial statements are an integral part of this statement.

AUBURN CITY BOARD OF EDUCATION

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
State	\$ 76,084,813	\$ 3,348,356	\$ 94,774	\$ 79,527,943
Federal	82,607	-	14,226,063	14,308,670
Local				
Earnings on investments	3,806,620	-	153,686	3,960,306
Other local	54,821,288	2,040,824	6,059,195	62,921,307
Other	170,554	557,180	98,812	826,546
Total revenues	<u>134,965,882</u>	<u>5,946,360</u>	<u>20,632,530</u>	<u>161,544,772</u>
<b>EXPENDITURES</b>				
Current				
Instruction	58,956,681	140,898	7,640,434	66,738,013
Instructional support	22,655,033	30,474	5,781,756	28,467,263
Operation and maintenance	12,454,684	1,455,997	215,568	14,126,249
Auxiliary services	6,268,220	1,485,874	6,717,351	14,471,445
General administrative services	3,677,025	-	877,594	4,554,619
Other	697,100	-	1,175,053	1,872,153
Capital outlay	3,853,616	9,495,224	-	13,348,840
Debt service				
Principal retirement	603,912	-	1,777	605,689
Interest	13,840	-	21	13,861
Total expenditures	<u>109,180,111</u>	<u>12,608,467</u>	<u>22,409,554</u>	<u>144,198,132</u>
Excess (deficiency) of revenues over expenditures	<u>25,785,771</u>	<u>(6,662,107)</u>	<u>(1,777,024)</u>	<u>17,346,640</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	306,335	17,500,000	1,796,424	19,602,759
Proceeds from the sale of assets	37,116	-	-	37,116
Indirect cost	1,153,605	-	-	1,153,605
Other sources	162,327	1,400	9,270	172,997
Transfers out	(19,296,424)	-	(306,335)	(19,602,759)
Subscriptions	426,163	-	-	426,163
Total other financing sources (uses)	<u>(17,210,878)</u>	<u>17,501,400</u>	<u>1,499,359</u>	<u>1,789,881</u>
Net changes in fund balances	8,574,893	10,839,293	(277,665)	19,136,521
Fund balances, beginning of year	<u>29,081,598</u>	<u>37,678,904</u>	<u>8,804,637</u>	<u>75,565,139</u>
Fund balances, end of year	<u>\$ 37,656,491</u>	<u>\$ 48,518,197</u>	<u>\$ 8,526,972</u>	<u>\$ 94,701,660</u>

The notes to the financial statements are an integral part of this statement.

AUBURN CITY BOARD OF EDUCATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net changes in fund balances - total governmental funds \$ 19,136,521

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	18,062,609	
Depreciation	<u>(8,152,810)</u>	
		9,909,799

Proceeds from the issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Position but does not affect the Statement of Activities. (426,163)

In the Statement of Activities, only the gain or loss on the disposition of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the net book value of the assets sold.

Cost of assets disposed	853,485	
Less accumulated depreciation	<u>(750,347)</u>	
		(103,138)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 605,689

The increase or decrease in OPEB expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. This is the amount by which current year OPEB payments exceeded current year OPEB expense. 6,825,876

The increase or decrease in pension expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. This is the amount by which current year pension expense exceeded current year pension payments. (12,238,320)

Change in net position of governmental activities \$ 23,710,264

The notes to the financial statements are an integral part of this statement.

AUBURN CITY BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2024

	Private - Purpose Trusts	Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,264,236	\$ 851,298
Investments	40,856	-
Accounts receivable	-	3,942
Total assets	\$ 2,305,092	\$ 855,240
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 40,387
<b>NET POSITION</b>		
Restricted for scholarships	2,305,092	-
Restricted for student groups	-	814,853
Total net position	\$ 2,305,092	\$ 814,853

The notes to the financial statements are an integral part of this statement.

AUBURN CITY BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Private - Purpose Trusts	Custodial Funds
<b>ADDITIONS</b>		
Dues and fees (self-imposed)	\$ -	\$ 232,924
Earnings on investments	33,895	-
Other sources	-	213,110
Private donations	300	449,198
Student fundraisers	-	547,022
Unrealized gain on investments	3,425	-
Total additions	37,620	1,442,254
<b>DEDUCTIONS</b>		
Instructional	-	123,380
Instructional support	-	949,495
Auxiliary Services:		
Student transportation	-	5,835
Other	-	181,733
Transfers out	-	140,292
Scholarships awarded	28,158	-
Total deductions	28,158	1,400,735
Change in net position	9,462	41,519
Net position, beginning of year	2,295,630	773,334
Net position, end of year	\$ 2,305,092	\$ 814,853

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

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

**A. Reporting Entity**

Statement No. 14 (as amended) of the Governmental Accounting Standards Board establishes standards for defining and reporting on the financial reporting entity. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency if its officials appoint a voting majority of that agency's governing body and either it is able to impose its will on that agency or there is a potential for the agency to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. There are no component units which should be included as part of the financial reporting entity of the Auburn City Board of Education.

The Board is a legally separate agency of the State of Alabama. However, for financial reporting purposes, the Board is considered a component unit of the City of Auburn, Alabama (the "City"), due to the following reasons:

- (1) The City appoints the five (5) members of the governing body of the Board.
- (2) The City issues bonds for the construction of facilities for the Board and the City is obligated for the debt.
- (3) The City makes annual appropriations to the Board.

The financial statements of the Board include the local school public and nonpublic funds under the control of school principals. The public funds are included as local special revenue funds. Nonpublic club activity funds are included as custodial funds.

**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation**

**Government-Wide Financial Statements** - The *statement of net position* and the *statement of activities* display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Although other governments may report both governmental activities and business-type activities, the Board has no business-type activities.

The *statement of activities* presents a comparison between direct expenses and program revenues for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

particular function. The Board does not allocate indirect expenses to the various functions. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

***Fund Financial Statements*** - The fund financial statements provide information about the Board's funds, including its fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as Other Governmental Funds.

The Board reports the following major governmental funds:

- ***General Fund*** - This fund is the primary operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.
- ***Capital Projects Fund*** - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

- ***Debt Service Fund*** - This fund accounts for the payment of principal and interest on the Board's outstanding long-term debt.
- ***Special Revenue Funds*** - These funds account for the proceeds of specific revenue sources (other than those derived from special assessments or dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the Board's programs. The Board reports the following fiduciary funds:

- ***Custodial Fund*** - These funds are used to report assets held by the Board in a purely custodial capacity. The Board collects local school nonpublic funds and expends them at the request of the various school clubs and organizations.
- ***Private-Purpose Trust Fund*** - This fund is used to report activities of the John W. and Leila M. Harris Scholarship Fund which awards an annual scholarship to an Auburn High School graduating senior, the People Reaching Independence thru Development and Education ("PRIDE") Endowment Scholarship Fund which awards scholarships to qualified Auburn Housing Authority students and the GTE Endowment Scholarship Fund which awards scholarships to graduates of Auburn High School. Additional information on endowments is discussed in Note 16.

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**Government-Wide and Fiduciary Fund Financial Statements** - The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, or additions for fiduciary funds, are recorded when earned and expenses, or deductions for fiduciary funds, are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Governmental Fund Financial Statements** - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt including lease and subscription liabilities, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions, including entering into contracts giving the Board the right to use leased assets, are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under leases and subscriptions are reported as other financing sources.

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

**C. Assets, Liabilities, and Net Position/Fund Balances**

1. Deposits

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

2. Investments

The Board is authorized by the *Code of Alabama 1975*, Section 11-81-19 to invest in obligations that are backed by the full faith and credit of the United States. Additionally, up to 35% of its total portfolio may be invested in obligations issued or guaranteed by any of the following agencies: Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), including FNMA, and FHLMC participation certificates, Federal Land Banks, Central Bank for Cooperatives, Federal Intermediate Credit Banks, Student Loan Marketing Association, and Federal Home Loan Banks. The Board's investments are reported at amortized cost, which approximates fair value (See Note 3).

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

3. Receivables

Receivables are reported as receivables and due from other governments in the government-wide financial statements and as receivables, due from other funds and due from other governments in the fund financial statements. Receivables due from other governments include amounts due from grantors for grants issued for specific programs, local taxes, and amounts due from the City of Auburn for reimbursement of construction project expenditures that are funded by bonds issued by the City on the Board's behalf. No allowances are made for uncollectible amounts because the amounts are considered immaterial.

Millage rates for property taxes are levied by the County Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year. However, since the amounts are not available to fund current year operations, the revenue is a deferred inflow of resources that will be recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations.

4. Inventories

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

5. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Land improvements	\$ 50,000	20-50 years
Buildings and improvements	\$ 50,000	20-50 years
Furniture and equipment	\$ 5,000	5-20 years
Vehicles	\$ 5,000	10 years

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

6. Leases

The Board is a lessee for noncancellable leases of equipment. The Board recognizes lease liabilities, and intangible right-to-use lease assets in the government-wide financial statements for leases with an initial, individual value of \$15,000 or more.

At the commencement of a lease, the Board initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life or the term of the lease agreement, whichever is shorter.

Key estimates and judgments related to leases include how the Board determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments. The Board uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Board generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the Board is reasonably certain to exercise.

The Board monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

7. Subscription-Based Information Technology Arrangements (SBITAs)

The Board has entered into SBITAs with software and technology providers. The Board recognizes subscription liabilities and intangible right-to-use subscription assets in the government-wide financial statements. Effective October 1, 2023, the Board increased its threshold for recognizing subscription liabilities and assets from \$25,000 to \$100,000. This change was enacted to better reflect what the Board considers as significant in relation to the growth of its activities in recent years.

At the commencement of a subscription term, which occurs when the subscription asset is placed into service, the Board initially measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments. The subscription asset is initially measured at the initial amount of the subscription liability, adjusted for any payments associated with the subscription contract made to the vendor at the commencement of the subscription term and any capitalizable implementation costs.

Key estimates and judgments related to SBITAs include how the Board determines 1) the discount rate it uses to discount the expected subscription payments to present value, 2) subscription term, and 3) subscription payments. The Board uses the interest rate charged by

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Board generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term is the period during which the Board has a noncancellable right to use the underlying IT asset. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and any other payments that are reasonably certain of being required.

The Board monitors changes in circumstances that would require a remeasurement of a SBITA and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

**8. Compensated Absences**

For vacation leave and other compensated absences with similar characteristics, GASB Statement No. 16 requires the accrual of a liability as the benefits are earned by the employees if both of these conditions are met:

- (1) The employees' rights to receive compensation are attributable to service already rendered.
- (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Non-tenured certified and support personnel are provided two state days and one local personal leave day per year and tenured personnel are provided two state days and three local personal leave days per year. All personnel may choose to convert personal leave days to sick leave days at the end of the school year. Only certified employees may choose to be paid, at the Board's substitute rate, for up to two state days of unused personal leave. Because unused personal leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Professional, clerical, and office personnel with twelve (12) month positions earn ten (10) days of vacation per year. Because no extra compensation in lieu of vacation is allowed and terminal leave cannot exceed the employee's contract, no liability is recorded on the financial statements.

Certified and support employees earn non-vesting sick leave at the rate of one day per month worked. Employees may convert their accrued sick leave as membership service in determining the total years of creditable service in the teachers' retirement system, with no additional cost to the Board. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on the financial statements.

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

9. Pensions

As discussed in Note 7, the Board participates in a defined benefit pension plan through the Teachers' Retirement System of Alabama (the "Plan"). The Plan's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized 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. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

10. Postemployment Benefits Other Than Pensions (OPEB)

As discussed in Note 8, the Board participates in a defined benefit postemployment healthcare plan through the Alabama Retired Education Employees' Health Care Trust (the "Trust"). The Trust's financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan.

11. Net Position/Fund Balance

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

- Net Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent related debt proceeds at year-end related to capital assets are not included in this calculation.
- Restricted - Constraints imposed by external creditors, grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.
- Unrestricted - Resources that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board.

Fund balance is reported in the fund financial statements. The Board has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

- Nonspendable - Amounts that are not in spendable form (such as inventories, long-term loans and notes receivable, and property held for resale) or are required to be maintained intact.
- Restricted - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed - Amounts constrained to specific purposes determined by a formal action by the Board itself (its highest level of decision-making authority). Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.
- Assigned - Amounts the Board intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned - Amounts that are available for any purpose and are not contained in the other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Board considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Board considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the Board has provided otherwise in its commitment or assignment actions.

12. Estimates

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

**D. Recently Implemented Accounting Pronouncements**

GASB Statement No. 100, *Accounting Changes and Error Corrections*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, consistent, and comparable information for making decisions or assessing accountability. The Board adopted this new standard effective October 1, 2023; however, implementation did not materially affect the Board's financial statements.

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 2 - Stewardship, Compliance and Accountability**

**Budgets**

Annual budgets are adopted for all governmental funds except the Capital Projects Fund, which adopts project-length budgets. All annual appropriations lapse at fiscal year-end.

On or before October 1 of each year, the Board prepares and submits to the State Superintendent of Education the annual budget to be adopted. The Superintendent or Board may not approve any budget for operations of the school system for any fiscal year that shows expenditures in excess of income estimated to be available plus any balances on hand. The Superintendent, with the approval of the Board, has the authority to make changes within the approved budget provided that a deficit is not incurred by such changes. The Superintendent may approve amendments to program budgets without Board approval.

**Note 3 - Deposits and Investments**

**Deposits**

The Board's deposits at year-end were held by financial institutions in the State of Alabama's Security for 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 fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balances.

**Investments**

Investments of the Board consist of federally sponsored debt securities, U.S. Treasury notes and donated equity securities. Investments reported in the General Fund are carried at fair value calculated using level 1 inputs, and investments reported in the Fiduciary Funds are carried at fair value using level 1 inputs. The Board does not have a formal investment policy to address the specific types of risks to which the Board is exposed. The Board's investments in Federal National Mortgage Association debt securities are rated AA+ by Fitch.

A summary of the Board's investments accounted for in the General Fund as of September 30, 2024, is as follows:

	Market Value	Maturities	Short term	Long term
Federal National Mortgage Assoc.	\$ 846,798	2025	\$ -	\$ 846,798
U.S. Treasury Notes	27,036,037	2024-2027	13,809,189	13,226,848
Total Investments	<u>\$ 27,882,835</u>		<u>\$ 13,809,189</u>	<u>\$ 14,073,646</u>

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 3 - Deposits and Investments - continued**

During fiscal year 2019, the Board received a donation consisting of cash and common stock from a private donor. The stock is recorded as investments within a Private-Purpose Trust on the statement of fiduciary net position. At September 30, 2024, the fair market value of these securities was \$40,856, which consisted of 1,746 shares of Auburn National Bancorporation, Inc. (AUBN), valued at \$39,984, and 24 shares of Edgewell Personal Care Company (EPC), valued at \$872. For the year ended September 30, 2024, the unrealized gain from these securities was \$3,425. In accordance with endowment agreements, investments of these funds are managed by a committee consisting of donor representatives, the president of the Board, and the Board Superintendent. See Note 16 for additional information regarding the Private-Purpose Trusts and the related endowments.

The donated securities are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000, which includes a \$250,000 limit for cash. The Board is not subject to custodial credit risk since the value of these securities was under the SIPC limits.

**Restricted Cash**

At September 30, 2024, the Board's restricted cash was composed of the following, all of which are insured through the SAFE Program:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash - General Fund		
Educational Trust Fund		
Advancement & Technology Fund	\$ 9,380,116	\$ 9,380,116
K-12 Capital Grant Program	301,690	301,690
Career Tech O&M	99,692	99,692
Textbooks	283,795	283,795
Penny Trust Fund	3,024	3,024
College and Career Readiness	1,974	1,974
School Safety Grants	1,050	1,050
Robotics Grant Program	1,330	1,330
Cash - Other Governmental Funds		
Child Nutrition Program	4,377,398	4,377,398
Emergency Medical Program	115,739	115,739
E-rate	(802,398)	(802,398)
	<u>\$ 13,763,410</u>	<u>\$ 13,763,410</u>

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 4 - Unearned Revenues**

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also delay revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2024, unearned revenue reported in the governmental funds were as follows:

	<u>Unearned Revenues</u>
Child Nutrition Program	<u>\$ 226,660</u>

**Note 5 - Capital Assets**

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

	<u>Balance 10/1/2023</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance 9/30/2024</u>
<u>Governmental activities:</u>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 18,766,075	\$ 827,770	\$ -	\$ 19,593,845
Construction in progress	22,351,771	10,573,010	(20,919,581)	12,005,200
Total capital assets not being depreciated	<u>41,117,846</u>	<u>11,400,780</u>	<u>(20,919,581)</u>	<u>31,599,045</u>
<u>Capital assets being depreciated/amortized:</u>				
Land improvements	12,821,261	1,790,245	-	14,611,506
Buildings and improvements	252,701,423	23,069,612	(176,739)	275,594,296
Furniture, equipment and vehicles	16,580,429	2,295,390	(676,746)	18,199,073
Right-to-use leased assets	90,086	-	(12,438)	77,648
Right-to-use subscription assets	1,222,521	426,163	(92,031)	1,556,653
Total capital assets being depreciated	<u>283,415,720</u>	<u>27,581,410</u>	<u>(957,954)</u>	<u>310,039,176</u>
<u>Less accumulated depreciation/amortization for:</u>				
Land improvements	(3,904,029)	(565,259)	-	(4,469,288)
Buildings and improvements	(59,192,007)	(5,975,308)	88,369	(65,078,946)
Furniture, equipment and vehicles	(10,851,472)	(1,216,841)	661,976	(11,406,337)
Right-to-use leased assets	(47,430)	(26,607)	12,438	(61,599)
Right-to-use subscription assets	(199,995)	(368,795)	92,031	(476,759)
Total accumulated depreciation/amortization	<u>(74,194,933)</u>	<u>(8,152,810)</u>	<u>854,814</u>	<u>(81,492,929)</u>
Total capital assets being depreciated/amortized, net	<u>209,220,787</u>	<u>19,428,600</u>	<u>(103,140)</u>	<u>228,546,247</u>
Total governmental activities capital assets, net	<u>\$ 250,338,633</u>	<u>\$ 30,829,380</u>	<u>\$ (21,022,721)</u>	<u>\$ 260,145,292</u>

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 5 - Capital Assets - continued**

Depreciation/amortization expense was charged to governmental functions/programs as follows:

Governmental activities:	
Instruction	\$ 6,601,923
Instructional support	485,304
Operation and maintenance	115,218
Auxiliary services:	
Student transportation services	894,837
Food services	51,285
General administrative services	<u>4,243</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 8,152,810</u>

**Note 6 - Leases and Subscription Arrangements**

**A. Leases**

For the year ended September 30, 2024, the Board had 10 active lease agreements for the use of copiers, digital imagers and a postage machine subject to the reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The initial lease terms ranged from 16-60 months. The Board's incremental borrowing rate for the lease agreements ranged from 0.408% to 2.45%. Under these agreements, the Board is required to make monthly payments ranging from \$1,134 to \$8,259. The total value of the Board's right-to-use lease asset balance at September 30, 2024, was \$77,648 and accumulated amortization related to the right-to-use asset at September 30, 2024, was \$61,599. The September 30, 2024, lease liability was \$16,281.

The future principal and interest payments as of September 30, 2024, were as follows:

Year ending September 30	Principal	Interest	Total
2025	\$ 9,258	\$ 237	\$ 9,495
2026	2,666	142	2,808
2027	2,732	76	2,808
2028	<u>1,625</u>	<u>13</u>	<u>1,638</u>
	<u>\$ 16,281</u>	<u>\$ 468</u>	<u>\$ 16,749</u>

**B. Subscription-Based Information Technology Arrangements**

For the year ended September 30, 2024, the Board had 8 active Subscription-Based Information Technology Arrangements (SBITA) for software rights subject to the reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. The initial arrangement terms ranged from 12-48 months. The Board's incremental borrowing rate for the SBITAs ranged from 2.4667% to 3.4087%. For four of the SBITAs, the Board elected to pay the entire amount due at inception. For one SBITA, the Board paid off the remaining balance of \$20,206 during the current year. Under two SBITAs,

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 6 - Leases and Subscription Arrangements - continued**

the board makes an annual payment of \$43,599, and an annual payment of \$101,408. For the remaining SBITA, the total liability of \$3,852 is less than the Board's threshold, but the Board elected to report the arrangement in the current year because this SBITA is expected to be included as part of a larger network of subscriptions to be recognized in 2025, when the remainder of the subscriptions are placed into operation. The total value of the Board's right-to-use SBITA asset balance at September 30, 2024, was \$1,556,653 and accumulated amortization related to the right-to-use asset at September 30, 2024, was \$476,759. The September 30, 2024, SBITA liability was \$185,433.

The future principal and interest payments as of September 30, 2024, were as follows:

Year ending September 30	Principal	Interest	Total
2025	\$ 143,073	\$ 5,816	\$ 148,889
2026	42,360	1,239	43,599
	<u>\$ 185,433</u>	<u>\$ 7,055</u>	<u>\$ 192,488</u>

**Note 7 - Defined Benefit Pension Plan**

**A. Plan Description**

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

**B. Benefits Provided**

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

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 7 - Defined Benefit Pension Plan - continued**

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

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

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

**C. Contributions**

Covered Tier 1 members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation.

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

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 2023, was 12.59% of annual pay for Tier 1 members and 11.57% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were \$8,159,287 for the year ended September 30, 2024.

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 7 - Defined Benefit Pension Plan - continued**

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

At September 30, 2024, the Board reported a liability of \$120,472,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2023, the Board's proportion was 0.754941%, which was an increase of 0.029654% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the Board recognized pension expense of \$20,397,607. At September 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,772,000	\$ 1,626,000
Changes of assumptions	3,389,000	-
Net difference between projected and actual earnings on pension plan investments	8,262,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,313,000	101,000
Employer contributions subsequent to the measurement date	8,159,287	-
Total	<u>\$ 34,895,287</u>	<u>\$ 1,727,000</u>

Deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date (\$8,159,287) will be recognized as a reduction of the net pension liability in the year ended September 30, 2025.

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

Year ended September 30:	
2025	\$ 8,461,000
2026	5,654,000
2027	10,556,000
2028	338,000
2029	-
Thereafter	-

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 7 - Defined Benefit Pension Plan - continued**

**E. Actuarial Assumptions**

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

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

\*Net of pension plan investment expense.

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

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

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

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

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 7 - Defined Benefit Pension Plan - continued**

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

\*Includes assumed rate of inflation of 2.00%

**F. Discount Rate**

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

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

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

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Board's proportionate share of collective net pension liability	\$ 157,383,000	\$ 120,472,000	\$ 89,428,000

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 7 - Defined Benefit Pension Plan - continued**

**H. Pension Plan Fiduciary Net Position**

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

**Note 8 - Other Postemployment Benefits (OPEB)**

**General Information about the OPEB Plan**

**A. Plan Description**

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

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

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 8 - Other Postemployment Benefits (OPEB) - continued**

**B. Benefits Provided**

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

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

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

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

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

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 8 - Other Postemployment Benefits (OPEB) - continued**

**C. Contributions**

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

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

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

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

At September 30, 2024, the Board reported a liability of \$14,371,802 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022. The Board's proportion of the net OPEB liability was based on the Board's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2023, the Board's proportion was .74769398%, which was an decrease of .06231094% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the Board recognized OPEB expense of (\$5,762,343), with no special funding situations. At September 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 8 - Other Postemployment Benefits (OPEB) - continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 281,016	\$ 22,678,281
Changes of assumptions	12,107,749	14,217,597
Net difference between projected and actual earnings on OPEB plan investments	490,914	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,602,367	5,825,474
Employer contributions subsequent to the measurement date	1,063,283	-
Total	<u>\$ 18,545,329</u>	<u>\$ 42,721,352</u>

Deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date, \$1,063,283, will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2025.

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

Year ended September 30:	
2025	\$ (8,308,085)
2026	(4,309,298)
2027	(4,019,992)
2028	(5,311,140)
2029	(3,189,840)
Thereafter	(100,951)

**E. Actuarial Assumptions**

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

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 8 - Other Postemployment Benefits (OPEB) - continued**

Inflation	2.50%
Salary increases*	3.25% - 5.00%
Long-term investment rate of return**	7.00%
Municipal bond index rate at the measurement date	4.53%
Municipal bond index rate at the prior measurement date	4.40%
Projected year for Fiduciary Net Position (FNP) to be depleted	N/A
Single equivalent interest rate at the measurement date	7.00%
Single equivalent interest rate at the prior measurement date	7.00%
Healthcare cost trend rate	
Initial Trend Rate	
Pre-Medicare eligible	7.00%
Medicare eligible	***
Ultimate trend rate	
Pre-Medicare eligible	4.50% in 2033 FYE
Medicare eligible	4.50% in 2033 FYE

\*Includes 2.75% wage inflation.

\*\*Compounded annually, net of investment expense, and includes inflation.

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

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

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2022 valuation.

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 8 - Other Postemployment Benefits (OPEB) - continued**

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

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

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

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

\*Geometric mean, includes 2.5% inflation

**F. Discount Rate**

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per non-university active member. Approximately 11.051% of the employer contributions were used to assist in funding retiree benefit payments in 2023 and it is assumed that the 11.051% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the \$800 rate will remain flat

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 8 - Other Postemployment Benefits (OPEB) - continued**

until, based on budget projections, it increases to \$940 in fiscal year 2027 and then will increase with inflation at 2.50% starting in 2028. Retiree benefit payments for university members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2121.

**G. Sensitivity of the Auburn City Board of Education's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.**

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

	1% Decrease (6.00% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (7.00% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	1% Increase (8.00% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare eligible)
Board's proportionate share of collective net OPEB liability	\$ 10,893,672	\$ 14,371,803	\$ 18,594,956

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

	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of collective net OPEB liability	\$ 17,741,961	\$ 14,371,803	\$ 11,503,359

**H. OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's Fiduciary Net Position is in the Trust's financial statements for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 9 - Construction and Other Significant Commitments**

At September 30, 2024, the Board had several remaining commitments on uncompleted contracts for various construction and development projects, which are being funded, in part, with proceeds from bonds issued by the City of Auburn, as follows:

	Project Authorization	Expended To Date	Remaining Commitment	Required Further Financing
Security Cameras & Access Control Upgrade	\$ 3,208,030	\$ 3,192,175	\$ 15,855	\$ -
Duck Samford Drainage Improvements	111,400	67,400	44,000	-
AHS Scoreboard & Videoboard Upgrades	482,131	369,261	112,870	-
AHS Turf Field & Track Refurbishment	2,477,200	2,352,217	124,983	-
East Samford Main Building Renovation	1,640,868	1,366,771	274,097	-
New Auburn High School	10,092,187	2,480,247	7,611,940	-
Network Infrastructure Upgrades	4,171,956	3,022,612	1,149,344	-
Total	<u>\$ 22,183,772</u>	<u>\$ 12,850,683</u>	<u>\$ 9,333,089</u>	<u>\$ -</u>

Additional information on funding provided by other agencies is discussed in Note 20.

**Note 10 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds or the General Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Board expects such amounts, if any, to be immaterial.

The Board is involved in several ongoing legal matters. Although the outcome of these matters is not presently determinable and the amount of losses, if any, cannot be reasonably estimated, Board management and counsel believe that resolution of these matters will not have a material adverse effect on the financial condition of the Board.

**Note 11 - Long-term Notes, Leases and Subscription Arrangements Payable**

The Board had an installment agreement with Xerox for multiple printers at Auburn Junior High School. This installment agreement was signed in October 2020, payable in monthly installments of \$899 with an interest rate of 10%, and matured in November 2023. In addition to the notes payable, information related to the Board's lease and subscription liabilities, discussed in Note 6, are shown below.

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 11 - Long-term Notes, Leases and Subscription Arrangements Payable - continued**

Notes, leases and subscription arrangements payable of the Board as of September 30, 2024, are comprised of:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Long-term debt				
Notes payable, Xerox	\$ 1,777	\$ -	\$ (1,777)	\$ -
Lease liability	42,856	-	(26,575)	16,281
Subscription liability	<u>336,606</u>	<u>426,163</u>	<u>(577,336)</u>	<u>185,433</u>
Governmental activities long-term liabilities	<u>\$ 381,239</u>	<u>\$ 426,163</u>	<u>\$ (605,688)</u>	<u>\$ 201,714</u>

**Note 12 - Deficit Cash Balance**

The following funds had a deficit cash balance as of September 30, 2024. However, these funds operate on a reimbursement basis and have receivables which offset the deficit cash balances.

Fund	Deficit Cash Balance	Receivable as of 09/30/24
Title I, Part A	\$ (204,482)	\$ 232,807
Title II, Part A	(57,725)	57,725
Title III, English Language	(10,325)	10,475
Title IV, Part A Safe and Drug	(14,334)	24,193
IDEA - Part B	(366,751)	385,431
IDEA - Preschool Part B	(5,811)	5,811
Vocational Education	(36,657)	47,965
ARPA - Homeless II	(4,505)	4,505
ARPA - ALSDE Reservation	(463,133)	486,575
ARPA - ESSER III	(1,540,222)	1,579,707
E-Rate	<u>(802,398)</u>	<u>812,387</u>
Totals	<u>\$ (3,506,343)</u>	<u>\$ 3,647,581</u>

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 13 - Deficit Fund Balance**

The Board has a net accumulated deficit of (\$703,176) in the Other Governmental Funds unassigned fund balance as of September 30, 2024. This temporary deficit is the result of accrued salaries and fringe benefits for local schools' personnel at September 30, 2024. Expenditures for salaries and related fringe benefits are budgeted based on the amount that will be paid from budgeted revenues. Salaries and related fringe benefits earned but not paid are reported as expenditures on the financial statements. This deficit does not indicate that the Board is facing financial difficulties and is a permitted practice under generally accepted accounting principles. Accrued salaries and fringe benefits caused a deficit fund balance in the following funds:

<u>Fund</u>	<u>Deficit Fund Balance</u>
IDEA, Part B	\$ (177,688)
Preschool, Part B	(3,284)
Title I, Part A	(110,316)
Title II, Part A	(39,892)
ARPA - ESSER III	(371,996)
Totals	<u>\$ (703,176)</u>

**Note 14 - Restricted Net Position**

The Statement of Net Position reports \$11,460,536 of restricted net position, of which \$4,381,102 is restricted for the Child Nutrition Program, \$6,357,504 is restricted for the Education Trust Fund Advancement and Technology Fund, \$209,214 is restricted for the K-12 Capital Grant Program, \$99,692 is restricted for the Career Tech O&M, \$283,795 is restricted for textbooks, \$9,988 is restricted for the E-rate Program, \$116,217 is restricted for the Emergency Medical Program, and \$3,024 is restricted for the Penny Trust Fund.

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 15 - Fund Balance, Governmental Funds**

As of September 30, 2024, fund balances are composed of the following:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund balances				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 267,745	\$ 267,745
Restricted for:				
Child Nutrition Program	-	-	3,369,953	3,369,953
Summer Food Program	-	-	743,404	743,404
Educational Trust Fund				
Advancement & Technology Fund	6,357,504	-	-	6,357,504
Career Tech O&M	99,692	-	-	99,692
Textbooks	283,795	-	-	283,795
E-rate Program	-	-	9,988	9,988
K-12 Capital Grant Program	209,214	-	-	209,214
Penny Trust Fund	3,024	-	-	3,024
Emergency Medical Program	-	-	116,217	116,217
Committed to:				
After-school program	-	-	2,137,974	2,137,974
Local schools	-	-	2,584,867	2,584,867
Assigned to:				
Capital projects	-	51,172,799	-	51,172,799
Legislation appropriations fund	203,168	-	-	203,168
Other educational support	3,544,130	-	-	3,544,130
Unassigned	26,955,964	(2,654,602)	(703,176)	23,598,186
Total fund balances	<u>\$ 37,656,491</u>	<u>\$ 48,518,197</u>	<u>\$ 8,526,972</u>	<u>\$ 94,701,660</u>

**Note 16 - Endowments**

The Board's endowments consist of two individual Private-Purpose Trusts which are reported on the Statement of Fiduciary Net Position. These trusts were established by private donors to provide scholarships to graduates of Auburn High School.

**Endowment Spending Policy**

Both endowment agreements have the following spending policy: Scholarships or grants should be awarded each year in amounts at least equal to income earned in the prior year and up to 5% of principal may also be used. The unused principal amount can be carried over to the next year. The funds should be invested as outlined by the Investment Policy of the Board.

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 16 - Endowments - continued**

**Net Appreciation of Endowments**

As of September 30, 2024, the net appreciation available for expenditure is as follows:

Endowment	Amount of Historical Gifts	Fair Market Value as of 9/30/2024	Net appreciation available for expenditure
PRIDE	\$ 816,306	\$ 827,905	\$ 11,599
GTE	1,475,928	1,477,187	1,259
Total	<u>\$ 2,292,234</u>	<u>\$ 2,305,092</u>	<u>\$ 12,858</u>

**Note 17 - Risk Management**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The Board has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, a public entity risk pool, which operates as a common risk management and insurance program for state-owned properties and boards of education. The Board pays an annual premium based on the amount of coverage. The SIF is self-insured up to \$10 million per nonwind-related loss occurrence and \$25 million per wind-related loss occurrence. The SIF purchases commercial insurance for claims in excess of these deductibles, covering losses up to \$2 billion. Errors and omissions insurance is purchased from the Alabama Trust for Boards of Education (ATBE), a public entity risk pool. The ATBE collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. The Board purchases commercial insurance for fidelity bonds and its transportation fleet. Settled claims in the past three years have not exceeded the commercial insurance coverage. Also, there have been no significant reductions in insurance coverage from the prior year.

Employee health insurance is provided through the Public Education Employees' Health Insurance Plan (PEEHIP), administered by the Public Education Employee's Health Insurance Board (PEEHIB). The PEEHIP was established to provide a uniform plan of health insurance for active and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The Board's contribution is applied against the employees' premiums for the coverage selected and the employee pays any remaining balance.

The Board does not have insurance coverage for job-related injuries. Board employees who are injured while on the job are entitled to salary and fringe benefits of up to ninety working days in accordance with the *Code of Alabama* 1975, Section 16-1-18.1(d). Any unreimbursed medical expenses and costs that the employee incurs as a result of an on-the-job injury may be filed for reimbursement with the State Board of Adjustment. The State Board of Adjustment is a state agency with which employees can file claims against the Board to collect reimbursement for damages when all other means have been exhausted. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from the state appropriated funds at no cost to the Board.

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 18 - Donated Food Program**

The commodities received from the Federal government in connection with the donated food program are reflected in the accompanying financial statements. The total assigned value of commodities donated was \$273,120 for 2024. Commodities consumed were approximately \$278,141 for 2024.

**Note 19 - Interfund Activity**

**Transfers**

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

	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Totals
<u>Transfers In</u>			
General Fund	\$ -	\$ 306,335	\$ 306,335
Capital Projects Fund	17,500,000	-	17,500,000
Nonmajor Governmental Funds	1,796,424	-	1,796,424
Totals	<u>\$ 19,296,424</u>	<u>\$ 306,335</u>	<u>\$ 19,602,759</u>

The Board typically uses transfers to fund ongoing operating subsidies. Interfund transfers are eliminated on the government-wide financial statements.

**Receivables and Payables**

	Interfund Receivables	Interfund Payables
General Fund	\$ 9,259	\$ 72,446
Nonmajor Governmental Funds		
Child Nutrition	-	1,932
After School Program	6,436	-
Local Schools	65,183	6,500
Totals	<u>\$ 80,878</u>	<u>\$ 80,878</u>

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments are made.

AUBURN CITY BOARD OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

**Note 20 - Payments or Services Furnished by Other Agencies**

Certain payments or services are furnished by the State of Alabama and the City of Auburn on behalf of the Board. Included in these items are payments from bond issue proceeds (Public School and College Authority) and donated fixed assets. These payments are reflected as revenues on the Board's financial statements in the applicable funds for which they apply. For the year ended September 30, 2024, the Public School and College Authority did not provide any funding to the Board.

Payments made during the year by the City of Auburn on behalf of the Board for debt service and related bond expenditures were \$16,338,260. These payments are not recorded as revenue and expenditures in the accompanying financial statements.

**Note 21 - Subsequent Events**

On November 12, 2024, the Board approved a contract in the amount of \$1,868,727 with Adams Construction & Associates, Inc. for drainage improvements of the upper field at Duck Samford Stadium.

On December 10, 2024, the Board approved the following: 1) a contract in the amount of \$15,901,560 with Evergreen Siteworks, LLC for the new high school early site package, 2) an owner-architect agreement in the amount of \$60,227 with Barganier Davis Williams Architects Associated for the gymnasium renovation project at Auburn Junior High School, 3) an owner-architect agreement in the amount of \$179,900 with HNP, LLC for renovations at Duck Samford Stadium and the band field at Auburn High School, 4) an owner-architect agreement in the amount of \$64,000 with Kadre Engineering for the bus loop addition at Auburn High School.

On January 14, 2025, the Board approved the sale of 15.68 acres of land on Beehive Road to the Auburn Industrial Development Board for \$700,000.

On February 11, 2025, the Board approved the following: 1) an amendment to its agreement with TCU Consulting Services, LLC for program management services related to the construction of the new high school and new middle school. The amendment increased the cost of the agreement by \$2,780,250 to \$6,757,750, 2) an owner-architect agreement in the amount of \$22,780 with Barganier Davis Williams Architects Associated for ADA improvements to the Central Office parking lot, walkway, and front entrance, 3) an owner-architect agreement in the amount of \$41,850 with Barganier Davis Williams Architects Associated for the mechanical HVAC replacement project at the Auburn Junior High School auditorium.

On March 18, 2025, the Board approved the following: 1) an owner-architect agreement in the amount of \$3,980,000 with Perkins & Will for the New Middle School construction project, and 2) a contract with Huckaby Brothers Floor Covering, in the amount of \$189,499, for new carpet and installation at Pick Elementary.

Management has evaluated subsequent events through April 7, 2025, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

AUBURN CITY BOARD OF EDUCATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Budget	Actual	Final Budget
	Original	Final	Amounts	to GAAP	Amounts	to Actual
			Budgetary	Differences	GAAP	Variance
			Basis	Over (Under)	Basis	Favorable
						(Unfavorable)
<b>REVENUES</b>						
State	\$ 63,484,142	\$ 75,291,080	\$ 76,084,813	\$ -	\$ 76,084,813	\$ 793,733
Federal	74,500	74,500	82,607	-	82,607	8,107
Local	51,890,976	55,816,093	58,627,908	-	58,627,908	2,811,815
Other	192,000	192,000	170,554	-	170,554	(21,446)
Total revenues	<u>115,641,618</u>	<u>131,373,673</u>	<u>134,965,882</u>	<u>-</u>	<u>134,965,882</u>	<u>3,592,209</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
Instruction	67,849,990	67,845,987	59,078,212 (1)	121,531	58,956,681	8,767,775
Instructional support	20,333,076	24,371,716	22,737,773 (1)	82,740	22,655,033	1,633,943
Operation and maintenance	10,811,883	13,766,497	12,442,767 (1)	(11,917)	12,454,684	1,323,730
Auxiliary services	9,363,311	11,478,363	6,315,155 (1)	46,935	6,268,220	5,163,208
General administrative services	3,848,650	3,858,420	3,666,264 (1)	(10,761)	3,677,025	192,156
Other	707,264	753,276	704,698 (1)	7,598	697,100	48,578
Capital outlay	-	4,062,830	3,853,616	-	3,853,616	209,214
<b>Debt service</b>						
Principal retirement	114,362	-	603,912	-	603,912	(603,912)
Interest and fiscal charges	-	-	13,840	-	13,840	(13,840)
Total expenditures	<u>113,028,536</u>	<u>126,137,089</u>	<u>109,416,237</u>	<u>236,126</u>	<u>109,180,111</u>	<u>16,720,852</u>
Excess of revenues over expenditures	<u>2,613,082</u>	<u>5,236,584</u>	<u>25,549,645</u>	<u>(236,126)</u>	<u>25,785,771</u>	<u>20,313,061</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	252,960	253,060	306,335	-	306,335	53,275
Long term debt issued	-	-	426,163	-	426,163	426,163
Other sources	540,732	1,113,032	1,353,048	-	1,353,048	240,016
Transfers out	(1,658,116)	(5,461,716)	(19,296,424)	-	(19,296,424)	(13,834,708)
Total other financing sources (uses)	<u>(864,424)</u>	<u>(4,095,624)</u>	<u>(17,210,878)</u>	<u>-</u>	<u>(17,210,878)</u>	<u>(13,115,254)</u>
Net change in fund balance	1,748,658	1,140,960	8,338,767	(236,126)	8,574,893	7,197,807
Fund balance, beginning of year	<u>32,407,322</u>	<u>37,280,573</u>	<u>37,280,573</u>	<u>8,198,975</u>	<u>29,081,598</u>	<u>-</u>
Fund balance, end of year	<u>\$ 34,155,980</u>	<u>\$ 38,421,533</u>	<u>\$ 45,619,340</u>	<u>\$ 7,962,849</u>	<u>\$ 37,656,491</u>	<u>\$ 7,197,807</u>

Explanation of differences:

- (1) Salaries of teachers and other personnel with contracts of less than twelve months are paid over a twelve month period. Expenditures for salaries (and related fringe benefits) are budgeted based on the amount that will be paid from budgeted revenues. However, salaries (and related fringe benefits) earned but not paid are reported as expenditures on the financial statements.

AUBURN CITY BOARD OF EDUCATION

SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE COLLECTIVE  
NET PENSION LIABILITY OF THE TEACHERS' RETIREMENT SYSTEM OF ALABAMA

FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Board's proportion of the collective net pension liability	<u>0.612854%</u>	<u>0.631834%</u>	<u>0.648927%</u>	<u>0.659297%</u>	<u>0.676221%</u>	<u>0.675906%</u>	<u>0.717094%</u>	<u>0.714645%</u>	<u>0.725287%</u>	<u>0.754941%</u>
Board's proportionate share of the collective net pension liability	<u>\$ 55,675,000</u>	<u>\$ 66,126,000</u>	<u>\$ 70,253,000</u>	<u>\$ 64,799,000</u>	<u>\$ 67,234,000</u>	<u>\$ 74,734,000</u>	<u>\$ 88,702,000</u>	<u>\$ 67,322,000</u>	<u>\$ 112,715,000</u>	<u>\$ 120,472,000</u>
Board's covered payroll	<u>\$ 38,933,400</u>	<u>\$ 40,066,024</u>	<u>\$ 41,505,021</u>	<u>\$ 43,853,094</u>	<u>\$ 45,312,856</u>	<u>\$ 48,488,603</u>	<u>\$ 51,097,297</u>	<u>\$ 52,199,883</u>	<u>\$ 56,342,732</u>	<u>\$ 62,749,592</u>
Board's proportionate share of the collective net pension liability as a percentage of its covered payroll	<u>143.00%</u>	<u>165.04%</u>	<u>169.26%</u>	<u>147.76%</u>	<u>148.38%</u>	<u>154.13%</u>	<u>173.59%</u>	<u>128.97%</u>	<u>200.05%</u>	<u>191.99%</u>
Plan fiduciary net position as a percentage of the total collective pension liability	<u>71.01%</u>	<u>67.51%</u>	<u>67.93%</u>	<u>71.50%</u>	<u>72.29%</u>	<u>69.85%</u>	<u>67.72%</u>	<u>76.44%</u>	<u>62.21%</u>	<u>63.57%</u>

AUBURN CITY BOARD OF EDUCATION  
 SCHEDULE OF BOARD CONTRIBUTIONS TO THE  
 TEACHERS' RETIREMENT SYSTEM OF ALABAMA  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 4,662,398	\$ 4,878,487	\$ 5,160,838	\$ 5,413,982	\$ 5,880,684	\$ 6,180,576	\$ 6,252,318	\$ 6,772,487	\$ 7,613,607	\$ 8,159,287
Contributions in relation to the contractually required contribution	4,662,398	4,878,487	5,160,838	5,413,982	5,880,684	6,180,576	6,252,318	6,772,487	7,613,607	8,159,287
Contributions deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 40,066,024	\$ 41,505,021	\$ 43,853,094	\$ 45,312,856	\$ 48,488,603	\$ 51,097,297	\$ 52,199,883	\$ 56,342,732	\$ 62,749,592	\$ 67,131,371
Contributions as a percentage of covered payroll	11.64%	11.75%	11.77%	11.95%	12.13%	12.10%	11.98%	12.02%	12.13%	12.15%

(1) The amount of contractually required contributions is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in the fiduciary net position during the period that coincides with the employer's fiscal year.

AUBURN CITY BOARD OF EDUCATION

SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
OF THE ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST

FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Board's proportion of the net OPEB liability	<u>0.735736%</u>	<u>0.769342%</u>	<u>0.822769%</u>	<u>0.738960%</u>	<u>0.737668%</u>	<u>0.810005%</u>	<u>0.747694%</u>
Board's proportionate share of the net OPEB liability	<u>\$ 54,646,267</u>	<u>\$ 63,230,114</u>	<u>\$ 31,041,164</u>	<u>\$ 47,957,475</u>	<u>\$ 38,113,929</u>	<u>\$ 14,113,919</u>	<u>\$ 14,371,803</u>
Board's covered-employee payroll	<u>\$ 43,118,496</u>	<u>\$ 44,649,495</u>	<u>\$ 48,756,351</u>	<u>\$ 51,179,964</u>	<u>\$ 52,361,872</u>	<u>\$ 55,048,096</u>	<u>\$ 64,281,337</u>
Board's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	<u>126.74%</u>	<u>141.61%</u>	<u>63.67%</u>	<u>93.70%</u>	<u>72.79%</u>	<u>25.64%</u>	<u>22.36%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>15.37%</u>	<u>14.81%</u>	<u>28.14%</u>	<u>19.80%</u>	<u>27.11%</u>	<u>48.39%</u>	<u>49.42%</u>

AUBURN CITY BOARD OF EDUCATION  
 SCHEDULE OF BOARD CONTRIBUTIONS TO THE  
 ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 1,906,546	\$ 2,345,701	\$ 1,461,158	\$ 1,281,123	\$ 1,546,955	\$ 1,170,758	\$ 1,063,533
Contributions in relation to the contractually required contribution	<u>1,906,546</u>	<u>2,345,701</u>	<u>1,461,158</u>	<u>1,281,123</u>	<u>1,546,955</u>	<u>1,170,758</u>	<u>1,063,533</u>
Contributions deficiency	<u>\$ -</u>						
Board's covered-employee payroll	<u>\$ 44,649,495</u>	<u>\$ 48,756,351</u>	<u>\$ 51,179,964</u>	<u>\$ 52,361,872</u>	<u>\$ 55,048,096</u>	<u>\$ 64,281,337</u>	<u>\$ 69,013,946</u>
Contributions as a percentage of covered-employee payroll	<u>4.27%</u>	<u>4.81%</u>	<u>2.85%</u>	<u>2.45%</u>	<u>2.81%</u>	<u>1.82%</u>	<u>1.54%</u>

AUBURN CITY BOARD OF EDUCATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 SEPTEMBER 30, 2024

**Note 1 - Other Post-employment Benefits**

**A. Changes in Actuarial Assumptions**

In 2022, rates of plan participation and tobacco usage assumptions were adjusted to reflect actual experience more closely. In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely. In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to more closely reflect actual experience.

**B. Recent Plan Changes**

The September 30, 2022, valuation reflects the impact of Act 2022-222. Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019. Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan. The Health Plan is changed each year to reflect the Affordable Care Act (ACA) maximum annual out-of-pocket amounts.

**C. Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the schedule of Board contributions were calculated as of September 30, 2020, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay
Remaining amortization period	21 years, closed
Asset valuation method	Market Value of Assets
Inflation	2.75%
Healthcare cost trend rate	
Pre-Medicare eligible	6.50%
Medicare eligible	*
Ultimate trend rate	
Pre-Medicare eligible	4.75%
Medicare eligible	4.75%
Year of ultimate trend rate	2027 for pre-Medicare eligible 2024 for Medicare eligible
Optional plans trend rate	2.00%
Investment rate of return	5.00%, including inflation

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

SUPPLEMENTARY INFORMATION

AUBURN CITY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Number	Pass- Through Grantor's Number	Amount of Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<b><i>Passed through State Department of Education:</i></b>			
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	110	\$ 1,907,069
Special Education Preschool Grants	84.173	110	<u>38,530</u>
Subtotal Special Education Cluster (IDEA)			1,945,599
Title I Grants to Local Educational Agencies	84.010	110	1,096,307
Career and Technical Education - Basic Grants to States	84.048	110	128,772
English Language Acquisition State Grants	84.365	110	101,885
Supporting Effective Instruction State Grants	84.367	110	294,691
Student Support and Academic Enrichment Program	84.424A	110	82,984
COVID-19 - Education Stabilization Fund under the CARES Act - Elementary and Secondary School Emergency Relief Fund	84.425D	110	15,561
COVID-19 - Education Stabilization Fund under the CARES Act - American Rescue Plan Elementary & Secondary School Emergency Relief Fund	84.425U	110	6,678,493
COVID-19 - Education Stabilization Fund under the CARES Act - American Rescue Plan Elementary & Secondary School Emergency Relief - Homeless Children and Youth	84.425W	110	<u>11,678</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>10,355,970</u>
<b><u>SOCIAL SECURITY ADMINISTRATION</u></b>			
<b><i>Passed through State Department of Education:</i></b>			
Disability Insurance/SSI Cluster			
Social Security Disability Insurance	96.001	110	<u>2,000</u>
Subtotal Disability Insurance/SSI Cluster			<u>2,000</u>
TOTAL SOCIAL SECURITY ADMINISTRATION			<u>2,000</u>

The accompanying notes are an integral part of this schedule.

AUBURN CITY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - continued

SEPTEMBER 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Number	Pass- Through Grantor's Number	Amount of Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed through State Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	110	<u>556,060</u>
National School Lunch Program			
Cash Assistance	10.555	110	2,228,526
Non-Cash Assistance (Commodities)	10.555	110	<u>273,120</u>
Subtotal National School Lunch Program			<u>2,501,646</u>
Subtotal Child Nutrition Cluster			<u>3,057,706</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>3,057,706</u>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
<i>Direct Program:</i>			
ROTC Language and Culture Training Grants	12.357	N/A	<u>80,607</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>80,607</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 13,496,283</u></u>

The accompanying notes are an integral part of this schedule.

AUBURN CITY BOARD OF EDUCATION

NOTES TO THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2024

**Note 1 - Scope of Audit Pursuant to the Uniform Guidance and the Single Audit Act of 1996**

The Auburn City Board of Education is an agency of the State of Alabama. All significant operations of the Board are included in the scope of the Uniform Guidance and the Single Audit Act of 1996.

The U.S. Department of Education has been designated as the Board's cognizant agency for the Single Audit.

**Note 2 - Fiscal Period Audited**

Single Audit testing procedures were performed for program transactions occurring during the fiscal year ended September 30, 2024.

**Note 3 - Summary of Significant Accounting Policies**

**Basis of presentation**

The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Federal grant revenues are recorded for financial reporting purposes when the Board has met the qualifications for the respective grants. Some programs may be funded jointly by State or local appropriations and Federal funds.

**Indirect Cost Rate**

The State Department of Education approves the Board's indirect cost rate annually, therefore, the Board has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

## ADDITIONAL INFORMATION



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Auburn  
City Board of Education  
Auburn, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Auburn City Board of Education (the "Board"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 7, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## **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.

*Machen McChesney, LLP*

Auburn, Alabama  
April 7, 2025



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Members of the Auburn  
City Board of Education  
Auburn, Alabama

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

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

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*Machen McChesney, LLP*

Auburn, Alabama  
April 7, 2025

AUBURN CITY BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED SEPTEMBER 30, 2024

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

**Financial Statements**

Type of opinion issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Federal Awards**

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

U.S. Department of Education; Assistance No. 84.425, COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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AUBURN CITY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued  
YEAR ENDED SEPTEMBER 30, 2024

**Section II - Financial Statement Findings**

**Noncompliance**

None noted which requires reporting.

**Significant Deficiencies**

None noted which requires reporting.

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

**Noncompliance**

None noted which requires reporting.

**Significant Deficiencies**

None noted which requires reporting.

**Questioned Costs**

None noted which requires reporting.