



NEW ISSUE - BOOK ENTRY ONLY

Insured Rating: S&P: “AA” (stable outlook)
Underlying Rating: S&P: “A” (stable outlook)
See “RATINGS” herein.

In the opinion of Bond Counsel, under existing law, interest on the Series 2024A Bonds (i) will be excludable from gross income for federal income tax purposes if the Issuer complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2024A Bonds in order that interest thereon be and remain excludable from gross income, and (ii) will not be an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, interest on the Series 2024A Bonds will be exempt from State of Alabama income taxation. See “TAX MATTERS” herein for further information and certain other tax consequences arising with respect to the Series 2024A Bonds.

\$20,230,000
THE WATER WORKS AND SEWER BOARD OF THE CITY OF GUNTERSVILLE
Utilities Revenue Bonds, Series 2024A

Dated: Date of Issuance

**Due: August 1, as shown on the
inside cover page**

The Series 2024A Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, as described more particularly herein. Interest will be payable on the Series 2024A Bonds each February 1 and August 1, beginning August 1, 2025.

The Series 2024A Bonds will be limited obligations of the Issuer payable solely out of, and secured by a pledge and assignment of, the revenues from the Issuer’s waterworks and sewer systems remaining after payment of the reasonable and necessary expenses of maintaining and operating such systems. The pledge thereof in favor of the Series 2024A Bonds will be prior to the pledge thereof for the benefit of certain obligations heretofore issued by the Issuer. The Indenture under which the Series 2024A Bonds will be issued provides for the issuance of additional bonds secured on a parity with such bonds and with the Series 2020A Bonds and Series 2022A Bonds. See “SECURITY AND SOURCE OF PAYMENT.”

The Series 2024A Bonds will be subject to redemption prior to their respective maturities as described herein.

For a description of certain risk factors and other considerations involved in an investment in the Series 2024A Bonds, see “RISK FACTORS” and “DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS”.

The scheduled payment of principal of and interest on the Series 2024A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2024A Bonds by **ASSURED GUARANTY INC.**



FOR MATURITIES, AMOUNTS, RATES, PRICES, YIELDS, AND CUSIP NUMBERS, SEE INSIDE COVER.

The Series 2024A Bonds are offered when, as and if issued, subject to approval of validity by Bond Counsel, Maynard Nexsen PC, Birmingham, Alabama. For a description of certain other legal matters that will be passed on by counsel in connection with the issuance of the Series 2024A Bonds, see “LEGAL MATTERS”. It is expected that the Series 2024A Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about December 11, 2024.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



The date of this Official Statement is November 21, 2024.

Assured Guaranty Inc. (“AG”) makes no representation regarding the Series 2024A Bonds or the advisability of investing in the Series 2024A Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “Bond Insurance” and “Appendix G - Specimen Municipal Bond Insurance Policy”.

\$20,230,000
THE WATER WORKS AND SEWER BOARD OF THE CITY OF GUNTERSVILLE
Utilities Revenue Bonds, Series 2024A

MATURITIES, AMOUNTS, RATES, PRICES, YIELDS, AND CUSIP NUMBERS

Maturity	Principal Amount	Interest Rate	Price	Yield	CUSIP**	Maturity	Principal Amount	Interest Rate	Price	Yield	CUSIP**
2025	\$225,000	5.000%	101.074	3.280%	403180 EK4	2033	\$470,000	5.000%	110.680	3.400%*	403180 ET5
2026	335,000	5.000	103.009	3.100%	403180 EL2	2034	495,000	5.000	110.397	3.440%*	403180 EU2
2027	350,000	5.000	104.956	3.030%	403180 EM0	2035	520,000	5.000	109.763	3.530%*	403180 EV0
2028	370,000	5.000	106.664	3.050%	403180 EN8	2036	545,000	5.000	108.994	3.640%*	403180 EW8
2029	390,000	5.000	108.147	3.100%	403180 EP3	2037	575,000	5.000	108.577	3.700%*	403180 EX6
2030	410,000	5.000	109.431	3.160%	403180 EQ1	2038	605,000	5.000	108.024	3.780%*	403180 EY4
2031	430,000	5.000	110.496	3.230%	403180 ER9	2039	635,000	5.000	107.749	3.820%*	403180 EZ1
2032	450,000	5.000	111.320	3.310%	403180 ES7						

\$3,600,000 4.000% Term Bonds maturing on August 1, 2044 (Price: 97.600/Yield: 4.180%), CUSIP** No. 403180 FA5

\$4,405,000 4.250% Term Bonds maturing on August 1, 2049 (Price: 98.492/Yield: 4.350%), CUSIP** No. 403180 FB3

\$5,420,000 4.250% Term Bonds maturing on August 1, 2054 (Price: 97.524/Yield: 4.400%), CUSIP** No. 403180 FC1

(accrued interest to be added)

* The yield on these Series 2024A Bonds was computed to the August 1, 2032 optional redemption date.

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THE WATER WORKS AND SEWER BOARD OF THE CITY OF GUNTERSVILLE

MEMBERS OF THE BOARD OF DIRECTORS

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Frank J. Richter, Jr.

Kate White

GENERAL MANAGER

Robert J. (Bay) Chandler, III

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OFFICIAL STATEMENT

**Regarding
\$20,230,000
UTILITIES REVENUE BONDS, SERIES 2024A
of the
THE WATER WORKS AND SEWER BOARD OF THE CITY OF GUNTERSVILLE**

INTRODUCTION

General

This Official Statement is furnished in connection with the issuance of the Series 2024A Bonds referred to above (the “Series 2024A Bonds”) by The Water Works and Sewer Board of the City of Guntersville (the “Issuer”).

The Issuer is a public corporation organized under the laws of the State of Alabama. The Issuer owns and operates a water works and distribution system and a sewer system (collectively, the “Systems”), which are located in a service area that consists of the City of Guntersville, Alabama (the “City”) and surrounding areas within Marshall County (the “County”). The Series 2024A Bonds will be issued pursuant to a Trust Indenture dated July 1, 2020 (the “Original Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., a national banking association, Birmingham, Alabama (the “Trustee”), as supplemented by a First Supplemental Indenture dated January 1, 2022 between the Issuer and the Trustee (the “First Supplemental Indenture”), and a Second Supplemental Indenture dated December 1, 2024 between the Issuer and the Trustee (the “Second Supplemental Indenture”, together with the Original Indenture and the First Supplemental Indenture, the “Indenture”).

The Series 2024A Bonds will be limited obligations of the Issuer payable solely out of, and secured by a pledge and assignment of, the revenues from the Systems remaining after payment of the reasonable and necessary expenses of maintaining and operating the Systems (as more fully defined below, the “Net Systems Revenues”). The pledge and assignment of the Net Systems Revenues in favor of the Series 2024A Bonds shall be on parity with the Series 2020A Bonds and the Series 2022A Bonds and superior to the pledge thereof for the benefit of the Subordinate SRF Bonds. The Issuer will reserve the right to issue additional parity obligations subject to the terms and conditions of the Indenture. See “SECURITY AND SOURCE OF PAYMENT”.

The scheduled payment of principal of and interest on the Series 2024A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2024A Bonds by Assured Guaranty Inc. (the “Insurer”). See “THE INSURANCE POLICY”.

For information regarding the tax treatment of the Series 2024A Bonds, see “TAX MATTERS”.

The Series 2024A Bonds are being issued for the purpose of (i) financing various capital improvements to the Systems and (ii) paying the costs of issuing the Series 2024A Bonds. See “THE PLAN OF FINANCING”.

The Series 2024A Bonds are subject to optional and mandatory redemption at the times and under the circumstances set forth herein. See “DESCRIPTION OF THE SERIES 2024A BONDS - Redemption Prior to Maturity”. The Series 2024A Bonds are being offered in the denomination of \$5,000 or any multiple thereof and may be transferred and exchanged subject to certain terms and conditions set forth herein. See “DESCRIPTION OF THE SERIES 2024A BONDS”.

For a description of certain risk factors and other considerations involved in an investment in the Series 2024A Bonds, see “RISK FACTORS” and “DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS”.

The Issuer has covenanted to undertake certain continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE”.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This introduction contains certain information for quick reference only. It is not a summary of this issue. Investors

must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Changes to the Preliminary Official Statement

The Issuer previously distributed a Preliminary Official Statement dated November 15, 2024. The Preliminary Official Statement omitted selling compensation, delivery dates, and certain other information dependent on pricing of the Series 2024A Bonds. Further, for purposes of the Preliminary Official Statement, offering prices, interest rates, aggregate principal amount, principal amount per maturity, and certain other information dependent on pricing of the Series 2024A Bonds was estimated. Actual information dependent on pricing is reflected in this final Official Statement. Other than information dependent on pricing, no information in this final Official Statement differs from the information contained in the Preliminary Official Statement.

GLOSSARY OF TERMS USED IN OFFICIAL STATEMENT

Certain capitalized terms used frequently in this Official Statement are defined in this section of the Official Statement. In addition, certain capitalized terms used in this Official Statement and not defined in this section are defined in Appendix E - "SUMMARY OF THE INDENTURE".

"Bonds" means the Series 2020A Bonds, the Series 2022A Bonds, the Series 2024A Bonds, and any Additional Bonds (as defined in Appendix E – Summary of the Indenture) issued pursuant to the Indenture.

"County" means Marshall County, Alabama.

"Enabling Law" means Article 9 of Chapter 50 of Title 11 (Sections 11-50-310 et seq.) of the Code of Alabama (1975).

"Indenture" means the Original Indenture, as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture.

"Insurer" or **"AG"** means Assured Guaranty Inc.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

"Issuer" means The Water Works and Sewer Board of the City of Guntersville, a public corporation organized under the laws of the State of Alabama.

"First Supplemental Indenture" means that certain First Supplemental Indenture dated as of January 1, 2022.

"Net Systems Revenues" means all Systems Revenues remaining after payment of the reasonable and necessary expenses of maintaining and operating the Systems.

"Policy" means the municipal bond insurance policy issued by Assured Guaranty Inc. insuring the payment when due of the principal of and interest on the Series 2024A Bonds.

"Reserve Policy" means the municipal bond debt service reserve insurance policy issued by the Insurer for deposit in the Reserve Fund.

"Second Supplemental Indenture" means that certain Second Supplemental Indenture dated as of December 1, 2024.

"Series 2014 SRF Bonds" means the Issuer's Subordinated Water and Sewer Revenue Bonds, 2014 Series SRF, which are outstanding in the aggregate principal amount of \$6,601,125.

"Series 2016 SRF Bonds" means the Issuer's Subordinated Water and Sewer Revenue Bonds, Series 2016 SRF, which are outstanding in the aggregate principal amount of \$6,145,410.

“Series 2020A Bonds” means the Issuer’s Taxable Utilities Revenue Bonds, Series 2020A, which are outstanding in the aggregate principal amount of \$15,915,000.

“Series 2022A Bonds” means the Issuer’s Utilities Revenue Bonds, Series 2022A, which are outstanding in the aggregate principal amount of \$5,155,000.

“Series 2024A Bonds” means the Issuer’s \$20,230,000 Utilities Revenue Bonds, Series 2024A, which are being offered by this Official Statement.

“Sewer System” means the Issuer’s sanitary sewer system.

“Subordinate SRF Bonds” means the Series 2016 SRF Bonds and the Series 2014 SRF Bonds.

“System Revenues” means all revenues derived by the Issuer from the operation of the Systems, including without limitation, cash, accounts receivable and contract rights derived by the Issuer from the Systems; provided, however, that (i) grants or borrowed funds, (ii) deposits or payments by contractors to offset the cost of extensions or new connections and (iii) customer deposits to ensure payment of utility services are not considered part of the System Revenues.

“Systems” means the Water System and the Sewer System.

“Original Indenture” means the Trust Indenture dated as of July 1, 2020, between the Board and the Trustee.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., in its capacity as trustee under the Indenture.

“Water System” means the Issuer’s waterworks plant and distribution system.

DESCRIPTION OF THE SERIES 2024A BONDS

General Provisions

The Series 2024A Bonds will be fully registered bonds in the denomination of \$5,000 or any multiple thereof, will be dated as of the date of their issuance, and will be numbered separately from 1 upward.

The Series 2024A Bonds will mature annually on August 1 in the amounts and years set forth on the inside cover page hereof. The Series 2024A Bonds will bear interest at the applicable per annum rates set forth on the inside cover page hereof. All Series 2024A Bonds with the same maturity will bear interest at the same rate. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest on the Series 2024A Bonds will be payable on each February 1 and August 1, beginning August 1, 2025.

Method and Place of Payment

The Series 2024A Bonds will be issued in book-entry only form, as described below under “Book-Entry Only System”, and the method and place of payment will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the book-entry only system for the Series 2024A Bonds is discontinued.

Payment of interest due on each interest payment date will be made by check or draft mailed on such interest payment date to the persons who were registered holders of the Series 2024A Bonds on the regular record date for such interest payment date, which will be the 15th day of the month preceding such interest payment date. Payment of the principal of (and premium, if any, on) the Series 2024A Bonds and payment of accrued interest due upon redemption on any date other than an interest payment date will be made only upon surrender of the Series 2024A Bonds at an appropriate office of the Trustee.

The holder of Series 2024A Bonds in an aggregate principal amount of \$100,000 or more may, upon the terms and conditions of the Indenture, request payment of debt service by wire transfer to an account of such holder

maintained at a bank in the continental United States or by any other method providing for payment in same-day funds that is acceptable to the Trustee.

Redemption Prior to Maturity

Optional Redemption. Series 2024A Bonds maturing on August 1, 2033 or thereafter, or any smaller principal amount of such Series 2024A Bonds that is a multiple of the smallest authorized denomination, may be redeemed at the option of the Issuer on August 1, 2032 or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date.

Mandatory Redemption of 2044 Term Bonds. The Series 2024A Bonds maturing on August 1, 2044 (the “2044 Term Bonds”) are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date, on August 1 in years and principal amounts (after credits as provided below) as follows:

Year	Amount
2040	\$665,000
2041	690,000
2042	720,000
2043	750,000

\$775,000 of the 2044 Term Bonds will be
retired at maturity

Not less than 45 or more than 60 days prior to each mandatory redemption date with respect to 2044 Term Bonds, the Trustee shall proceed to select for redemption, by lot, 2044 Term Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2044 Term Bonds or portions thereof for redemption on such mandatory redemption date. The Issuer may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the 2044 Term Bonds scheduled for redemption on such date: (i) the principal amount of 2044 Term Bonds delivered by the Issuer to the Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of 2044 Term Bonds previously redeemed (other than 2044 Term Bonds redeemed pursuant to this paragraph) and not previously claimed as a credit; and (iii) the principal amount of 2044 Term Bonds otherwise deemed paid in full and not previously claimed as a credit.

Mandatory Redemption of 2049 Term Bonds. The Series 2024A Bonds maturing on August 1, 2049 (the “2049 Term Bonds”) are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date, on August 1 in years and principal amounts (after credits as provided below) as follows:

Year	Amount
2045	\$810,000
2046	845,000
2047	880,000
2048	915,000

\$955,000 of the 2049 Term Bonds will be
retired at maturity

Not less than 45 or more than 60 days prior to each mandatory redemption date with respect to 2049 Term Bonds, the Trustee shall proceed to select for redemption, by lot, 2049 Term Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2049 Term Bonds or portions thereof for redemption on such mandatory redemption date. The Issuer may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the 2049 Term Bonds scheduled for redemption on such date: (i) the principal amount of 2049 Term Bonds delivered by the Issuer to the Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of 2049 Term Bonds previously redeemed

(other than 2049 Term Bonds redeemed pursuant to this paragraph) and not previously claimed as a credit; and (iii) the principal amount of 2049 Term Bonds otherwise deemed paid in full and not previously claimed as a credit.

Mandatory Redemption of 2054 Term Bonds. The Series 2024A Bonds maturing on August 1, 2054 (the “2054 Term Bonds,” and together with the 2044 Term Bonds and the 2049 Term Bonds, collectively, the “Term Bonds”) are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date, on August 1 in years and principal amounts (after credits as provided below) as follows:

Year	Amount
2050	\$995,000
2051	1,040,000
2052	1,080,000
2053	1,130,000

\$1,175,000 of the 2054 Term Bonds will be
retired at maturity

Not less than 45 or more than 60 days prior to each mandatory redemption date with respect to 2054 Term Bonds, the Trustee shall proceed to select for redemption, by lot, 2054 Term Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2054 Term Bonds or portions thereof for redemption on such mandatory redemption date. The Issuer may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the 2054 Term Bonds scheduled for redemption on such date: (i) the principal amount of 2054 Term Bonds delivered by the Issuer to the Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of 2054 Term Bonds previously redeemed (other than 2054 Term Bonds redeemed pursuant to this paragraph) and not previously claimed as a credit; and (iii) the principal amount of 2054 Term Bonds otherwise deemed paid in full and not previously claimed as a credit.

Other Matters Related to Redemption Prior to Maturity. Except in the case of mandatory redemption of Term Bonds, if less than all Series 2024A Bonds outstanding are to be redeemed, the particular Series 2024A Bonds to be redeemed may be specified by the Issuer by written notice to the Trustee, or, in the absence of timely receipt by the Trustee of such notice, shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that (i) the principal amount of Series 2024A Bonds of each maturity to be redeemed must be a multiple of the smallest authorized denomination of Series 2024A Bonds, and (ii) if less than all Series 2024A Bonds with the same stated maturity are to be redeemed, the Series 2024A Bonds of such maturity to be redeemed shall be selected by lot by the Trustee.

Any redemption will be made upon at least 30 days’ notice by first-class mail to the holders of Series 2024A Bonds to be redeemed. A notice of optional redemption may state that the redemption of Series 2024A Bonds is contingent upon specified conditions such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem Series 2024A Bonds (or portions thereof) identified in such notice.

If a trust is established for payment of less than all Series 2024A Bonds of a particular maturity, the Series 2024A Bonds of such maturity to be paid from the trust shall be selected by the Trustee within 7 days after such trust is established and shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify holders whose Series 2024A Bonds (or portions thereof) have been selected for payment from such trust and shall direct such holders to surrender their Series 2024A Bonds to the Trustee in exchange for Series 2024A Bonds with the appropriate designation.

Upon any partial redemption of a Series 2024A Bond, such Series 2024A Bond shall be surrendered to the Trustee in exchange for one or more new Series 2024A Bonds in authorized form for the unredeemed portion of principal.

Any Series 2024A Bond (or portion thereof) which is to be redeemed must be surrendered to the Trustee for payment of the redemption price. Series 2024A Bonds (or portions thereof) duly called for redemption will cease to bear interest after the redemption date, unless the Issuer defaults in payment of the redemption price.

Registration and Exchange

The Series 2024A Bonds will be issued in book-entry only form, as described below under “Book-Entry Only System”, and the method for registration and exchange of the Series 2024A Bonds will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the book-entry only system for the Series 2024A Bonds is discontinued.

The Series 2024A Bonds are transferable only on the bond register maintained at the office of the Trustee. Upon surrender of a Series 2024A Bond to be transferred, properly endorsed, a new Series 2024A Bond will be issued to the designated transferee.

The Series 2024A Bonds will be issued in denominations of \$5,000 or any multiple thereof and, subject to the provisions of the Indenture, may be exchanged for a like aggregate principal amount of Series 2024A Bonds, of any authorized denominations and of the same maturity, as requested by the holder surrendering the same.

No service charge shall be made for any transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Provision for Payment

For a description of the defeasance provisions of the Indenture relating to the Series 2024A Bonds, see Appendix F - “SUMMARY OF THE INDENTURE”.

Certain Other Provisions of the Indenture

For a description of other provisions of the Indenture relating to the Series 2024A Bonds, see Appendix F - “SUMMARY OF THE INDENTURE”.

Book-Entry Only System

The Series 2024A Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, to which debt service payments on the Series 2024A Bonds will be made so long as Cede & Co. is the registered owner of the Series 2024A Bonds. Individual purchases of the Series 2024A Bonds will be made in book-entry only form, and individual purchasers (“Beneficial Owners”) of the Series 2024A Bonds will not receive physical delivery of bond certificates.

So long as DTC or its nominee is the registered owner of the Series 2024A Bonds, disbursement of debt service payments to DTC is the responsibility of the Trustee, disbursement of debt service payments to DTC Participants is the responsibility of DTC, and disbursement of debt service payments to the Beneficial Owner is the responsibility of DTC Participants or Indirect Participants as more fully described herein.

For more details on DTC and the book-entry only system, see Appendix D to this Official Statement.

Authority for Issuance

The Series 2024A Bonds are being issued by the Issuer under the authority of the constitution and laws of the State of Alabama, including particularly Article 9 of Chapter 50 of Title 11 (Sections 11-50-310 et seq.) of the Code of Alabama (1975) (the “Enabling Law”).

Rights of Underwriters to Consent to Indenture Amendments

The Indenture provides that underwriters of Additional Bonds issued after the issuance of the Series 2024A Bonds may, on behalf of holders of any Additional Bonds issued after the issuance of the Series 2024A Bonds (and without notice to or consent of holders of any Additional Bonds issued after the issuance of the Series 2024A Bonds),

consent to any amendment of the Indenture other than an amendment to the Indenture that requires the consent of all holders of Bonds issued under the Indenture.

SECURITY AND SOURCE OF PAYMENT

General

The Series 2024A Bonds are not obligations of, and will not constitute a charge against the general credit or taxing power of, the State of Alabama, the City of Guntersville or any other political subdivision of the State of Alabama. The Issuer has no taxing power.

The Series 2024A Bonds will be limited obligations of the Issuer payable solely out of, and secured by a pledge and assignment of, the revenues from the Systems remaining after payment of the reasonable and necessary expenses of operating and maintaining the Systems (as more fully defined in Appendix F – “SUMMARY OF THE INDENTURE”, the “Net Systems Revenues”). Information describing the revenues collected by the Issuer is set forth in this Official Statement under the caption “RESULTS OF OPERATIONS” in Appendix A.

The pledge and assignment of the Net Systems Revenues in favor of the Bonds then outstanding under the Indenture will be on parity with the Series 2020A Bonds, the Series 2022A Bonds, and the Series 2024A Bonds and prior and superior to the pledge thereof in favor of the Subordinate SRF Bonds.

The Indenture permits the issuance of Additional Bonds payable out of, and secured by a pledge of, the Net Systems Revenues on a parity with the Series 2020A Bonds, Series 2022A Bonds, and the Series 2024A Bonds. See Appendix F - “SUMMARY OF THE INDENTURE - Additional Bonds”.

Reserve Fund

The Issuer previously established a debt service reserve fund (the “Reserve Fund”) pursuant to the Original Indenture, which is pledged in favor of the Bonds. The Reserve Fund is not pledged for the benefit of the Subordinate SRF Bonds. The Issuer is required to maintain a balance in the Reserve Fund equal to the reserve fund requirement, as more fully described in Appendix F - “SUMMARY OF THE INDENTURE”. The Issuer is permitted to satisfy the Reserve Fund requirement by the deposit of cash or by the deposit and delivery of a surety bond. See Appendix F - “SUMMARY OF THE INDENTURE”. The Reserve Fund requirement will be met by the deposit of the Reserve Policy.

Remedies

The Issuer is, under existing law, subject to suit in the event that it defaults in payment of the debt service on the Series 2024A Bonds. However, the extent of the remedies afforded to the holders of the Series 2024A Bonds by any such suit, and the enforceability of any judgment against the Issuer resulting therefrom, are subject to those limitations inherent in the fact that the Series 2024A Bonds are special or limited obligations of the Issuer payable solely out of the Net Systems Revenues, and may be subject to, among other things, (i) the provisions of the United States Bankruptcy Code (referred to below) and (ii) the provisions of other laws that may hereafter be enacted by the Congress of the United States or the Legislature of Alabama extending the time for payment of public authority indebtedness or imposing other constraints upon the enforcement of rights of creditors.

The United States Bankruptcy Code

Chapter 9 of the United States Bankruptcy Code permits political subdivisions and public agencies or instrumentalities of a state that are insolvent or unable to meet their debts as they come due to file petitions for relief in the federal bankruptcy courts if specifically authorized to do so by state law and can satisfy certain statutory requirements of the United States Bankruptcy Code that are primarily related to pre-filing negotiations with their creditors. While the matter is not entirely free from doubt, prospective purchasers of the Series 2024A Bonds should assume that existing Alabama statutes do not authorize the Issuer to file a petition for relief. However, the United States Bankruptcy Code or Alabama law could be changed during the life of the Series 2024A Bonds to permit the Issuer to file such a petition for relief.

Chapter 9 of the United States Bankruptcy Code defines “special revenues” to include receipts derived from an entity’s ownership, operation or disposition of projects or systems such as the Net Systems Revenues. If the Issuer commenced Chapter 9 proceedings, the holders of Series 2024A Bonds likely would retain their lien on “special revenues” pledged to secure the Series 2024A Bonds, subject to the necessary operating expenses of the project or system generating such revenues. Bankruptcy proceedings by the Issuer, if authorized, could, however, have adverse effects on holders of the Series 2024A Bonds, including (i) delay in the enforcement of their remedies, (ii) delay in their receipt of scheduled payments during such proceedings, (iii) subordination of their claims to the claims of those supplying goods and services to the Issuer after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (iv) imposition without their consent of a plan for the adjustment of the debtor’s debts that reduces or delays payment on the Series 2024A Bonds. Such a plan of adjustment, when confirmed by the bankruptcy court, binds all creditors who had notice or actual knowledge of the proceedings, even if they vote against confirmation, and discharges all claims against the political subdivision unless excepted from discharge by the plan or the order confirming the plan. Among other conditions for confirmation, the plan must either be accepted by each class of claims or interests that is impaired under the plan, or accepted by at least one impaired class if the plan is otherwise confirmable, does not discriminate unfairly, and is fair and equitable. An impaired class accepts a plan only if it has been accepted by at least 2/3 in amount and more than 50% in number of the allowed claims of such class that vote to accept or reject the plan.

Under current bankruptcy law, a petition filed under Chapter 9 of the United States Bankruptcy Code does not operate as a stay of application of pledged special revenues to payment of debt secured by such revenues. Thus, the stay of certain actions that arises automatically when a Chapter 9 proceeding is commenced would likely not be effective to prevent the application of payments of principal and interest received on the Series 2024A Bonds from the Net Systems Revenues after a Chapter 9 petition is filed, subject to certain limited exceptions.

The provisions of Chapter 9 do not expressly require that pledged special revenues be paid to the holders of obligations secured by such revenues after a Chapter 9 petition is filed. Municipal debtors typically have continued to pay pledged special revenues to the holders of obligations secured thereby during Chapter 9 proceedings, net of necessary post-petition operating expenses of the project or system generating such revenues. The United States Court of Appeals for the First Circuit has recently held, however, that a trustee or holders of obligations cannot compel such payment by a municipal debtor. The extent, if any, to which such opinion might be followed by courts outside the First Circuit – that is, outside the federal district courts of Maine, Massachusetts, New Hampshire, Rhode Island and Puerto Rico – remains unknown.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2024A Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Series 2024A Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2024A Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG

At September 30, 2024:

- The policyholders' surplus of AG was approximately \$3,644 million.
- The contingency reserve of AG was approximately \$1,374 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE")

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2024A Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption “BOND INSURANCE – Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Series 2024A Bonds or the advisability of investing in the Series 2024A Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE”.

CONSENT RIGHTS OF THE INSURER

As long as the Insurer is not then in default on the Policy, the Insurer shall be deemed to be the sole holder of such Series 2024A Bonds insured by it for all purposes of the Indenture and under Alabama law including without limitation exercising rights and remedies of bondholders. For a description of certain of these rights of the Insurer, see “Appendix F–Summary of the Indenture”.

THE PLAN OF FINANCING

The Series 2024A Bonds are being issued for the purpose of (i) financing certain capital improvements to the Systems (including improvements to intakes, pump stations, lift stations, and plant facilities) and (ii) paying the costs

of issuing the Series 2024A Bonds. The Issuer, however, has reserved the right under the Indenture to use the proceeds of the Series 2024A Bonds for other legally permissible purposes.

SOURCES AND USES OF FUNDS

The expected sources and uses of funds for the plan of financing are as follows (rounded to the nearest whole dollar):

Sources of Funds

Principal amount of Series 2024A Bonds.....	\$20,230,000
(Plus net original issue premium).....	<u>282,501</u>
Total	<u>\$20,512,501</u>

Uses of Funds

Capital Improvements	\$20,001,935
Expenses of issuance (including underwriter's discount, bond insurance premium, surety bond premium, legal, accounting and other issuance expenses)	<u>510,567</u>
Total	<u>\$20,512,501</u>

DEBT SERVICE REQUIREMENTS AND COVERAGE

Debt Service Requirements

The following table presents the debt service requirements on the Series 2024A Bonds. The debt service requirements of all indebtedness payable from the Net Systems Revenues after the Series 2024A Bonds are issued is set forth in Appendix A – “DEBT MANAGEMENT – Debt Service Requirements”.

Fiscal Year Ending September 30	Series 2024A Bonds		Total Debt Service
	Principal ⁽¹⁾	Interest	
2025	\$225,000	\$576,158	\$801,158
2026	335,000	890,563	1,225,563
2027	350,000	873,813	1,223,813
2028	370,000	856,313	1,226,313
2029	390,000	837,813	1,227,813
2030	410,000	818,313	1,228,313
2031	430,000	797,813	1,227,813
2032	450,000	776,313	1,226,313
2033	470,000	753,813	1,223,813
2034	495,000	730,313	1,225,313
2035	520,000	705,563	1,225,563
2036	545,000	679,563	1,224,563
2037	575,000	652,313	1,227,313
2038	605,000	623,563	1,228,563
2039	635,000	593,313	1,228,313
2040	665,000	561,563	1,226,563
2041	690,000	534,963	1,224,963
2042	720,000	507,363	1,227,363
2043	750,000	478,563	1,228,563
2044	775,000	448,563	1,223,563
2045	810,000	417,563	1,227,563
2046	845,000	383,138	1,228,138
2047	880,000	347,225	1,227,225
2048	915,000	309,825	1,224,825
2049	955,000	270,938	1,225,938
2050	995,000	230,350	1,225,350
2051	1,040,000	188,063	1,228,063
2052	1,080,000	143,863	1,223,863
2053	1,130,000	97,963	1,227,963
2054	<u>1,175,000</u>	<u>49,938</u>	<u>1,224,938</u>
	<u>\$20,230,000</u>	<u>\$16,135,408</u>	<u>\$36,365,408</u>

⁽¹⁾ For purposes of this table the principal amount of Series 2024A Bonds to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year.

Coverage

The following table sets forth certain debt service coverage ratios (“DSCR”) for debt of the Issuer based on the Issuer’s actual income available for debt service for the fiscal years indicated:

Fiscal Year Ended 9/30	Net Systems Revenues ⁽¹⁾	Historical Pro Forma Debt Service Coverage Ratio for Bonds Based on		Historical Pro Forma Debt Service Coverage Ratio for Bonds and Subordinate SRF Bonds Based on	
		Average Annual Debt Service ⁽²⁾	Maximum Annual Debt Service ⁽³⁾	Average Annual Debt Service ⁽⁴⁾	Maximum Annual Debt Service ⁽⁵⁾
2024 ⁽⁶⁾	\$6,464,556	3.11	2.47	2.57	1.74
2023	5,918,753	2.85	2.27	2.35	1.59
2022	4,222,773	2.03	1.62	1.68	1.14
2021	3,139,974	1.51	1.20	1.25	0.84
2020	3,661,711	1.76	1.40	1.45	0.98

(1) The Issuer’s historical Net Systems Revenues is calculated as follows:

	Fiscal Year Ended September 30				
	2020	2021	2022	2023	2024(unaudited)
Increase/Decrease in Net Position	\$966,290	\$310,079	\$1,285,309	\$2,850,827	\$3,385,674
Plus interest expense	673,805	788,516	814,882	817,900	698,863
Plus depreciation and amortization	2,021,616	2,041,379	2,122,582	2,250,026	2,380,019
Total	<u>\$3,661,711</u>	<u>\$3,139,974</u>	<u>\$4,222,773</u>	<u>\$5,918,753</u>	<u>\$6,464,556</u>

(2) Net Systems Revenues for the fiscal year divided by average annual debt service requirements on the Series 2020A Bonds, the Series 2022A Bonds, and the Series 2024A Bonds but not including the Subordinate SRF Bonds. Average annual debt service for fiscal years 2025 through 2054 is \$2,079,924. See “DEBT SERVICE REQUIREMENTS” above.

(3) Net Systems Revenues for the fiscal year divided by maximum annual debt service requirements on the Series 2020A Bonds, the Series 2022A Bonds, and the Series 2024A Bonds, but not including the Subordinate SRF Bonds. Maximum annual debt service is \$2,612,166, payable in fiscal year 2031. See “DEBT SERVICE REQUIREMENTS” above.

(4) Net Systems Revenues for the fiscal year divided by average annual debt service requirements on the Series 2020A Bonds, the Series 2022A Bonds, the Series 2024A Bonds and the Subordinate SRF Bonds of the Issuer. Average annual debt service for fiscal years 2025 through 2054 is \$2,519,744. See “DEBT SERVICE REQUIREMENTS” above.

(5) Net Systems Revenues for the fiscal year divided by maximum annual debt service requirements on the Series 2020A Bonds, the Series 2022A Bonds, the Series 2024A Bonds and the Subordinate SRF Bonds of the Issuer. Maximum annual debt service is \$3,719,284, payable in fiscal year 2032. See “DEBT SERVICE REQUIREMENTS” above.

(6) 2024 numbers are from unaudited financial statements.

THE ISSUER

The Water Works and Sewer Board of the City of Guntersville is a public corporation organized under the laws of the State of Alabama. For information on The Water Works and Sewer Board of the City of Guntersville, see “Appendix A—Information on The Water Works and Sewer Board of the City of Guntersville”.

LITIGATION RELATING TO THE SERIES 2024A BONDS

There is no litigation pending or, to the knowledge of the Issuer, threatened questioning the validity of the Series 2024A Bonds, the proceedings under which they are to be issued, the security for the Series 2024A Bonds

provided by the Indenture, the consummation of the transactions contemplated by the Indenture, the organization of the Issuer, or the election or qualification of the Issuer's officers. For certain additional information concerning litigation relating to the Issuer, see Appendix A.

RISK FACTORS

General

An investment in the Series 2024A Bonds involves certain risks which should be carefully considered by investors. The sufficiency of revenues to pay debt service on the Series 2024A Bonds may be affected by events and conditions relating to, among other things, population and employment trends and economic conditions in the Issuer, the nature and extent of which are not presently determinable.

Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Series 2024A Bonds are an appropriate investment for them.

The risk factors discussed herein should be considered in evaluating the Issuer's ability to make payments of the principal of and interest due on the Series 2024A Bonds. This discussion of risk factors is not intended to be exhaustive and should be read in conjunction with all other parts of this Official Statement, including Appendix A hereto.

Limitations on Rights of Holders of the Series 2024A Bonds

Holders of the Series 2024A Bonds should be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

The United States Bankruptcy Code

Information describing the applicability of the United States Bankruptcy Code to the Issuer and the Series 2024A Bonds is set forth in this Official Statement under the caption "SECURITY AND SOURCE OF PAYMENT".

Future Legislation

Future legislation and regulations affecting publicly owned water works systems and sanitary sewer systems, including the grant of the right to condemn such systems or environmental factors, might adversely affect the Systems.

Major Customers

As described more particularly in Appendix A, a significant portion (approximately fifty percent or more) of the annual sales of the Systems are expected to be derived from the top five customers of the Systems, with the top customer accounting for one-third of the water sales and one-half of the sewer sales in the fiscal year ended September 30, 2024. If the top five customers, particularly the top customer, go out of business or otherwise significantly reduce the volume of water or sewer services used in any given year, Net Systems Revenues could decrease significantly, and the Issuer may not be able to pay the debt service on the Series 2024A Bonds.

Cybersecurity

Despite the implementation of network security measures by the Issuer, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. State and local governments have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the Issuer's ability to provide water and sewer services or to collect water and sewer revenues. Any breach or cyberattack that compromises data could result in negative press and substantial fines or penalties for violation of state privacy laws.

Despite efforts of the Issuer, no assurances can be given that the Issuer's measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the Issuer.

Tax-Exempt Status of Series 2024A Bonds

It is expected that the Series 2024A Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance. See "TAX MATTERS". It is anticipated that Bond Counsel will render an opinion substantially in the form attached hereto as Appendix E, which should be read in its entirety for a complete understanding of the scope of the opinions and the conclusions expressed therein. A legal opinion expresses the professional judgment of the attorney rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The tax status of the Series 2024A Bonds could be affected by post-issuance events. There are various requirements of the Internal Revenue Code of 1986, as amended, that must be observed or satisfied after the issuance of the Series 2024A Bonds in order for the Series 2024A Bonds to qualify for, and retain, tax-exempt status. These requirements include appropriate use of the proceeds of the Series 2024A Bonds, use of the facilities financed by the Series 2024A Bonds, investment of bond proceeds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of the Issuer.

The Internal Revenue Service conducts an audit program to examine compliance with the requirements regarding tax-exempt status. Under current IRS procedures, in the initial stages of an audit with respect to the Series 2024A Bonds, the Issuer would be treated as the taxpayer, and the owners of the Series 2024A Bonds may have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2024A Bonds could adversely affect the market value and liquidity of the Series 2024A Bonds, even though no final determination about the tax-exempt status has been made. If an audit results in a final determination that the Series 2024A Bonds do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2024A Bonds.

In addition to post-issuance compliance, a change in law after the date of issuance of the Series 2024A Bonds could affect the tax-exempt status of the Series 2024A Bonds or the effect of investing in the Series 2024A Bonds. For example, the United States Congress could eliminate or limit the exemption for interest on the Series 2024A Bonds, or it could reduce or eliminate the federal income tax, or it could adopt a so-called flat tax. It cannot be predicted whether or in what form any such change in law may be enacted or whether, if enacted, any such change in law would apply to the Series 2024A Bonds.

The Indenture does not require the Issuer to redeem the Series 2024A Bonds and does not provide for the payment of any additional interest or penalty if a determination is made that the Series 2024A Bonds do not comply with the existing requirements of the Internal Revenue Code of 1986, as amended, or if a subsequent change in law adversely affects the tax-exempt status of the Series 2024A Bonds or the effect of investing in the Series 2024A Bonds.

LEGAL MATTERS

The legality and validity of the Series 2024A Bonds will be approved by Bond Counsel, Maynard Nexsen PC, Birmingham, Alabama. Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Series 2024A Bonds have been authorized to be issued, and rendering an opinion in conventional form as to the validity and legality of the Series 2024A Bonds and the exemption of interest thereon from federal and State of Alabama income taxes. Bond Counsel also served as Disclosure Counsel and assisted in the preparation of this Official Statement.

It is anticipated that Bond Counsel will render an opinion substantially in the form attached hereto as Appendix E. In connection with the rendering of such opinion, Bond Counsel is serving as counsel to the Issuer. Certain legal matters will be passed upon by Disclosure Counsel, Maynard Nexsen PC, Birmingham, Alabama. Certain legal matters will be passed upon for the Issuer by its counsel, McLaughlin & Edmondson, LLC, Guntersville,

Alabama. Certain legal matters will be passed upon for the Underwriter by its counsel, Ezell Law, LLC, Birmingham, Alabama.

The various legal opinions to be delivered concurrently with the delivery of the Series 2024A Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

General

In the opinion of Bond Counsel, under existing law, interest on the Series 2024A Bonds will be excludable from gross income for federal income tax purposes if the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), that must be satisfied subsequent to the issuance of the Series 2024A Bonds in order that interest thereon be and remain excludable from gross income. Failure to comply with certain of such requirements could cause the interest on the Series 2024A Bonds to be included in gross income, retroactive to the date of issuance of the Series 2024A Bonds. The Issuer has covenanted to comply with all such requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2024A Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Series 2024A Bonds may be taken into account for purposes of the alternative minimum tax imposed on applicable corporations pursuant to Section 55(b)(2) of the Internal Revenue Code, as amended by the Inflation Reduction Act of 2022.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 2024A Bonds other than the opinions expressed in the two preceding paragraphs. The form of Bond Counsel’s opinion is expected to be substantially as set forth in Appendix E to this Official Statement.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2024A Bonds will be exempt from State of Alabama income taxation.

Original Issue Discount

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of a Series 2024A Bond, to the extent properly allocable to each owner of such Series 2024A Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2024A Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2024A Bonds of such maturity were sold.

Under Section 1288 of the Internal Revenue Code of 1986, as amended, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2024A Bond during any accrual period generally equals (i) the issue price of such Series 2024A Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2024A Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2024A Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in such Series 2024A Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Series 2024A Bond will be treated as gain from the sale or exchange of such Series 2024A Bond.

Premium

An amount equal to the excess of the purchase price of a Series 2024A Bond over its stated redemption price at maturity constitutes premium on such Series 2024A Bond. A purchaser of a Series 2024A Bond must amortize any premium over such Series 2024A Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Series 2024A Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2024A Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2024A Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2024A Bonds.

Collateral Tax Consequences

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state tax consequences of acquiring, carrying, owning, or disposing of the Series 2024A Bonds. Prospective purchasers of the Series 2024A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2024A Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

NO BANK QUALIFICATION

The Issuer will not designate the Series 2024A Bonds as "qualified tax-exempt obligations" under Section 265(b) of the Internal Revenue Code. As a result, the Series 2024A Bonds may not be treated by financial institutions as though they were acquired on August 7, 1986, and there may not be allowed to such financial institutions that purchase the Series 2024A Bonds a deduction of up to 80% of the interest paid to depositors that is allocable to the Series 2024A Bonds by such financial institutions.

UNDERWRITING

The Series 2024A Bonds are being purchased from the Issuer by Piper Sandler & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Series 2024A Bonds for an aggregate purchase price of \$20,320,316.20 (which represents the face amount of the Series 2024A Bonds less underwriter's discount of \$192,185.00 and plus net original issue premium of \$282,501.20). The initial public offering price set forth on the inside cover page may be changed by the Underwriter, and the Underwriter may offer and sell the Series 2024A Bonds to certain dealers (including dealers depositing the Series 2024A Bonds into investment trusts) and others at prices lower than the offering price set forth on the inside cover page. The Underwriter will purchase all the Series 2024A Bonds if any are purchased.

The Underwriter has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Series 2024A Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Series 2024A Bonds that CS&Co. sells.

CONTINUING DISCLOSURE

General

The Issuer has covenanted for the benefit of the holders of the Series 2024A Bonds to provide the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") with (i) certain financial information and operating data relating to the Issuer on an annual basis (the "Annual Financial Information") within

270 days after the end of its fiscal year and (ii) notices (“Material Event Notices”) of the occurrence of the following events in a timely manner not in excess of 10 business days after the occurrence of the event:

1. A delinquency in payment of principal of or interest on the Series 2024A Bonds.
2. Non-payment related defaults under the proceedings of the Issuer authorizing the Series 2024A Bonds, whether or not such defaults constitute an event of default thereunder, if material.
3. Unscheduled draws on any debt service reserve fund reflecting financial difficulties of the Issuer.
4. Unscheduled draws on any credit enhancement or liquidity facility with respect to the Series 2024A Bonds reflecting financial difficulties of the Issuer.
5. Substitution of a credit enhancer for the one originally described in the Official Statement (if any), or the failure of any credit enhancer respecting the Series 2024A Bonds to perform its obligations under the agreement between the Issuer and such credit enhancer.
6. The existence of any adverse tax opinion with respect to the Series 2024A Bonds, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Series 2024A Bonds, or other material events affecting the tax status of the Series 2024A Bonds.
7. Any modification of the rights of the registered owners of the Series 2024A Bonds, if material.
8. Redemption of any of the Series 2024A Bonds prior to the stated maturity or mandatory redemption date thereof, if material, and tender offers with respect to the Series 2024A Bonds.
9. Defeasance of the lien of any of the Series 2024A Bonds or the occurrence of circumstances which, pursuant to such authorizing proceedings, would cause the Series 2024A Bonds, or any of them, to be no longer regarded as outstanding thereunder.
10. The release, substitution or sale of the property securing repayment of the Series 2024A Bonds, if material.
11. Any changes in published ratings affecting the Series 2024A Bonds.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

In addition, the Issuer has covenanted to provide in a timely manner to EMMA notice of the Issuer’s failure to provide the Annual Financial Information on or before the date specified herein. As used above in paragraphs (15) and (16), the term “financial obligation” means a: (1) debt obligation; (2) derivative instrument entered into in

connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of a debt obligation or such a derivative instrument; the term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12 of the Securities and Exchange Commission.

The Annual Financial Information will include financial information and operating data relating to the Issuer of the type found in the following sections of this Official Statement in Appendix A: “DESCRIPTION OF THE SYSTEMS—Water System—Largest Customers”, “DESCRIPTION OF THE SYSTEMS—Sewer System—Largest Customers”, “DESCRIPTION OF THE SYSTEMS—Systems Utilization”, and “RESULTS OF OPERATIONS”, . In addition, the Issuer will provide to EMMA, when and if available, audited financial statements prepared in accordance with accounting principles described in the audited financial statements included in this Official Statement as an appendix.

The Issuer shall never be subject to money damages for its failure to comply with its obligations to provide the required information. The only remedy available to the holders of the Series 2024A Bonds for breach by the Issuer of its obligations to provide the required information shall be the remedy of specific performance or mandamus against appropriate officials of the Issuer. The failure by the Issuer to provide the required information shall not be an event of default with respect to the Series 2024A Bonds under the Indenture. A failure by the Issuer to comply with its obligations to provide the required information must be reported as described above and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Series 2024A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2024A Bonds and their market price.

No person other than the Issuer shall have any liability or responsibility for compliance by the Issuer with its obligations to provide information. The Trustee has not undertaken any responsibility with respect to any required reports, notices or disclosures.

The Issuer retains the right to modify its obligations described above as long as such modification is done in a manner consistent with Rule 15c2-12 of the Securities and Exchange Commission.

Compliance with Prior Undertakings

For the fiscal year ended September 30, 2019, the Issuer filed its annual audited financial statements with EMMA on or before the due date as required by the terms of continuing disclosure agreements executed by the Issuer in connection with the issuance of certain of its then existing indebtedness. That filing, however, did not include certain operating data that may have been required by the terms of such agreements.

For the fiscal years ended September 30, 2020, 2021, 2022, and 2023, the Issuer failed to file its annual financial information with EMMA on or before the due date as required by the terms of continuing disclosure agreements executed by the Issuer in connection with the issuance of certain of its existing indebtedness. The Issuer now has filed such information. The Issuer filed a notice in accordance with Rule 15c2-12 with respect to its failure to provide its annual financial information noted above for the fiscal year ended September 30, 2020; however, the Issuer failed to file a notice in accordance with Rule 15c2-12 with respect to its failure to provide its annual financial information noted above for the fiscal years ended September 30, 2021, 2022, and 2023.

Engagement of Disclosure Dissemination Agent

The Issuer has engaged Digital Assurance Certification, L.L.C. (“DAC”) as its Disclosure Dissemination Agent for the purpose of ensuring ongoing compliance with its continuing disclosure filing requirements. DAC provides its clients with automated filing of rating events, templates consolidating all outstanding filing requirements that accompany reminder notices of annual or interim mandatory filings, review of all template filings by professional accountants, as well as a time and date stamp record of each filing along with the unique ID from EMMA accompanying the copy of the actual document filed. DAC also offers its clients a series of training webinars each year qualified for 15-20 NASBA certified CPE credits, as well as model secondary market compliance policies and procedures.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., is expected to assign ratings to the Series 2024A Bonds as indicated on the cover page.

The first part of the ratings on the Series 2024A Bonds reflects the respective rating agency's current assessment of the creditworthiness of Assured Guaranty Inc. and its ability to pay claims on its policies of insurance. The rating agency has assigned an underlying rating to the Series 2024A Bonds (as shown in parentheses on the cover page), which reflects the rating agency's current assessment of the creditworthiness of the Issuer with respect to obligations secured by the Net Systems Revenues.

Any definitive explanation of the significance of any such ratings may be obtained only from the rating agency. The Issuer furnished to the rating agency the information contained in this Official Statement and certain other information respecting the Issuer and the Series 2024A Bonds. Generally, rating agencies base their ratings on such materials and information, as well as on their own investigations, studies and assumptions.

The above ratings are not recommendations to buy, sell or hold the Series 2024A Bonds, and any such ratings may be subject to revision or withdrawal at any time by the rating agency. Any downward revision or withdrawal of any or all of such ratings may have an adverse effect on the market price of the affected Series 2024A Bonds. Except as may be required in connection with the obligations described under the heading "CONTINUING DISCLOSURE", neither the Issuer nor the Underwriter has undertaken any responsibility either to bring to the attention of the holders of the Series 2024A Bonds any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

INDEPENDENT AUDITORS

The financial statements of the Issuer included in Appendix B to this Official Statement have been audited by Mauldin & Jenkins, LLC, Athens, Alabama, independent certified public accountants, as stated in their report appearing herein as Appendix B to this Official Statement. Such financial statements speak only as of September 30, 2023 and have been included as a matter of public record. Mauldin & Jenkins, LLC (1) has not been engaged to perform, and has not performed, any procedures with respect to such financial statements since the date of its report on such financial statements and (2) has not performed any procedures relating to this Official Statement. The permission of Mauldin & Jenkins, LLC for the use herein of its report on such financial statements has not been sought.

FINANCIAL ADVISOR

Terminus Municipal Advisors, LLC, Birmingham, Alabama, is serving as financial advisor to the Issuer with respect to the sale of the Series 2024A Bonds. The financial advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2024A Bonds and provided other advice.

DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS

This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Series 2024A Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The information in this Official Statement has been obtained from sources which are considered dependable and which are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to the date of this Official Statement.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer.

The Series 2024A Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement. Any representation to the contrary is a criminal offense. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended.

Any information or expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the Issuer since the date hereof.

This Official Statement may contain forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the Issuer's current beliefs, expectations, and assumptions regarding the future of the Issuer's operations, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Forward-looking statements can be identified by words such as: "anticipate", "intend", "plan", "goal", "seek", "believe", "project", "estimate", "expect", "strategy", "future", "likely", "may", "should", "will", and similar references to future periods. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of the Issuer's control. The Issuer's actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, prospective investors should not place undue reliance on these forward-looking statements. Important factors that could cause the Issuer's actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, population trends and political and economic developments that could adversely impact the collection of revenues and those factors described in this Official Statement under "RISK FACTORS". Any forward-looking statement made by the Issuer in this Official Statement is based only on information currently available to the Issuer and speaks only as of the date on which it is made. The Issuer undertakes no obligation to publicly update any forward-looking statement whether as a result of new information, future developments, or otherwise.

In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Series 2024A Bonds offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time. The prices and other terms of the offering and sale of the Series 2024A Bonds may be changed from time to time by the Underwriter after the Series 2024A Bonds are released for sale, and the Series 2024A Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers, without prior notice.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is being provided to prospective purchasers either in bound printed format or in electronic format. This Official Statement may be relied upon only if it is in its bound printed format or as printed in its entirety in such electronic format.

ADDITIONAL INFORMATION

For further information during the initial offering period with respect to the Series 2024A Bonds, contact Robert J. (Bay) Chandler, III, General Manager, The Water Works and Sewer Board of the City of Guntersville, 705 Blount Avenue, Guntersville, Alabama 35976, telephone number (256) 582-6923.

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APPENDIX A

Information on The Water Works and Sewer Board of the City of Guntersville

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THE ISSUER

The Issuer is a public corporation existing under the provisions of the Enabling Law. The Issuer was incorporated on March 12, 1966 by appropriate action of the governing body of the City of Guntersville.

The Issuer is governed by a three-member Board of Directors (the “Board of Directors”). The directors receive no compensation. The current directors of the Issuer, the dates of expiration of their current terms of office and their present business affiliations are set forth below:

Name of Member	Date of Expiration of Current Term	Present Principal Business Affiliation
Frank J. Richter, Jr.	3/23/2028	Chairman
Kate White	3/23/2026	Vice Chairman/Treasurer
Michael Higdon	3/23/2024	Member

The day-to-day operations of the Systems are managed by the Issuer’s administrative staff. The principal administrative officer is Robert J. (Bay) Chandler, III, General Manager of the Issuer, who has served as General Manager of the Systems since August 1, 2018.

DESCRIPTION OF THE SYSTEMS

The Systems consist of water and sewer systems serving the City of Guntersville, Alabama (the “City”) and surrounding areas within Marshall County (the “County”). Each of such Systems has a franchise from the City for a term that expires in May 1, 2050. For a description of certain essential operating data and financial information concerning the Systems, see “RESULTS OF OPERATIONS”.

Water System

General. The Water System consists of approximately 120 miles (CCR) of 16 inch distribution pipe. Existing water facilities include: (a) a raw water pumping station located on the Tennessee River with 3 pumps of 3 million gallons per day (“MGD”) capacity each and a standby pump with 3 MGD capacity; (b) water supply lines, 16 inches in diameter, extending from the raw water pumping station to the filtration plant and from the filtration plant to the City; (c) a water filtration plant with a capacity of 6 MGD; (d) a water distribution system which serves nearly all of the populated areas in the City (approximately 4,681 customers); (e) 10 elevated storage tanks with a water storage capacity of approximately 4,950,000 gallons; and (f) a backwash water system with a capacity of approximately 3,500 gpm.

Source of Water. The source of water for the Water System is the Tennessee River Brown’s Creek embayment on Lake Guntersville at Sunset Treatment Plant, one groundwater well with a capacity of 1 MGD, and one purchase system from MUB Albertville.

Rate Making Authority. The Issuer has sole jurisdiction to set the rates for water service to the Issuer’s customers. These rates are not subject to regulation by any federal, State of Alabama or similar agency, but are subject to judicial review as to reasonableness. In the Indenture, the Issuer has covenanted to maintain rates which, together with the revenues from the Sewer System will be sufficient to pay the reasonable and necessary expenses of maintaining and operating the Systems, to make the required deposits to the funds and accounts established pursuant to the Indenture and to provide Net Income Available for Debt Service in each fiscal year in an amount not less than (i) 120% of the Maximum Annual Debt Service for then current fiscal year with respect to all Bonds then outstanding under the Indenture and (ii) 110% of the Maximum Annual Debt Service for then current fiscal year with respect to all Bonds then outstanding under the Indenture plus all subordinate indebtedness of the Issuer.

Largest Customers. The five largest water customers, the charges paid by each during fiscal year ended September 30, 2024 and the percentage of annual sales each represented for such fiscal year are as follows:

Customer	Annual Sales	Percentage of Annual Sales
Pilgrim's Pride	\$2,413,096.75	38%
Cargill	375,845.67	6%
Lake Guntersville State Park	178,933.58	3%
Farm Fresh Foods	166,407.42	3%
Guntersville Housing Authority	79,891.17	1%

The five largest customers accounted for 51% of revenues of the Water System for fiscal year ended September 30, 2024. See "RISK FACTORS— Major Customers" regarding the potential impact on the Net System Revenues of a substantial decrease in sales to the five largest customers of the Water System.

Sewer System

General. The Sewer System consists of approximately 84 miles of gravity sewer mains (not including 40 – 50 miles of force mains from pumping stations) and 42 sewer pumping stations, with approximately 82 miles of pipe diameter size 8 inch to 12 inch and approximately 2 miles of pipe diameter 15 inches to 24 inches. The pump station capacity is approximately 10.5 million gallons per day ("MGD") pumping station (12 million GPD less 1.5 MGD from Pilgrim's Pride), and the average daily flow in fiscal year 2023 was 3.36 MGD.

The Federal Water Pollution Control Act amendments of 1972 and 1977 (the "Water Acts") provide for the restoration and maintenance of the chemical, physical and biological integrity of the nation's waters. Toward the furtherance of that goal, the Water Acts established the National Pollutant Discharge Elimination System ("NPDES"), a permit system administered by the United States Environmental Protection Agency ("EPA") in conjunction with the various states. EPA has delegated the NPDES program in Alabama to the Alabama Department of Environmental Management ("ADEM"). The treatment portion of the Sewer System is subject to the requirements of the Water Acts and the conditions set forth in the NPDES permit applicable to the Sewer System's wastewater treatment plants. In addition, the Sewer System is subject to regulation by ADEM.

Rate Making Authority. The Issuer has sole jurisdiction to set the rates for sewer service to the Issuer's customers. These rates are not subject to regulation by any federal, State of Alabama or similar agency, but are subject to judicial review as to reasonableness. In the Indenture, the Issuer has covenanted to maintain rates which, together with the revenues from the Water System will be sufficient to pay the reasonable and necessary expenses of maintaining and operating the Systems, to make the required deposits to the funds and accounts established pursuant to the Indenture and to provide Net Income Available for Debt Service in each fiscal year in an amount not less than (i) 120% of the Maximum Annual Debt Service for then current fiscal year with respect to all Bonds then outstanding under the Indenture and (ii) 110% of the Maximum Annual Debt Service for then current fiscal year with respect to all Bonds then outstanding under the Indenture plus all subordinate indebtedness of the Issuer.

Largest Customers. Listed below are the five major users of the Sewer System during fiscal year ended September 30, 2024, the related sewer service charges paid by each and the percentage of annual sales each represented for such fiscal year:

Customer	Annual Sales	Percentage of Charges Paid
Pilgrim's Pride	\$3,718,225.25	58%
Cargill	578,614.79	9%
Farm Fresh Foods	255,773.40	4%
Guntersville Housing Authority	121,674.23	2%
Continental Grains – Wayne Farms	49,225.68	1%

The five largest customers accounted for 74% of revenues of the Sewer System for fiscal year ended September 30, 2024. See “RISK FACTORS – Major Customers” regarding the potential impact on the Net System Revenues of a substantial decrease in usage of the five largest customers of the Sewer System.

Systems Utilization

The following table sets forth certain essential utilization data with respect to each of the Systems for the past five fiscal years.

		Fiscal Year Ending September 30			
	2020	2021	2022	2023	2024
Water System					
Customers	4,498	4,535	4,589	4,631	4,681
Annual Sales	\$4,653,016	\$4,745,978	\$5,087,184	\$5,749,055	\$6,288,741
% Revenues - Largest Customer	32%	32.8%	31%	38%	38%
% Revenues - Top 5 Customers	47%	45.9%	44%	50%	51%
Sewer System					
Customers	3,430	3,458	3,558	3,548	3,606
Annual Sales	\$3,691,628	\$3,796,723	\$4,156,726	\$5,639,987	\$6,414,932
% Revenues - Largest Customer	47%	48.6%	45%	55%	58%
% Revenues - Top 5 Customers	71%	63.8%	60%	71%	74%

Financial System

The Issuer operates on a fiscal year basis beginning October 1 and ending September 30. The Issuer prepares a budget for each fiscal year. The significant accounting practices for Issuer finances are summarized in the audited financial statements of the Issuer included in Appendix B to this Official Statement. All revenues and expenditures of the Issuer are accounted for in a series of funds, which are described in the Issuer’s financial statements.

Current Rates/Billing and Collecting

For details on current rates regarding the furnishing of water and sewer services from the Systems, effective as of October 1, 2023, see Appendix C to this Official Statement. Effective as of December 1, 2024, these current rates will be increased by 3.8%; the increased rates will be reflected on bills to customers beginning on January 1, 2025.

The Issuer reads the meters of its customers and bills all customers on the first day of the month. Bills are payable by the tenth of each month, after which time a 10% penalty for nonpayment will be assessed. Service may be disconnected in accordance with the Issuer’s procedures if bills are not paid in full by the twenty-first of the month.

Write-offs resulting from uncollectible bills constituted approximately 0.02% of the Issuer’s gross revenues in the fiscal year ended September 30, 2024.

RESULTS OF OPERATIONS

General

This section of the Official Statement presents certain historical operating data and financial information concerning the Systems. The information in this section will be updated annually and such annual report will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System in accordance with the requirements of Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE".

Summary of Revenues and Expenditures

The following data on the summary of revenues and expenses for the fiscal years ended September 30, 2020 through 2023 is derived from the audited financial statements of the Issuer and for September 30, 2024 is derived from the unaudited financial statements of the Issuer. The report on the audited financial statements for the year ended September 30, 2023 appears in Appendix B. Audited financial statements for prior fiscal years may be obtained from the Issuer upon request or from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System. This summary should be read in conjunction with such financial statements and related notes of the Issuer or from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System.

Comparative Statements of Revenues, Expenses and Changes in Net Assets

	2020	Fiscal Year Ending September 30 2021	2022	2023	2024 (unaudited)
Operating Revenues					
Water Sales, net	\$4,656,729	\$4,651,973	\$5,078,878	\$5,741,593	\$6,288,741
Sewer Revenue, net	3,684,520	3,707,029	4,149,940	5,632,666	6,398,152
Forfeited Discounts	46,684	52,784	48,075	47,055	48,913
Impact Fees	65,000	54,000	73,250	73,750	51,750
Fire Hydrant Rental/Fire Services	34,705	36,025	36,475	36,275	36,725
Tap/Tipping Fees	7,550	7,950	12,585	9,650	11,675
Sanitation Collection Fee	-	-	-	-	-
Miscellaneous	<u>184</u>	<u>1,200</u>	<u>1,199</u>	<u>1,203</u>	<u>1,200</u>
Total Operating Revenues	<u>8,495,372</u>	<u>8,510,961</u>	<u>9,400,402</u>	<u>11,542,192</u>	<u>12,837,156</u>
Operating Expenses					
Depreciation	2,019,814	2,040,334	2,122,582	2,250,026	2,380,019
Salaries	1,784,386	1,827,314	2,042,894	2,338,703	2,588,592
Utilities	648,793	697,715	744,592	718,722	697,243
Wastewater Expenses	793,968	929,489	920,428	753,229	902,266
Insurance	564,526	630,704	631,903	701,695	768,127
Repairs & Maintenance	471,772	661,329	530,915	655,857	695,353
Water Purchased and Produced	276,366	378,112	241,917	226,100	283,116
Professional Services	305,644	83,945	202,455	214,865	220,357
Fringe Benefits	(46,009)	(223,548)	(449,845)	(77,534)	(49,226)
Rent	39,642	47,233	44,072	43,664	44,265
Fuel & Lubrication	38,554	65,084	67,095	61,660	60,133
Telephone	26,517	24,504	25,982	25,978	25,885
Janitorial Services	20,600	26,900	21,400	20,200	25,450
Supplies	25,154	28,473	11,853	20,173	22,067
Postage	6,711	12,540	14,069	12,048	19,871
Education & Training	14,927	10,018	17,272	22,811	28,840
Computer Software	1,084	35,017	21,945	2,006	22,684
Contract Labor	-	-	-	-	-
Laundry and Uniforms	10,356	9,184	15,621	12,788	20,421
Permit Fees	-	8,342	1,015	3,529	281
Dues & Memberships	18,392	23,945	19,354	55,344	63,501
Miscellaneous	6,289	1,884	10,880	28,950	24,350
Bank & Credit Card Fees	<u>3,488</u>	<u>5,312</u>	<u>6,325</u>	<u>4,462</u>	<u>1,932</u>
Total Operating Expenses	<u>7,030,974</u>	<u>7,323,830</u>	<u>7,264,724</u>	<u>8,095,276</u>	<u>8,845,527</u>
Operating Income	<u>1,464,398</u>	<u>1,187,131</u>	<u>2,135,678</u>	<u>3,446,916</u>	<u>3,991,629</u>

Comparative Statements of Revenues, Expenses and Changes in Net Assets (cont.)

	2020	2021	2022	2023	2024 (unaudited)
Non-Operating Income					
Interest Earnings	39,288	4,802	34,862	261,275	94,063
Rental Income	12,528	2,245	14,234	15,216	12,776
Bond Interest Income	-	-	-	-	-
Miscellaneous Income	<u>209,272</u>	<u>2,168</u>	<u>17,377</u>	<u>51,599</u>	<u>122,493</u>
Total Non-Operating Income	<u>261,088</u>	<u>9,215</u>	<u>66,473</u>	328,090	<u>229,332</u>
Non-Operating Expenses					
Trustee Fees	3,150	5,625	3,000	6,100	6,000
Interest Expense - Revenue Bonds	673,805	788,516	814,882	817,900	698,863
Bond issuance costs	-	-	-	-	-
Interest earned on bond trust accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Expenses	<u>676,955</u>	<u>794,141</u>	<u>817,882</u>	<u>824,000</u>	<u>704,863</u>
Increase in Net Position Before Transfers	1,048,531	402,205	1,384,269	2,951,006	3,516,098
Tax Equivalent Paid to City	<u>(82,241)</u>	<u>(92,126)</u>	<u>(98,960)</u>	<u>(100,179)</u>	<u>(130,424)</u>
Increase in Net Position	966,290	310,079	1,285,309	2,850,827	3,385,674
Net Position – Beginning of Year	23,470,835	24,437,125	24,747,204	26,032,513	28,883,340
Prior Period Adjustment	-	-	-		-
Net Position – Beginning of Year (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position – End of Year	<u>\$24,437,125</u>	<u>\$24,747,204</u>	<u>\$26,032,513</u>	<u>\$28,883,340</u>	<u>\$32,269,014</u>

Summary of Balance Sheet

The following data on the summary of the Issuer's balance sheet for the fiscal years ended September 30, 2020 through 2023 is derived from the audited financial statements of the Issuer and the fiscal year ended September 30, 2024 is derived from unaudited financial statements of the Issuer. The report on the audited financial statements for the year ended September 30, 2023 appears in Appendix B. Audited financial statements for prior fiscal years may be obtained from the Issuer upon request or from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System. These summaries should be read in conjunction with such financial statements and related notes of the Issuer.

Statement of Net Position

	FISCAL YEAR ENDING SEPTEMBER 30				
	2020	2021	2022	2023	2024 (unaudited)
Assets					
Current Assets					
Cash and Cash Equivalents	\$4,355,271	\$2,649,849	\$1,803,946	\$2,322,000	\$2,204,295
Customer Receivables	1,355,205	1,373,198	1,604,906	1,931,418	1,985,541
Inventory	66,106	112,515	134,679	228,767	254,993
Prepaid Expenses	473,508	530,656	485,379	433,827	594,918
Other Current Assets	17,304	5,270	5,270	446,605	<u>446,605</u>
Total Current Assets	6,267,394	4,671,488	4,034,180	5,362,617	5,486,352
Restricted Assets					
SRF Reserve Fund	-	-	3,285,029	3,384,502	4,073,772
1996 Sub. Debt Fund - SRF	-	-	-	-	-
2002 Sub. Debt Fund - SRF	148,270	-	-	-	-
2003 Reserve Fund	-	-	-	-	-
2005 Reserve Fund - SRF	1,484,561	3,315,014	-	-	-
2012 Principal and Interest Fund	-	-	-	-	-
2013 Principal and Interest Fund	-	-	-	-	-
2014 Project Funds - SRF	257,156	-	-	-	-
2016 Project Funds - SRF	657,083	-	29,119	29,119	29,119
2020 Principal and Interest Fund	5,360	249,762	292,250	230,508	230,508
2022 Reserve Fund	-	-	4,938,233	5,121,521	<u>4,642,800</u>
Total Restricted Assets	2,552,430	3,564,776	8,544,631	8,765,650	8,976,199
Capital Assets					
Land	657,884	676,439	676,439	676,439	676,439
Infrastructure Water	34,680,609	35,005,306	35,668,127	35,972,354	36,320,748
Infrastructure Sewer	47,725,352	47,879,720	49,548,178	49,683,078	49,838,049
Machinery and Equipment	425,468	564,609	1,037,007	1,407,645	1,822,322
Office Furniture and Equipment	452,779	457,777	466,195	468,050	499,808
Vehicles	641,742	853,568	936,780	1,101,098	1,395,459
Leasehold Improvements	40,388	40,388	40,388	40,388	40,388
Less Allowance for Depreciation	(34,773,765)	(36,814,099)	(38,936,681)	(41,184,861)	(43,564,881)
Construction in Progress	89,318	449,361	55,295	775,158	<u>3,130,471</u>
Net Capital Assets	49,939,775	49,113,069	49,491,728	48,939,349	50,158,803
Non-Current Assets					
Net Pension Asset	679,726	629,300	1,509,789	-	473,158
Other Non-Current Assets	1,045	-	-	-	-
Total Non-Current Assets	680,771	629,300	1,509,789	-	<u>473,158</u>
Deferred Outflows					
Deferred Outflows Related to Pensions	399,187	437,328	321,944	1,284,919	638,459
Unamortized Deferred Loss on Debt Defeasance	1,484,772	1,404,778	1,324,784	1,244,790	<u>1,244,790</u>
Total Deferred Outflows	1,883,959	1,842,106	1,646,728	2,529,709	1,883,249

Statement of Net Position (cont.)

	2020	Fiscal Year Ending September 30 2021	2022	2023	2024 (unaudited)
Liabilities					
Current Liabilities (Payable from Current Assets)					
Accounts Payable	32,287	370,453	443,794	530,937	467,555
Accrued Salaries Payable	35,401	39,585	54,470	66,789	83,584
Accrued Compensated Absences	46,251	50,178	55,529	65,299	67,805
Payroll Related Liabilities	56,453	24,025	26,093	21,920	23,966
Sanitation Fees Payable to the City	51,658	52,526	61,486	51,588	53,907
Utility Tax Payable	17,459	19,223	13,284	29,224	34,461
Tank Maintenance Payable	266,171	262,049	368,348	379,921	379,921
Current Liabilities (Payable from Restricted Assets)					
Construction Payable	-	-	-	-	-
Revenue Bonds	1,905,000	1,930,000	2,005,000	1,780,000	1,780,000
Accrued Interest	<u>89,801</u>	<u>98,713</u>	<u>111,169</u>	<u>107,007</u>	<u>107,007</u>
Total Current Liabilities	2,500,481	2,846,752	3,139,173	3,032,685	2,998,206
Non-Current Liabilities					
Revenue Bonds, Net of Premiums and Discounts	32,770,000	30,840,000	34,331,932	32,553,778	30,783,778
Net Pension Liability	-	-	-	295,272	-
Customer Deposits	<u>349,343</u>	<u>360,896</u>	<u>388,579</u>	<u>424,189</u>	<u>453,918</u>
Total Non-Current Liabilities	33,119,343	31,200,896	34,720,511	33,273,239	31,237,696
Total Liabilities	35,619,824	34,047,648	37,859,684	36,305,924	34,235,902
Deferred Inflows					
Deferred Inflows Related to Pensions	1,267,380	1,025,887	1,334,859	408,061	472,845
Net Position					
Restricted for Debt Service	2,552,430	3,564,777	3,606,398	3,644,129	4,333,399
Net Investment in Capital Assets	17,663,785	17,747,847	19,446,931	20,971,882	23,482,615
Unrestricted	<u>4,220,910</u>	<u>3,434,580</u>	<u>2,979,184</u>	<u>4,267,329</u>	<u>4,453,000</u>
Total Net Position	<u>\$24,437,125</u>	<u>\$24,747,204</u>	<u>\$26,032,513</u>	<u>\$28,883,340</u>	<u>\$32,269,014</u>

DEBT MANAGEMENT

Outstanding Long-Term Debt

After the issuance of the Series 2024A Bonds, the Issuer will have the following long-term indebtedness outstanding:

Description of Indebtedness	Source of Payment	Principal Balance
Utilities Revenue Bonds, Series 2024A	Net System Revenues	\$20,230,000
Utilities Revenue Bonds, Series 2022A	Net System Revenues	5,155,000
Taxable Utilities Revenue Bonds, Series 2020A	Net System Revenues	15,915,000
Subordinate SRF Bonds, Series 2016	Net System Revenues	6,145,410
Subordinate SRF Bonds, Series 2014	Net System Revenues	<u>6,601,125</u>
TOTAL		<u>\$54,046,535</u>

Outstanding Short-Term Debt

Other than portions of long-term indebtedness due in the current fiscal year, the Issuer does not have any short-term debt outstanding, and the Issuer does not have a line of credit for short-term borrowing purposes.

Debt Service Requirements

The Series 2024A Bonds, Series 2022A Bonds, the Series 2020A Bonds, the 2016 SRF Bonds, and the 2014 SRF Bonds will be the only outstanding debt of the Issuer after giving effect to the plan of financing. The annual debt service requirements on the Series 2024A Bonds, Series 2022A Bonds, the Series 2020A Bonds, the 2016 SRF Bonds and the 2014 SRF Bonds are set forth below:

Fiscal Year Ending 9/30	Series 2024A Bonds⁽²⁾	Series 2022A Bonds	Series 2020A Bonds	Subordinate SRF Bonds Series 2016	Subordinate SRF Bonds Series 2014	Total
2025	\$801,158	\$293,799	\$1,086,829	\$506,935	\$600,275	\$3,288,995
2026	1,225,563	291,654	1,087,769	508,355	599,700	3,713,040
2027	1,223,813	294,021	1,087,212	509,555	598,900	3,713,501
2028	1,226,313	291,321	1,085,742	505,590	597,875	3,706,841
2029	1,227,813	293,621	1,087,947	506,460	601,625	3,717,465
2030	1,228,313	294,521	1,088,947	507,110	600,038	3,718,928
2031	1,227,813	295,321	1,089,032	507,540	598,225	3,717,931
2032	1,226,313	296,021	1,088,013	507,750	601,188	3,719,285
2033	1,223,813	292,281	1,085,860	507,740	598,813	3,708,506
2034	1,225,313	293,431	1,087,972	507,510	601,213	3,715,438
2035	1,225,563	294,381	1,088,964	507,060	603,275	3,719,242
2036	1,224,563	295,195	1,088,624	506,390	-	3,114,771
2037	1,227,313	295,848	1,087,648	505,500	-	3,116,308
2038	1,228,563	291,288	1,085,746	-	-	2,605,596
2039	1,228,313	291,608	1,087,802	-	-	2,607,722
2040	1,226,563	291,708	1,083,768	-	-	2,602,038
2041	1,224,963	291,583	1,088,743	-	-	2,605,288
2042	1,227,363	296,228	1,087,454	-	-	2,611,044
2043	1,228,563	295,530	-	-	-	1,524,093
2044	1,223,563	294,320	-	-	-	1,517,883
2045	1,227,563	292,995	-	-	-	1,520,558
2046	1,228,138	291,555	-	-	-	1,519,693
2047	1,227,225	-	-	-	-	1,227,225
2048	1,224,825	-	-	-	-	1,224,825
2049	1,225,938	-	-	-	-	1,225,938
2050	1,225,350	-	-	-	-	1,225,350
2051	1,228,063	-	-	-	-	1,228,063
2052	1,223,863	-	-	-	-	1,223,863
2053	1,227,963	-	-	-	-	1,227,963
2054	<u>1,224,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224,938</u>
TOTAL	<u>\$36,365,408</u>	<u>\$6,458,226</u>	<u>\$19,574,067</u>	<u>\$6,593,495</u>	<u>\$6,601,127</u>	<u>\$75,592,323</u>

(1) For purposes of this table the principal amounts to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year.

(2) For purposes of this table, total debt service for the Series 2024A Bonds is shown. A breakdown of debt service by principal and interest for the Series 2024A Bonds is shown under “DEBT SERVICE REQUIREMENTS AND COVERAGE”.

Anticipated Debt

The Issuer has no authorized but unissued debt outstanding, other than the Series 2024A Bonds offered by this Official Statement, the Series 2022A Bonds, the Series 2020A Bonds, the 2016 SRF Bonds and the 2014 SRF Bonds. The Issuer does not expect to incur additional long-term indebtedness, other than the Series 2024A Bonds, within the next 12 months. However, the Issuer expects that, during the term of the Series 2024A Bonds, it will borrow money for purposes and in amounts not yet determined. The Indenture permits the issuance of additional bonds secured by a pledge of Net Systems Revenues on a parity with the other Bonds then outstanding under the Indenture. See Appendix E—“SUMMARY OF THE INDENTURE—Additional Bonds”.

LITIGATION RELATING TO THE ISSUER

The Issuer is from time to time a defendant in suits and various claims against it arising from matters relating to normal operations of a local governmental unit. The Issuer believes that any liability resulting from these suits and claims will be covered by the Issuer's liability insurance, which has customary deductible amounts, or by other funds of the Issuer which will be available to discharge such liability without impairing its ability to perform any of its other obligations.

Recent court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama; however, Chapter 93 of Title 11 of the Code of Alabama (1975) now prescribes certain limits on the liability of local governmental units for bodily injury or death and for damage or loss of property. The limits are presently \$100,000 in the case of bodily injury or death of one person in any single occurrence, \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and \$100,000 for damage or loss of property arising out of any single occurrence. The Alabama Supreme Court has held that the limitations prescribed by Chapter 93 are constitutional.

Local governmental units throughout the country increasingly have been subjected to lawsuits - many of which claim damages in large amounts - for alleged denials of civil rights under the provisions of Section 1983 of Title 42 of the United States Code. While the question is not free from doubt, it should be assumed that existing Alabama statutory limitations on liability for personal injury would not serve to limit liability under Section 1983.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The City of Guntersville (the "City") is a municipal corporation organized under the laws of the State of Alabama. Incorporated in 1848, the City is located in, and is the county seat of, Marshall County, which is situated in northeastern Alabama. According to the U.S. Census records, the current estimated (2023) population of the City is 9,028. The City is located between the Cities of Albertville and Huntsville, approximately 70 miles from the City of Birmingham, 36 miles from the City of Gadsden and 37 miles from the City of Huntsville. The City covers approximately 43 square miles.

Marshall County covers approximately 623 square miles. The principal agricultural and forest products of the County include broilers, poultry and egg production, cattle and soybeans. Major manufactured products of the County include poultry processing, food packaging, automotive parts, fire hydrants and railcar components. Major mineral products of the County include common clay, galena, hematite (clinton, dyestone, fossil, oolitic, red iron ore) and limestone (building and crushed stone).

Population

The following table sets forth population statistics for the State of Alabama, Marshall County, and the City of Guntersville for the years indicated.

	1980	1990	2000	2010	2020	2023*
State of Alabama	3,894,025	4,040,389	4,447,100	4,779,736	5,024,279	5,108,468
Marshall County	65,622	70,832	82,231	93,019	97,612	100,756
City of Guntersville	7,041	7,038	7,395	8,197	8,553	9,028

Source: U.S. Census Bureau.

*Estimate

Employment

The following table sets forth estimated nonagricultural wage and salary employment statistics for Marshall County as of 2023:

Marshall County Nonagricultural Employment by Industry

	Number Employed	%
Manufacturing	12,454	31.9
Public Administration	5,654	14.5
Retail Trade	5,308	13.6
Accommodation and Food Services	3,565	9.1
Health Care and Social Assistance	2,716	7.0
Administrative and Support and Waste Management Services	2,041	5.2
Construction	1,491	3.8
Transportation and Warehousing	1,218	3.1
Wholesale Trade	1,126	2.9
Finance and Insurance	823	2.1
Professional, Scientific, and Technical Services	629	1.6
Other Services, Ex. Public Admin.	581	1.5
Real Estate and Rental and Leasing	380	1.0
Arts, Entertainment and Recreation	317	0.8
Management of Companies and Enterprises	298	0.8
Information	295	0.8
Utilities	136	0.3
Educational Services	37	0.1
Total wage and salary employees	39,069	100%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table sets forth labor force data, estimates and employment rates for Marshall County for the dates indicated:

	2019	2020	2021	2022	2023	August 2024*
Civilian Labor Force	44,726	44,695	44,704	45,445	46,210	47,572
Employment	43,555	42,649	43,644	44,538	45,260	46,214
Unemployment	1,171	2,046	1,060	907	950	1,358
Unemployment Rate	2.6%	4.6%	2.4%	2.0%	2.1%	2.9%

*Preliminary, subject to change.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table sets forth comparative unemployment rates for Marshall County, the State of Alabama and the United States for the dates indicated:

	2019	2020	2021	2022	2023	August 2024*
Marshall County	2.6%	4.6%	2.4%	2.0%	2.1%	2.9%
State of Alabama	3.2	6.4	3.4	2.5	2.5	3.4
United States	3.7	8.1	5.3	3.6	3.6	4.4

*Preliminary, subject to change.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Major Employers

The major governmental and nongovernmental employers in Marshall County, their principal activity and the approximate number of employees of each are as follows:

Company	Principal Activity	Approximate # Employees
Marshall Medical Centers	Healthcare, Hospitals & Cancer Care	1,800
Pilgrim's Pride	Poultry Processing	1,614
Farm Fresh Foods	Poultry Processing	1,613
Marshall County Schools	Education	1,200
AlaTrade Foods	Poultry Processing	1,094
Wayne Farms	Poultry Processing	950
Tyson Foods	Poultry Processing	927
Colormasters	Food Packaging	832
Wal-Mart (three locations)	Discount Retail Stores	750
TS TECH Alabama	Automotive Supplier	615

Source: Marshall County Economic Development Council and Economic Development Partnership of Alabama.

Income Levels

There are two basic methods of measuring annual income: per capita income, which is the total income of all families and individuals in a given area divided by the total population of the area, and median family income above and below which there are an equal number of family incomes.

The following tables present comparative information regarding income levels in the City of Guntersville, Marshall County, and the State of Alabama:

Per Capita Income

Year	City of Guntersville	Marshall County	State of Alabama
2022*	\$37,110	\$29,509	\$33,344
2019	29,995	25,861	28,934
2009	23,468	19,875	22,984
1999	18,503	17,089	18,189
1989	11,977	10,793	11,486

Source: 1990, 2000, 2010 and 2020 U.S. Census Bureau; 2022 American Community Survey.

*Five-year Estimates (2018-2022)

Median Family Income

Year	City of Guntersville	Marshall County	State of Alabama
2022*	\$86,204	\$71,511	\$77,363
2019	67,353	61,200	66,772
2009	57,610	47,440	52,863
1999	39,464	38,788	41,657
1989	25,398	26,135	28,688

Source: 1990, 2000, 2010 and 2020 U.S. Census Bureau; 2022 American Community Survey.

*Five-year Estimates (2018-2022)

General Housing Characteristics

The following table presents general housing characteristics for housing units in the City of Guntersville:

	2022*	2020	2010	2000	1990
Total Housing Units	3,936	3,822	3,872	3,518	3,154
Total Occupied Units	3,364	3,178	3,388	3,061	2,853
Total Owner Occupied Units	2,215	2,064	2,065	1,937	1,766
Median Value of Owner Occupied Units	\$268,700	\$215,200	\$157,400	\$96,100	\$59,100

Source: 1990, 2000, 2010 and 2020 U.S. Census of Population and Housing; 2022 American Community Survey.

*Five-year Estimates (2018-2022)

Business Park and Industrial Port

The City has one business park, Conner's Island Business Park, and one industrial port, the Port of Guntersville Terminal (Watco Guntersville Terminal). The park and the port are fully served by electric, natural gas, water, sewer and telecommunication utilities. Highway, rail, waterways and general aviation transportation are all convenient to the park and the port.

Conner's Island Business Park is a fully served 428 acre site, located within the City limits, and zoned light industry. The Port of Guntersville Terminal (Watco Guntersville Terminal) is a fully served site, located within the City limits, but not zoned.

Education

The Guntersville City School District operates 4 schools, consisting of 2 elementary schools, 1 middle school and 1 high school. Enrollment in the district is approximately 1,719 students. The Marshall County School System operates 13 schools, consisting of 2 primary schools, 4 elementary schools, 2 middle schools, 4 high schools and 1 career/technical school. Enrollment in the system is approximately 5,801 students. In addition, the County has 3 private and denominational school (Grades PK-12), with an enrollment of approximately 295 students.

There is 1 post-secondary school located in Marshall County, Snead State Community College, which offers academic and technical education programs. In addition, the Aviation College at Snead State offers two Associate in Applied Science degree programs: Airframe Technology, which focuses on maintenance of aircraft frames, and Power Plant Technology, which focuses on aircraft engine maintenance.

Health Care Services

Marshall County is the site of Marshall Health System, created in 1997. The creation of the system combined two regional medical centers in the County: Marshall Medical Center North, located in the City of Guntersville, and Marshall Medical Center South, located in the City of Boaz. Marshall North is a 90-bed acute-care hospital. Services provided there include family and internal medicine, general surgery, gynecology, neurology, gastroenterology, plastic and reconstructive surgery, and emergency and intensive care services. Marshall South is a 150-bed acute-care hospital. Services provided there include laparoscopic surgery, family-centered maternal and child health, general and vascular surgery, orthopedics, general medicine, emergency and intensive care, advanced diagnostic, and extensive outpatient services, including same-day surgery, diagnostic and lab, radiation and medical cancer care, physical therapy services, and a fitness and rehab center. There are also 12 nursing homes and assisted living facilities located in the County, with a combined total of 776 licensed beds.

Utilities

Electricity is supplied to the residents of the City by the North Alabama Electric Cooperative, Tennessee Valley Authority and distributed by the Guntersville Electric Board. Natural gas service is distributed by the Marshall County Gas District. Water and sewer service is distributed by the Guntersville Water & Sewer Board.

Recreational Facilities

The City offers a variety of recreational opportunities, the most prominent being the 69,100-acre Lake Guntersville and Lake Guntersville State Park on the Tennessee River. The City has approximately 6 miles of shoreline that encompasses 175 acres of park land, much of which is open for public recreational use. The lake offers boating, fishing, water skiing, wakeboarding and swimming, as well as 950 miles of shoreline that include an 18-hole championship golf course, the Screaming Eagle Zipline, a beach complex, an outdoor nature center, 36 miles of hiking and biking trails, and a day-use area. The Guntersville Recreation Center includes a three pool complex, lighted tennis courts, baseball/softball fields, year-round gym, and meeting rooms. The City also has four private campgrounds and three public golf courses. Cathedral Caverns State Park is located just north of the City.

Transportation

The City is served by U.S. Highway 431 and Alabama State Highways 69, 79 and 227. There are 4 local motor freight carrier and parcel services, which include UPS, FedEx, RPS and DHL. Rail service is available through the Alabama and Tennessee River Railway (via lease) over trackage formerly operated by CSX Transportation. Waterways include Lake Guntersville, with the nearest port located within the City, and the Tennessee River, with a navigable depth of 9 feet which connects to the Tennessee-Tombigbee Waterway and the Mississippi River. The Guntersville Municipal Airport (Joe Starnes Field) is a city-owned, public-use airport located three miles northeast of the City. The airport covers an area of 55 acres and has one 5,005 foot paved and lighted runway, as well as a 5,500 foot seaplane runway and dock area located just north of the airport. The airport houses approximately 41 aircraft. Scheduled commercial airline service is available in Birmingham and Huntsville.

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APPENDIX B

**Audited Financial Statements of The Water Works and Sewer Board of the City of Guntersville
for the fiscal year
ended September 30, 2023**

**THE WATER WORKS AND SEWER BOARD OF
THE CITY OF GUNTERSVILLE, ALABAMA
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

The Water Works and Sewer Board of The City of Guntersville, Alabama
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Water Works and Sewer Board of The City of Guntersville, Alabama
Guntersville, Alabama

Opinion

We have audited the accompanying financial statements of the Water Works and Sewer Board of The City of Guntersville, Alabama (the "Board"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of September 30, 2023, and the changes in financial position and cash flows thereof 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 Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in the net pension liability and related ratios and the schedule of employer contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the report. The other information comprises the schedule of rates in effect, schedule of system growth, schedule of insurance in force, and board of directors, as listed in the table of contents, 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 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.

Mauldin & Jenkins, LLC

Huntsville, Alabama
May 13, 2024

The Water Works and Sewer Board of The City of Guntersville, Alabama
Statement of Net Position
September 30, 2023

	<u>2023</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 2,322,000
Customer Receivables, Net of Allowance for Doubtful Accounts of \$20,000 in 2023	1,931,418
Inventory	228,767
Prepaid Expenses	433,827
Other Current Assets	446,605
Total Current Assets	<u>5,362,617</u>
Restricted Assets	
SRF Reserve Fund	3,384,502
2016 Project Funds - SRF	29,119
2020 Principal and Interest Fund	230,508
2022 Reserve Fund	5,121,521
Total Restricted Assets	<u>8,765,650</u>
Capital Assets	
Land	676,439
Infrastructure Water System	35,972,354
Infrastructure Sewer System	49,683,078
Machinery and Equipment	1,407,645
Furniture and Equipment	468,050
Automotive Equipment	1,101,098
Leasehold Improvements	40,388
Less Accumulated Depreciation	(41,184,861)
Construction in Progress	775,158
Net Capital Assets	<u>48,939,349</u>
Total Assets	<u>63,067,616</u>
DEFERRED OUTFLOWS	
Deferred Outflows Related to Pensions	1,284,919
Unamortized Deferred Loss on Debt Defeasance	1,244,790
Total Deferred Outflows	<u>2,529,709</u>

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

The Water Works and Sewer Board of The City of Guntersville, Alabama
Statement of Net Position
September 30, 2023

	2023
LIABILITIES	
Current Liabilities (Payable from Current Assets)	
Accounts Payable	\$ 530,937
Accrued Salaries Payable	66,789
Accrued Compensated Absences	65,299
Payroll Related Liabilities	21,920
Sanitation Fees Payable to City of Guntersville	51,588
Utility Tax Payable	29,224
Tank Maintenance Payable	379,921
Current Liabilities (Payable from Restricted Assets)	
Revenue Bonds	1,780,000
Accrued Interest	107,007
Total Current Liabilities	<u>3,032,685</u>
Non-Current Liabilities	
Revenue Bonds, Net of Premiums and Discounts	32,553,778
Net Pension Liability	295,272
Customer Deposits	424,189
Total Non-Current Liabilities	<u>33,273,239</u>
Total Liabilities	<u>36,305,924</u>
DEFERRED INFLOWS	
Deferred Inflows Related to Pensions	<u>408,061</u>
NET POSITION	
Restricted for Debt Service	3,644,129
Net Investment in Capital Assets	20,971,882
Unrestricted	4,267,329
Total Net Position	<u>\$ 28,883,340</u>

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

The Water Works and Sewer Board of The City of Guntersville, Alabama
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2023

	2023
Operating Revenues	
Water Sales (Net of Bad Debt Expense of \$7,462)	\$ 5,741,593
Sewer Revenue (Net of Bad Debt Expense of \$7,321)	5,632,666
Forfeited Discounts	47,055
Impact Fees	73,750
Fire Hydrant Rental/Fire Services	36,275
Tapping Fees	9,650
Other	1,203
Total Operating Revenues	<u>11,542,192</u>
Operating Expenses	<u>8,095,276</u>
Operating Income	<u>3,446,916</u>
Non-Operating Income	
Interest Earnings	261,275
Rental Income	15,216
Miscellaneous Income	51,599
Total Non-Operating Income	<u>328,090</u>
Non-Operating Expenses	
Trustee Fees	6,100
Interest Expense - Revenue Bonds	817,900
Total Non-Operating Expenses	<u>824,000</u>
Increase in Net Position Before Transfers	2,951,006
Tax Equivalent Paid to the City of Guntersville, Alabama	<u>(100,179)</u>
Increase in Net Position	2,850,827
Net Position – Beginning of Year	26,032,513
Net Position – End of Year	<u>\$ 28,883,340</u>

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

The Water Works and Sewer Board of The City of Guntersville, Alabama
Statement of Cash Flows
For the Year Ended September 30, 2023

	2023
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 11,251,285
Cash Payments to Suppliers for Goods and Services	(3,570,685)
Cash Payments to Employees for Services	(2,320,787)
Other Operating Cash Revenues (Expenses)	(399,681)
Net Cash Flows Provided by Operating Activities	<u>4,960,132</u>
Cash Flows from Noncapital Financing Activities	
Rental and Other Income	60,715
Net Cash Flows Provided by Noncapital Financing Activities	<u>60,715</u>
Cash Flows from Capital and Related Financing Activities	
Tax Equivalents Paid	(100,179)
Purchase and Construction of Capital Assets	(1,695,802)
Principal Payments on Debt	(2,005,000)
Interest Paid on Debt	(742,068)
Net Cash Flows Used in Capital and Related Financing Activities	<u>(4,543,049)</u>
Cash Flows from Investing Activities	
Interest Received	261,275
Contributions to Restricted Asset Accounts	(6,831,507)
Distributions from Restricted Asset Accounts	6,610,488
Net Cash Flows Provided by Investing Activities	<u>40,256</u>
Net Increase in Cash and Cash Equivalents	518,054
Cash and Cash Equivalents - October 1	1,803,946
Cash and Cash Equivalents – September 30	<u>\$ 2,322,000</u>

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

The Water Works and Sewer Board of The City of Guntersville, Alabama
Statement of Cash Flows
For the Year Ended September 30, 2023

	2023
Reconciliation of Net Operating Income to Net Cash	
Flows Provided by Operating Activities	
Net Operating Income	\$ 3,446,916
Adjustments to Reconcile Net Operating Income to	
Net Cash Flows Provided by Operating Activities:	
Depreciation and Amortization	2,250,026
Changes in Assets, Liabilities, and Deferrals	
Accounts Receivable	(326,512)
Inventory	(94,087)
Prepaid Expenses	51,552
Other Current Assets	(441,335)
Accounts Payable	103,083
Accrued Payroll and Compensated Absences	17,917
Pension Related Deferrals and Liabilities	(84,711)
Other Current Liabilities	1,675
Customer Deposits	35,608
Total Adjustments	1,513,216
Net Cash Flows Provided by Operating Activities	<u>\$ 4,960,132</u>

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

The Water Works and Sewer Board of The City of Guntersville, Alabama

Notes to the Financial Statements

September 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Nature of Business

On March 12, 1966, the Water Works and Sewer Board of the City of Guntersville, Alabama (the "Board") was organized as a corporate body under the laws of the State of Alabama. Prior to this time, the Board had been a part of the City of Guntersville, Alabama (the "City"), although it kept separate books and records as required by various bond and warrant indentures under which it operated. On March 28, 1967, the City and the Board executed an agreement whereby the City conveyed to the Board all of the assets the City used in connection with the operation of the Board, and the Board assumed all the liabilities which the City had incurred in operating the system. Although the official conveyance and assumption was not executed until 1967, the Board has operated the system since it was formed in 1966. The Board members of the Board are appointed by the City Council of Guntersville, Alabama; otherwise, the Board functions independent of the City.

Basis of Accounting

The Water Works and Sewer Board of the City of Guntersville, Alabama uses the accrual basis of accounting. The accounting policies of the Board conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Board are described in the following notes.

Cash and Cash Equivalents

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

Investment Policy

It is the policy of the Board that its unrestricted funds may only be invested in United States Treasury bills, government secured bonds, and accounts collateralized by the Alabama SAFE program. The investments for restricted funds are disclosed in Note 2.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

Customer Receivables

Customer receivables are amounts due from customers on water sales and sewer revenue. The Board uses the reserve method for recording the allowance for doubtful accounts. An allowance for doubtful accounts is established through charges to operations in the form of a provision for bad debts. This allowance for doubtful accounts is based on periodic analysis of account balance aging and management's judgment with respect to collections on a customer-by-customer basis.

The Water Works and Sewer Board of The City of Guntersville, Alabama

Notes to the Financial Statements

September 30, 2023

Revenues and Expenses

Operating revenues consist of revenues generated by the sale of water and sewer services and the general operation of the system. Non-operating revenues consist of revenues generated by activities other than the direct operation of the system. Water sales are reported net of bad debt expense. For the fiscal year ended September 30, 2023, total bad debt expense was \$14,783. Operating expenses consist of all expenses incurred to provide water and sewer services, other than financing costs. Non-operating expenses consist of interest expense and other expenses not directly related to providing water and sewer services.

Use of Estimates

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

Inventories

Inventories of materials and supplies are priced at the lower of cost or market with cost being determined by the average cost method.

Capital Assets

Property, plant, equipment and construction in progress including infrastructure assets are stated at cost. Additions, improvements and expenditures for repairs and maintenance that significantly add to the productivity or extend the economic life of the assets are capitalized. Other expenditures for repairs and maintenance are charged to operations as incurred.

Depreciation is calculated using the straight-line method, based upon the estimated useful lives of the assets ranging from three to fifty years. When assets are retired, the assets and related accumulated depreciation are removed from the respective accounts and any profit or loss on the disposition is credited or charged to income.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items that qualifies for reporting in this category. They are (i) the deferred outflow of resources related to pensions and (ii) the unamortized deferred loss on debt defeasance. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has only one type of item that qualifies for reporting in this category. It is the deferred inflow of resources related to pensions.

Net Position

Net position of the Board is classified in the following three components:

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

The Water Works and Sewer Board of The City of Guntersville, Alabama

Notes to the Financial Statements

September 30, 2023

- **Restricted** – consists of noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the board of directors, including amounts deposited with trustees as required by revenue bond indentures, discussed in Note 2.
- **Unrestricted** – consists of the remaining net position that does not meet the definition of net investment in capital assets or restricted.

Use of Restricted Resources

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Board considers restricted funds to have been spent first.

Amortization

Prepaid bond insurance, related to the issuance of revenue bonds, is amortized over twenty-two years. Revenue bond premiums, discounts, and debt defeasance are amortized over the life of the associated revenue bonds.

Accrued Compensated Absences

The Board accrues its liability for earned but unpaid compensated absences costs. The Board's annual leave policy provides for a minimum of ten (10) days per year of annual leave to all regular full-time employees, depending on years and date of hire and is accrued as a liability at the current rate of pay. The sick leave policy provides that all regular full-time employees earn sick leave at the rate of one-day per month of employment. Sick leave accumulates automatically up to a maximum of 150 working days. Upon retirement, employees may elect to apply a portion of the leave to retirement service credits. Based on management's experience that substantially all accumulated sick leave will be converted to retirement credit, no liability for sick leave has been accrued. Accumulated leave in excess of the maximum allowable days at the end of the year shall be forfeited by the employee. Upon separation of service, the employee may be paid for all unused accrued annual leave at his or her current rate of pay or be required to take his or her leave at the discretion of the manager.

Pensions

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

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Board considers all highly liquid investments (excluding all restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Transfers to the City of Guntersville, Alabama

The Board is not subject to either federal or state income taxes. The City of Guntersville, Alabama has established a percentage of revenues to be appropriated by the Board in lieu of taxes. The Council may adjust the percentage at the end of the current contract. During the year ended September 30, 2023, the Board appropriated \$100,179 to the City of Guntersville, Alabama.

The Water Works and Sewer Board of The City of Guntersville, Alabama

Notes to the Financial Statements

September 30, 2023

In accordance with GASB codification “Basic Financial Statements for State and Local Governments,” appropriations to the City of Guntersville, Alabama are considered to be transfers to another fund, not expenses to the Board. A transfer to another fund results in a change in net position.

Subsequent Events

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The Board’s cash and investments at September 30, 2023 were comprised of the following:

	Carrying Value	Bank and Investment Balance	Associated Risks
Demand Deposits	\$ 1,332,800	\$ 1,342,527	N/A
U.S. Treasuries	8,736,531	8,736,531	*
Non-Negotiable CDs	1,017,569	1,017,569	
Petty Cash and Cash on Hand	750	–	
Total Cash and Investments	<u>\$ 11,087,650</u>	<u>\$ 11,096,627</u>	

Reconciliation to Financial Statements:

Per Statement of Net Position	\$ 2,322,000
Per Statement of Net Position - Restricted	8,765,650
Total Cash & Investments	<u>\$ 11,087,650</u>

**Custodial Credit, Interest Rate, Investments Sensitive to Interest Rate Changes*

The Board’s deposits and CD’s at September 30, 2023 were held by financial institutions that participate in the State of Alabama’s Security of Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14.

Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer’s Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

Custodial Credit Risk

Demand Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, some or all of the Board’s deposits may not be returned to the Board. All of the Board’s demand deposits are protected by the SAFE Program.

CDs and Investments – For a CD, custodial credit risk is the risk that in the event of a financial institution failure, some or all of the Board’s deposits may not be returned to the Board.

The Water Works and Sewer Board of The City of Guntersville, Alabama

Notes to the Financial Statements

September 30, 2023

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 or collateral securities that are in the possession of an outside party. As of September 30, 2023, the Board's investments were exposed to custodial credit risk as follows:

	2023
U.S. Treasuries	\$ 8,736,531
Neither Insured nor Registered and Held by Counterparty	\$ 8,736,531

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of September 30, 2023, the Board's investments were rated as follows:

	Credit Rating	2023 Fair Value
U.S. Treasuries	AAA	\$ 8,736,531

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Board does not have a formal investment policy that places limits on the amount the Board may invest in any one issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in interest

	Investment Maturities (in years)		
	2023		
<u>Restricted</u>	< 1	1 to 5	> 5
U.S. Treasury securities	\$ 8,736,531	\$ —	\$ —

Fair Value

The Board's deposits and investments are recorded at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between buyers and sellers at the measurement date.

The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the Board does not value any of its investments using level 2 or 3 inputs).

The Water Works and Sewer Board of The City of Guntersville, Alabama

Notes to the Financial Statements

September 30, 2023

The following is a summary of the fair value hierarchy of the fair value of investments of the Board as of September 30, 2023:

	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>Investments by fair value level</u>	<u>2023</u>
U.S. Treasury securities	<u>\$ 8,736,531</u>

At September 30, 2023, the balances in the restricted assets equaled or exceeded those balances required by the provisions of the bond indentures. The Board was in compliance with all bond covenants at September 30, 2023.

Restricted Assets

Under the terms of the bond indentures, obligations were incurred in connection with the issuance of the 2022 and 2020 Revenue Bonds and Subordinated Water and Sewer Revenue Bonds - 2016 Series SRF and 2015 Series SRF, as described in Note 5.

Principal and Interest

Trustee accounts were required and established to receive payments from the operating funds of the Board for debt service purposes and to hold certain funds for contingencies.

Other

The following types of funds may also be listed in the bond indentures: debt service reserve funds; construction/acquisition funds; subordinated debt funds. All the Board's restricted asset investments are authorized based on the bond indentures.

NOTE 3 - CUSTOMER DEPOSITS

Customer deposits represent water deposits made by customers and held by the Board, refundable when service has been canceled.

NOTE 4 – PENSION PLAN

General Information about the 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 13 trustees. 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.

The Water Works and Sewer Board of The City of Guntersville, Alabama

Notes to the Financial Statements

September 30, 2023

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

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

Benefits provided

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

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

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

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firefighters and law enforcement officers. A total of 608 employers adopted Act 2019-132 as of September 30, 2022. Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	30,598
Terminated Employees Entitled to but not yet Receiving Benefits	2,286
Terminated Employees not Entitled to a Benefit	18,689
Active Members	57,278
Post-DROP Retired Members Still in Active Service	<u>39</u>
Total	<u>108,890</u>

The breakdown of the employees' specific to the Board are as follows:

Retirees and Beneficiaries Currently Receiving Benefits	8
Vested Inactive Members	0
Non-vested Inactive Members	1
Active Members	<u>31</u>
Total	<u>40</u>

Contributions

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

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the years ended September 30, 2023, the Board's active employee contribution rate was 5% (Tier 1) and 6% (Tier 2) of covered employee payroll, and the Board's average contribution rate to fund the normal and accrued liability costs was 0.33% (Tier 1) and 0.33% (Tier 2) of covered employee payroll.

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The Board's contractually required contribution rate for the year ended September 30, 2023, was approximately 0.33% of pensionable pay. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, 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 \$7,177 for the year ended September 30, 2023.

Net Pension Liability

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

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) TPL as of September 30, 2021	\$ 7,106,340	\$ 7,253,141	\$ 7,263,536
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2021 - September 30, 2022	125,081	125,081	125,224
(d) Transfers Among Employers:	—	31,516	31,516
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 - September 30, 2022	(264,888)	(264,888)	(264,888)
(f) TPL as of September 30, 2022 = [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5 * (b))]	<u>\$ 7,486,088</u>	<u>\$ 7,675,342</u>	<u>\$ 7,686,654</u>
(g) Difference between Expected and Actual:		\$ 189,254	
(h) Less Liability Transferred for Immediate Recognition		<u>31,516</u>	
(i) Experience (Gain)/Loss = (g) - (h)		<u>\$ 157,738</u>	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change			\$ 11,312

Actuarial assumptions

The total pension liability as of September 30, 2022 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

Inflation	2.50 %
Projected Salary Increases	3.25% - 6.00% for State and Local Employees and 4.00% - 7.75% for State Police, including inflation
Investment Rate of Return*	7.45%, including inflation

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

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

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

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

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

*Includes assumed rate of inflation of 2.00%.

Discount rate

The discount rates 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 rates 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 rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balances	\$ 7,106,340	\$ 8,616,129	\$ (1,509,789)
Changes for the year:			
Service Cost	125,081	—	125,081
Interest	519,555	—	519,555
Changes of Benefit Terms	11,312	—	11,312
Changes of Assumptions	—	—	—
Difference Between Expected and Actual Experience	157,738	—	157,738
Contributions - Employer	—	5,780	(5,780)
Contributions - Employee	—	96,365	(96,365)
Net Investment Income	—	(1,093,520)	1,093,520
Benefits Paid and Refunds of Employee Contributions	(264,888)	(264,888)	—
Administrative Expense	—	—	—
Transfers Among Employers	31,516	31,516	—
Net Changes	580,314	(1,224,747)	1,805,061
Ending Balances	<u>\$ 7,686,654</u>	<u>\$ 7,391,382</u>	<u>\$ 295,272</u>

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 or 1-percentage-point higher than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
2022 Plan's Net Pension Liability (Asset)	\$1,185,903	\$295,272	(\$460,255)

Pension plan fiduciary net position

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

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

For the year ended September 30, 2023, the Board recognized pension income of (\$78,042). Pension income is comprised of the following:

	2023
Service Cost	\$ 125,081
Interest on the Total Pension Liability	519,555
Current Period Benefit Changes	11,312
Expensed Portion of Current Period Difference Between Expected and Actual Experience in the Total Pension Liability	22,217
Expenses Portion of Current Period Changes of Assumptions	—
Member Contributions	(96,365)
Projected Earnings on Plan Investments	(637,013)
Expensed Portion of Current Period Differences Between Actual and Projected Earnings on Plan Investments	346,107
Transfers Among Employers	—
Recognition of Beginning Deferred Outflows of Resources as Pension Expense	63,675
Recognition of Beginning Deferred Inflows of Resources as Pension Expense	(432,611)
Pension Expense (Income)	<u>\$ (78,042)</u>

At September 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 287,786	\$ 408,061
Changes of Assumptions	99,717	—
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	890,239	—
Employer Contributions Subsequent to the Measurement Date	7,177	—
Total	<u>\$ 1,284,919</u>	<u>\$ 408,061</u>

The \$7,177 reported as deferred outflows of resources related to pensions at September 30, 2023, resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024 (\$7,177). Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended September 30,	
2024	\$ 18,218
2025	185,180
2026	199,685
2027	387,207
2028	45,599
Thereafter	33,792
Total	<u>\$ 869,681</u>

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NOTE 5 – LONG TERM DEBT

During the year ended September 30, 2022, the Board issued additional water revenue bonds in the principal amount of \$5,685,000 dated January 26, 2022. These bonds bear interest at rates from 0.70% to 2.30% and mature through the year 2046. The Series 2022A Bonds were issued with an original issue discount of \$44,299, to be amortized through 2046. The Series 2022A Bonds were issued for the purpose of financing certain capital improvements to the Systems and paying the costs of issuing the Series 2022A Bonds. The Series 2022A bonds were issued pursuant to a Trust Indenture dated July 1, 2020 as amended and supplemented by a First Supplemental Indenture dated January 1, 2021, between the Issuer and The Bank of New York Mellon Trust Company, N.A. At September 30, 2023, the balance outstanding on the bonds is \$5,350,000.

Interest on the Series 2022A Bonds is payable semiannually on February 1 and August 1. The terms of the 2022A bond indenture require that the Board maintain the rates for water usage in amounts that will result in an adjusted net income of required levels. At September 30, 2023, the adjusted net income exceeded the amount required by the bond indentures. The terms of the 2022A bond indenture also require the Board to maintain a reserve fund for future principal and interest payments. At September 30, 2023, the reserve was funded in accordance with the indenture requirements.

During the year ended September 30, 2020, the Board issued revenue bonds in the amount of \$19,905,000 dated July 30, 2020. These bonds bear interest at rates from 0.87% to 2.59% and mature through the year 2042. The proceeds of this bond issuance were used for the purpose of currently refunding the Utilities Revenue Bonds, Series 2013, the Utilities Revenue Bonds, Series 2012, the Subordinated Water and Sewer Revenue Bonds, 2005 Series SRF, and the Subordinated Water and Sewer Revenue Bonds, 2002 Series SRF. \$17,887,365 of the net proceeds were deposited with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result, the Utilities Revenue Bonds, Series 2013, the Utilities Revenue Bonds, Series 2012, the Subordinated Water and Sewer Revenue Bonds, 2005 Series SRF, and the Subordinated Water and Sewer Revenue Bonds, 2002 Series SRF are considered defeased, and the liabilities for these refunded debts have been removed from the statement of net position. The reacquisition price exceeded the net carrying amounts of the old debt by \$1,454,091. This amount is being amortized over the remaining life of the refunded debt and is presented net of accumulated amortization in deferred outflows of resources on the statement of net position. The Board refunded the Utilities Revenue Bonds, Series 2013, the Utilities Revenue Bonds, Series 2012, the Subordinated Water and Sewer Revenue Bonds, 2005 Series SRF, and the Subordinated Water and Sewer Revenue Bonds, 2002 Series SRF to reduce total future debt service payments. The transaction reduced debt service payments by \$1,839,666 and resulted in an economic gain of \$811,408. The Series 2020 bonds were issued pursuant to a Trust Indenture dated July 1, 2020. At September 30, 2023, the balance outstanding on the bonds is \$16,660,000.

Interest on the Series 2020 Bonds is payable semiannually on February 1 and August 1. The terms of the 2022A bond indenture require that the Board maintain the rates for water usage in amounts that will result in an adjusted net income of required levels. At September 30, 2023, the adjusted net income exceeded the amount required by the bond indentures. The terms of the 2020 bond indenture also require the Board to maintain a reserve fund for future principal and interest payments. At September 30, 2023, the reserve was funded in accordance with the indenture requirements.

During the year ended September 30, 2016, the Board entered into a loan agreement for \$8,215,000 with the Alabama Department of Environmental Management (ADEM) to finance the improvements for the water system. The terms of the loan agreement require the Board to make requests for disbursements only after the costs have been incurred by the Board. The disbursements are subject to approval by ADEM. In connection with the loan agreement, the Board issued Subordinated Water and Sewer Revenue Bonds, 2016 Series SRF in the principal amount of \$8,215,000. The bonds bear interest at 2.20% per annum and mature in the year 2027. At September 30, 2023, the balance outstanding on the bonds is \$6,115,000.

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During the year ended September 30, 2015, the Board entered into a loan agreement for \$9,575,000 with the Alabama Department of Environmental Management (ADEM) to finance the improvements for the water system. The terms of the loan agreement require the Board to make requests for disbursements only after the costs have been incurred by the Board. The disbursements are subject to approval by ADEM. In connection with the loan agreement, the Board issued Subordinated Water and Sewer Revenue Bonds, 2014 Series SRF in the principal amount of \$9,575,000. The bonds bear interest at 2.25% per annum and mature in the year 2035. At September 30, 2023, the balance outstanding on the bonds is \$6,250,000.

During the year ended September 30, 2014, the Board issued revenue bonds in the amount of \$4,450,000 dated November 1, 2013. These bonds bear interest at rates from 1.95% to 2.75% and mature through the year 2023. The proceeds of this bond issuance were used for the purpose of currently refunding the Utilities Revenue Bonds, Series 2003. \$4,582,174 of the net proceeds (including a \$26,116 premium and after payment of \$40,860 in underwriting fees) were deposited with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result, the Utilities Revenue Bonds, Series 2003 is considered defeased, and the liability for this refunded debt has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$138,990. This amount is being amortized over the remaining life of the refunded debt and is presented net of accumulated amortization in deferred outflows of resources on the statement of net position.

The Board refunded the Utilities Revenue Bonds, Series 2003 to reduce total future debt service payments. The transaction reduced debt service payments by \$507,883 and resulted in an economic gain of \$253,737. The Series 2013 bonds were issued pursuant to a Trust Indenture dated July 1, 1988, as supplemented by a Supplemental and Amending Trust Indenture dated as of August 1, 1993, as further supplemented by a Supplemental and Amending Trust Indenture dated as of May 1, 2003, as further supplemented by a Supplemental and Amending Trust Indenture dated as of August 1, 2012, and as further supplemented by a Supplemental and Amending Trust Indenture dated as of November 1, 2013. On July 30, 2020, the Series 2013 bonds were advance refunded by the Series 2020 Bonds and existing debt service reserve funds. An escrow fund was established upon issuance of the Series 2020 Bonds that together with investment income will be used for the redemption and retirement of \$1,975,000, the remaining principal of the Series 2013 Bonds.

During the year ended September 30, 2012, the Board issued revenue bonds in the amount of \$14,600,000 dated August 1, 2012. These bonds bear interest at rates from 2.625% to 3.25% and mature through the year 2042. The proceeds of this bond issuance were used for the purposes of financing the costs of constructing certain capital improvements to the System, retiring the principal of the Board's outstanding Utility Revenue Bond, Series 2010, funding, in part, a reserve fund, and paying issuance costs. Also netted against the Series 2012 bond is the original issue discount of \$378,251. The Series 2012 bonds were issued pursuant to a Trust Indenture dated July 1, 1988, as supplemented by a Supplemental and Amending Trust Indenture dated as of August 1, 1993, as further supplemented by a Supplemental and Amending Trust Indenture dated as of May 1, 2003, and as further supplemented by a Supplemental and Amending Trust Indenture dated as of August 1, 2012. On July 30, 2020, the Series 2012 Bonds were advance refunded by the Series 2020 Bonds and existing debt service reserve funds. An escrow fund was established upon issuance of the Series 2020 Bonds that together with investment income will be used for the redemption and retirement of \$14,600,000, the remaining principal of the Series 2012 Bonds.

During the year ended September 30, 2002, the Board entered into a loan agreement for \$2,210,000 with the Alabama Department of Environmental Management (ADEM) to finance the extension of sewer lines at an industrial park. The terms of the loan agreement require the Board to make requests for disbursements only after the costs have been incurred by the Board. The disbursements are subject to approval by ADEM. In connection with the loan agreement, the Board issued Subordinated Water and Sewer Revenue Bonds, 2002 Series SRF in the principal amount of \$2,210,000. The bonds bear interest at 3.50% per annum and mature in the year 2022. Payment on the bonds began in January 2003. On July 30, 2020, the Subordinated Water and Sewer Revenue Bonds, 2002 Series SRF were advance refunded by the Series 2020 Bonds and existing debt service reserve funds. An escrow fund was established upon issuance of the Series 2020 Bonds that together with investment income will be used for the

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redemption and retirement of \$435,000, the remaining outstanding principal of the Subordinated Water and Sewer Revenue Bonds, 2002 Series SRF.

In October 2005, the Board issued Subordinated Water and Sewer Revenue Bonds, 2005 Series SRF in the principal amount of \$5,600,000. These bonds bear interest at a rate of 3.05% and mature through the year 2026. The proceeds of this bond issuance were used for the purpose of financing the costs of the East Lake Wastewater Treatment Plant rehabilitation. On July 30, 2020, the Subordinated Water and Sewer Revenue Bonds, 2005 Series SRF were advance refunded by the Series 2020 Bonds and existing debt service reserve funds. An escrow fund was established upon issuance of the Series 2020 Bonds that together with investment income will be used for the redemption and retirement of \$2,390,000, the remaining outstanding principal of the Subordinated Water and Sewer Revenue Bonds, 2005 Series SRF.

The following is a summary of the Board's debt transactions for the fiscal year ended September 30, 2023:

	10/1/2022	Additions	Reductions	9/30/2023
Series 2014 SRF	\$ 6,700,000	\$ —	\$ (450,000)	\$ 6,250,000
Series 2016 SRF	6,485,000	—	(370,000)	6,115,000
Series 2020	17,655,000	—	(995,000)	16,660,000
Series 2022	5,540,000	—	(190,000)	5,350,000
Total Principal	<u>36,380,000</u>	<u>—</u>	<u>(2,005,000)</u>	<u>34,375,000</u>
Series 2022 Discount	(43,068)	—	1,846	(41,222)
Total Discounts	<u>(43,068)</u>	<u>—</u>	<u>1,846</u>	<u>(41,222)</u>
Total Bonds Payable	36,336,932			34,333,778
Less Current Portion	2,005,000			\$ 1,780,000
Non-Current Portion	<u>\$ 34,331,932</u>			<u>\$ 32,553,778</u>

The following table sets forth the principal and interest payments on the outstanding debt:

Year	Principal	Interest	Total Debt Service
2024	\$ 1,780,000	\$ 712,315	\$ 2,492,315
2025	1,805,000	682,838	2,487,838
2026	1,835,000	652,478	2,487,478
2027	1,870,000	619,688	2,489,688
2028	1,895,000	585,528	2,480,528
2029-2033	10,105,000	2,343,050	12,448,050
2034-2038	8,875,000	1,265,041	10,140,041
2039-2043	5,370,000	444,420	5,814,420
2044-2046	840,000	38,870	878,870
	<u>\$ 34,375,000</u>	<u>\$ 7,344,228</u>	<u>\$ 41,719,228</u>

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The following table sets forth the amortization of premiums, discounts, and deferred loss on debt defeasance associated with debt:

Year	Discounts	Deferred Loss on Debt Defeasance
2024	\$ 1,846	\$ 66,095
2025	1,846	66,095
2026	1,846	66,095
2027	1,846	66,095
2028	1,846	66,095
2029-2033	9,229	330,475
2034-2038	9,229	330,475
2039-2043	9,229	253,365
2044-2046	4,305	—
	<u>\$ 41,222</u>	<u>\$ 1,244,790</u>

NOTE 6 – CAPITAL ASSETS

Capital asset additions, dispositions, and balances for the year ended September 30, 2023 were as follows:

	Balance 10/1/2022	Additions	Dispositions	Transfers	Balance 9/30/2023
Depreciable Capital Assets					
Infrastructure Water System	\$ 35,668,127	\$ 304,227	\$ —	\$ —	\$ 35,972,354
Infrastructure Sewer System	49,548,178	44,190	—	90,710	49,683,078
Machinery and Equipment	1,037,007	370,638	—	—	1,407,645
Automotive Equipment	936,780	164,318	—	—	1,101,098
Furniture and Fixtures	466,195	1,855	—	—	468,050
Leasehold Improvements	40,388	—	—	—	40,388
Total Cost of Capital Assets	87,696,675	885,228	—	90,710	88,672,613
Less Accumulated Depreciation:					
Infrastructure Water System	16,612,449	879,938	—	—	17,492,387
Infrastructure Sewer System	20,698,219	1,171,768	—	—	21,869,987
Machinery and Equipment	457,568	105,012	—	—	562,580
Automotive Equipment	683,012	84,034	—	—	767,046
Furniture and Fixtures	445,044	7,428	—	—	452,472
Leasehold Improvements	40,389	—	—	—	40,389
Total Accumulated Depreciation	38,936,681	2,248,180	—	—	41,184,861
Net Depreciable Capital Assets	48,759,994	—	—	90,710	47,487,752
Nondepreciable Capital Assets					
Land	676,439	—	—	—	676,439
Construction in Progress	55,295	810,573	—	(90,710)	775,158
Net Capital Assets	<u>\$ 49,491,728</u>	<u>\$ (552,379)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 48,939,349</u>

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NOTE 7 – COMMITMENTS AND CONTINGENCIES

Construction Commitments

At September 30, 2023, the Board is not obligated under any significant contracts for improvements to Wastewater Improvement and Lift Station projects.

Compliance with Bond Covenants

The Board's bond indentures contain several covenants. For the fiscal year ended September 30, 2023, the Board was in compliance with all covenants.

Lawsuits

The Board is occasionally a party to various types of lawsuits, many of which normally recur in governmental operations. As of the date of the auditors' report, however, the Board believes that there are no proceedings, either singularly or in the aggregate, that will have a materially adverse effect on the accompanying financial statements.

NOTE 8 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 – ECONOMIC DEPENDENCY

During the fiscal year ended September 30, 2023, two customers accounted for 48.72% of total revenues to the Board.

NOTE 10 – RELATED PARTIES

The Board, in a fiduciary capacity, bills and collects the fees for sanitation pickup and remits the collections, less fees for processing and handling and amounts deemed to be uncollectible, to the City. The amount of sanitation fees due to the City as of September 30, 2023 was \$51,588.

Costs of fire hydrant rentals paid to the City are considered by the City to be tax equivalent.

REQUIRED SUPPLEMENTARY INFORMATION

The Water Works and Sewer Board of The City of Guntersville, Alabama
Schedule of Changes in the Net Pension Liability and Related Ratios

	2022	2021	2020	2019
Total Pension Liability				
Service Cost	\$ 125,081	\$ 113,499	\$ 105,589	\$ 98,024
Interest	519,555	495,167	473,573	429,325
Changes of benefit terms	11,312	—	25,071	—
Differences between expected & actual experience	157,738	49,611	(82,255)	261,142
Changes of assumptions	—	123,418	—	—
Benefit payments, including refunds of employee contributions	(264,888)	(240,935)	(213,841)	(213,841)
Transfers among employers	31,516	14,377	(14,152)	—
Net change in total pension liability	580,314	555,137	293,985	574,650
Total pension liability - beginning	7,106,340	6,551,203	6,257,218	5,682,568
Total pension liability - ending (a)	\$ 7,686,654	\$ 7,106,340	\$ 6,551,203	\$ 6,257,218
Plan fiduciary net position				
Contributions - employer	\$ 5,780	\$ 1	\$ 2,035	\$ 13,754
Contributions - member	96,365	83,522	77,366	71,472
Net Investment income	(1,093,520)	1,578,661	392,151	175,278
Benefit payments, including refunds of employee contributions	(264,888)	(240,935)	(213,841)	(213,841)
Transfers among employees	31,516	14,377	(14,152)	—
Net change in plan fiduciary net position	(1,224,747)	1,435,626	243,559	46,663
Plan net position - beginning	8,616,129	7,180,503	6,936,944	6,890,281
Plan net position - ending (b)	\$ 7,391,382	\$ 8,616,129	\$ 7,180,503	\$ 6,936,944
Net pension liability (asset) - ending (a) - (b)	\$ 295,272	\$ (1,509,789)	\$ (629,300)	\$ (679,726)
Plan fiduciary net position as a percentage of the total pension liability	96.16%	121.25%	109.61%	110.86%
Covered payroll¹	\$ 1,869,890	\$ 1,695,016	\$ 1,604,724	\$ 1,590,385
Net pension liability (asset) as a percentage of covered employee payroll	15.79%	-89.07%	-39.22%	-42.74%

The Water Works and Sewer Board of The City of Guntersville, Alabama
Schedule of Changes in the Net Pension Liability and Related Ratios

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 99,988	\$ 99,633	\$ 108,399	\$ 101,226	\$ 97,803
Interest	411,505	523,702	430,028	403,091	373,361
Changes of benefit terms	—	—	—	—	—
Differences between expected & actual experience	(220,033)	(1,869,874)	(153,028)	(77,802)	—
Changes of assumptions	29,769	—	1,171,365	—	—
Benefit payments, including refunds of employee contributions	(126,698)	(275,653)	(73,660)	(105,957)	(93,128)
Transfers among employers	114,951	—	—	—	—
Net change in total pension liability	309,482	(1,522,192)	1,483,104	320,558	378,036
Total pension liability - beginning	5,373,086	6,895,278	5,412,174	5,091,616	4,713,580
Total pension liability - ending (a)	\$ 5,682,568	\$ 5,373,086	\$ 6,895,278	\$ 5,412,174	\$ 5,091,616
Plan fiduciary net position					
Contributions - employer	\$ 54,553	\$ 67,852	\$ 79,639	\$ 70,422	\$ 80,267
Contributions - member	68,346	66,775	67,216	66,560	62,222
Net Investment income	578,953	711,768	516,937	58,902	527,591
Benefit payments, including refunds of employee contributions	(126,698)	(275,653)	(73,660)	(105,957)	(93,128)
Transfers among employees	114,951	—	—	—	—
Net change in plan fiduciary net position	690,105	570,742	590,132	89,927	576,952
Plan net position - beginning	6,200,176	5,629,434	5,039,302	4,949,375	4,372,423
Plan net position - ending (b)	\$ 6,890,281	\$ 6,200,176	\$ 5,629,434	\$ 5,039,302	\$ 4,949,375
Net pension liability (asset) - ending (a) - (b)	\$ (1,207,713)	\$ (827,090)	\$ 1,265,844	\$ 372,872	\$ 142,241
Plan fiduciary net position as a percentage of the total pension liability	121.25%	115.39%	81.64%	93.11%	97.21%
Covered payroll¹	\$ 1,414,563	\$ 1,368,341	\$ 1,313,312	\$ 1,315,520	\$ 1,298,899
Net pension liability (asset) as a percentage of covered employee payroll	-85.38%	-60.44%	96.39%	28.34%	10.95%

The Water Works and Sewer Board of The City of Guntersville, Alabama

Schedule of Changes in the Net Pension Liability and Related Ratios

Notes to the Schedule of Changes in the Net Pension Liability and Related Ratios

This schedule presents only nine years of information, rather than ten years, as only nine years of trend information are available at September 30, 2023.

¹ Covered payroll during the measurement period is the total covered payroll. For FY 2032 the measurement period is October 1, 2021 - September 30, 2022.

The Water Works and Sewer Board of The City of Guntersville, Alabama

Schedule of Employer Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution ¹	\$7,177	\$6,288	\$5,660	\$7,588	\$18,892	\$60,140	\$67,852	\$79,639	\$70,422
Contributions in relation to the actuarially determined contribution	(\$7,177)	(\$6,288)	(\$5,660)	(\$7,588)	(\$18,892)	(\$60,140)	(\$67,852)	(\$79,639)	(\$70,422)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll ²	\$2,147,102	\$1,869,890	\$1,695,016	\$1,604,724	\$1,590,385	\$1,414,563	\$1,368,341	\$1,313,312	\$1,315,520
Contributions as a percentage of covered payroll	0.33%	0.34%	0.33%	0.47%	1.19%	4.25%	4.96%	6.06%	5.35%

Notes to the Schedule of Employer Contributions

This schedule presents only nine years of information, rather than ten years, as only nine years of trend information are available.

Actuarially determined 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 2023 were based on the September 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	N/A
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	3.25 – 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

² Employer's covered payroll for FY 2023 is the total covered payroll for the 12-month period of the underlying financial statement.

The Water Works and Sewer Board of The City of Guntersville, Alabama
Schedule of Operating Expenses
For the Years Ended September 30, 2023

	2023
Salaries	\$ 2,338,703
Depreciation and Amortization	2,250,026
Wastewater Expenses	753,229
Utilities	718,722
Insurance	701,695
Repairs and Maintenance	655,857
Cost of Water Purchased and Produced	226,100
Professional Services	214,865
Fuel and Lubrication	61,660
Dues & Memberships	55,344
Equipment Rental	43,664
Miscellaneous and Sundry	28,950
Telephone	25,978
Education and Training	22,811
Janitorial Services	20,200
Supplies	20,173
Laundry and Uniforms	12,788
Postage	12,048
Bank and Credit Card Fees	4,462
Permit Fees	3,529
Computer Software	2,006
Fringe Benefits	(77,534)
	<hr/>
TOTAL	\$ 8,095,276
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The Water Works and Sewer Board of The City of Guntersville, Alabama
Statement of Restricted Assets
For the Year Ended September 30, 2023

	2020 P&I Fund	2005 Reserve Fund	2016 SRF Fund	2022 Bond Fund	2022 Reserve Fund	Total
Balance: October 1, 2022	\$ 292,250	\$ 3,285,029	\$ 29,119	\$ 4,938,233	\$ —	\$ 8,544,631
						—
Funds Provided						—
Payments from Water and Sewer Board	1,547,302	660,575	—	—	1,746,500	3,954,377
Transfers	—	—	—	—	2,600,000	2,600,000
Bond Proceeds	—	—	—	—	—	—
Interest/Dividends Earned	28,676	55,083	—	183,288	10,083	277,130
Total Funds Provided	1,575,978	715,658	—	183,288	4,356,583	6,831,507
Funds Applied						
Payments of Interest and Principal	1,637,720	516,710	—	—	592,640	2,747,070
Payments to Refund Debt	—	—	—	—	—	—
Transfers	—	2,600,000	—	—	—	2,600,000
Capital Expenditures	—	252,315	—	—	566,709	819,024
Other	—	441,335	—	—	2,000	443,335
Administrative Fees	—	834	—	—	225	1,059
Total Funds Applied	1,637,720	3,811,194	—	—	1,161,574	6,610,488
Balance: September 30, 2023	\$ 230,508	\$ 189,493	\$ 29,119	\$ 5,121,521	\$ 3,195,009	\$ 8,765,650
Cash	\$ —	\$ —	\$ 29,119	\$ —	\$ —	\$ 29,119
U.S. Treasury Funds	230,508	189,493	—	5,121,521	3,195,009	8,736,531
Total	\$ 230,508	\$ 189,493	\$ 29,119	\$ 5,121,521	\$ 3,195,009	\$ 8,765,650

The Water Works and Sewer Board of The City of Guntersville, Alabama
Schedule of Rates in Effect (Unaudited)
For the Year Ended September 30, 2023

WATER

Residential

Minimum (0-2,500 gallons)	\$ 24.62 (minimum bill)
Over 2,500 gallons	\$ 7.42 per 1,000 gallons

Commercial

Minimum (0-30,000 gallons)	\$ 164.06 (minimum bill)
Over 30,000 gallons	\$ 4.10 per 1,000 gallons

SEWER

Residential Customers

Minimum (0-2,500 gallons)	\$ 16.42 (minimum bill)
Over 2,500 gallons	\$ 5.51 per 1,000 gallons
Limit – 9,000 gallons	\$ 57.81 (maximum bill)

Commercial

Minimum (0-30,000 gallons)	\$ 191.43 (minimum bill)
Over 30,000 gallons	\$ 6.32 per 1,000 gallons

FIRE SERVICE

\$ 25.00 (plus any metered service)

The Water Works and Sewer Board of The City of Guntersville, Alabama
Schedule of System Growth (Unaudited)

Fiscal Year September 30,	# of Meters Read	Percentage Growth
2014	7,493	(0.19)%
2015	7,565	0.96%
2016	7,645	1.06%
2017	7,667	0.29%
2018	7,677	0.13%
2019	7,743	0.86%
2020	7,928	2.39%
2021	7,979	0.64%
2022	8,094	1.44%
2023	8,163	0.8%

The Water Works and Sewer Board of The City of Guntersville, Alabama
Schedule of Insurance in Force (Unaudited)
For the Year Ended September 30, 2023

Worker's Compensation:

Each Accident	\$	1,000,000
Per Policy	\$	1,000,000
Bodily Injury by Disease (Each Employee)	\$	1,000,000

Automobile:

Combined Single Limit (\$1,000 Deductible - Each Occurrence)	\$	6,000,000
Uninsured Motorist (Per Person)	\$	25,000
Uninsured Motorist (Per Accident)	\$	50,000
Comprehensive & Collision/Other Deductible	\$	250/500

General Liability:

Professional Liability (Each Occurrence, No Aggregate Limit)	\$	6,000,000
Damage to Premises Rented	\$	100,000
Premise Medical Payment	\$	5,000
Deductible per Occurrence	\$	1,000

Property Insurance:

Blanket Limit	\$	19,612,427
Equipment Breakdown Coverage	\$	19,637,427
Deductible per Occurrence	\$	1,000

Inland Marine Coverage		
Scheduled Property	\$	215,582
Unscheduled Property	\$	100,000
Miscellaneous	\$	70,000
Deductible per Occurrence	\$	500

Employee Benefits Liability Coverage:

Each Occurrence	\$	6,000,000
Policy Aggregate	\$	6,000,000
Deductible per Occurrence	\$	1,000

Public Official Liability Policy:

Dishonesty	\$	500,000
Forgery	\$	250,000
Theft, Disappearance, Destruction	\$	125,000
Computer Fraud/Counterfeit Paper Currency	\$	100,000
Robbery and Safe Burglary	\$	5,000
Deductible per Occurrence	\$	1,000

Commercial Crime Bond:

Employee Dishonesty	\$	500,000
Deductible per Occurrence	\$	1,000

Right of Way Bond:

County	\$	7,500
State	\$	10,000

The Water Works and Sewer Board of The City of Guntersville, Alabama
Board of Directors (Unaudited)
For the Year Ended September 30, 2023

NAME	TITLE
Frank J. Richter, Jr.	Chairman
Kate White	Vice-Chairman/Treasurer
Michael Higdon	Board Member
Bay Chandler	General Manager
Anita Brown	Secretary (Non-voting)

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APPENDIX C

Rate Schedule for the Water System and Sewer System

RATE SCHEDULE OF THE WATER WORKS AND SEWER BOARD OF THE CITY OF GUNTERSVILLE

The following schedule of rates regarding the furnishing of water and sewer services from the Systems is effective as of October 1, 2023.

Water Service Charges

Water Residential. Subject to the minimum charges herein after set forth, the following shall be the schedule of monthly charges for water furnished from the water system:

First 2,500	\$24.62
All Over 2,500	\$7.42 Per M Gallons

Minimum monthly water bill shall be \$24.62

Water Commercial. Subject to the minimum charges herein after set forth, the following shall be the schedule of monthly charges for water furnished from the water system:

First 30,000	\$164.06
Over 30,000	\$4.10 Per M Gallons

Minimum monthly water bill shall be \$164.06

Water Tap Fees. All fees will be based on the size of the water meter:

Meter Size	Fee	
¾"	\$200.00	Plus Cost of Materials
1"	\$250.00	Plus Cost of Materials
1½"-2	\$300.00	Plus Cost of Materials
3"	\$350.00	Plus Cost of Materials
4"	\$400.00	Plus Cost of Materials
6"	\$650.00	Plus Cost of Materials
8"	\$750.00	Plus Cost of Materials

Systems Impact Fees: Water.

Meter Size	System Development Charge	FS*
¾"	\$500.00	
¾" Irrigation	\$750.00	
1"	\$1,000.00	
1" Irrigation	\$1,500.00	
1½"	\$2,000.00	
1½" Irrigation	\$2,500.00	
2"	\$3,000.00	
2" Irrigation	\$3,500.00	
3"	\$4,000.00	\$1,000.00
4"	\$5,000.00	\$2,000.00
6"	\$7,500.00	\$3,000.00
8"	\$15,000.00	\$4,000.00
10"	\$25,000.00	\$5,000.00

FS* Fire Service – Sprinkler Heads or Hydrants

Special Water Service

Fire Service. A fire service availability charge for any private fire hydrants and fire sprinkler systems will be at a rate of \$25.00 per month service. All sprinkler systems that are metered through regular metered service will not be required a fire service charge. The total cost of fire service (Tap Fee and Materials) will not be installed and maintained at the customer's expense.

Sewer Service Charges

Sewage Rate Schedule Residential. The sewer usage fee shall be based on all water usage. Sewer Usage Fees are as follows:

Usage	Fee
First 2,500 Gallons	\$16.42 Minimum
All Over 2,500 Gallons	5.51 Per M Gallons
Limit – 9,000 Gallons	57.81 Maximum

Sewer Rate Schedule Commercial. Taps will be based on the size of the water meter.

Usage	Fee
First 30,000 Gallons	\$191.43 Per Month Minimum
All over 30,000 Gallons	6.32 Per M Gallons

Systems Impact Fees: Sewer.

Meter Size	System Development Charge
¾"	\$500.00
¾" Irrigation	
1"	\$1,000.00
1" Irrigation	
1½"	\$2,000.00
1½" Irrigation	
2"	\$3,000.00
2" Irrigation	
3"	\$4,000.00
4"	\$5,000.00
6"	\$7,500.00
8"	\$15,000.00
10"	\$25,000.00

Security Deposits

¾" -1" Residential, Irrigation, Small Business	\$150.00
¾" -1" Food and Beverage Establishment	\$250.00

Commercial and Industrial

- 1" Two times average monthly bill or \$150.00 whichever is greater
- 1½"-2" Two times average monthly bill or 250.00 whichever is greater
- 3" – Two Times average monthly bill or \$400.00 whichever is greater
- 4"-8" Two times average monthly bill or \$500.00 whichever is greater

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APPENDIX D

Book-Entry Only System

The information contained in this section concerning The Depository Trust Company and its book-entry only system has been obtained from materials furnished by The Depository Trust Company to the Issuer. The Issuer and the Underwriter do not make any representation or warranty as to the accuracy or completeness of such information.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2024A Bonds. The Series 2024A Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC’s partnership nominee or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024A Bond certificate will be issued for each maturity of the Series 2024A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2024A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2024A Bond (a “Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024A Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024A Bonds, except in the event that use of the book-entry system for the Series 2024A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024A Bonds. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024A Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents governing the terms of the Series 2024A Bonds. For example, Beneficial Owners of Series 2024A Bonds may wish to ascertain that the nominee holding the Series 2024A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided to them directly.

Redemption notices shall be sent to DTC. If less than all of the Series 2024A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2024A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the Issuer as soon as possible after the record date. The "Omnibus Proxy" assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024A Bonds are credited on the record date (identified in a listing attached to the "Omnibus Proxy").

Principal, premium and interest payments on the Series 2024A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon receipt of funds and corresponding detail information, in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of Direct Participants and Indirect Participants and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium (if any) and interest to Cede & Co. (or such other DTC nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024A Bonds at any time by giving reasonable notice to the Issuer and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2024A Bonds are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2024A Bonds will be printed and delivered to DTC.

The Issuer, the Trustee and the Underwriter cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2024A Bonds (1) payments of principal, redemption price or interest on the Series 2024A Bonds; (2) certificates representing an ownership interest or other confirmation of beneficial ownership interests in Series 2024A Bonds; or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2024A Bonds, or that they will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the United States Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with DTC participants are on file with DTC.

Neither the Issuer, the Trustee nor the Underwriter will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Series 2024A Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series 2024A Bonds; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to holders of the Series 2024A Bonds; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2024A Bonds; or (6) any consent given or other action taken by DTC as a holder of the Series 2024A Bonds.

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APPENDIX E

Proposed Opinion of Bond Counsel

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(Form of Opinion of Bond Counsel)

[Closing Date]

Holders of the Series 2024A Bonds
referred to below

Re: \$20,230,000 Utilities Revenue Bonds, Series 2024A, issued by The Water Works and Sewer Board of the City of Guntersville

We have acted as bond counsel in connection with the issuance of the above-referenced bonds (the “Series 2024A Bonds”) by The Water Works and Sewer Board of the City of Guntersville, a public corporation organized under the laws of the State of Alabama (the “Issuer”), including particularly Article 9 of Chapter 50 of Title 11 (Sections 11-50-310 et seq.) of the Code of Alabama (1975) (the “Enabling Law”). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Series 2024A Bonds are being issued pursuant to a Trust Indenture dated July 1, 2020, as amended and supplemented by a First Supplemental Indenture dated January 1, 2022, and a Second Supplemental Indenture dated December 1, 2024 (the “Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”).

The Issuer owns and operates a waterworks plant and distribution system and a sanitary sewer system in the City of Guntersville, Alabama and surrounding unincorporated areas of Marshall County (the “Systems”). The Series 2024A Bonds are limited obligations of the Issuer payable solely out of the Net Systems Revenues (as defined in the Indenture). Pursuant to the Indenture, the Issuer has assigned and pledged the Net Systems Revenues to the Trustee as security for the payment of the Series 2024A Bonds and all other bonds (if any) issued under the Indenture.

As to various questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. In connection with the rendering of this opinion, we have served as counsel to the Issuer.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Issuer is validly existing as a public corporation under the Enabling Law.
2. The Issuer has corporate power and authority to enter into and perform its obligations under the Indenture and to issue and deliver the Series 2024A Bonds. The execution, delivery and performance by the Issuer of its obligations under the Indenture and the issuance and delivery of the Series 2024A Bonds have been duly authorized by all requisite corporate action, and the Series 2024A Bonds have been duly executed and delivered by the Issuer.
3. The Series 2024A Bonds constitute valid and binding limited obligations of the Issuer, payable solely out of the Net Systems Revenues.
4. The Indenture constitutes a valid and binding obligation of the Issuer and is enforceable against the Issuer in accordance with its terms.
5. The Indenture creates a valid pledge and assignment of the Net Systems Revenues for the security of the Series 2024A Bonds on a parity with the Issuer’s Taxable Utilities Revenue Bonds, Series 2020A, Utilities Revenue Bonds, Series 2022A and all other bonds (if any) hereafter issued under the Indenture, and prior and superior to the Issuer’s Series 2014 SRF Bond and Series 2016 SRF Bond.

6. Interest on the Series 2024A Bonds is excludable from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2024A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2024A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024A Bonds.

7. Interest on the Series 2024A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Series 2024A Bonds may be taken into account for purposes of the alternative minimum tax imposed on applicable corporations pursuant to Section 55(b)(2) of the Internal Revenue Code, as amended by the Inflation Reduction Act of 2022.

8. Interest on the Series 2024A Bonds is exempt from State of Alabama income taxation.

We express no opinion regarding federal or state tax consequences arising with regard to the Series 2024A Bonds, other than the opinions expressed in paragraphs 6, 7, and 8 above. Owners of the Series 2024A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2024A Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

The rights of the holders of the Series 2024A Bonds and the enforceability of the Series 2024A Bonds and the Indenture may be limited by (1) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2024A Bonds.

This opinion is rendered solely for your benefit. It is not to be relied upon by any other person or for any other purpose. This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,

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APPENDIX F

Summary of Indenture

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APPENDIX F

SUMMARY OF THE INDENTURE

A brief description of the Indenture is included in this appendix to the Official Statement. This summary does not purport to be comprehensive or definitive; all references herein to the Indenture are qualified in their entirety by reference to the instrument itself; and all references to the Series 2024A Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Indenture. Certain provisions of the Indenture summarized elsewhere in this Official Statement are not repeated here.

Definition of Certain Terms

The following definitions of certain terms used in this summary supplement the terms elsewhere defined in the Official Statement (See “GLOSSARY OF TERMS USED IN OFFICIAL STATEMENT”):

“**Additional Bonds**” shall mean one or more series of additional bonds issued pursuant to the Indenture.

“**A.M. Best**” shall mean A.M. Best Company, Inc.

“**Annual Debt Service**”, when used with respect to any Fiscal Year, shall mean the aggregate amount of principal and interest payable on indebtedness of the Issuer during such Fiscal Year; provided, that for purposes of determining Annual Debt Service:

(1) the principal amount of indebtedness required to be redeemed in any Fiscal Year shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year in which such principal matures;

(2) with respect to indebtedness bearing interest at a variable rate, the amount of interest payable during any period for which the actual rate cannot be determined shall (except as otherwise provided in paragraph (3) below with respect to Put Debt or Balloon Debt) be projected using the maximum interest rate in effect with respect to such indebtedness during the preceding 12 months or, if Annual Debt Service is being calculated in connection with the issuance of Additional Bonds, the Index Rate;

(3) With respect to Put Debt, debt service payable on such indebtedness shall be projected assuming (i) that the principal balance of such indebtedness on the next Put Date will be refinanced, (ii) that such principal balance will be payable over a term of 25 years less the number of whole years from the date such indebtedness was incurred until the next Put Date, (iii) that such principal balance will bear interest at the Index Rate, and (iv) that debt service on such indebtedness after such Put Date will be payable in equal annual installments sufficient to pay both principal and interest;

(4) With respect to Balloon Debt, debt service payable on such indebtedness shall be projected assuming (i) that the principal balance of such indebtedness on the date of determination is refinanced on the date of determination over a term of 25 years less the number of whole years from the date such indebtedness was incurred until the date of determination, (ii) that such principal balance will bear interest at the Index Rate, and (iii) that debt service on such indebtedness after the date of determination will be payable in equal annual installments sufficient to pay both principal and interest;

(5) If cash or Federal Securities have been deposited in escrow or trust in an amount that, together with earnings thereon (but without reinvestment), is sufficient to pay the principal of or interest on indebtedness (or any portion thereof) as it comes due, such principal or interest (or portion thereof), as the case may be, shall not be included in the calculation of Annual Debt Service; and

(6) with respect to indebtedness for which the Issuer receives a credit under Section 6431 of the Internal Revenue Code (or any successor or comparable provision of law), the amount of interest payable during any period shall be reduced by the amount of any such credit.

“Balloon Debt” shall mean indebtedness 25% or more of the original principal amount of which matures during any 12-month period. For purposes of this definition, the principal amount of indebtedness required to be redeemed prior to maturity shall be deemed to be payable on the mandatory redemption date rather than at maturity.

“Business Day” shall mean any day other than a Saturday, a Sunday or a day on which the Trustee is authorized to be closed under general law or regulation applicable in the place where the Trustee performs its business with respect to the Indenture or a day on which the New York Stock Exchange is closed.

“City” shall mean the City of Guntersville, a municipal corporation organized under the laws of the State of Alabama.

“Debt Service” shall mean the principal, premium (if any) and interest payable on the Bonds.

“Debt Service Fund” shall mean the fund by that name established pursuant to the Indenture.

“Federal Securities” shall mean direct obligations of, or obligations the payment of which is guaranteed by, the United States of America.

“Fiscal Year” shall mean the fiscal year of the Issuer, as established from time to time by requisite corporate action.

“Fitch” shall mean Fitch Ratings, Inc.

“Indenture Funds” shall mean any fund or account established pursuant to the Indenture.

“Index Rate”, shall mean the “Bond Buyer Revenue Bond Index” rate for 30-year tax-exempt revenue bonds, as published by The Bond Buyer on any date selected by the Issuer that is within 30 days prior to the date of such determination; provided, however, that if The Bond Buyer (or a successor publication) ceases to publish such rate, the Index Rate shall be established by an independent nationally recognized securities dealer selected by the Issuer and acceptable to the Trustee, shall be established on any date selected by the Issuer that is within 30 days prior to the date of such determination, and shall be the rate that would cause 30-year tax-exempt obligations of the Issuer to trade at par, taking into account relevant market conditions and credit rating factors as they exist on the date the Index Rate is so established.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Net Systems Revenues” shall mean the Systems Revenues remaining after payment of Operating Expenses.

“Operating Expenses” shall mean, for the applicable period or periods, (a) the reasonable and necessary expenses of efficiently and economically administering and operating the Systems, including the cost of water purchased or produced, the cost of all items of labor, materials, supplies, and equipment (other than equipment that, by generally accepted accounting principles, is properly chargeable to fixed capital account), premiums on insurance and fidelity bonds, fees for engineers, attorneys, and accountants for services rendered (except in cases where such fees are properly chargeable, by generally accepted accounting principles, to fixed capital account), and reasonable compensation to the Trustee for its expenses incurred and services performed hereunder, all franchise payments made to any governmental unit (other than the City) in connection with any franchises granted by such governmental unit to the Issuer with respect to the Systems, all items herein specifically stated to constitute an operating expense, and all other items, except depreciation and interest, that by generally accepted accounting principles are properly chargeable to expenses of administration and operation, and (b) the expenses of maintaining the Systems in good repair and in good operating condition, but not including items that, by generally accepted accounting principles, are properly chargeable to capital account.

“Permitted Encumbrances” shall mean, as of any particular time, (a) inchoate mechanic’s and other similar liens, (b) the obligations of the Issuer under any water purchase contract, (c) any lien which is subordinate to the lien of the Indenture, (d) liens for ad valorem taxes not then due, (e) easements, restrictions, and exceptions that an independent engineer certifies will not interfere with or impair the operation of the Systems, and (f) minor clouds, encumbrances, defects, and restrictions of the type that customarily exist with respect to properties of a size and

character similar to those comprising the Systems and that do not, in the Opinion of Counsel, in the aggregate materially impair the use of such properties in the operation of the Systems.

“Post-Default Rate” shall mean (a) when used with respect to any payment of Debt Service on any Bond, the rate specified in such Bond for overdue installments of Debt Service on such Bond, computed as provided in such Bond, and (b) when used with respect to all other payments due under the Indenture, a variable rate equal to the lesser of (i) the Trustee’s (or the Trustee’s affiliated bank’s) prime rate plus 2% (200 basis points), computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed or (ii) the highest amount then allowed by law.

“Put Date”, when used with respect to Put Debt, shall mean a date prior to the maturity of such Put Debt on which the holder of such Put Debt may, at the option of such holder, either require payment thereof or require purchase of such indebtedness by any obligor thereon.

“Put Debt” shall mean indebtedness which, at the option of the holder thereof, is payable or must be purchased by any obligor on such indebtedness prior to its stated maturity date.

“Qualified Investments” shall mean:

- (a) Federal Securities.
- (b) An interest in any trust or fund that invests solely in Federal Securities or repurchase agreements with respect to Federal Securities.
- (c) A certificate of deposit issued by, or other interest-bearing deposit with, any bank organized under the laws of the United States of America or any state thereof (including the Trustee), provided that (1) long-term deposits with such bank are rated by Moody’s or S & P in one of the three highest rating categories, or (2) such deposit is collaterally secured by the issuing bank by pledging Federal Securities having a market value (exclusive of accrued interest) not less than the face amount of such certificate less the amount of such deposit insured by the Federal Deposit Insurance Corporation.
- (d) A repurchase agreement with respect to Federal Securities, provided that the Federal Securities subject to such repurchase agreement are held by or under the control of the Trustee pursuant to a perfected security interest free and clear of third-party liens.
- (e) Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Issuer, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates.

“Qualified Surety Bond” shall mean a surety bond which is unconditional and irrevocable and which is issued by an insurance company rated in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) by any Rating Agency or A.M. Best.

“Reserve Fund” shall mean the fund established pursuant to the Indenture.

“Reserve Fund Requirement” shall mean:

- (a) so long as the Series 2020A Bonds, the Series 2022A Bonds, and the Series 2024A Bonds are the only Bonds Outstanding under the Indenture, an amount equal to the maximum Annual Debt Service payable on the Series 2020A Bonds, the Series 2022A Bonds, and the Series 2024A Bonds during the Fiscal Year when such determination is made or any subsequent Fiscal Year; and
- (b) after the issuance of any series of Additional Bonds, an amount equal to the maximum Annual Debt Service payable on all Bonds during the Fiscal Year when such determination is made or any subsequent Fiscal Year;

provided, however, that the Issuer may reduce the Reserve Fund Requirement to the maximum amount that, according to an Opinion of Counsel delivered to the Trustee, may be invested without yield restriction under law applicable to tax-exempt obligations.

“**S & P**” shall mean Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc.

“**Series 2014 SRF Bonds**” means the Issuer’s Subordinated Water and Sewer Revenue Bonds, 2014 Series SRF, which are outstanding in the aggregate principal amount of \$6,601,125.

“**Series 2016 SRF Bonds**” means the Issuer’s Subordinated Water and Sewer Revenue Bonds, Series 2016 SRF, which are outstanding in the aggregate principal amount of \$6,145,410.

“**Series 2020A Bonds**” means the Issuer’s Taxable Utilities Revenue Bonds, Series 2020A, which are outstanding in the aggregate principal amount of \$15,915,000.

“**Series 2022A Bonds**” means the Issuer’s Utilities Revenue Bonds, Series 2022A, which are outstanding in the aggregate principal amount of \$5,155,000.

“**Sewer System**” shall mean and include the entire sanitary sewage treatment and disposal system owned and operated by the Issuer, together with all improvements hereafter made thereto, including all plants, systems, buildings, facilities or properties used or useful in or having the present capacity for future use in connection with the collection, treatment, or discharge of wastewater and any integral part thereof, and all appurtenances, equipment, properties, rights, easements, permits, licenses, and franchises relating thereto, and all other property, real, personal or mixed, now owned by the Issuer or hereafter acquired by it, by construction or otherwise, and used in connection with the aforesaid facilities.

“**Subordinate Debt**” means the Subordinate SRF Bonds and any other indebtedness of the Issuer secured by a subordinate lien on the Net Systems Revenues.

“**Subordinate SRF Bonds**” means the Series 2014 SRF Bonds and the Series 2016 SRF Bonds.

“**Systems**” shall mean, collectively, the Sewer System and the Water System.

“**Systems Revenues**” means all revenues derived by the Issuer from the operation of the Systems, including cash, accounts receivable and contract rights derived by the Issuer from the Systems; provided, however, that (i) grants or borrowed funds, (ii) deposits or payments by contractors to offset the cost of extensions for new connections and (iii) customer deposits to ensure payment of utility services are not considered part of the Systems Revenues.

“**Water System**” shall mean and include the entire water works plant and distribution system owned and operated by the Issuer, together with all improvements hereafter made thereto, including all plants, systems, buildings, facilities or properties used or useful in or having the present capacity for future use in connection with the production, supply or distribution of water and any integral part thereof, and all appurtenances, equipment, properties, rights, easements, permits, licenses, and franchises relating thereto, and all other property, real, personal or mixed, now owned by the Issuer or hereafter acquired by it, by construction or otherwise, and used in connection with the aforesaid facilities.

Pledge of Revenues

Pursuant to the Indenture the Issuer will pledge and assign to the Trustee, for the equal and proportionate benefit of all Bonds issued under the Indenture, (i) the Net Systems Revenues and (ii) money and investments from time to time on deposit in the Indenture Funds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions contained in the Indenture.

Additional Bonds

The Issuer may at any time and from time to time, if no event of default exists under the Indenture, issue additional Bonds (the “Additional Bonds”) for any lawful purpose.

If the Additional Bonds are being incurred for the purpose of refunding all or a portion of one or more series of Bonds Outstanding, the Issuer shall deliver to the Trustee, among other things, a certificate by the general manager or the chief financial officer of the Issuer stating that the maximum Annual Debt Service with respect to all Bonds Outstanding immediately after the issuance of such proposed Additional Bonds (excluding debt service on the Bonds to be refunded) will not be greater than the maximum Annual Debt Service with respect to all Bonds Outstanding immediately prior to the issuance of such proposed Additional Bonds.

If the Additional Bonds are being incurred for a purpose other than refunding all or a portion of one or more series of Bonds Outstanding, the Issuer shall deliver to the Trustee, among other things, one of the following items:

(i) A certificate by the general manager or the chief financial officer of the Issuer stating that the Net Systems Revenues received by the Issuer during the preceding Fiscal Year were not less than (A) 120% of the maximum Annual Debt Service payable during the then current or any subsequent Fiscal Year with respect to the Bonds Outstanding and the Additional Bonds to be issued and (B) 110% of the maximum Annual Debt Service payable during the then current or any subsequent Fiscal Year with respect to the Bonds Outstanding, the Subordinate Debt and the Additional Bonds to be issued; or

(ii) A resolution or resolutions adopted and effective prior to the date of issuance of such Additional Bonds, establishing a revised schedule of rates for services furnished from the Systems, accompanied by a certificate of the general manager or the chief financial officer of the Issuer stating that, if the revised schedule of rates set forth in the said resolution or resolutions had been in effect throughout the Fiscal Year next preceding the date of issuance of the proposed Additional Bonds, the Net Systems Revenues during such Fiscal Year would have been not less than (A) 120% of the maximum Annual Debt Service payable during the then current or any subsequent Fiscal Year with respect to the Bonds Outstanding and the Additional Bonds to be issued and (B) 110% of the maximum Annual Debt Service payable during the then current or any subsequent Fiscal Year with respect to the Bonds Outstanding, the Subordinate Debt and the Additional Bonds to be issued; or

(iii) A certificate by the general manager or the chief financial officer of the Issuer as to the amount of additional Net Systems Revenues to be received as a result of the acquisition or construction of proposed capital improvements during the Fiscal Year immediately following the estimated date of completion or of acquisition of such capital improvements (taking into account not only any increase in revenues and decrease in Operating Expenses as a result of such completion or acquisition but also any increase in rates and Operating Expenses); provided, that such certificate shall only include the amount of additional Net Systems Revenues to be received as a result of the acquisition by the Issuer of (A) existing facilities or (B) capital improvements undertaken for the purpose of extending or upgrading service to existing or potential customers and on the basis of such certificate, the general manager or the chief financial officer of the Issuer certifies that the Net Systems Revenues during the Fiscal Year next succeeding the completion of the acquisition or construction of such capital improvements will be not less than (X) 120% of the maximum Annual Debt Service payable during the then current or any subsequent Fiscal Year with respect to the Bonds Outstanding and the Additional Bonds to be issued and (Y) 110% of the maximum Annual Debt Service payable during the then current or any subsequent Fiscal Year with respect to the Bonds Outstanding, the Subordinate Debt and the Additional Bonds to be issued.

Flow of Funds

The Indenture establishes the following funds for the collection and distribution of System Revenues:

Debt Service Fund. The Issuer shall transfer to the Debt Service Fund on or before the last business day of each month 1/6 of the interest coming due on the Bonds on the next succeeding interest payment date plus 1/12 of the principal maturing on the Bonds on the next succeeding principal payment date. The supplemental indenture with respect to any series of Additional Bonds must provide for monthly payments on a pro rata basis sufficient to provide for payment of debt service on such Additional Bonds. Money in the Debt Service Fund is to be applied solely for the payment when due of the principal of and interest on the Bonds.

Reserve Fund. The required balance in the Reserve Fund is the Reserve Fund Requirement. The Issuer, in its discretion, may, at any time, deposit or substitute a Qualified Surety Bond for all or a portion of the moneys and/or

securities on deposit in the Reserve Fund. Upon the sale of the Bonds, the Issuer shall deposit a Qualified Surety Bond to the Reserve Fund to meet the Reserve Fund Requirement. If on any February 1 or August 1 the amount in the Reserve Fund is less than the Reserve Fund Requirement (whether as a result of a withdrawal, the issuance of Additional Bonds, evaluation of said funds, or otherwise), the Issuer shall deposit sufficient funds into the Reserve Fund such that the amount on deposit in the Reserve Fund shall again equal the Reserve Fund Requirement. If a Qualified Surety Bond previously has been credited to the Reserve Fund and subsequently the insurance company issuing such surety bond fails to meet the rating threshold set forth in the definition of “Qualified Surety Bond” (the “Surety Downgrade”), the Issuer shall deposit in the Reserve Fund such additional amount as shall be required to make the balance in the Reserve Fund equal to the Reserve Fund Requirement, with such deposits consisting of (i) monthly cash payments commencing on the first day of the month following the month in which such Surety Downgrade occurs and each such monthly cash payment in an amount at least equal to 1/24 of the aggregate amount as shall be required to make the balance in the Reserve Fund equal to the Reserve Fund Requirement; (ii) a new Qualified Surety Bond or Bonds credited to the Reserve Fund within twenty-four (24) months after the month in which such Surety Downgrade occurs; or (iii) a combination of cash and a Qualified Surety Bond or Bonds deposited or credited, as applicable, to the Reserve Fund within twenty-four (24) months after the month in which such Surety Downgrade occurs. Money in the Reserve Fund is to be used to pay principal and interest on the Bonds, but only in the event that, at the time of any principal or interest payment date, money then held in the Debt Service Fund is insufficient for such purpose.

On the date of issuance of the Series 2024A Bonds, the Reserve Policy for deposit in the Reserve Fund shall be issued or endorsed by the Insurer. The Reserve Policy constitutes a Qualified Surety Bond for purposes of the Indenture. As long as the Insurer is the issuer of such Reserve Policy, certain provisions shall be applicable with respect to the Bonds and the Reserve Policy, including without limitation the following:

- (i) Repayment of draws and payment of expenses and accrued interest thereon at the reserve late payment rate (collectively, “Reserve Policy Costs”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Reserve Policy Costs related to such draw.
- (ii) If the Issuer shall fail to pay any Reserve Policy Costs in accordance with the requirements of the Indenture, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.
- (iii) The Indenture shall not be discharged until all Reserve Policy Costs owing to the Insurer shall have been paid in full. The Issuer’s obligation to pay such amounts shall expressly survive payment in full of the Bonds.
- (iv) The Issuer shall include any Reserve Policy Costs then due and owing the Insurer in the calculation of Annual Debt Service for purposes of the Additional Bonds calculations and the rate covenant calculations.
- (v) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of the Indenture and shall provide notice of any such necessity for a claim to the Insurer at least five (5) Business Days prior to each date upon which interest or principal is due on the Bonds.

Depositories for Special Funds

The Trustee is designated in the Indenture as depository and custodian for the Debt Service Fund and the Reserve Fund.

Investment of Indenture Funds

Money in the Indenture Funds may be invested at the direction of the Issuer in Qualified Investments. All income derived from the investment of money on deposit in any such fund shall remain in the fund where earned.

Maintenance of Books and Records; Annual Audits

The Issuer will maintain complete and accurate books and records respecting the operation of the Systems and will cause such books and records to be audited annually by an independent public accountant, whose report is required to be furnished to the holder of any of the Bonds who makes a request in writing therefor to the Issuer. The Issuer has covenanted that it will furnish a copy of the Issuer's audited financial statements to the Trustee not later than 180 days after the end of each fiscal year.

No Free Service

The Issuer will not furnish any free service of any kind. All services furnished from the System will be charged for at the rates at the time established therefor, except that services may be provided by the Issuer to the City in connection with any franchise granted by the City.

Maintenance of Rates

The Issuer will make and maintain such rates and charges for water and sewer services and other services supplied from the Systems and will make collections from the users thereof in such manner as shall enable the Issuer to pay the reasonable and necessary expenses of maintaining and operating the Systems, to make the required deposits to the funds and accounts established pursuant to the Indenture, and produce annual Net Systems Revenues during each Fiscal Year at least equal to (i) 120% of the maximum Annual Debt Service payable during the then current Fiscal Year with respect to the Bonds Outstanding and (ii) 110% of the maximum Annual Debt Service payable during the then current Fiscal Year with respect to the Bonds Outstanding and the Subordinate Debt. The Issuer will from time to time make such increases and other changes in such rates and charges as may be necessary to produce said amounts.

Each schedule of rates shall provide that all charges for water and sewer service supplied from the Systems shall become due and payable not less often than once during each calendar month.

Systems to be Kept Free From Liens; Priority of Pledge

The Issuer will keep the Systems free and clear from all liens, charges and other encumbrances other than Permitted Encumbrances, and will not create or permit any pledge, assignment, lien, charge or other encumbrance on the Systems Revenues or the trust estate or any part thereof, unless such encumbrance is subject and subordinate to the lien of the Indenture. However, the Issuer may hereafter purchase additional property on conditional or lease sale contract or subject to vendor's lien or purchase money mortgage, and, as to all property so purchased, the pledge made pursuant to the Indenture shall be subject and subordinate to such conditional or lease sale contract, vendor's lien or purchase money mortgage.

Merger, Consolidation, etc.

The Issuer may consolidate with or merge into any public corporation, or transfer the System as an entirety to the city or county which authorized the creation of the Issuer or to another public corporation, if the due and punctual payment of the principal of and interest on the Bonds and the performance and observance of the agreements and covenants of the Indenture are expressly assumed in writing by the successor.

Insurance

The Issuer will take out and continuously maintain, to the extent reasonably obtainable in the opinion of the Issuer, insurance with respect to the Systems against such risks as are customarily insured against by systems similar in size and character to the Systems.

Default and Remedies

An event of default results under the Indenture from (a) failure by the Issuer to pay, when due, the principal of, premium (if any) and interest on any Bond; (b) the failure by the Issuer to perform or observe any of its other agreements or covenants under the Indenture if such failure is not remedied after 30 days' written notice; or (c) the

dissolution or liquidation of the Issuer, the appointment of a receiver for the Issuer, and other similar events specified in the Indenture.

The Indenture provides that the Trustee is empowered, upon the occurrence of an event of default, to accelerate the maturity of all of the Bonds then outstanding and to institute legal and equitable proceedings to enforce and protect the rights of the Bondholders.

THE ENABLING LAW PROVIDES THAT NO MORTGAGE OR DEED OF TRUST SHALL BE SUBJECT TO FORECLOSURE, AND THE INDENTURE PROVIDES THAT IT SHALL BE CONSTRUED IN CONFORMITY WITH SUCH PROVISIONS OF THE ENABLING LAW.

The Indenture provides that the Trustee is not required, upon the occurrence of an event of default, to exercise any of its rights or powers under the Indenture at the request of any Bondholders unless such Bondholders have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request.

No holder of any Bond shall have any right to institute any proceeding for any remedy under the Indenture unless (i) such holder shall previously have given to the Trustee written notice of a continuing event of default, (ii) the holders of not less than 25% in principal amount of the Bonds then outstanding shall have made written request to the Trustee to institute such proceedings and shall have offered to it reasonable indemnity against costs, expenses and liabilities to be incurred in compliance with such request, (iii) the Trustee shall have failed for a period of 60 days to comply with such request, and (iv) no direction inconsistent with such request shall have been given by the holders of a majority in principal amount of the Bonds outstanding under the Indenture.

Whenever the Trustee has a choice of remedies or discretion as to details in the exercise of its powers with respect thereto, it must follow any specific directions given by the holders of a majority in principal amount of the Bonds at the time outstanding under the Indenture, unless the observance of such directions would, in the opinion of the Trustee, unjustly prejudice the bondholders who have not joined in such directions.

Amendment of the Indenture

The Indenture permits the Issuer and the Trustee, without the consent of any Bondholder, to enter into supplemental indentures to add further covenants and agreements on the part of the Issuer, to cure ambiguities, technical defects or inconsistent provisions, or to subject additional security or property to the lien of the Indenture. The Indenture also permits the Issuer and the Trustee, with the consent of the holders of not less than a majority in principal amount of the Bonds then outstanding, to amend or modify the Indenture, except that, without the consent of the holder of each Bond affected, the Issuer and the Trustee may not (i) change the due date of principal or interest on any Bond or reduce the principal, premium or interest payable thereon, (ii) reduce the percentage of Bondholders whose consent is required for any waiver or the execution of any supplemental indenture or (iii) permit the creation of any lien on the trust estate prior to, or on a parity with, the Indenture.

Defeasance; Satisfaction of Indenture

Whenever the entire indebtedness secured by the Indenture shall have been fully paid, the Trustee shall cancel and discharge the lien of the Indenture. For purposes of the Indenture, any Bond shall be deemed to have been paid when the Trustee shall have received the entire amount (principal, interest and premium, if any) payable on such Bond until and at maturity or redemption thereof, or a trust for such payment, consisting of any combination of cash and/or Federal Securities, has been established with the Trustee. The anticipated income from such Federal Securities may be included in the calculation of the required deposit to such trust. If a trust is established for such purpose as aforesaid, the Issuer shall simultaneously furnish the Trustee with verification satisfactory to the Trustee demonstrating that the principal and interest payments on the Federal Securities in such trust, without reinvestment, together with the cash balance in such trust remaining after purchase of such Federal Securities, will be sufficient to make the required payments from such trust.

Concerning the Trustee

The Indenture contains broad exculpatory clauses in favor of the Trustee. The Trustee may consult with counsel, who may or may not be counsel to the Trustee, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith. The Trustee is not required to expend its own funds or otherwise incur any financial liability in the performance of its duties under the Indenture without reasonable assurance of repayment or indemnity.

The Trustee may, but is not required to, make advances to effect performance by the Issuer of its covenants and agreements. All sums so expended by the Trustee, together with interest at the rate prescribed in the Indenture, shall be secured by the Indenture and shall be entitled to priority of payment over any of the bonds.

The Trustee may resign and be discharged from the trusts of the Indenture upon written notice to the Issuer. The Trustee may be removed by written instrument signed by the holders of a majority in principal amount of the bonds then outstanding under the Indenture. If the Trustee resigns, is removed or becomes otherwise incapable of serving, a successor may be appointed by written instrument signed by the holders of a majority in principal amount of the Bonds then outstanding under the Indenture.

Concerning Bond Insurance for the Series 2024A Bonds

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2024A Bonds due on such payment date, the Trustee shall give notice to the Insurer by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2024A Bonds due on such Payment Date, the Trustee shall make a claim under the Policy and give notice to the Insurer by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest and the amount required to pay principal, confirmed in writing to the Insurer by 12:00 noon, New York City time, on such second Business Day.

The Indenture provides that the Insurer shall be deemed to be the holder of all of the Series 2024A Bonds for purposes of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2024A Bonds insured by it are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. Pursuant to the Indenture and each Series 2024A Bond, each Bondholder of a Series 2024A Bond appoints the Insurer as its agent and attorney-in-fact and agrees that the Insurer may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Bondholder of a Series 2024A Bond delegates and assigns to the Insurer, to the fullest extent permitted by law, the rights of each such Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Under the Indenture, the Trustee acknowledges such appointment, delegation and assignment by each Bondholder of a Series 2024A Bond for the Insurer’s benefit, and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Bondholders of the Series 2024A Bonds expressly include mandamus.

In the event that the principal and/or interest due on the Series 2024A Bonds shall be paid by the Insurer pursuant to the Policy, the Series 2024A Bonds shall remain outstanding for all purposes (other than for purposes of filing a claim on the Policy), shall not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the Series 2024A Bonds shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Indenture.

To the extent it makes any payment of principal of or interest on the Series 2024A Bonds, the Insurer shall become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

The Indenture shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

The Insurer may, on behalf of all holders of Series 2024A Bonds (and without notice to or consent of such holders), consent to any amendment of the Indenture other than an amendment affecting all such holders.

The Insurer shall have certain consent rights, including:

In addition to consent rights described elsewhere in the Indenture, the Insurer shall have the following consent rights:

(a) Rights to consent to amendments, supplements, consents or waivers and certain other actions.

(b) Upon the occurrence and continuance of an Event of Default as defined herein, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under the Indenture including, without limitation, (i) the right to accelerate the principal of the Series 2024A Bonds and (ii) the right to annul any declaration of acceleration. The Insurer also shall be entitled to approve all waivers of Events of Default.

(c) No letter of credit, surety bond, insurance policy or other credit instrument may be credited or deposited to the Reserve Fund without the prior written consent of the Insurer.

(d) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2024A Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(e) Any interest rate exchange agreement entered into by the Issuer on parity with the Bonds shall be subject to Insurer's prior written approval.

(f) No grace period for a covenant default shall exceed 30 days, or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

The Insurer shall receive certain notices, including:

(i) annual audited financial statements within 180 days after the end of the Issuer's fiscal year and the Issuer's annual budget within 30 days after the approval thereof;

(ii) notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof;

(iii) notice of any default known to the Trustee or Issuer;

(iv) prior notice of the advance refunding or redemption of any of the Series 2024A Bonds;

(v) notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(vi) notice of an Insolvency Proceeding;

(vii) notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2024A Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

Concerning Bond Insurance for the Series 2020A Bonds and the Series 2022A Bonds

The provisions in the Indenture related to the insurance policies for the Series 2020A Bonds and Series 2022A Bonds mirror those described above regarding the insurance policy for the Series 2024A Bonds.

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APPENDIX G

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

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