The Utilities Board of the
City of Helena, Alabama

Financial Report
September 30, 2024

Including Report of
Independent Auditors

CONTENTS

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The Alabama Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Utilities Board
of the City of Helena, Alabama

Opinion

We have audited the financial statements of the Utilities Board of the City of Helena, Alabama, a component unit of the City of Helena, 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 financial position of the Utilities Board of the City of Helena, Alabama as of September 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Utilities Board of the City of Helena, Alabama, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Utilities Board of the City of Helena, Alabama's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 Utilities Board of the City of Helena, Alabama'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utilities Board of the City of Helena, Alabama'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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Schedule of Employer Contributions 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Fund Deposits and Withdrawals, Schedule of Rates and Number of Active Customers, Schedule of Board Members, Insurance Policies and Fidelity Bonds in Force, and Budget Summary, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Dent Moses LLP

Birmingham, Alabama
March 25, 2025

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
STATEMENT OF NET POSITION
September 30, 2024

Assets		
Current assets:		
Cash and cash equivalents	$	862,464
Certificates of deposit		593,830
Accounts receivable, net		1,003,953
Inventory		140,841
Total current assets		2,601,088
Restricted assets:		
Cash and cash equivalents		786,680
Noncurrent assets:		
Depreciable capital assets, net		39,172,074
Nondepreciable capital assets		1,467,188
Total noncurrent assets		40,639,262
Total Assets		44,027,030
Deferred Outflows of Resources		
Deferred charges on refunding of bonds		572,082
Pension		448,419
Total Deferred Outflows of Resources		1,020,501
Liabilities		
Current liabilities:		
Accounts payable		181,948
Accrued Expenses		70,498
Payable from restricted assets:		
Customer deposits		119,136
Accrued interest payable		154,919
Current portion of long-term debt		1,460,386
Total current liabilities		1,986,887
Noncurrent liabilities:		
Compensated Absences		124,960
Long-term debt, net of current portion		18,391,256
Net pension liability		1,130,365
Total noncurrent liabilities		19,646,581
Total Liabilities		21,633,468
Deferred Inflows of Resources		
Pension		196,768
Total Deferred Inflows of Resources		196,768
Net Position		
Net investment in capital assets		21,359,702
Unrestricted		1,344,968
Restricted for debt service (expendable)		512,625
Total Net Position	$	23,217,295

The Notes to Financial Statements are an integral part of these statements.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED September 30, 2024

Operating Revenues	
Charges for services	$ 5,840,136
Late charges and fees	196,132
Impact fees	154,850
Miscellaneous	25,671
Total Operating Revenues	6,216,789
Operating Expenses	
Personnel services	2,168,548
Operations and maintenance	2,907,670
Depreciation	1,788,824
Total Operating Expenses	6,865,042
Operating Income (Loss)	(648,253)
Nonoperating Revenues (Expenses)	
Interest income	63,519
Interest expense	(509,840)
Trustee fees	(6,600)
Gain/Loss on disposal of capital assets	21,433
Total Nonoperating Revenues (Expenses)	(431,488)
Change in Net Position	(1,079,741)
Net Position, Beginning of Year	24,297,036
Net Position, End of Year	$ 23,217,295

The Notes to Financial Statements are an integral part of these statements.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED September 30, 2024

Cash Flows from Operating Activities		
Cash received from customers	$	6,164,021
Cash paid to employees		(2,071,045)
Cash paid to suppliers for goods and services		(2,802,672)
Net cash provided by operating activities		1,290,304
Cash Flows from Capital and Related Financing Activities		
Acquisition of property, plant, and equipment		(646,971)
Proceeds from sale of property, plant, and equipment		236,850
Proceeds from note payable		240,000
Principal payments on debt		(1,645,000)
Interest payments on debt		(437,535)
Trustee fees		(6,600)
Net cash used by capital and related financing activities		(2,259,256)
Cash Flows from Investing Activities		
Interest received		44,819
Net cash provided by investing activities		44,819
Net increase (decrease) in cash and cash equivalents		(924,133)
Cash and Cash Equivalents, Beginning of Year		2,573,277
Cash and Cash Equivalents, End of Year	$	1,649,144
Reconciliation of Cash and Cash Equivalents to Statement of Net Position		
Cash and cash equivalents in current assets	$	862,464
Restricted cash		786,680
Total Cash and Cash Equivalents	$	1,649,144

The Notes to Financial Statements are an integral part of these statements.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED September 30, 2024

Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities

Net operating income	$	(648,253)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		1,788,824
(Increase) decrease in:		
Accounts receivable, net		(58,801)
Inventory		(8,687)
Deferred outflows - pension		290,078
Increase (decrease) in:		
Accounts payable		107,858
Accrued expenses		73,031
Customer deposits		6,033
Deferred inflows - pension		196,768
Net pension liability		(456,547)
Net cash provided by operating activities	$	1,290,304

Noncash Investing, Capital, and Financing Activities

The Utilities Board of the City of Helena, Alabama had amortization of bond premiums of $64,914 and amortization of deferred charges on refunding of $148,552.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

The Utilities Board of the City of Helena, Alabama (the Board) was created by the City of Helena, Alabama (the City) to provide water and sewer services for the residents of the City and surrounding communities. The Board is governed by a five-member group including the Mayor of the City of Helena, one City Council member, and three others appointed by the Mayor. For financial reporting purposes, the Board is a component unit of the City of Helena and is included in the financial reporting entity of the City.

The fund is organized as an enterprise fund. The intent of the governing body is that the costs and expenses, including depreciation, of providing services are financed or recovered through user charges. Activities of the fund include administration, operations and maintenance of the Board, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest. The accounting objectives of the fund are determinations of operating income and changes in net position, financial position, and cash flow.

The financial statements of the Board have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The more significant of the Board's accounting policies are described below.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements for the Board are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all transactions and events that affect the total economic resources during the period are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred, regardless of the timing of related cash inflows and outflows.

The Board distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Board's principal ongoing operations. Operating expenses for the Board include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Board applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board pronouncements, in which case, Governmental Accounting Standards Board prevails.

Cash

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Restricted Assets

The use of restricted assets is limited by legal requirements or restrictions imposed externally by creditors. When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted, as they are needed.

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts is provided based on historical evidence.

Unbilled Services Receivable

Utility Revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided, but unbilled at year-end, has been included in the accompanying financial statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventory

Inventory consists of materials and supplies and is recorded at average cost which approximates market. Cost of inventories are recorded as an expenditure/expense when consumed rather than when purchased.

Capital Assets

All capital assets are valued at historical costs or estimated historical costs if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses.

Assets capitalized have an original cost of $1,000 or more and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the asset capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Water and sewer systems	5-50 Years
Buildings	20-40 Years
Furniture and equipment	5-10 Years
Vehicles	3-5 Years
Computer equipment	3-5 Years

Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board currently reports deferred outflows of resources related to deferred charges on refunding and deferred charges related to the pension liability. Deferred charges on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to the pension liability result from differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes of assumptions, and employer contributions subsequent to the measurement date. These differences are amortized over five years beginning with the year in which the difference occurs.

Compensated Absences

Employees receive time off from work annually based upon their tenure at the Board as follows:

0-1 year	5 days
2-9 years	12 days
10-14 years	15 days
15-24 years	20 days
25 years or more	25 days

Days off are to be used for scheduled vacation and personal leave. The maximum accumulation of paid time off is 320 hours, or 40 days. Paid time off will not be credited in excess of the maximum accumulation at the end of the fiscal year. Upon departure from employment with the Board, the employee will be paid for all accumulated leave in the paid time off account up to the maximum accumulation.

The Board accrues its liability for such accumulated unpaid benefits. All vacation and personal leave is accrued when incurred in the financial statements.

Pension Plan

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

Noncurrent Liabilities

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond discounts are deferred and amortized over the life of the bonds. Bonds payable are recorded net of applicable discounts and premiums.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board currently reports deferred inflows of resources related to the pension liability resulting from the net difference between projected and actual earnings on plan investments. The difference between projected and actual earnings on plan investments is amortized over five years beginning with the year in which the difference occurred.

Use of Estimates

In preparing these financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – DEPOSITS

All of the Board's demand deposits, time deposits, and certificates of deposit are insured and collateralized in accordance with the Security for Alabama Funds Enhancement, or SAFE Program, which is encompassed in *Title 41, Chapter 14A, Code of Alabama 1975*, as amended, which is a multiple financial institutions collateral pool. The statute provides for assessments against the members of the pool on a pro rata basis in the event that the collateral pool is insufficient to cover the losses of a member financial institution that fails. As such, all deposits covered by this collateral pool are considered to be fully insured.

Debt service funds and bond proceeds held in escrow totaling $667,544 are invested by banks' trust departments in U.S. Government Securities and are not subject to collateralization requirements.

NOTE 3 – INVESTMENTS

As of September 30, 2024 the Board had no investments.

The Board does not have a formal investment policy. State statutes authorize the Board to invest in obligations of the U.S. Treasury, certain U.S. corporate equities, State of Alabama obligations, county obligations, and other municipal obligations, as well as bank certificates of deposit and bank public funds investment accounts.

Interest Rate Risk – The Board does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Board does not have a formal investment policy that limits its investment choices other than those imposed by state statutes discussed above.

Concentration of Credit Risk – The Board places no limit on the amount it may invest in any other issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments. The Board does not have a formal investment policy that limits its investment choices other than those imposed by state statutes discussed above.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 – RECEIVABLES AND PAYABLES

Receivables at September 30, 2024, consist of the following:

Customers	$	644,930
Unbilled to Customers		369,023
Less: Allowance for Uncollectibles		(10,000)
Net Receivables	$	1,003,953

Payables at September 30, 2024, consist of the following:

Trade Payables	$	181,948

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2024, is as follows:

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Non-depreciable capital assets				
Land	$ 138,924	$ 10,400	$ -	$ 149,324
Construction in progress	1,196,412	326,424	(204,972)	1,317,864
Total Non-depreciable capital assets	1,335,336	336,824	(204,972)	1,467,188
Depreciable capital assets				
Water and sewer systems	67,075,154	254,506	-	67,329,660
Buildings	1,492,713	-	-	1,492,713
Furniture & equipment	1,441,834	20,507	-	1,462,341
Vehicles	935,512	240,000	(235,000)	940,512
Computer equipment	199,166	-	-	199,166
Total Depreciable capital assets	71,144,379	515,013	(235,000)	71,424,392
Less accumulated depreciation for:				
Water and sewer systems	27,935,784	1,510,598	-	29,446,382
Buildings	1,065,472	40,005	-	1,105,477
Furniture & equipment	955,602	106,947	-	1,062,549
Vehicles	349,351	122,633	(19,585)	452,399
Computer equipment	176,870	8,641	-	185,511
Total Accumulated depreciation	30,483,079	1,788,824	(19,585)	32,252,318
Total Depreciable capital assets, net	40,661,300	(1,273,811)	(215,415)	39,172,074
Utilities Board capital assets, net	$ 41,996,636	$ (936,987)	$ (420,387)	$ 40,639,262

Depreciation for the year ended September 30, 2024 is $1,788,824.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 6 – LONG-TERM DEBT

Utility Revenue Bonds payable at September 30, 2024 are comprised of the following:

2015-CWSRF-DL Subordinated Utility Revenue Bonds, dated March 15, 2015, due in semiannual installments through February 15, 2036, bearing interest rates of 1.50% to 2.25%.	$	5,340,000
2021A Utility Revenue Bonds, dated March 10, 2021, due in semiannual installments through April 1, 2036, bearing an interest rate of 2.0% (less: unamortized premiums of $207,887).		9,777,887
2021B Utility Revenue Bonds, dated March 10, 2021, due in semiannual installments through April 1, 2029, bearing an interest rate of 2.00% (less: unamortized premiums of $73,756).		4,493,755
Total Utility Revenue Bonds Payable	$	19,611,642

The summary of long-term liability activity for the year ended September 30, 2024 is as follows:

	Balance October 1, 2023	Issues or Additions	Payments or Expenditures	Balance September 30, 2024	Due within one year
Revenue Bonds Payable	$ 20,740,000	$ -	$ (1,410,000)	$ 19,330,000	$ 1,435,000
Less Deferred Amounts:			-		
Issuance Premium (Discount)	346,556	(64,914)	-	281,642	-
Total Revenue Bonds	21,086,556	(64,914)	(1,410,000)	19,611,642	1,435,000
Net Pension Liability	1,586,912	465,553	(922,100)	1,130,365	-
Compensated Absences	107,156	47,273	(29,469)	124,960	-
Notes Payable	235,000	240,000	(235,000)	240,000	25,386
	$ 23,015,624	$ 687,912	$ (2,596,569)	$ 21,106,967	$ 1,460,386

NOTE 6 – LONG-TERM DEBT - CONTINUED

The annual requirements to service the Board's debt obligations are as follows:

Year Ending	Revenue Bonds Payable		Notes Payable - Cadence 2024	
September 30,	Principal	Interest	Principal	Interest
2025	$ 1,435,000	$ 399,950	$ 25,386	$ 14,245
2026	1,465,000	370,275	26,892	12,739
2027	1,495,000	339,975	187,722	11,909
2028	1,530,000	309,050	-	-
2029	1,560,000	277,400	-	-
2030-2034	8,290,000	889,475	-	-
2035-2039	3,555,000	110,725	-	-
	$ 19,330,000	$ 2,696,850	$ 240,000	$ 38,893

NOTE 7 – TRUST INDENTURE COVENANTS

The Series 2021-A and Series 2021-B Utility Revenue Bonds are secured by a pledge of all operating revenues after the payment of operating expenses. The bond indentures contain various covenants, including a prohibition against providing free service, an agreement to maintain rates adequate to pay all operating expenses and produce at least a specified net income, and to promptly discontinue service for nonpayment. The bond indentures require that the Board charge rates for water and other services provided by the Board sufficient to maintain a Debt Service Ratio (as defined in the agreement) of not less than 1.20 to 1. For the year ended September 30, 2024 the Board had a debt service ratio which was not in compliance with the debt service ratio required by these covenants.

NOTE 8 – PENSION PLAN

Plan description

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

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

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

NOTE 8 – PENSION PLAN – CONTINUED

Benefits provided

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

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

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

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 618 employers adopted Act 2019-132 as of September 30, 2023.

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

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

Retirees and beneficiaries currently receiving benefits	31,481
Terminated employees entitled to but not yet receiving benefits	2,350
Terminated employees not entitled to a benefit	20,556
Active members	58,659
Post-DROP retired members still in active service	33
Total	113,079

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 8 – PENSION PLAN – CONTINUED

Contributions

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

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2024, the Board's active employee contribution rate was 6.29% of covered payroll, and the Board's average contribution rate to fund the normal and accrued liability costs was 13.89% of pensionable payroll.

The Board's contractually required contribution rate for the year ended September 30, 2024 was 14.16% of pensionable pay for Tier 1 employees, and 12.91% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $205,358 for the year ended September 30, 2024.

NOTE 8 – PENSION PLAN – CONTINUED

Net Pension Liability

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

Total Pension Liability as of September 30, 2022 (a)	$	4,254,603
Discount rate (b)		7.45%
Entry Age Normal Cost for October 1, 2022- September 30, 2023 (c)		137,307
Transfers among Employers (d)		52,870
Actual Benefit Payments and Refunds for October 1, 2022- September 30, 2023 (e)		(143,108)
Total Pension Liability as of September 30, 2023 [(a) x (1 + (b))] + (c) + (d)+[(e) x (1 + 0.5*(b))]	$	4,613,309

Actuarial assumptions

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

Inflation	2.50%
Salary increases	3.25% - 6.00% for State and Local Employees
Investment rate of return*	7.45%, including inflation

*Net of pension plan investment expense

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

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

NOTE 8 – PENSION PLAN – CONTINUED

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
US Large Stocks	32.00%	8.00%
US Mid Stocks	9.00%	10.00%
US 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	5.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%

Discount rate

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

NOTE 8 – PENSION PLAN – CONTINUED

Changes in net pension liability

	Increase/Decrease		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2022	$ 4,477,538	$ 2,890,626	$ 1,586,912
Changes for the year:			
Service Cost	137,307	-	137,307
Interest	328,246	-	328,246
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	(239,544)	-	(239,544)
Contributions - employer	-	207,423	(207,423)
Contributions - employee	-	86,629	(86,629)
Net investment income	-	388,504	(388,504)
Benefit payments, including refunds of employee contributions	(143,108)	(143,108)	-
Administrative expenses	-	-	-
Transfers among employers	52,870	52,870	-
Net Changes	135,771	592,318	(456,547)
Balances at September 30, 2023	$ 4,613,309	$ 3,482,944	$ 1,130,365

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Board's net pension liability	$ 1,614,894	$ 1,130,365	$ 720,658

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2023. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 8 – PENSION PLAN – CONTINUED

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2024, the Board recognized pension expense of $30,299. 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	$ 59,903	$ 196,768
Changes of assumptions	59,596	-
Net Difference between projected and actual earnings on plan investments	123,562	-
Employer contributions subsequent to the measurement date	205,358	-
Total	$ 448,419	$ 196,768

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

Year Ended September 30,	
2025	$ 257,732
2026	26,552
2027	68,335
2028	(75,304)
2029	(25,664)
Thereafter	-
Total	$ 251,651

NOTE 9 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disaster for which the Board carries commercial insurance.

REQUIRED SUPPLEMENTARY INFORMATION

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
September 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 137,307	124,298	$ 93,199	$ 75,712	$ 62,235	$ 64,533	$ 56,618	$ 55,595	$ 60,565	$ 52,813
Interest	328,246	305,925	287,315	260,813	247,307	226,626	223,276	178,882	163,055	153,002
Changes of benefit terms	-	-	-	83,810	-	-	-	-	-	-
Differences between expected and actual experience	(239,544)	23,128	19,012	63,142	3,587	102,944	(126,944)	95,417	54,379	-
Changes of assumptions	-	-	133,890	-	-	16,564	-	406,625	-	-
Benefit payments, including refunds of employee contributions	(143,108)	(209,348)	(132,778)	(145,797)	(129,666)	(116,503)	(102,965)	(80,157)	(80,157)	(80,157)
Transfers among employers	52,870	22,483	12,655	-	-	-	-	-	-	-
Net change in total pension liability	135,771	266,486	413,293	337,680	183,463	294,164	49,985	656,362	197,842	125,658
Total pension liability - beginning	4,477,538	4,211,052	3,797,759	3,460,079	3,276,616	2,982,452	2,932,467	2,276,105	2,078,263	1,952,605
Total pension liability - ending (a)	$ 4,613,309	4,477,538	$ 4,211,052	$ 3,797,759	$ 3,460,079	$ 3,276,616	$ 2,982,452	$ 2,932,467	$ 2,276,105	$ 2,078,263
Plan Fiduciary Net Position										
Contributions - employer	$ 207,423	$ 149,219	$ 121,778	$ 83,153	$ 69,817	$ 83,532	$ 69,772	$ 69,436	$ 61,848	$ 38,029
Contributions - member	86,629	71,676	68,869	51,036	47,048	45,634	43,183	38,219	35,425	35,049
Net investment income	388,504	(421,396)	589,246	141,840	62,448	206,010	251,382	179,732	20,847	189,524
Benefit payments, including refunds of employee contributions	(143,108)	(209,348)	(132,778)	(145,797)	(129,666)	(116,503)	(102,965)	(80,157)	(80,157)	(80,157)
Transfers among employers	52,870	22,483	12,655	-	-	-	-	-	(70,958)	37,065
Net change in plan fiduciary net position	592,318	(387,366)	659,770	130,232	49,647	218,673	261,372	207,230	(32,995)	219,510
Plan net position - beginning	2,890,626	3,277,992	2,618,222	2,487,990	2,438,343	2,219,670	1,958,298	1,751,068	1,784,063	1,564,553
Plan net position - ending (b)	$ 3,482,944	$ 2,890,626	$ 3,277,992	$ 2,618,222	$ 2,487,990	$ 2,438,343	$ 2,219,670	$ 1,958,298	$ 1,751,068	$ 1,784,063
Net pension liability (asset) - ending (a) - (b)	$ 1,130,365	$ 1,586,912	$ 933,060	$ 1,179,537	$ 972,089	$ 838,273	$ 762,782	$ 974,169	525,037	294,200
Plan fiduciary net position as a percentage of the total pension liability	75.50%	64.56%	77.84%	68.94%	71.91%	74.42%	74.42%	66.78%	76.93%	85.84%
Covered payroll*	$ 1,365,648	$ 1,126,263	$ 1,105,037	$ 943,793	$ 810,178	$ 862,935	$ 825,914	$ 866,541	$ 807,401	721,361
Net pension liability (asset) as a percentage of covered payroll	82.77%	140.90%	84.44%	124.98%	119.98%	97.14%	92.36%	112.42%	65.03%	40.78%

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
September 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution**	$ 205,358	$ 209,760	$ 153,385	$ 125,869	$ 86,645	$ 67,328	$ 84,591	$ 72,827	$ 72,179	$ 64,264
Contributions in relation to the actuarially determined contribution*	205,358	209,760	153,385	125,869	86,645	67,328	84,591	72,827	72,179	64,264
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll***	$ 1,478,958	$ 1,365,648	$ 1,126,263	$ 1,105,037	$ 943,793	$ 810,178	$ 862,935	$ 825,914	$ 866,541	$ 807,401
Contributions as a percentage of covered payroll	13.89%	15.36%	13.62%	11.39%	9.18%	8.31%	9.80%	8.82%	8.33%	7.96%

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

***Employer's covered payroll for FY2024 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

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

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

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	17.8 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

OTHER INFORMATION (UNAUDITED)

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
SCHEDULE OF FUND DEPOSITS AND WITHDRAWALS (UNAUDITED)
September 30, 2024

Series 2021A Bond Fund		
Beginning Balance	$	96,418
Deposits		191,426
Withdrawls		(191,400)
Ending Balance	$	96,444
Series 2021B Bond Fund		
Beginning Balance	$	571,339
Deposits		1,133,661
Withdrawls		(1,133,900)
Ending Balance	$	571,100
Series 2021 Construction Fund		
Beginning Balance	$	45,325
Deposits		875
Withdrawls		(46,200)
Ending Balance	$	-

See accompanying independent auditor’s report and notes to basic financial statements.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
SCHEDULE OF RATES AND NUMBER OF ACTIVE CUSTOMERS (UNAUDITED)
September 30, 2024

Rates Effective November 1, 2024	Code	Minimum Dollar	Minimum Gallon	Step Rate
Residential water	100	$ 17.00	2,000	$ 5.92
Commercial water:	150			
1 Inch or below meter		$ 45.00	2,000	$ 6.29
1 1/2 Inch meter		$ 80.00	2,000	$ 6.29
2 Inch meter		$ 100.00	2,000	$ 6.29
3 Inch meter		$ 260.00	2,000	$ 6.29
4 Inch meter		$ 330.00	2,000	$ 6.29
6 Inch meter		$ 560.00	2,000	$ 6.29
8 Inch meter		$ 890.00	2,000	$ 6.29
Sprinkler	100	$ 8.00	2,000	$ 5.92
Residential water exempt	101	$ 13.53	2,000	$ 5.09
Commercial water exempt	151	$ 13.54	2,000	$ 5.74
Residential sewer	200	$ 21.00	2,000	$ 4.51
Commercial sewer	250	$ 25.00	2,000	$ 7.58
Late charge	LC1	10%		
3/4 Inch Sprinkler meter tap		$ 750.00		
1 Inch Sprinkler meter tap		$ 850.00		
Service charge for:				
New connection purchase		$ 100.00		
New connection lease		$ 250.00		
Cut Off/Reconnection fee		$ 75.00		
Service transfer fee		$ 50.00		
Return check charge		$ 50.00		

The number of customers served by the Board as of September 30, 2024 totaled 7,836.

See accompanying independent auditor's report and notes to basic financial statements.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
SCHEDULE OF BOARD MEMBERS (UNAUDITED)
September 30, 2024

Chairman

Brian Puckett

Members

Rhonda Lewis
Dennis Wilson
Charlie Roberts
Chris VanCleave

Secretary/Treasurer

Teresa Amos

See accompanying independent auditor's report and notes to basic financial statements.

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
INSURANCE POLICIES AND FIDELITY BONDS IN FORCE (UNAUDITED)
September 30, 2024

Type of Insurance	Name of Insurer	Limit	Expiration Date
General Liability	Alabama Municipal Ins. Corp.		10/1/2024
Each Occurrence		$ 2,000,000	
Fire Damage		$ 100,000	
Med. Expense		$ 5,000	
Automobile Liability	Alabama Municipal Ins. Corp.	$ 2,000,000	10/1/2024
Property	Alabama Municipal Ins. Corp.	$ 16,628,529	10/1/224
Crime	Alabama Municipal Ins. Corp.	$ 50,000	10/1/2024
Fidelity/Form O	Alabama Municipal Ins. Corp.	$ 50,000	10/1/2024
Hazardous Substances	Alabama Municipal Ins. Corp.	$ 25,000	10/1/2024

THE UTILITIES BOARD OF THE CITY OF HELENA, ALABAMA
BUDGET SUMMARY (UNAUDITED)
September 30, 2024

Budgeted Cash Inflows		
Charges for services	$	5,330,653
Late charges and fees		147,500
Impact fees		275,000
Miscellaneous		8,750
Interest income		15,000
Total Budgeted Cash Inflows		5,776,903
Budgeted Cash Outflows		
Personnel services		1,822,429
Operations and maintenance		2,214,463
Debt Payments		1,732,630
Trustee fees		7,260
Total Budgeted Cash Outflows		5,776,782
Budget Excess (Deficit)	$	121