


**NORTH SHELBY COUNTY FIRE AND
EMERGENCY MEDICAL DISTRICT
Birmingham, Alabama**


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**Financial Statements
September 30, 2024**

Including Report of
Independent Auditors'

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
North Shelby County Fire and
Emergency Medical District
Birmingham, Alabama

Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the North Shelby County Fire and Emergency Medical District as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the North Shelby County Fire and Medical Emergency District, as of September 30, 2024, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 North Shelby County Fire and Emergency Medical District, 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

Dent Moses, LLP

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Emergency Medical District

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Shelby County Fire and Emergency Medical District'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 North Shelby County Fire and Emergency Medical District'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.

Other Matters

Supplementary Information

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

Management is responsible for the supplementary information included in the annual report. The supplementary information comprises the schedule of changes in net pension liability and schedule of employer contributions on pages 20-21, respectively, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the supplementary 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 supplementary information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the supplementary information exists, we are required to describe it in our report.

Dent Moser LLP

Birmingham, Alabama
March 18, 2025

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL
FUND BALANCE SHEET – MODIFIED CASH BASIS
September 30, 2024

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	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 1,555,177	\$ -	\$ 1,555,177
Money market funds	329,525	-	329,525
Certificates of deposit - nonnegotiable	30,812	-	30,812
Certificates of deposit - negotiable	430,683	-	430,683
Non-depreciable capital assets	-	130,562	130,562
Depreciable capital assets, net	-	2,607,312	2,607,312
Total Assets	<u>2,346,197</u>	<u>2,737,874</u>	<u>5,084,071</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	-	2,396,346	2,396,346
Total Deferred Outflows of Resources	<u>-</u>	<u>2,396,346</u>	<u>2,396,346</u>
LIABILITIES			
Payroll withholdings payable	9,893	-	9,893
Noncurrent liabilities:			
Due within one year	-	42,867	42,867
Due in more than one year	-	5,352,784	5,352,784
Total Liabilities	<u>9,893</u>	<u>5,395,651</u>	<u>5,405,544</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	-	201,714	201,714
Advance revenue	500,098	-	500,098
Total Deferred Inflows of Resources	<u>500,098</u>	<u>201,714</u>	<u>701,812</u>
FUND BALANCES / NET POSITION			
Fund Balances:			
Committed - Transport	145,812	(145,812)	-
Unassigned	1,690,394	(1,690,394)	-
Total Fund Balances	<u>1,836,206</u>	<u>(1,836,206)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,346,197</u>		
Net Position:			
Net investment in capital assets		2,737,874	2,737,874
Unrestricted		(1,364,813)	(1,364,813)
TOTAL NET POSITION		<u>\$ 1,373,061</u>	<u>\$ 1,373,061</u>

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

**NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – MODIFIED CASH BASIS
September 30, 2024**



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	General Fund	Adjustments (Note 2)	Statement of Activities
REVENUES:			
Fire dues	\$ 3,692,905	\$ -	\$ 3,692,905
Transport services	383,943	-	383,943
Grants	148,171	-	148,171
Interest income	16,074	-	16,074
Other	46,853	-	46,853
Total Revenues	4,287,946	-	4,287,946
EXPENDITURES/EXPENSES:			
Salaries and employee benefits	3,292,933	434,081	3,727,014
Insurance	105,310	-	105,310
Depreciation	-	263,620	263,620
Fuel	36,434	-	36,434
Collection costs	20,970	-	20,970
Office expense	47,461	-	47,461
Miscellaneous	27,459	-	27,459
Repairs, maintenance, and small equipment	123,286	-	123,286
Debt service - interest	5,745	-	5,745
Debt service - principal	42,867	(42,867)	-
Supplies	35,546	-	35,546
Hydrant rental	68,801	-	68,801
Professional fees	24,776	-	24,776
Payroll taxes	36,569	-	36,569
Utilities	35,087	-	35,087
Telephone	17,860	-	17,860
Grant expenses	111,077	-	111,077
Capital outlay	64,725	(64,725)	-
Total Expenditures/Expenses	4,096,906	590,109	4,687,015
EXCESS OF REVENUES OVER EXPENDITURES	191,040	(590,109)	(399,069)
OTHER FINANCING SOURCES (USES)			
Investment return	62,364	-	62,364
Proceeds from sale of assets/ (Loss) on sale of assets	40,000	(49,196)	(9,196)
Total Other Financing Sources (Uses)	102,364	(49,196)	53,168
EXCESS OF REVENUES AND SOURCES OVER EXPENDITURES AND USES	293,404	(293,404)	-
CHANGES IN NET POSITION		(345,901)	(345,901)
FUND BALANCE/NET POSITION - BEGINNING	1,542,802	176,160	1,718,962
FUND BALANCE/NET POSITION - ENDING	\$ 1,836,206	\$ (463,145)	\$ 1,373,061

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

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED September 30, 2024

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES



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Reporting Entity

The accompanying financial statements present the activities of the North Shelby County Fire and Emergency Medical District (the "District"). The District is governed by a five-member elected board.

The District presents its financial statements on the modified cash basis of accounting as applied to governmental units, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The more significant of the District's accounting policies are described below.

Basis of Presentation, Measurement Focus, Basis of Accounting

Government-wide Financial Statements: The statement of net position and the statement of activities display overall financial information about the District. The activities of the District are financed primarily from dues as required by law, which are considered nonexchange transactions. The statement of activities presents a comparison between the revenues and the expenses of the District. The *government-wide statements* are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

Governmental Fund Financial Statements: The fund financial statements also present financial information, including revenue and expenses. But the *fund statements* are reported using the current financial resources measurement focus, as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. The governmental fund uses fund balance as the measure of available spendable financial resources at the end of the period. General capital asset acquisitions are reported as expenditures in the governmental fund. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The *government-wide statements* and the *fund statements* are presented using the modified cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. The District's modifications from the pure cash basis are the recording of investments at fair value, accrued interest related to investments, property and equipment, unavailable revenue, net pension liability, deferred outflows and deferred inflows related to the pension liability, and notes payable, as well as the recording of depreciation expense.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the government-wide financials would be presented on the accrual basis of accounting.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES – CONTINUED



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Restricted Assets

Certain cash balances on the general fund are classified as restricted because they are held in an escrow account and can only be used for specified purposes. None of these assets are restricted by enabling legislation. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the *government-wide* financial statements. All capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Repairs and maintenance that do not materially add to the value of the asset or materially extend an asset's life are not capitalized.

Assets capitalized have an original cost of \$2,500 or more and five years or more of useful life. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	15-40
Fire and Rescue Vehicles	10-30
Equipment	5-20
Office Furniture and Equipment	5-20

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 related to the pension liability, which result from pension contributions related to normal and accrued employer liability subsequent to the measurement date, differences between expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments.

Noncurrent Liabilities

In the financial statements, long-term debt and net pension liability are reported as liabilities in the Statement of Net Position.

Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an increase to net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District currently reports deferred inflows of resources related to revenue from fire dues received prior to the period in which they are due and deferred inflows of resources related to the pension liability. The unavailable revenue from fire dues will be recognized in the subsequent year. Deferred inflows of resources related to the pension liability result from the net difference between projected and actual earnings on plan investments. The difference is amortized over five years beginning with the year in which the difference occurred.

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024



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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions

The Employees' Retirement System of Alabama (the Plan or ERS) 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.

Fund Balance

Fund balances are classified as follows:

- Nonspendable - amounts that are not in spendable form 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 by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board delegates the authority.
- Unassigned - amounts that are available for any purpose.

It is the District's policy to use restricted balances first, followed by committed resources, assigned resources, and finally unassigned resources, as needed.

Financial Statement Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Explanation of Differences between the Statement of Net Position – Modified Cash Basis and the Governmental Fund Balance Sheet - Modified Cash Basis

Total "Fund Balance" of the District's governmental funds differs from total "Net Position" of governmental activities reported in the statement of net position. This difference primarily results from the long-term economic resources focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024

NOTE 2: EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS - CONTINUED

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in the governmental fund. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 5,104,283
Accumulated depreciation	<u>(2,366,409)</u>
	<u>\$ 2,737,874</u>

All long-term obligations arising from cash basis transactions to be repaid from the governmental resources is reported as liabilities in the statement of net position.

Long-term obligations	\$ <u>(136,992)</u>
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Employer pension contributions subsequent to the measurement date are not current financial resources and therefore are not reported in the governmental funds balance sheet.

Contribution subsequent to the measurement date	\$ <u>406,168</u>
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Net pension liability is not due and payable in the current period and therefore, not reported in the governmental funds balance sheet. Deferred inflows of revenues related to the net difference between projected and actual earnings on pension plan investments are also not reported in the governmental funds balance sheet.

Net pension liability	\$ (5,258,659)
Net difference between projected and actual earnings on pension plan investments	235,429
Changes of assumptions	423,617
Difference between projected and actual experience	<u>1,129,418</u>
	<u>\$ (3,470,195)</u>

Explanation of Differences between the Statement of Activities – Modified Cash Basis and the Governmental Fund Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis

The "Excess Revenues over Expenditures" for the governmental fund differs from the "Change in Net Position" for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic resources focus of the statement of activities versus the current financial resources focus of the governmental fund. The effect of the differences is illustrated as follows:



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NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024

NOTE 2: EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS – CONTINUED

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

Depreciation	\$ <u>263,620</u>
Capital outlay	\$ <u>(64,725)</u>

Repayment of debt principal is reported as an expenditure in the governmental fund and, thus, has the effect of reducing fund balance because current financial resources have been used. The principal payments, however, reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.

Principal payments	\$ <u>(42,867)</u>
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The effect of the net increase (decrease) in deferred outflows of resources, the effect of the net (increase) decrease in the net pension liability, and the effect of the net (increase) decrease in the deferred inflows of resources are not reported in the statements of revenue, expenditures, and changes in fund balance of governmental funds.

Net increase in deferred outflows	\$ 253,572
Net decrease in pension liability	235,377
Net increase in deferred inflows	<u>(54,868)</u>
	\$ <u>434,081</u>



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NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024



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NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS

The District maintains cash balances at local banks that are insured and collateralized in accordance with the Security for Alabama Funds Enhancement (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.

The District maintains nonnegotiable certificates of deposit, with original maturities of more than three months, at local commercial banks and credit unions which, at times, may exceed insured limits. The District has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

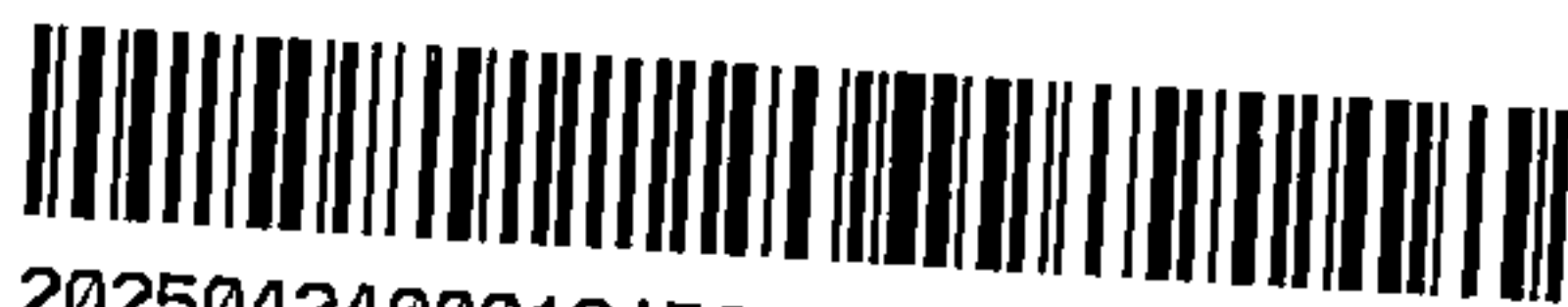
The District does not have a formal investment policy; however, all funds are invested in compliance with state statutes. State statutes authorize the District to invest in obligations of the U.S. Treasury, U.S. Corporate equities, State of Alabama obligations, county obligations, and other municipal obligations, as well as bank certificates of deposit and bank public funds investment accounts.

NOTE 4: INVESTMENTS

Investments are stated at fair value. Fair values at September 30, 2024 are summarized as follows:

	<u>Fair Value</u>			<u>Quantity</u>	<u>Maturity</u>	
<u>Negotiable Certificates of Deposit:</u>						
HSBC Bank	\$	205,558	27%	\$	203,000	5/30/2028
JP Morgan Chase Bank		225,125	30%	\$	250,000	5/30/2028
<u>Money Market Funds</u>						
Thrivent Money Market		329,525	43%	\$	325,000	N/A
	\$	760,208	57%			

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024


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NOTE 5: FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at September 30, 2024 are as follows:

Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	
Negotiable Certificates of Deposit	\$ 430,683	\$ 430,683	
Money Market Funds	329,525	329,525	
Total	\$ 760,208	\$ 760,208	

Investments in negotiable certificates of deposit and money market funds with readily determinable fair values are carried at fair value based on quoted prices in active markets (all Level 1 measurements).

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024

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NOTE 6: CAPITAL ASSETS

	October 1	Additions	Retirements	September 30
Non-Depreciable Assets:				
Land	\$ 130,562	\$ -	\$ -	\$ 130,562
Fire truck	564,024	-	564,024	-
Total non-depreciable assets	<u>694,586</u>	<u>-</u>	<u>564,024</u>	<u>130,562</u>
Depreciable Assets:				
Buildings	1,011,619	22,496	-	1,034,115
Fire and rescue vehicles	2,280,114	592,775	320,247	2,552,642
Transport vehicles	478,820	-	-	478,820
Equipment	687,235	13,479	-	700,714
Transport equipment	133,933	-	3,436	130,497
Office furniture and equipment	76,933	-	-	76,933
Total Capital Assets being Depreciated	<u>4,668,654</u>	<u>628,750</u>	<u>323,683</u>	<u>4,973,721</u>
Less Accumulated Depreciation for:				
Buildings	831,570	18,834	-	850,404
Fire and rescue vehicles	866,664	122,348	271,051	717,961
Transport vehicles	244,547	38,493	-	283,040
Equipment	331,893	63,776	-	395,669
Transport equipment	52,039	12,638	3,436	61,241
Office furniture and equipment	50,563	7,531	-	58,094
Total accumulated depreciation	<u>2,377,276</u>	<u>263,620</u>	<u>274,487</u>	<u>2,366,409</u>
Total capital assets, being depreciated, net	<u>2,291,378</u>	<u>365,130</u>	<u>49,196</u>	<u>2,607,312</u>
Governmental Activities Capital Assets, net	<u>\$ 2,985,964</u>	<u>\$ 365,130</u>	<u>\$ 613,220</u>	<u>\$ 2,737,874</u>

Depreciation expense for the year was \$263,620.

NOTE 7: LONG-TERM DEBT

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

	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Due within one year
Net Pension Liability	\$ 5,023,282	\$ 1,396,624	\$ 1,161,247	\$ 5,258,659	\$ -
Financed Purchase of Capital Assets	<u>179,859</u>	<u>-</u>	<u>42,867</u>	<u>136,992</u>	<u>42,867</u>
	<u>\$ 5,203,141</u>	<u>\$ 1,396,624</u>	<u>\$ 1,204,114</u>	<u>\$ 5,395,651</u>	<u>\$ 42,867</u>

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024



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NOTE 8: FINANCED PURCHASES OF CAPITAL ASSETS

The District has entered into an agreement to finance the purchase of a capital asset via a lease agreement. Such agreements are, in substance, purchases and are reported as such. Lease obligations are reported at fair market value of the leased asset at inception of the lease.

The following presents future minimum lease payments as of September 30, 2024:

Year Ending September 30,

2025	\$	44,236
2026		45,649
2027		47,107
	\$	<u>136,992</u>

NOTE 9: PENSION PLAN

Plan Description

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

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024



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NOTE 9: PENSION PLAN - CONTINUED

The ERS District 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*.

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 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 are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS 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 guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS 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.

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.

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024

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NOTE 9: PENSION PLAN - CONTINUED

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 590 employers adopted Act 2019-132.

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 886 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 participants who are still in active service	33
Total	113,079

Contributions

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

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

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. 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 pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2024, the District's active employee contribution rate was 6.04% of covered employee payroll, and the District's active contribution rate to fund the normal and accrued liability costs was 15.05% of pensionable payroll.

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024



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NOTE 9: PENSION PLAN – CONTINUED

The District's contractually required contribution rate for the year ended September 30, 2024 was 16.36% of pensionable pay for Tier 1 employees, and 14.05% 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 System were \$406,168 for the year ended September 30, 2024.

Net Pension Liability

The District'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)	\$ 10,621,133
Discount rate (b)	7.45%
Entry Age Normal Cost for the period October 1, 2022 - September 30, 2023 (c)	257,657
Transfers Among Employers (d)	1,550
Actual Benefit Payments and Refunds for the period October 1, 2022 - September 30, 2023 (e)	(454,841)
Total Pension Liability as of September 30, 2023 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	\$ 11,199,831

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	2.5%
Projected Salary increases	3.25% - 6.00%
Investment rate of return*	7.45%

*Net of pension plan investment expense, including inflation

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:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
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

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024



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NOTE 9: 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:

	Target Allocation	Long -Term Expected Rate of Return*
Fixed Income	15.00%	2.8%
US Large Stocks	32.00%	8.0%
US Mid Stocks	9.00%	10.0%
US Small Stocks	4.00%	11.0%
Int'l Developed Mkt Stocks	12.00%	9.5%
Int'l Emerging Mkt Stocks	3.00%	11.0%
Alternatives	10.00%	9.0%
Real Estate	10.00%	6.5%
Cash	5.00%	1.5%
	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.

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024



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NOTE 9: 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	\$ 10,256,498	\$ 5,233,216	\$ 5,023,282
Changes for the year:			
Service cost	257,657	-	257,657
Interest	747,166	-	747,166
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	391,801	-	391,801
Contributions - employer	-	328,225	(328,225)
Contributions - employee	-	151,882	(151,882)
Net investment income	-	681,140	(681,140)
Benefit payments, including refunds of employee contributions	(454,841)	(454,841)	-
Administrative expense	-	-	-
Transfers among employers	1,550	1,550	-
Net changes	943,333	707,956	235,377
Balances at September 30, 2023	\$ 11,199,831	\$ 5,941,172	\$ 5,258,659

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

The following table presents the District's net pension liability calculated using the discount rate of 7.45%, as well as what the District'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%)
District's Net pension liability	\$ 6,875,602	\$ 5,258,659	\$ 3,924,359

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 www.rsa-al.gov.

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED September 30, 2024



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NOTE 9: 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 District recognized pension expense of \$434,080. At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,331,132	\$ 201,714
Changes of assumptions	423,617	-
Net difference between projected and actual earnings on pension plan investments	235,429	-
Employer contributions subsequent to the Measurement date	406,168	-
Total	<u>\$ 2,396,346</u>	<u>\$ 201,714</u>

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,	Deferred Outflows (Inflows) of Resources
2025	\$ 713,499
2026	262,742
2027	408,400
2028	169,127
2029	248,209
Thereafter	392,655
Total	<u>\$ 2,194,632</u>

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters for which the District purchases commercial insurance.

NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
YEAR ENDED September 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 257,657	\$ 245,661	\$ 214,477	\$ 185,813	\$ 190,578	\$ 193,479	\$ 184,165	\$ 181,052	251,447	183,355
Interest	747,166	690,027	591,897	541,415	542,204	523,305	485,317	490,715	455,761	420,303
Changes of benefit terms	-	4,020	-	123,025	-	-	-	-	-	-
Differences between expected and actual experience	391,801	501,767	610,680	312,402	(274,832)	(197,772)	34,438	6,902	(60,874)	-
Changes of assumptions	-	-	562,856	-	-	43,688	-	418,131	-	-
Benefit payments, including refunds of employee contributions	(454,841)	(454,841)	(447,967)	(417,043)	(281,368)	(228,414)	(216,486)	(249,577)	(169,262)	(151,598)
Transfers among employers	1,550	(219,658)	46,641	(74,554)	(118,989)	(18,523)	8,689	(735,543)	-	-
Net Change in total pension liability	943,333	766,976	1,578,584	671,058	57,593	315,763	496,123	111,680	477,072	452,060
Total pension liability - beginning	10,256,498	9,489,522	7,910,938	7,239,880	7,182,287	6,866,524	6,370,401	6,258,721	5,781,649	5,329,589
Total pension liability - ending (a)	11,199,831	10,256,498	\$ 9,489,522	\$ 7,910,938	\$ 7,239,880	\$ 7,182,287	\$ 6,866,524	\$ 6,370,401	6,258,721	5,781,649
Plan Fiduciary Net Position										
Contributions - employer	328,225	283,329	\$ 249,061	\$ 230,578	\$ 241,503	\$ 216,269	\$ 208,933	\$ 214,001	\$ 183,700	184,551
Contributions - member	151,882	139,942	135,683	124,568	120,588	119,822	116,467	113,733	103,232	102,537
Net investment income	681,140	(785,839)	1,140,899	281,848	125,670	412,407	494,075	381,600	46,823	406,905
Benefit payments, including refunds of employee contributions	(454,841)	(454,841)	(447,967)	(417,043)	(281,368)	(228,414)	(216,486)	(249,577)	(169,262)	(151,598)
Transfers among employers	1,550	(219,658)	46,641	(74,554)	(118,989)	(18,523)	8,689	(735,543)	46,695	(2,754)
Net change in plan fiduciary net position	707,956	(1,037,067)	1,124,317	145,397	87,404	501,561	611,678	(275,786)	211,188	539,641
Plan net position - beginning	5,233,216	6,270,283	5,145,966	5,000,569	4,913,165	4,411,604	3,799,926	4,075,712	3,864,524	3,324,883
Plan net position - ending (b)	5,941,172	5,233,216	\$ 6,270,283	\$ 5,145,966	\$ 5,000,569	\$ 4,913,165	\$ 4,411,604	\$ 3,799,926	4,075,712	3,864,524
Net pension liability (asset) - ending (a) - (b)	5,258,659	5,023,282	\$ 3,219,239	\$ 2,764,972	\$ 2,239,311	\$ 2,269,122	\$ 2,454,920	\$ 2,570,475	2,183,009	1,917,125
Plan fiduciary net position as a percentage of the total pension liability	53.05%	51.02%	66.08%	65.05%	69.07%	68.41%	64.25%	59.65%	65.12%	66.84%
Covered payroll*	2,489,297	2,314,449	\$ 2,275,113	\$ 2,018,880	\$ 1,963,897	\$ 1,955,277	\$ 1,903,472	\$ 1,866,355	\$ 1,662,209	1,643,992
Net pension liability (asset) as a percentage of covered payroll	211.25%	217.04%	141.50%	136.96%	114.02%	116.05%	128.97%	137.73%	131.33%	116.61%

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NORTH SHELBY COUNTY FIRE AND EMERGENCY MEDICAL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED September 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution*	\$ 406,168	\$ 328,737	\$ 291,325	\$ 256,799	\$ 238,048	\$ 248,770	\$ 223,504	\$ 215,975	\$ 220,910	\$ 189,695
Contributions in relation to the actuarially determined contribution*	406,168	328,737	291,325	256,799	238,048	248,770	223,504	215,975	220,910	189,695
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll**	\$2,699,042	\$2,489,297	\$2,314,449	\$2,275,113	\$2,018,880	\$1,963,897	\$1,955,277	\$1,903,472	\$1,866,355	\$1,662,209
Contributions as a percentage of covered payroll	15.05%	13.21%	12.59%	11.29%	11.79%	12.67%	11.43%	11.35%	11.84%	11.41%

*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	24.4 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

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