

An aerial photograph of a wastewater treatment plant. The image shows several rectangular basins filled with dark water, separated by concrete walls and metal railings. A group of about ten people, including men and women in various jackets (green, red, blue, yellow), are walking along a metal walkway that runs alongside one of the basins. The sky is overcast. The text '2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT' is overlaid in large white letters across the center of the image.

# 2023

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

The Board of Water  
and Sewer  
Commissioners of  
the City of Mobile

FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022

In an effort to continue to promote our Mission, Vision, and Values, MAWSS has undertaken a major effort to update our strategic plan. This plan includes multiple items under the following categories:

- Fiscal Sustainability
- Internal Process/ Operations Efficiency, Effectiveness, and Sustainability
- Customer Satisfaction
- Employee Engagement and Development

Key performance indicators have been developed for all, and will be tracked to determine progress. The underlying goal is to continue to find innovative ways of reducing the cost of service while improving customer services and protecting the environment.

[www.mawss.com](http://www.mawss.com)

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE  
MOBILE, ALABAMA**

**ANNUAL  
COMPREHENSIVE  
FINANCIAL  
REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2023 and 2022**

**Prepared by  
MAWSS Accounting Department**

## **MISSION STATEMENT**

*Mobile Area Water and Sewer System will protect and enhance the health, safety, and economic wellbeing of our community through responsible management of water resources while providing superior customer service.*

## **VISION STATEMENT**

*Mobile Area Water and Sewer System will become a model utility to create and protect resources for future generations. We will lead our industry and provide services to accommodate regional economic development and growth.*

## **VALUES**

<b>Environment</b>	We are guardians of the environment and honor this great responsibility by ensuring that our actions reflect our resolve to protect the health of the environment.
<b>Customer Service</b>	We are servants of the community and make every effort to fulfill this privilege by placing our customers first in all that we do.
<b>Trust</b>	Trust is the foundation of relationships. We strive to understand and rely on each other as we build strong teams and partnerships.
<b>Employees</b>	We acknowledge, respect, and promote the well-being and professional development of our employees because they are the heart of our organization.
<b>Integrity</b>	We weave virtue, honesty, sincerity, and acceptance of duty into our daily efforts so that integrity is the banner of our commitment.
<b>Continuous Improvement</b>	We always seek to improve our organization and ourselves because the community deserves the best we can offer.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

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# INTRODUCTORY SECTION





May 6, 2024

Mr. Raymond Bell, and Members of the Board  
Board of Water and Sewer Commissioners  
of the City of Mobile, Alabama  
Mobile, Alabama

To the Chair and Members of the Board:

I am pleased to present the Board of Water and Sewer Commissioners of the City of Mobile's (the Board's) Annual Comprehensive Financial Report for the year ending December 31, 2023. State law and the Board's *Master Trust Indenture* require the Board to publish within 180 days after the close of each year a complete set of audited financial statements. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Smith Dukes & Buckalew LLP, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the Board's financial statements for the year ended December 31, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Board***

The Board was created in 1952 by an Act of the Alabama State Legislature as an independent water and sewer utility. The Board, doing business as Mobile Area Water and Sewer System (MAWSS), provides water and wastewater services to customers in the City of Mobile and the surrounding areas.

While the Board is a separate legal entity from the City of Mobile, each councilperson of the City of Mobile appoints a commissioner to the Board for a six-year term. These seven appointed commissioners are the policy-making body of the Board. The Board has the authority, among others, to operate and maintain any water or sewer system inside or outside the Mobile corporate limits, issue revenue bonds, and set rates and user fees. While the Board is a related entity of the



City of Mobile, it is not considered a component unit of the City of Mobile or any other governmental agency.

The Board currently provides services to approximately 91,000 accounts within the City of Mobile and portions of the unincorporated areas of Mobile County. It also sells treated water from the J. B. Converse Reservoir (Big Creek Lake) to Prichard Water Works and the Spanish Fort Water System. Untreated or raw water, also from Big Creek Lake, is provided to the Board's industrial customers.

The budget serves as the foundation for the Board's financial planning and control. The Board's *Master Trust Indenture* requires the Board to adopt a balanced budget by December 31 of each year. Revenues are used to first pay Operating Expenses, then Debt Service for both Revenue Bonds and Subordinated Debt. The remaining funds are used for Capital Improvements.

### ***Local economy***

The City of Mobile serves as the economic hub for the Mobile metropolitan area which includes Mobile and Baldwin counties in lower Alabama. Mobile, located approximately thirty miles north of the Gulf of Mexico at the head of Mobile Bay, is the only seaport in Alabama. The Port of Mobile is the twelfth largest port in the nation in total tonnage. Mobile is served by five railroads and a rail ship service that operates two double deck rail-ferris. Also serving the transportation hub are two municipal airports and two major interstate highways, I-10 and I-65.

Mobile's business sector is diversified with close to fifty international companies located in the area. These include some of the Board's largest consumers; Evonik, INEOS Phenol, Kimberly-Clark, UOP Honeywell, and Mitsubishi Polycrystalline Silicon America. Mobile is home to Evonik's largest North American site, with over 850 employees producing aerosol fumed silica and hydrogen peroxide. INEOS Phenol is the world's fifth largest chemical company and leading manufacturer of phenol and acetone. Their Mobile plant is the largest single train Phenol facility in the United States, facilitated by the excellent transportation networks and access to raw materials and utilities needed for processing. Mobile has a diverse chemical industry, a growing steel industry, and is a regional center for medical care, research and education. Also prevalent are expanding aerospace and maritime industries.

At the end of 2023, the City of Mobile's unemployment rate was at 3.5% compared to the Alabama's 2.8% and the nation's 3.7%. Mobile is a regional hub for technical training. Industries are working with Alabama Industrial Development Training (AIDT), Alabama's worker training agency, to train workers in these expanding job fields. AIDT is the first state workforce training organization in the United States to earn international certification for its quality management system.





### *Financial planning*

Meeting new and revised regulatory permit requirements in the future will require additional capital investment in both the water and wastewater sectors. MAWSS has completed a master planning effort to evaluate the assets of the Board. A risk-based approach was used to prioritize assets for long term renewal and funding. This master plan was completed in 2018 and will assist MAWSS in forecasting their needs moving forward. Phase I of the master is almost complete and MAWSS has started working on Phase II. Forecasting regulatory requirements is also a component of the planning effort.

MAWSS utilizes a financial planning model to optimize the balance between necessary rate increases and additional borrowing. Also taken into consideration are financial benchmarks such as days cash on hand and the debt service coverage ratio. The intent is to ensure the sustainability of the funding for capital projects, as well as to keep customer rates as low as possible.

In regard to the water system, the treatment plants and raw water conveyance systems were evaluated during the master plan for resiliency, redundancy, physical condition and technology to ensure the systems remain operational during times of power outage. The E.M. Stickney Water Treatment Plant was constructed in 1944. A project is currently ongoing to construct major electrical renovations throughout the plant with completion in late 2024. A project to renovate the 50 million gallon reservoir at the E.M. Stickney Water Treatment Plant has begun and is expected to be completed in late 2024. In 2023, the design of upgrades to the E.M. Stickney Water Treatment Plant filters and SCADA will begin with a targeted bid date of late 2024. At the H.E. Myers Water Treatment Plant, renovations to the solids handling facility are complete. A project to upgrade SCADA at the Myers Water Treatment Plant is in design. The project is expected to bid in 2024 with completion in 2025.

The predominant cause of sanitary sewer overflows (SSOs) in MAWSS' aging collection system is storm water inflow and infiltration through defects in aging collection system piping and manholes.

SSOs that reach Waters of the State are considered unauthorized discharges under the Clean Water Act and are prohibited. MAWSS will continue the need to expend resources both capital and operational budgets, to control and prevent SSOs within the system so that the potential for future U.S. EPA enforcement action is minimized. The effort to minimize SSOs includes ongoing collection system rehabilitation and the construction of wet weather conveyance and storage facilities in the Halls Mill Creek, Three Mile Creek and Eslava Creek sewer sheds. The Halls Mill Creek and Three Mile Creek Wet Weather Conveyance and Storage Facilities are complete and in service. The Eslava Creek facilities are bidding in February 2024 with completion dates in late 2025.



Wastewater treatment plant related projects include the recent completion of the Wright Smith, Jr. Wastewater Treatment Plant Headworks Replacement Project. The design of electrical upgrades throughout the Wright Smith Jr. Plant will bid in 2024 with completion in 2025.

The C.C. Williams Wastewater Treatment Plant Dewatering Facility is under construction with completion in late 2024. A study is ongoing to determine what process improvements are needed at the C.C. Williams Wastewater Treatment Plant for addressing increased nutrient removal capabilities. This study will likely result in additional process capital improvements at the plant.

The 4.5 mile Eslava Creek Force Main Replacement project is complete. The process of slip-lining the old force main will begin in 2024.

The Crenshaw St. Lift Station and Force Main upgrades project is complete. Magnolia Grove Lift Station and Force Main is under construction and will be completed in early 2024. The Mobile Street Force Main and Lift Station Upgrade Projects is underway. Completion of the project will be in early 2024.

An abandoned EMA Emergency Operations Center that is constructed on MAWSS property was conveyed to MAWSS ownership. Conversion of the building to MAWSS Central Laboratory is complete.

### ***Major initiatives***

The Board closed on a \$37,932,600 CWSRF loan in March 2023. These funds are part of the previously mentioned efforts to minimize SSOs through collection system rehabilitation and increased conveyance and storage capacity. The Board also closed on five DWSRF loans totaling \$23,300,000 in March 2023. These funds will be used to help cover the costs of the aforementioned water projects and replacement of the water line to one of our wholesale water customers. The Board will also receive \$2,162,600 in principal loan forgiveness on the above-mentioned loans.

In the second quarter of 2023, The Board submitted supplemental loan applications to ADEM for both a CWSRF loan of \$12,000,000 and a DWSRF loan of \$11,936,000. These loans will close in the second quarter of 2024.

### ***Relevant financial policies***

In conjunction with the new issue and the refunding, the Board adopted its *Master Trust Indenture*, dated November 1, 2014. The new covenants provide for, among other things, the establishment of the following unrestricted and restricted funds: the Revenue Fund, Bond Fund, Reserve Fund, Subordinated Debt Fund, and Capital Improvement Fund. The Board is required to maintain a minimum Capital Improvement Fund balance of \$15 million. The *Master Trust Indenture* requires that the Board maintain a debt service coverage ratio of both parity and





subordinate bonds of not less than 1.25. The Board has set internal policies to strive to maintain a debt service coverage ratio of 1.5, and also to maintain 200 days cash on hand.

The Board revised the Cash Reserve Requirements Policy in December 2015 in order to react to the required recording of the unfunded pension liability. This revision created an additional cash reserve for the accumulation of funds to offset the unfunded pension liability due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Board, through their annual budget, is continuing to fund the reserve. The amount set aside in 2023 was \$1,500,000.

As a result of two of the GASB Statements adopted in 2017, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Board must also report its net OPEB liability. Through contributions to an OPEB trust, the Board has a funded the liability at a rate of 89%.

The Board also adopted two new GASB Statements during the 2023 year. The first Statement is GASB 87 – Leases. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The second Statement is GASB 96 – Subscription-Based Information Technology Arrangements (SBITAs). Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability.

#### ***Awards and acknowledgments***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board of Water and Sewer Commissioners of the City of Mobile for its annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the twenty second consecutive year that the Board received this prestigious award. In order to be awarded a Certificate of Achievement, the Board published an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Accounting Department. Additionally, I realize that the cooperation of each department within the company is essential, and I wish to express my appreciation for each individual's contribution.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Billy J. McCrory, Jr.", is written over the text "Respectfully submitted,".

Billy J. McCrory, Jr., Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Board of Water and Sewer Commissioners  
of the City of Mobile, Alabama**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

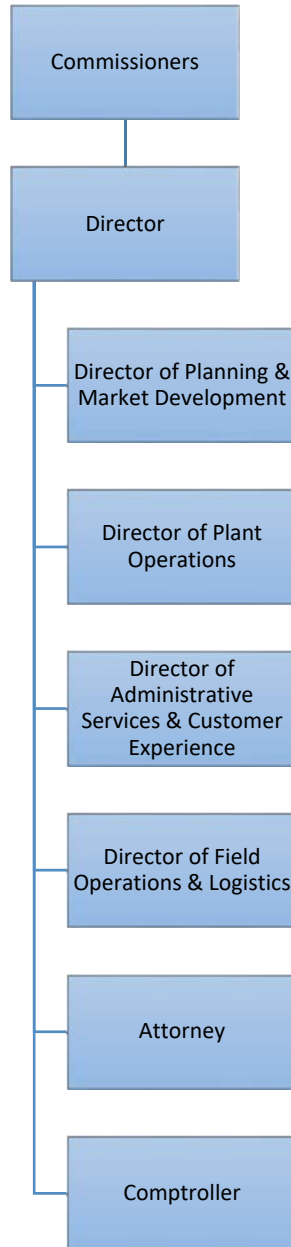
**APPOINTED COMMISSIONERS  
DECEMBER 31, 2023**

Raymond L. Bell, Jr. Term	Chair August 11, 2020 to October 1, 2024
Thomas Zoghby Term	Vice-Chair March 23, 2021 to October 1, 2026
John Williams Term	Secretary-Treasurer April 3, 2023 to April 3, 2029
Barbara Drummond Term	Commissioner July 7, 2020 to February 2, 2026
Linda St. John Term	Commissioner December 21, 2021 to December 21, 2027
Jay Weber Term	Commissioner January 24, 2023 to January 24, 2029
Maria Gonzalez Term	Commissioner April 4, 2020 to April 28, 2026



**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**ORGANIZATION CHART  
December 31, 2023**



**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**LIST OF SELECTED ADMINISTRATIVE STAFF  
DECEMBER 31, 2023**

Billy McCrory, Jr.	Executive Director
Doug Cote	Director of Plant Operations
Calressia Clark	Director of Field Operations & Logistics
Daryl Russell	Director of Planning & Marketing Development
Fatima Washington	Director of Administrative Services & Customer Experience
Bradley Dean	Attorney
Van Shepard	Comptroller
Mitch Jackson	Customer Operations Manager
Monica Allen	Public Affairs Manager
Russell Lomax	Water and Sewer Operations Manager
Markus Moore	Engineer II

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# FINANCIAL SECTION

# SmithDukes

## Independent Auditor's Report

To The Board of Water and Sewer  
Commissioners of the City of Mobile, Alabama

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

#### ***Opinion***

We have audited the accompanying financial statements of the business-type and fiduciary activities of The Board of Water and Sewer Commissioners of the City of Mobile, Alabama (the Board) as of and for the years ended December 31, 2023 and 2022, 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 respective financial position of the business-type and fiduciary activities of the Board as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

The Board's 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.

To The Board of Water and Sewer  
Commissioners of the City of Mobile, Alabama

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 it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

To The Board of Water and Sewer  
Commissioners of the City of Mobile, Alabama

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and the schedule of changes in the net pension liability, the schedule of employer contributions, the schedule of changes in the Board's net OPEB liability and related ratios, and the schedule of Board contributions on pages 67 through 70 be presented to supplement the basic financial statements.

Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying supplementary information section and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To The Board of Water and Sewer  
Commissioners of the City of Mobile, Alabama

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the 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.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 26, 2024 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

*Smith, Duke & Buckalew, L.L.P.*

Mobile, Alabama  
April 26, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the Board of Water and Sewer Commissioners of the City of Mobile (the Board) provides an overview of the Board's financial activities for the year ended December 31, 2023. Please read it in conjunction with the transmittal letter, beginning on page i, and the Board's financial statements which begin on page 14.

### *Financial Highlights*

The following are financial highlights of the Board for the year ending December 31, 2023:

- The assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources at the close of 2023 and 2022 by \$521.9 million (net position) and \$488.9 million (net position), respectively. Of these amounts, unrestricted net position was \$26.5 million and \$33.8 million as of December 31, 2023 and 2022, respectively.
- The Board adopted both GASB Statement No. 74 and GASB Statement No. 75 dealing with OPEB reporting by recording the full OPEB liability as of January 1, 2017. As a result, a liability of \$14.8 million was recorded. As of the end of 2023, the OPEB liability was underfunded by \$2.1 million. After adopting GASB Statement No. 68, which required the recording of the unfunded pension liability in the amount of \$31 million as of December 31, 2015, the Board had a negative unrestricted net position of \$(8.3) million as of December 31, 2015. However, the Board has designated a total of \$9.2 million over the past eight years to offset this liability, and will continue to fund it in the 2024 Budget. The amount of the unfunded liability at the end of 2023 was \$43.9 million.
- The Board's net position increased by \$33.0 million during the current year and by \$37.8 million during the prior year.
- There was an increase of \$9.8 million in operating costs for 2023, or 12%. The increase in 2023 consists of the following: an increase of \$4.6 million in both water and wastewater treatment costs, an increase of \$82 thousand in support costs, and an increase of \$5.0 million in supervision and general expenses and there was also an increase in depreciation expense of \$1.5 million. There was a decrease of \$4.3 million in operating costs for 2022, or 5%. The decrease in 2022 consists of the following: slight increase in both water and wastewater treatment costs, a decrease of \$3.5 million in supervision and general expenses and there was also a decrease in depreciation expense of \$.45 million.
- 2023 saw an increase of \$9.8 million, or 8%, in operating revenues. This was the result of a 1% increase in consumption coupled with 7.5% rate increase. Operating revenues in 2022 saw an increase of \$7.4 million, or 6.5%, in operating revenues. This was the result of a 3% rate increase coupled with a 5% increase in consumption.



- Transfers to the Capital Improvement Fund accounts for capital projects totaled \$26.6 million in 2023 compared to \$32.2 million in 2022.

### ***Overview of the Financial Statements***

The Board's Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and other supplementary information. The Board's basic financial statements are comprised of financial statements, notes to the financial statements, and required supplementary information.

**Financial Statements.** The *balance sheets* provide information on the Board's assets and deferred outflows of resources, and also on its liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Board is improving or deteriorating.

The *statements of revenues, expenses, and changes in net position* show the business-type activity of the Board (water and wastewater) and provide information regarding income and expenses, both operating and non-operating, that affect net position. While income and direct expenses of the water system and wastewater system are shown separately, there are no external requirements to account for the activities separately. It is management's decision to report income and direct expenses separately in order to provide support for rates charged for services rendered.

The *statements of cash flows* report changes in cash from the prior year attributed to operating activities, capital and related financing activities, and investing activities. Operating income is reconciled to cash provided by operating activities. The statements, in addition to providing an explanation of changes in cash, help provide insight into future cash flows.

The *statements of fiduciary net position* and the *statements of changes in fiduciary net position* present information on the Board's Other Post-Employment Benefits (OPEB) Trust Fund. The *statements of fiduciary net position* include all assets and liabilities of the OPEB Trust Fund and provide a snapshot of the financial net position of the OPEB Trust Fund at year end. Assets are reduced by liabilities, as applicable, resulting in the net position held in trust for OPEB at year end. The *statements of changes in fiduciary net position* report all additions and deductions during the year for the OPEB Trust Fund. Additions are comprised primarily of employer contributions and investment income. Deductions consist of benefits paid and administrative expenses. The change in net position held in trust for OPEB plus the beginning net position held in trust for OPEB results in net position held in trust for OPEB at year end.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 21 to 66 of this report.

**Required Supplementary Information.** The *schedule of changes in net pension liability* and the *schedule of employer contributions* provide information on the Board’s net pension liability as well as contributions made to the plan by the Board. These statements, arising from GASB 68 requirements, are discussed in detail in Note 5, and can be found following the Notes to the Financial Statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information that may be beneficial to the reader.

***Financial Analysis***

Net position may serve over time as a useful indicator of an entity’s financial position. In the case of the Board, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$521.9 million at the end of 2023, \$488.9 million at the end of 2022, and \$451.1 million at the end of 2021.

**Condensed Balance Sheets  
(In Thousands)**

	2023	Restated 2022	2021
	<u>          </u>	<u>          </u>	<u>          </u>
Current assets	\$ 104,805	\$ 110,487	\$ 82,251
Noncurrent assets	141,921	105,086	86,807
Capital assets	<u>734,627</u>	<u>690,077</u>	<u>654,694</u>
Total assets	<u>981,353</u>	<u>905,650</u>	<u>823,752</u>
Deferred outflows of resources	<u>15,109</u>	<u>6,604</u>	<u>7,829</u>
Current liabilities	43,405	48,464	41,184
Noncurrent liabilities	<u>421,878</u>	<u>364,833</u>	<u>331,989</u>
Total liabilities	<u>465,283</u>	<u>413,297</u>	<u>373,173</u>
Deferred inflows of resources	<u>9,303</u>	<u>10,085</u>	<u>7,352</u>
Net position:			
Net investment in capital assets	467,882	425,965	412,390
Restricted	27,445	29,103	25,571
Unrestricted	<u>26,549</u>	<u>33,803</u>	<u>13,095</u>
Total net position	<u>\$ 521,876</u>	<u>\$ 488,871</u>	<u>\$ 451,056</u>

The largest portion of the Board’s net position (89.7% in 2023, 87.1% in 2022, and 91.4% in 2021) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets.

The Board uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from user fees or other sources of revenue, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position includes funds restricted for debt service, construction, and capital improvements and replacements. The Board's *Master Trust Indenture* dated November 1, 2014, as supplemented, required the establishment of certain restricted accounts. In addition to accounts relating to bond construction and debt service, the Board is required to maintain the Capital Improvement Fund, previously known as the General Reserve and Repair and Replacement Fund. Monies deposited into the Capital Improvement Fund accounts are used to fund pay-as-you-go projects, extraordinary repairs and maintenance, and if needed, debt service obligations. Over the past five years, the Board has budgeted an average of \$28.0 million annually for pay-as-you-go projects and major repairs and replacements to the system. The Board transferred \$26.6 million from the Operating account to the Capital Improvement Fund account in 2023 compared to \$32.2 million in 2022 and \$26.3 million in 2021.

The Board's Unrestricted Net Position decreased by \$7.2 million during 2023 compared to an increase of \$20.7 million in 2022. The rising inflationary costs played a role in why there was a decrease in unrestricted net position during 2023. Operating Revenues and Expenses for each of the two years are discussed below.

The following condensed statements of revenues, expenses, and changes in net position show the results of operations for the current and prior two years. The Board is a separate entity from the City of Mobile, and as such, is not included as a part of the financial statements of the City of Mobile.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position  
(In Thousands)**

	2023	Restated 2022	2021
<b>REVENUES</b>			
Operating revenues, pledged as security:			
Water sales	\$ 52,161	\$ 48,138	\$ 44,634
Sewer charges	80,056	74,257	70,328
Total operating revenues	<u>132,217</u>	<u>122,395</u>	<u>114,962</u>
Non-operating revenues:			
Investment earnings	3,821	122	(51)
Miscellaneous and sale of property	(572)	5,345	1,860
Total non-operating revenues	<u>3,249</u>	<u>5,467</u>	<u>1,809</u>
Total revenues	135,466	127,862	116,771
<b>EXPENSES</b>			
Operating expenses:			
Water and sewer services	40,952	36,303	35,973
Support services	4,532	4,450	4,432
Supervision and general expenses	20,853	15,845	19,373
Restricted accounts expense	37	1,399	2,057
Depreciation expense	25,580	24,110	24,568
Total operating expenses	<u>91,954</u>	<u>82,107</u>	<u>86,403</u>
Non-operating expenses	<u>11,560</u>	<u>8,763</u>	<u>10,709</u>
Total expenses	<u>103,514</u>	<u>90,870</u>	<u>97,112</u>
Income before contributions	31,952	36,992	19,659
Capital grants and contributions	<u>1,053</u>	<u>823</u>	<u>1,842</u>
Change in net position	33,005	37,815	21,501
Net position - beginning of year	488,871	451,056	429,555
Net position - end of year	<u>\$ 521,876</u>	<u>\$ 488,871</u>	<u>\$ 451,056</u>

Net position increased by \$33.0 million in 2023, \$37.8 million in 2022, and \$21.5 million in 2021. Key elements of the changes are as follows:

***Revenue:***

- For 2023, operating revenues increased from \$122.4 million to \$132.2 million, an increase of \$9.8 million, or 8%. Volumetric potable water sales were up 1% and the increase in rate fees caused revenues to increase in 2023.
- For 2022, operating revenues increased from \$114.9 million to \$122.4 million, an increase of \$7.4 million, or 6.5%. Volumetric potable water sales were up 5% and the increase in rate fees caused revenues to increase in 2022.

***Expenses:***

- Operating expenses increased by \$9.8 million, or 12.1% in 2023. There was an increase of \$4.6 million in both water and wastewater treatment costs, an increase of \$82 thousand in support costs, and an increase of \$5.0 million in supervision and general expenses. There was also an increase in depreciation expense of \$1.5 million.
- Operating expenses decreased by \$4.3 million, or 5.0% in 2022. There were slight increases in both water and wastewater treatment costs, a decrease of \$3.5 million in supervision and general expenses and there was also a decrease in depreciation expense of \$.45 million.

***Capital grants and contributions:***

- In 2023, total capital grants and contributions totaled \$1.05 million, which consisted of \$1.05 million in lines accepted.
- In 2022, total capital grants and contributions totaled \$.8 million, which consisted of \$.8 million in lines accepted.

***Capital Asset and Debt Administration***

***Capital assets.*** The Board's investment in capital assets as of December 31, 2023, and 2022 amounted to \$734.6 million and \$690.1 million, respectively, net of accumulated depreciation. The investment in capital assets includes land, buildings, infrastructure, machinery and equipment, timber rights, and SBITA right-to-use assets. During 2023, the total increase in the Board's net investment in capital assets was 6.4% compared to the 2022 increase of 5.4%. Construction project commitments at the end of the year totaled \$32.3 million for 2023 compared to \$48 million for 2022.

Several large projects were bid and awarded in 2023; notably the Stickney Water Treatment Plant Reservoir Improvements Project in the amount of \$15.4 million, Eslava Creek Force Main Phase 3(s) Sliplining Project in the amount of \$12.0 million, Causeway Water Main Replacement in the amount of \$7.6 million, Perch Creek Area Sanitary Sewer Trunk Line CIPP Phase 1 Project in the amount of \$4.8 million, and the Tennessee Street Water Main Relocation Project in the amount of \$3.8 million. A listing of capital project expenditures for 2023 is included in the statistical section.

- Sewer rehabilitation projects accounted for the majority of capital expenditures. A total of \$31,585,863 was spent in 2023 and allocated as follows:
  - Sewer line, mains, and manhole rehabilitation/replacement, \$12,822,107
  - Sewer lift station and decentralization system improvements, \$6,173,727
  - Sewer plant improvements and miscellaneous costs, \$11,898,704
  - Severe Weather Attenuation Basins and Tanks, \$691,325
  
- Water-related project costs for 2023 totaled \$27,899,206. The following items are included in these costs:
  - Water line extensions and improvements, \$26,743,289
  - Other miscellaneous, \$1,155,917
  
- Other capital expenditures amounted to \$5,037,056 during 2023 and include the following:
  - Water and sewer combined extensions, \$1,691,302
  - Utility Relocations, and other miscellaneous, \$3,345,754
  
- Major projects completed and capitalized during 2023 include the following:
  - Three Mile Creek Severe Weather Attenuation Basin, \$19,036,909
  - Smith WWTP Headworks, \$9,614,602
  - Augusta Lift Station Force Main, \$1,247,404
  - North McGregor Reconstruction Water Replacement, \$1,377,940

During 2022, major capital assets events included: sewer rehabilitation projects in the amount of \$37,095,908; water-related project costs totaling \$11,373,020 and other capital expenditure amounts of \$4,004,034.

**Capital Assets**  
**(net of accumulated depreciation)**

	2023	Restated 2022	2021
Water and sewer systems	\$547,206,337	\$497,379,982	\$491,143,530
Vehicles	2,377,451	2,208,366	2,412,702
Equipment and furnishings	5,733,638	6,063,304	6,775,055
Buildings and improvements	18,970,952	19,185,885	19,604,927
Land	12,591,182	11,910,691	11,784,949
Timber rights and other intangibles	1,007,173	1,319,120	1,195,133
SBITA right-of-use assets	1,593,302	2,088,536	-
Construction in progress	145,147,248	149,921,095	121,777,876
Total	<u>\$734,627,283</u>	<u>\$690,076,979</u>	<u>\$654,694,172</u>

Additional information on the Board's capital assets can be found in Note 3, beginning on page 33 of this report.

***Long-term debt***

At December 31, 2023, the Board had total long-term debt outstanding of \$388.9 million versus \$348.4 million in 2022, an increase of 11.6%. This increase is due to the addition of a \$36,845,000 CWSRF loan and \$22,225,000 DWSRF loan less combined reductions of \$18.1 million. The State Revolving fund bonds are subordinate to the Revenue Bonds. All bond debt covenants have been met.

At December 31, 2022, the Board had total long-term debt outstanding of \$348.4 million versus \$307.7 million in 2021, an increase of 13.2%. This increase is due to the addition of a \$41,015,000 CWSRF loan and \$15,365,000 DWSRF loan less combined reductions of \$16.7 million. The State Revolving fund bonds are subordinate to the Revenue Bonds. All bond debt covenants have been met.

The Board's revenue bond rating from Standard & Poor's is an AA, stable outlook. The rating from Moody's is Aa3.

Additional information on the Board's long-term debt can be found in Note 8, beginning on page 57 of this report and Note 9, beginning on page 61 of this report.

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

- The unemployment rate at December 31, 2023: The City of Mobile at 3.5%, compared to the State of Alabama and the nation at 2.8% and 3.7%, respectively
- Identified capital project needs and anticipated repairs and maintenance to the system
- Estimated customer growth/new development; business additions and/or closures
- MAWSS' rates compared to similar systems' rates
- Weather trends
- Customer usage patterns; impact of an approved rate increase on consumption

The Board had approved a 3% volumetric rate increase for 2024. This increase went into effect January 1, 2024.

The Board continues striving to find innovative ways of reducing the cost of service while improving customer services and protecting the environment. It is an ongoing challenge to meet the demands of replacing an aging infrastructure, while at the same time providing affordable water and sewer services.

### ***Request for Information***

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, P.O. Box 180249, Mobile, AL, 36618-0249.



**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**STATEMENTS OF NET POSITION  
As of December 31, 2023 and 2022**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2023	Restated 2022
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 62,722,466	\$ 72,926,529
Investments	903,970	887,401
Restricted cash and cash equivalents:		
Revenue bond covenant accounts	16,432,776	16,798,112
Receivables:		
Interest receivable, unrestricted	723	441
Interest receivable, restricted	71,478	61,466
Billed user charges, net of allowance of \$247,493 and \$240,578	13,249,986	9,866,153
Unbilled user charges	5,622,877	4,524,316
Miscellaneous	125,755	140,289
Lease receivable	253,604	258,121
Inventory of materials, chemicals and supplies - at cost	3,518,180	3,776,903
Prepaid expenses	1,903,267	1,247,157
Total current assets	104,805,082	110,486,888
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents:		
Capital improvement funds	14,941,238	14,951,250
Investments	-	254,911
Receivables:		
Alabama Dept of Environmental Mgmt (ADEM), restricted	120,679,537	82,706,026
Grant proceeds, restricted	3,116,175	3,492,198
Lease receivable, net of current portion	247,213	500,816
Capital assets:		
Utility plant and equipment	1,097,538,930	1,027,212,573
Less accumulated depreciation and amortization	520,650,077	498,967,380
	576,888,853	528,245,193
Land	12,591,182	11,910,691
Construction in progress	145,147,248	149,921,095
Total capital assets (net of accumulated depreciation)	734,627,283	690,076,979
Unamortized regulatory asset	2,936,356	3,181,052
Total noncurrent assets	876,547,802	795,163,232
<b>TOTAL ASSETS</b>	981,352,884	905,650,120
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred bond refunding outflows	1,525,706	1,663,364
Deferred pension outflows	12,357,727	4,940,408
Deferred other post-employment benefits (OPEB) outflows	1,226,041	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	15,109,474	6,603,772
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 996,462,358	\$ 912,253,892

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

STATEMENTS OF NET POSITION - CONTINUED

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	2023	Restated 2022
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 9,243,892	\$ 12,171,103
Accrued payroll and related withholdings	883,812	950,755
Compensated absences, current portion	3,087,836	3,153,067
Subscription-based information technology arrangements (SBITA), current portion	393,471	458,642
Customer meter deposits	6,766,778	6,413,500
Contingent insurance liability	732,363	2,460,612
Contracts and retainages payable	1,866,653	2,093,606
Interest payable, funded by restricted assets	4,000,404	2,707,710
Current maturities of revenue bonds payable	16,430,000	18,055,000
Total current liabilities	<u>43,405,209</u>	<u>48,463,995</u>
<b>NONCURRENT LIABILITIES</b>		
Revenue bonds payable	372,520,543	330,426,478
Compensated absences, long-term portion	2,019,822	2,031,233
Subscription-based information technology arrangements (SBITA), long-term portion	1,233,018	1,626,488
Net pension liability	43,932,984	28,150,430
Net other post-employment benefits	2,171,666	2,598,508
Total noncurrent liabilities	<u>421,878,033</u>	<u>364,833,137</u>
<b>TOTAL LIABILITIES</b>	<u>465,283,242</u>	<u>413,297,132</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension inflows	3,567,559	8,211,997
Deferred lease inflows	497,893	757,663
Deferred principle forgiveness inflows	2,162,600	-
Deferred grant receipts	3,075,000	-
Deferred other post-employment benefits (OPEB) inflows	-	1,115,714
Total deferred inflows of resources	<u>9,303,052</u>	<u>10,085,374</u>
<b>NET POSITION</b>		
Net investment in capital assets	467,881,983	425,964,891
Restricted for		
Debt service	12,445,088	14,103,118
Other bond covenants	15,000,000	15,000,000
Unrestricted	26,548,993	33,803,377
<b>TOTAL NET POSITION</b>	<u>521,876,064</u>	<u>488,871,386</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 996,462,358</u>	<u>\$ 912,253,892</u>

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

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR  
THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>Restated 2022</u>
OPERATING REVENUES PLEDGED AS SECURITY FOR REVENUE BONDS		
Water sales	\$ 52,161,191	\$ 48,137,576
Sewer charges	<u>80,056,018</u>	<u>74,256,910</u>
Total operating revenues	<u>132,217,209</u>	<u>122,394,486</u>
 OPERATING EXPENSES		
Water supply	2,705,699	2,729,655
Water treatment	9,450,278	7,893,841
Wastewater treatment	8,891,227	7,452,375
Transmission and collection	19,904,376	18,227,053
Support services	4,531,827	4,449,602
Supervision and general	20,853,406	15,845,112
Capital improvement fund accounts	37,050	1,398,976
Depreciation and amortization	<u>25,579,767</u>	<u>24,110,050</u>
Total operating expenses	<u>91,953,630</u>	<u>82,106,664</u>
 OPERATING INCOME	 <u>40,263,579</u>	 <u>40,287,822</u>
 NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	3,820,806	121,867
Miscellaneous rentals and sale of property	374,668	5,260,409
Gain (loss) on disposal of assets	(947,167)	84,412
Interest on capital asset - related debt	(38,634)	(6,454)
Bond interest and amortization expense	(11,480,725)	(8,327,686)
Bond issuance costs	<u>(40,465)</u>	<u>(428,448)</u>
Total non-operating expenses	<u>(8,311,517)</u>	<u>(3,295,900)</u>
 INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	 31,952,062	 36,991,922
 CAPITAL GRANTS AND CONTRIBUTIONS	 <u>1,052,616</u>	 <u>822,977</u>
 CHANGE IN NET POSITION	 33,004,678	 37,814,899
 TOTAL NET POSITION - BEGINNING OF YEAR	 <u>488,871,386</u>	 <u>451,056,487</u>
 TOTAL NET POSITION - END OF YEAR	 <u>\$ 521,876,064</u>	 <u>\$ 488,871,386</u>

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

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 128,464,116	\$ 121,069,878
Receipts from other sources	387,552	5,259,135
Payment to suppliers	(50,240,327)	(37,346,395)
Payments to employees	(20,377,768)	(19,820,382)
Net cash provided by operating activities	58,233,573	69,162,236
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets and payments on construction projects	(70,059,848)	(56,520,097)
Proceeds from sale of capital assets	450,046	186,220
Proceeds from bonds	26,293,624	140,359,905
Principal paid on bonds	(18,600,935)	(119,140,394)
Principal paid on SBITA liabilities	(458,641)	(301,611)
Interest paid on bonds	(10,462,188)	(8,075,502)
Bond issuance costs	(40,465)	(428,448)
Net cash used in capital and related financing activities	(72,878,407)	(43,919,927)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	254,911	423,993
Purchases of investments	-	(252,045)
Interest and dividends received	3,810,512	(3,877)
Net cash provided by investing activities	4,065,423	168,071
Net increase (decrease) in cash and equivalents	(10,579,411)	25,410,380
Cash and equivalents, beginning of year - restricted and unrestricted	104,675,891	79,265,511
Cash and equivalents, end of year - restricted and unrestricted	\$ 94,096,480	\$ 104,675,891
<b>RECONCILIATION OF CASH AND EQUIVALENTS PER STATEMENTS OF CASH FLOWS TO BALANCE SHEETS:</b>		
Cash and equivalents, beginning of year:		
Current	\$ 72,926,529	\$ 49,640,642
Restricted	31,749,362	29,624,869
Total	104,675,891	79,265,511
Net increase (decrease):		
Current	(10,204,063)	23,285,887
Restricted	(375,348)	2,124,493
Total	(10,579,411)	25,410,380
Cash and equivalents, end of period:		
Current	62,722,466	72,926,529
Restricted	31,374,014	31,749,362
Total	\$ 94,096,480	\$ 104,675,891

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

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 40,263,579	\$ 40,287,822
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	25,579,767	24,110,050
Bad debts	686,688	937,784
Miscellaneous non-operating income	374,668	5,260,409
(Increase) decrease in receivables	(4,778,525)	(2,263,880)
(Increase) decrease in contracts receivable	-	1,488
(Increase) decrease in lease receivable	258,120	(758,937)
(Increase) decrease in inventories	258,723	(651,597)
(Increase) decrease in prepaid expenses	(656,110)	(199,648)
Increase (decrease) in payables	(2,640,876)	6,500,471
Increase (decrease) in compensated absences	(76,642)	(503,041)
Increase (decrease) in lease deferred inflows	(259,770)	757,663.00
Increase (decrease) in contingent insurance liability	(1,728,249)	(349,079)
Increase (decrease) in other post-employment benefits	(2,768,597)	(2,435,655)
Increase (decrease) in pension liabilities	3,720,797	(1,531,614)
Total adjustments	<u>17,969,994</u>	<u>28,874,414</u>
Net cash provided by operating activities	<u>\$ 58,233,573</u>	<u>\$ 69,162,236</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Lines accepted and contributions for extensions	\$ 1,052,615	\$ 822,977
Approved but unadvanced bonds	\$ -	\$ 56,358,000
SBITA obligations arising from obtaining right-of-use-assets	\$ -	\$ 2,386,741

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

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**STATEMENTS OF FIDUCIARY NET POSITION  
MAWSS OPEB TRUST FUND  
DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,127,879	\$ 360,039
Receivables		
Contributions receivable	331,275	358,977
Accrued income	51,955	48,122
Total receivables	383,230	407,099
Investments at fair value		
Equities		
Common Stock	5,856,891	5,806,839
Mutual Funds - equity	2,242,705	1,077,543
Fixed income securities		
U.S. Government obligations	1,802,468	1,608,319
Mortgage backed securities	1,973,092	1,765,077
Corporate bonds	2,806,789	3,052,804
International		
Foreign stock	581,946	538,394
Mutual Funds - International	506,345	460,400
Total investments	15,770,236	14,309,376
<b>TOTAL ASSETS</b>	<b>\$ 17,281,345</b>	<b>\$ 15,076,514</b>
<b>NET POSITION</b>		
Net position restricted for OPEB	\$ 17,281,345	\$ 15,076,514

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

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION MAWSS OPEB  
TRUST FUND  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>ADDITIONS</b>		
Employer contributions	\$ 1,161,020	\$ 678,977
Investment income		
Dividends	141,191	143,844
Interest	190,842	178,608
Realized gain	207,711	198,095
Net appreciation (depreciation) in FV of investments	1,776,709	(3,391,405)
Investment expense	(61,043)	(63,403)
Capital gain distributions	37,702	63,314
Other gain	3,872	1,251
Net investment income (loss)	2,296,984	(2,869,696)
Total additions	3,458,004	(2,190,719)
<b>DEDUCTIONS</b>		
OPEB benefits paid	1,026,209	1,518,535
Insurance expenses	226,964	139,380
Total deductions	1,253,173	1,657,915
NET INCREASE (DECREASE) IN NET POSITION	\$ 2,204,831	\$ (3,848,634)
NET POSITION RESTRICTED FOR OPEB BEGINNING OF YEAR	\$ 15,076,514	\$ 18,925,148
NET POSITION RESTRICTED FOR OPEB END OF YEAR	\$ 17,281,345	\$ 15,076,514

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

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The accompanying financial statements present the activities of the Board of Water and Sewer Commissioners of the City of Mobile (the “Board”). The Board is a public agency or instrumentality existing under the provisions of Act No. 775 adopted at the 1951 Regular Session of the Legislature of Alabama, as amended, which has been recodified as Code of Alabama 1975, Sections 11-50-340 through 11-50-358, as amended, and by an ordinance adopted by the governmental body of the City of Mobile on September 18, 1952. The Board provides water and wastewater services for the City of Mobile and the surrounding area. The Board is composed of seven (7) board members who serve staggered six (6) year terms.

The Board is a separate governmental unit granted independent authority by the State of Alabama General Statutes. The Board does not receive funding from the state or any other local government.

The Board has business activities for the provision of water and sewer services. It is fiscally independent, has the authority to set its own budget, set rates, and issue debt in its own name without the approval of any other governing body. Operations are funded through water and sewer usage fees.

The Board has a fiduciary fund for which it is responsible. The Board established the fiduciary fund to provide assets in trust to meet future other postemployment benefit (OPEB) obligations.

**Related Organization**

The City Council members of the City of Mobile, Alabama are responsible for appointing the seven (7) members of the Board. However, they do not have the power to impose their will upon the members of the Board.

The Board’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America 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.

Under provisions of GASB, the Board is considered a special-purpose government and is not a component unit of any other entity. The Board’s financial statements include both the business activities and fiduciary activities of the Board.



**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting**

The accompanying financial statements are presented on the accrual basis of accounting using governmental accounting standards applicable to an enterprise fund for business activities and to fiduciary funds for the Board’s OPEB trust fund.

**Adoption of New Accounting Pronouncements**

GASB Statement No. 87, *Leases*. The objective of this statement is intended to increase the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Board adopted GASB Statement 87 with a date of the initial application of January 1, 2022. As a result, prior period financials have been restated to recognize the lease receivable and deferred inflow of resources and the cumulative effect on earnings. See also Note 17.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The Board adopted GASB Statement 96 with a date of the initial application of January 1, 2022. As a result, prior period financials have been restated to recognize the right-of-use subscription asset and subscription-based information technology arrangements (SBITA) liability and the cumulative effect on earnings. See also Note 17.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Future Adoption of New Accounting Pronouncements - GASB Pronouncements that have been issued but are not yet effective at December 31, 2023 (continued)**

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement is effective for fiscal years beginning after December 15, 2023. The Board is currently evaluating the impact, if any, that GASB 101 will have on its financial statements.

The Board will implement the new GASB pronouncements in the year no later than the required effective date. The Board has not yet determined if the above listed new GASB pronouncements will have a significant financial impact to the Board or in issuing its financial statements.

**Cash and Equivalents**

The Board's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including amounts held in revenue bond covenant accounts.

**Investments**

The Board's Master Trust Indenture authorizes the Board to invest in obligations of the U.S. Treasury, commercial paper, certificates of deposit, repurchase agreements, and federal obligations and agencies. Any stock owned by the Board was given to the Board either when the company went public or in settlement of an outstanding obligation. Investments are stated at fair value primarily based on bid price at the end of the year.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Valuation of Accounts Receivable**

Accounts receivable consist of amounts due from customers primarily for water and sewer charges and are stated at face amount net of an allowance for doubtful accounts of \$247,493 and \$240,578 as of December 31, 2023 and 2022, respectively. The Board performs credit evaluations and requires meter deposits. The allowance for doubtful accounts is estimated by analysis of accounts receivable balances exceeding 60 days outstanding and historical collection trends. Unbilled receivables represent income earned during the current year but not yet billed. Receivables from Alabama Department of Environmental Management (ADEM) associated with the State Revolving Fund (SRF) Bonds discussed in Note 8 were recorded at the same time as the bond issuance.

**Inventory of Materials, Chemicals, and Supplies**

Inventories are held for supply purposes. The inventories of materials, chemicals and supplies are stated at cost, which is determined primarily by the average cost method. Inventory items are recorded as expenses when consumed rather than when purchased.

**Prepaid Expenses**

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

**Restricted Assets**

Certain proceeds of the Board's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank or trust accounts and their use is limited by applicable bond covenants. Payment of restricted liabilities is funded by these restricted assets. These liabilities are classified as either as funded or partially funded by restricted assets on the balance sheet.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Restricted Assets (continued)**

The Master Trust Indenture dated November 1, 2014 provides for the establishment of separately named accounts including the following: Bond Fund accounts, Reserve Fund accounts, Subordinated Debt Fund accounts, and a Capital Improvement Fund account. The Bond Fund accounts include a separate trust account for each series of bonds outstanding. The money in each such account is used to pay the principal and interest on the respective series of bonds as they become due and payable. The Reserve Fund accounts include a separate trust account for each series of bonds for which such account is provided for in a Supplemental Indenture. The Subordinated Debt Fund accounts include a separate trust account for each separate issue of Subordinated Debt. The money contained in each account shall be used only to pay the principal and interest for each such issue.

There is a special trust fund account designated as the Capital Improvement Fund account. Money in this fund is used only for the purpose of paying the costs of capital improvements or capital-related costs. Only to the extent necessary to prevent an event of default will the money in the Capital Improvement Fund account be used to make required principal and interest payments.

Under the Series 2014 Supplemental Indenture, a Construction Fund trust account was established to report the proceeds of the bond issue that are restricted for use in construction or capital purchases. If the Capital Improvement Fund account pays for construction that will ultimately be repaid by the Construction Fund account, this is recorded as Due To/Due From Other Accounts. When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, and then unrestricted resources as they are needed.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Restricted Assets (continued)**

The following is a schedule of restricted assets and liabilities at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and equivalents	\$ 16,432,776	\$ 16,798,112
Interest receivable	71,478	61,466
Total current assets	<u>16,504,254</u>	<u>16,859,578</u>
Noncurrent assets		
Cash and equivalents	<u>14,941,238</u>	<u>14,951,250</u>
Total noncurrent assets	<u>14,941,238</u>	<u>14,951,250</u>
Total restricted assets	<u><u>31,445,492</u></u>	<u><u>31,810,828</u></u>
Liabilities		
Current liabilities		
Interest payable	<u>4,000,404</u>	<u>2,707,710</u>
Total restricted liabilities	<u>4,000,404</u>	<u>2,707,710</u>
Net position		
Debt service	12,445,088	14,103,118
Other bond covenants	<u>15,000,000</u>	<u>15,000,000</u>
Total restricted net position	<u>27,445,088</u>	<u>29,103,118</u>
Total restricted liabilities and net position	<u><u>\$ 31,445,492</u></u>	<u><u>\$ 31,810,828</u></u>

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

**Capital Assets and Accumulated Depreciation**

The practice of the Board is to capitalize expenditures for property, plant additions and improvements, equipment, infrastructure, and intangible assets. Capital assets are defined by the Board as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the books and any resulting gain or loss is recognized in non-operating revenue for the year. Contributions of property are recorded at the contributor's cost, which approximates acquisition value by the Board. The cost of normal maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized.

Provision for depreciation of capital assets is made on a basis considered adequate to amortize the cost of depreciable assets over their estimated useful lives.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives presented in years:

Municipal water and sewer	50 years
Municipal wastewater treatment plants	24 years
Machinery and equipment	5 years
Vehicles and light trucks	5 years
Heavy general purpose trucks	6 years
Office furniture and equipment	7 years
Computer equipment	5 years
Data handling equipment, except computers	6 years
Administrative buildings	50 years

Capital assets acquired with resources externally restricted for capital acquisition (e.g., capital grants) and contributions of lines from external sources are recorded as capital contributions.

Capital assets having an indefinite useful life, such as land and easements, are capitalized but not amortized.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

**Deferred Outflows and Inflows of Resources**

The balance sheet reports deferred outflows of resources separately from assets. Deferred outflows of resources represent a consumption of net assets that applies to future periods. These outflows will not be recognized as such until the applicable future period.

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. These items will not be recognized as inflows of resources until the applicable future period.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Board's Retiree Benefits Plan and additions to/deductions from the Board's fiduciary net position have been determined on the same basis as they are reported by the Board. For this purpose, the Board recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Bond Discounts, Premiums, and Issuance Costs**

Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of related debt.

Bond discount and premiums are presented as a reduction/addition to the face amount of the bonds payable and amortized over the life of the related debt using the interest method.

Gains and losses upon refinancing of long-term debt are captured as deferred inflows or outflows and amortized over the shorter of the remaining life of the old debt refinanced or the life of the new debt issued. Amortization of gains and losses related to the refinancing of long-term debt is recognized on a straight-line basis.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

**Compensated Absences**

The Board's policy is to permit employees to accumulate earned but unused vacation and sick leave, which will be paid to employees upon separation from the Board's service. All vacation pay is accrued when earned. For employees hired prior to January 1, 2013, 75% of sick leave is payable only to those retiring from the system after 25 years of service at any age or age 60 with 10 years of service. For those employees hired beginning January 1, 2013, the requirements are age 62 with 10 years of service.

**Customer Deposits**

Customer meter deposits are recorded as a liability, until such time they are refunded. GASB requires the cash related to customer meter deposits be presented as a restricted asset. The Board considers \$6,766,778 and \$6,413,500 of its investments and unrestricted cash as of December 31, 2023 and 2022 as being restricted for customer deposits.

**Net Position**

Net position is divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted - consist of net position that is restricted by the Board's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the Board).

Unrestricted - all other net position is reported in this category.

**Recognition of Revenue**

Business activity revenues are recognized when water is used by the customer or services are provided to the customer. Meters are read throughout the month.



**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

**Recognition of Revenue (continued)**

Fiduciary fund revenues are recognized when earned. Earned revenues include the change in fair value of investments for the reporting period as all investments are carried at fair value in the statement of fiduciary net position.

**Operating Revenues and Expenses**

Operating revenues and expenses result from providing water and wastewater services, which are the Board's principal ongoing operations. The Board also recognizes connection charges and capacity fees to connect to the system as operating revenues. Operating expenses include the costs to provide these services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**Taxes**

The Board is not subject to federal and state income taxes. The Board collects utility taxes from its customers on behalf of the State of Alabama. Revenue is presented net of taxes collected in the statements of revenues, expenses, and changes in net position.

**Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Pension Plan**

Substantially all of the Board's employees are participants in the Employees' Retirement System of Alabama. 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.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

**Pension Plan (continued)**

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.

**Reclassifications**

For comparability, certain 2022 amounts may have been reclassified, where necessary, to conform to current year presentation with no effect on the increase in net position.

**NOTE 2 - Deposits and Investments**

*Interest rate risk.* The Board manages its exposure to fair value losses arising from increasing interest rates by limiting the investment period to five years or less for most accounts or having an average maturity life of five years or less, based on cash flow needs. The Board's policy is that investment securities shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such funds.

*Credit risk.* As a general rule, the Board's investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. During the year, the Board's investments in bonds of U.S. Government Agencies were rated AA+ by Standard and Poor's, and Aaa by Moody's Investors Service.

*Concentration of credit risk.* The Board's investment policy places no limit on the amount the Board may invest in any one issuer.

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that, in the event of a bank failure, the Board's deposits may not be returned to it.

The Board requires each depository to be a bank or trust company having capital stock, surplus, and undivided earnings of \$50 million or more. All moneys held in deposit shall be insured or collateralized under the Security for Alabama Funds Enhancement ("SAFE") Program, a mandatory pooled custody account administered by the Alabama State Treasurer for all Alabama public deposits.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 2 - Deposits and Investments (continued)**

Each of the banks holding the Board’s deposits is a certified participant in the SAFE program through a collateral pool administered by the Alabama State Treasurer. The Board’s policy allows the purchase of certificates of deposit from a bank that has a combined capital, surplus and undivided profits of not less than \$3 million and whose deposits are fully insured or collateralized under the SAFE Program.

*Custodial credit risk - investments.* In the case of investments this is the risk that, in the event of the failure of the counter party (e.g. broker - dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Board’s investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments.

*Fair value disclosures.* Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is described as an exit price.

Recurring fair value measurements are those that the GASB requires or permits in the balance sheet at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value.

Level 1 - Inputs based on quoted prices for identical assets

Level 2 - Inputs are significant other observable inputs

Level 3 - Inputs are significant unobservable inputs

The fair value measurements of the Board’s investments at December 31, 2023 and 2022 are as follows:

2023	Level 1	Total
U.S. Government Agencies	\$ -	\$ -
Certificates of Deposit	903,970	903,970
Total	\$ 903,970	\$ 903,970
2022	Level 1	Total
U.S. Government Agencies	\$ 254,911	\$ 254,911
Certificates of Deposit	887,401	887,401
Total	\$ 1,142,312	\$ 1,142,312

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 2 - Deposits and Investments (continued)**

The fair value measurements of investments held by the Board's OPEB Trust at December 31, 2023 and 2022 are as follows:

2023	Level 1	Level 2	Total
Common Stock	\$ 5,856,891	\$ -	\$ 5,856,891
Mutual Funds - Equity	2,242,705	-	2,242,705
U.S. Government Obligations	1,802,468	-	1,802,468
Mortgage Backed Securities	-	1,973,092	1,973,092
Corporate Bonds	-	2,806,789	2,806,789
Foreign Stock	581,946	-	581,946
Mutual Funds - International	506,345	-	506,345
Total	<u>\$ 10,990,355</u>	<u>\$ 4,779,881</u>	<u>\$15,770,236</u>

2022	Level 1	Level 2	Total
Common Stock	\$ 5,806,839	\$ -	\$ 5,806,839
Mutual Funds - Equity	1,077,543	-	1,077,543
U.S. Government Obligations	1,608,319	-	1,608,319
Mortgage Backed Securities	-	1,765,077	1,765,077
Corporate Bonds	-	3,052,804	3,052,804
Foreign Stock	538,394	-	538,394
Mutual Funds - International	460,400	-	460,400
Total	<u>\$ 9,491,495</u>	<u>\$ 4,817,881</u>	<u>\$14,309,376</u>

**NOTE 3 - Capital Assets and Accumulated Depreciation**

Major outlays for capital assets and improvements are capitalized during project construction. The Board adopted the provisions of GASB Statement No. 89 during 2018, which requires the Board to expense interest during the construction phase of capital assets as incurred.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 3 - Capital Assets and Accumulated Depreciation (continued)**

Capital asset activity for the year ended December 31, 2023 is as follows:

<u>Capital Assets</u>	<u>1/1/2023</u>	<u>Additions</u>	<u>Transfers / Deletions</u>	<u>12/31/2023</u>
Capital assets not being depreciated				
Land	\$ 11,910,691	\$ 680,491	\$ -	\$ 12,591,182
Construction in progress	149,921,095	65,406,508	70,180,355	145,147,248
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets not being depreciated	161,831,786	66,086,999	70,180,355	157,738,430
Capital assets being depreciated:				
Buildings and improvements	30,504,949	801,331	285,431	31,020,849
Equipment and furniture	36,550,259	1,805,757	275,178	38,080,838
Vehicles	12,433,992	1,235,633	1,088,178	12,581,447
Water and sewer systems	939,802,409	71,749,916	3,645,495	1,007,906,830
Timber rights and other intangibles	5,534,223	28,002	-	5,562,225
SBITA right-of-use asset	2,386,741	-	-	2,386,741
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated	1,027,212,573	75,620,639	5,294,282	1,097,538,930
Less accumulated depreciation and amortization:				
Buildings and improvements	11,319,064	772,696	41,863.00	12,049,897
Equipments and furniture	30,486,955	2,126,423	266,178	32,347,200
Vehicles	10,225,626	1,027,038	1,048,668	10,203,996
Water and sewer systems	442,422,427	20,818,427	2,540,361	460,700,493
Timber rights and other intangibles	4,215,103	339,949	-	4,555,052
SBITA right-of-use asset	298,205	495,234	-	793,439
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	498,967,380	25,579,767	3,897,070	520,650,077
Total capital assets being depreciated, net	528,245,193	50,040,872	1,397,212	576,888,853
Capital assets, net	<hr/> <u>\$ 690,076,979</u>	<hr/> <u>\$ 116,127,871</u>	<hr/> <u>\$ 71,577,567</u>	<hr/> <u>\$ 734,627,283</u>

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 3 - Capital Assets and Accumulated Depreciation (continued)**

Capital asset activity for the year ended December 31, 2022 is as follows:

<u>Capital Assets</u>	<u>Restated 1/1/2022</u>	<u>Additions</u>	<u>Transfers / Deletions</u>	<u>Restated 12/31/2022</u>
Capital assets not being depreciated:				
Land	\$ 11,784,949	\$ 125,742	\$ -	\$ 11,910,691
Construction in progress	121,777,877	52,569,334	24,426,116	149,921,095
Total assets not being depreciated	<u>133,562,826</u>	<u>52,695,076</u>	<u>24,426,116</u>	<u>161,831,786</u>
Capital assets being depreciated:				
Buildings and improvements	30,162,577	342,372	-	30,504,949
Equipment and furniture	37,731,865	1,350,914	2,532,520	36,550,259
Vehicles	13,399,425	779,388	1,744,821	12,433,992
Water and sewer systems	914,015,738	25,906,668	119,997	939,802,409
Timber rights and other intangibles	5,053,455	480,768	-	5,534,223
SBITA right-of-use asset	2,386,741	-	-	2,386,741
Total capital assets being depreciated	<u>1,002,749,801</u>	<u>28,860,110</u>	<u>4,397,338</u>	<u>1,027,212,573</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	10,557,651	761,413	-	11,319,064
Equipments and furniture	30,956,811	2,039,366	2,509,222	30,486,955
Vehicles	10,986,723	983,724	1,744,821	10,225,626
Water and sewer systems	422,872,208	19,670,216	119,997	442,422,427
Timber rights and other intangibles	3,858,321	356,782	-	4,215,103
SBITA right-of-use asset	-	298,205	-	298,205
Total accumulated depreciation	<u>479,231,714</u>	<u>24,109,706</u>	<u>4,374,040</u>	<u>498,967,380</u>
Total capital assets being depreciated, net	<u>523,518,087</u>	<u>4,750,404</u>	<u>23,298</u>	<u>528,245,193</u>
Capital assets, net	<u>\$ 657,080,913</u>	<u>\$ 57,445,480</u>	<u>\$ 24,449,414</u>	<u>\$ 690,076,979</u>

**BOARD OF WATER AND SEWER COMMISSIONERS  
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**NOTE 4 - Deferred Outflows and Inflows of Resources**

Changes in deferred outflows and inflows (other than pension and OPEB related items discussed in Notes 5 and 6) for the years ended December 31, 2023 and 2022 were as follows (in thousands):

	<u>1/1/2023</u>	<u>Additions</u>	<u>Amortization</u>	<u>12/31/2023</u>
Deferred outflows of resources:				
Deferred charge on bond refunding	\$ 1,663	\$ -	\$ (137)	\$ 1,526
Deferred inflows of resources:				
Deferred lease inflows	\$ 758	\$ -	\$ (260)	\$ 498
Deferred principle forgiveness inflows	-	2,163	-	2,163
Deferred grant receipts	-	3,075	-	3,075
	<u>\$ 758</u>	<u>\$ 5,238</u>	<u>\$ (260)</u>	<u>\$ 5,736</u>
				Restated
	<u>1/1/2022</u>	<u>Additions</u>	<u>Amortization</u>	<u>12/31/2022</u>
Deferred outflows of resources:				
Deferred charge on bond refunding	\$ 1,823	\$ -	\$ (160)	\$ 1,663
Deferred inflows of resources:				
Deferred lease inflows	\$ -	\$ 1,018	\$ (260)	\$ 758

**NOTE 5 - Pension Plan**

**General Information about the Pension Plan**

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

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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 - Pension Plan (continued)**

**General Information about the Pension Plan (continued)**

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.



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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 - Pension Plan (continued)**

**General Information about the Pension Plan (continued)**

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 Legislature of 2019 allowed employees who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and laws 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.

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**NOTE 5 - Pension Plan (continued)**

**General Information about the Pension Plan (continued)**

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

	<u>ERS</u>	<u>Board</u>
Retirees and beneficiaries currently receiving benefits	30,598	280
Terminated employees entitled to but not yet receiving benefits	2,286	11
Terminated employees not entitled to a benefit	18,689	41
Active members	57,278	304
Post-DROP participants still in active service	39	-
Total	<u>108,890</u>	<u>636</u>

As of September 30, 2021, membership consisted of:

	<u>ERS</u>	<u>Board</u>
Retirees and beneficiaries currently receiving benefits	29,727	264
Terminated employees entitled to but not yet receiving benefits	2,130	8
Terminated employees not entitled to a benefit	16,415	41
Active members	56,184	333
Post-DROP participants still in active service	54	-
Total	<u>104,510</u>	<u>646</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.

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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 - Pension Plan (continued)**

**General Information about the Pension Plan (continued)**

Employers participating in the ERS pursuant to *Code 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 December 31, 2023 and 2022, the Board's active employee contribution rate was 6.93% and 7.02%, respectively, of covered employee payroll, and the Board's average contribution rate to fund the normal and accrued liability costs was 11.36% and 11.05%, respectively, of pensionable payroll.

The Board's contractually required contribution rate for the year ended September 30, 2023, was 11.95% of pensionable pay for Tier 1 employees, and 11.91% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of 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 \$2,217,302 and \$2,082,537 for the years ended December 31, 2023 and 2022, respectively.

**BOARD OF WATER AND SEWER COMMISSIONERS  
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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 - Pension Plan (continued)**

**Net Pension Liability**

The Board’s net pension liability study was measured using the measurement dates of September 30, 2022 and 2021. The Board has considered additional liability and contributions through December 31, 2023 and 2022, respectively. The Board has adjusted the net pension liability per valuation made as of the measurement dates of the September 30, 2022 and 2021 valuation to include additional liabilities and contributions made through the Board’s fiscal years ending December 31, 2023 and 2022, respectively.

	2023	2022
Net pension liability per study	\$ 43,481,268	\$ 28,512,731
Roll-forward amounts:		
Additional liabilities	2,464,766	1,723,333
Employer contributions	(2,013,050)	(2,085,634)
	\$ 43,932,984	\$ 28,150,430

**BOARD OF WATER AND SEWER COMMISSIONERS  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 - Pension Plan (continued)**

**Net Pension Liability (continued)**

The total pension liability used to calculate 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:

	<u>Expected</u>	<u>Actual Before Plan Changes</u>	<u>Actual After Plan Changes</u>
(a) TPL as of September 30, 2021	\$ 115,859,609	\$ 113,328,479	\$ 113,513,753
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period			
October 1, 2021 - September 30, 2022	1,609,071	1,609,071	1,625,857
(d) Transfers Among Employers:	-	(150,177.00)	(150,177)
(e) Actual Benefit Payments and Refunds for the period			
October 1, 2021 - September 30, 2022	<u>(7,644,391)</u>	<u>(7,644,391)</u>	<u>(7,644,391)</u>
(f) TPL as of September 30, 2022			
= [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 118,171,076</u>	<u>\$ 115,301,200</u>	<u>\$ 115,517,063</u>
(g) Difference between Expected and Actual:		\$ (2,869,876)	
(h) Less Liability Transferred for Immediate Recognition:		\$ (150,177)	
(i) Difference between Expected and Actual - Experience (Gain)/Loss		\$ (2,719,699)	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain)/Loss			\$ 215,863

**BOARD OF WATER AND SEWER COMMISSIONERS  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 - Pension Plan (continued)**

**Net Pension Liability (continued)**

The total pension liability used to calculate net pension liability was determined by an actuarial valuation as of September 30, 2020, rolled forward to September 30, 2021 using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>	<u>Actual After 2020 Experience Study</u>
(a) TPL as of September 30, 2020	\$ 112,559,677	\$ 110,634,055	\$ 110,634,055	\$ 113,456,175
(b) Discount rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 - September 30, 2021	1,619,186	1,619,186	1,619,186	1,763,209
(d) Transfers Among Employers:	-	84,016	84,016	84,016
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 - September 30, 2021	<u>(7,612,703)</u>	<u>(7,612,703)</u>	<u>(7,612,703)</u>	<u>(7,612,703)</u>
(f) TPL as of September 30, 2021 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 114,940,166</u>	<u>\$ 112,950,287</u>	<u>\$ 112,950,287</u>	<u>\$ 115,859,609</u>
(g) Difference between Expected and Actual:		\$ (1,989,879)		
(h) Less Liability Transferred for Immediate Recognition:		\$ 84,016		
(i) Difference between Expected and Actual - Experience (Gain)/Loss		\$ (2,073,895)		
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/Loss			\$ -	
(k) Difference between Actual TPL Before and After 2020 Experience Study - Assumption Change (Gain)/Loss				\$ 2,909,322

**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%
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%, net of pension plan investment expense, including inflation

**BOARD OF WATER AND SEWER COMMISSIONERS  
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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 - Pension Plan (continued)**

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

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

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.

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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 - Pension Plan (continued)**

The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed income	15.00%	2.80%
U.S. large stocks	32.00%	8.00%
U.S. mid stocks	9.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stocks	12.00%	9.50%
International emerging market stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real estate	10.00%	6.50%
Cash	5.00%	1.50%
	<u>100.00%</u>	

\* Includes assumed rate of inflation of 2.00%.

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



**BOARD OF WATER AND SEWER COMMISSIONERS  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 - Pension Plan (continued)**

**Changes in Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at September 30, 2020	\$ 112,559,677	\$ 75,051,613	\$ 37,508,064
Changes for the year:			
Service cost	1,619,186	-	1,619,186
Interest	8,374,006	-	8,374,006
Changes of benefit terms	-	-	-
Changes of assumptions	2,909,322	-	2,909,322
Difference between expected and actual experience	(2,073,895)	-	(2,073,895)
Contributions - employer	-	2,085,634	(2,085,634)
Contributions - employee	-	1,508,778	(1,508,778)
Net investment income	-	16,229,540	(16,229,540)
Benefit payments, including refunds of employee contributions	(7,612,703)	(7,612,703)	-
Administrative expense	-	-	-
Transfers among employers	84,016	84,016	-
Net changes	<u>3,299,932</u>	<u>12,295,265</u>	<u>(8,995,333)</u>
Balances at September 30, 2021	\$ 115,859,609	\$ 87,346,878	\$ 28,512,731
Changes for the year:			
Service cost	1,609,071	-	1,609,071
Interest	8,346,787	-	8,346,787
Changes of benefit terms	215,863	-	215,863
Changes of assumptions	-	-	-
Difference between expected and actual experience	(2,719,699)	-	(2,719,699)
Contributions - employer	-	2,013,050	(2,013,050)
Contributions - employee	-	1,358,329	(1,358,329)
Net investment income	-	(10,887,894)	10,887,894
Benefit payments, including refunds of employee contributions	(7,644,391)	(7,644,391)	-
Administrative expense	-	-	-
Transfers among employers	(150,177)	(150,177)	-
Net changes	<u>(342,546)</u>	<u>(15,311,083)</u>	<u>14,968,537</u>
Balances at September 30, 2022	<u>\$ 115,517,063</u>	<u>\$ 72,035,795</u>	<u>\$ 43,481,268</u>

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 - Pension Plan (continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following table presents the Board’s net pension liability calculated using the discount rate of 7.45%, as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate.

	<b>2023</b>		
	<b>1% Decrease (6.45%)</b>	<b>Current Discount Rate (7.45%)</b>	<b>1% Increase (8.45%)</b>
	Plan's Net Pension Liability (Asset)	\$ 56,400,945	\$ 43,481,268
	<b>2022</b>		
	<b>1% Decrease (6.45%)</b>	<b>Current Discount Rate (7.45%)</b>	<b>1% Increase (8.45%)</b>
Plan's Net Pension Liability (Asset)	\$ 41,669,098	\$ 28,512,731	\$ 17,386,843

*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 [www.rsa-al.gov](http://www.rsa-al.gov).

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the years ended December 31, 2023 and 2022, the Board recognized pension expense of \$5,924,623 and \$536,438, respectively.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 - Pension Plan (continued)**

At December 31, 2023, the Board reported deferred outflows of resources related to pensions of the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,604,878	\$ 3,567,559
Changes in assumptions	2,003,856	-
Net difference between projected and actual earnings on plan investments	8,748,993	-
Total	\$ 12,357,727	\$ 3,567,559

At December 31, 2022, the Board reported deferred outflows of resources related to pensions of the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,353,733	\$ 1,886,968
Changes in assumptions	2,586,675	-
Net difference between projected and actual earnings on plan investments	-	6,325,029
Total	\$ 4,940,408	\$ 8,211,997

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

Year ended December 31:	
2024	\$ 2,796,418
2025	1,805,873
2026	1,241,965
2027	3,050,516
2028	(104,604)
Total	\$ 8,790,168

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 6 - Other Post-Employment Benefits**

**General Information about the OPEB Plan**

***Basis of Accounting.*** The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the Board has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

***Method Used to Value Investments.*** Plan assets have been segregated and restricted in an irrevocable trust fund with a local custodian bank. Plan assets are dedicated to providing retiree benefits and are protected from creditors. Investments are reported at fair value, which is determined by the trustee based on most recent bid and asked prices.

***Plan Description and Benefits Provided.*** The Board provides certain health care and life insurance benefits to its retired employees, as a part of a single-employer defined benefit plan. Benefits include healthcare and dental care for eligible retirees and for retiree spouses to age 65 through the Board’s group health insurance plan, which covers both active and retired members. The Board self-funds its health and dental benefit plan. For retirees over age 65, the Board provides a supplemental Medicare policy. Life insurance is provided for retirees meeting eligibility requirements. No separate stand-alone OPEB plan financial statements are publicly available. However, information on funding progress, contributions, and other elements are included in these financial statements.

***Employees Covered by Benefit Terms.*** For health and dental benefits, eligible employees must have been hired prior to January 1, 2002 and retire from the Board after meeting age and years of service conditions. For life insurance benefits, eligible employees must have been hired prior to September 1, 1994 and retire from the Board after meeting age and years of service conditions. At December 31, 2023 and 2022, membership data for the OPEB plan is as follows:

	<b>2023</b>	<b>2022</b>
Inactive plan members or beneficiaries currently receiving benefit payments	223	200
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Active plan members	305	373
Total	528	573

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 6 - Other Post-Employment Benefits (continued)**

**General Information about the OPEB Plan (continued)**

*Contributions.* For employees hired prior to January 1, 2002 (health and dental benefits) and September 1, 1994 (life insurance benefits), the Board pays 100% of life insurance for the retiree (up to \$15,000 coverage) and from 50% to 100% of the health and dental benefit for the retiree (up to age 65) and family (spouse up to age 65 and dependents through age 25), depending on both age and years of service at the time of retirement. Once the retiree reaches age 65, a portion of the cost of a Medicare supplement premium is paid by the Board for the retiree only. The required contribution is based on projected pay-as-you go financing requirements. For employees hired after January 1, 2002, the employee may continue health and dental coverage by paying 102% of the rate calculated for the plan, with coverage ceasing for the retired employee and/or the spouse when reaching age 65. Once a retiree is deceased, spouse and/or dependents are eligible for COBRA and are removed from the retiree health and dental insurance plan.

The Board of Directors also serves as the Board for the Fiduciary Fund. The Board contributed \$331,275 and \$358,977 to the Fiduciary Fund for future benefits for 2023 and 2022, respectively. Plan members receiving benefits contributed \$829,746 and \$320,000 of the cost in 2023 and 2022, respectively. The contribution requirements of retirees and the Board are established and may be modified, reduced, or amended by the Board.

**Net OPEB Liability**

The Board's net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023.

*Actuarial Assumptions.* The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Mid-term: 3.0%, ultimate 2.50%.
Investment rate of return	4.75%
Salary increases	3.25% to 6.00%, including inflation; varies by years of service.
Healthcare cost trend rates	Starting at 6.50% followed by 6.00% in the second year and gradually decreasing according to the Getzen Model to an ultimate trend rate of 4.00% by 2050.

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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 6 - Other Post-Employment Benefits (continued)**

**General Information about the OPEB Plan (continued)**

Mortality rates were based on the Pub-2010, Headcount-Weighted, Below-Median Income, General Employees' mortality tables with fully generational projection using MP-2021 for non-disabled lives. These tables are based on a mortality study of public pension plans by the Society of Actuaries (SOA).

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Mid-term: 2.15%, ultimate 2.5%.
Investment rate of return	4.25%
Salary increases	3.25% to 5.00%, including inflation; varies by years of service.
Healthcare cost trend rates	Starting at 6.00% followed by 5.75% in the second year and gradually decreasing according to the Getzen Model to an ultimate trend rate of 3.75% by 2040.

Mortality rates were based on the Pub-2010, Headcount-Weighted, Below-Median Income, General Employees' mortality tables with fully generational projection using MP-2019 for non-disabled lives. These tables are based on a mortality study of public pension plans by the Society of Actuaries (SOA).

**Discount Rate.** The discount rate used to measure the total OPEB liability at December 31, 2023 and 2022 was 4.75% and 4.25%, respectively. The projection of cash flows used to determine the discount rate assumed that the Board's contributions will be made at amounts equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future OPEB benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**BOARD OF WATER AND SEWER COMMISSIONERS  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 6 - Other Post-Employment Benefits (continued)**

**Changes in the Net OPEB Liability**

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a) - (b)</b>
Balances at 12/31/2021	<u>\$ 18,052,301</u>	<u>\$ 18,925,147</u>	<u>\$ (872,846)</u>
Changes for the year:			
Service cost	174,616	-	174,616
Interest	747,042	-	747,042
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	678,977	(678,977)
Net investment income (loss)	-	(2,869,697)	2,869,697
Benefit payments	(1,298,937)	(1,657,913)	358,976
Net changes	<u>(377,279)</u>	<u>(3,848,633)</u>	<u>3,471,354</u>
Balances at 12/31/2022	\$ 17,675,022	\$ 15,076,514	\$ 2,598,508
Changes for the year:			
Service cost	137,416	-	137,416
Interest	737,438	-	737,438
Differences between expected and actual experience	903,633	-	903,633
Changes of assumptions	921,400	-	921,400
Contributions - employer	-	1,161,020	(1,161,020)
Net investment income (loss)	-	2,296,984	(2,296,984)
Benefit payments	(921,898)	(1,253,173)	331,275
Net changes	<u>1,777,989</u>	<u>2,204,831</u>	<u>(426,842)</u>
Balances at 12/31/2023	<u>\$ 19,453,011</u>	<u>\$ 17,281,345</u>	<u>\$ 2,171,666</u>

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 6 - Other Post-Employment Benefits (continued)**

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the plan's total OPEB liability, calculated using a discount rate, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease (3.75%)	Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB liability - 12/31/2023	\$ 4,080,516	\$ 2,171,666	\$ 555,701
	1% Decrease (3.25%)	Discount Rate (4.25%)	1% Increase (5.25%)
Net OPEB liability - 12/31/2022	\$ 4,422,712	\$ 2,598,508	\$ 1,038,410

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability - 12/31/2023	\$ 485,112	\$ 2,171,666	\$ 4,170,680
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability - 12/31/2022	\$ 913,218	\$ 2,598,508	\$ 4,581,086



**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 6 - Other Post-Employment Benefits (continued)**

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

For the year ended December 31, 2023, the Board recognized OPEB income of \$1,938,851. At December 31, 2023, the Board reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 826,684	\$ 152,279
Changes of assumptions and other inputs	791,887	266,981
Net difference between projected and actual earnings on OPEB plan investments	2,191,928	2,165,198
Total	<u>\$ 3,810,499</u>	<u>\$ 2,584,458</u>

For the year ended December 31, 2022, the Board recognized OPEB income of \$2,115,655. At December 31, 2022, the Board reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 109,994	\$ 914,269
Changes of assumptions	45,636	1,601,885
Net difference between projected and actual earnings on OPEB plan investments	2,922,570	1,717,760
Total	<u>\$ 3,078,200</u>	<u>\$ 4,233,914</u>

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 6 - Other Post-Employment Benefits (continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2023 will be recognized in OPEB expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ -	\$ 226,363
2025	490,646	-
2026	761,097	-
2027	5,124	-
2028	195,537	-
Thereafter	-	-
	\$ 1,452,404	\$ 226,363

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**NOTE 7 - Health Insurance Claims Liability**

The Board self-funds its health and dental care benefit plan for its employees and retirees. The Board has an administrative service agreement with an insurance carrier to serve as claims administrator for its health and dental care benefits. In order to limit claims cost, the Board has an excess risk insurance policy which covers claims exceeding \$135,000 per year per covered person with an aggregating specific deductible of \$140,000 per year.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 7 - Health Insurance Claims Liability (continued)**

The policy has an unlimited specific maximum per covered person. The actuarial estimate for the Board's claims liability at December 31, 2023 and 2022 of \$343,300 and \$471,100, respectively, was provided by the claim's administrator, net of refunds due and is included in the Board's contingent insurance liability on the balance sheet.

Changes in the balances of claims liabilities during the past year were as follows:

<b>Self-Insured Health Insurance:</b>	<b>Year ended 12/31/2023</b>	<b>Year ended 12/31/2022</b>	<b>Year ended 12/31/2021</b>
Claims liability, beginning of year	\$ 727,863	\$ 549,600	\$ 456,600
Insured claims and expenses	4,689,147	6,741,542	6,770,040
Claims payments	(5,073,710)	(6,820,042)	(6,677,040)
Claims settlements, excess policy	-	-	-
Claims liability, end of year	<u>\$ 343,300</u>	<u>\$ 471,100</u>	<u>\$ 549,600</u>

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 8 - Bonds Payable**

The Board issues water and sewer revenue bonds to provide funds for the acquisition and construction of major capital assets, including infrastructure. The water and sewer revenue bonds are on parity, while the State Revolving Fund bonds are subordinate. Total operating revenues are pledged as security on the bonds, regardless of the source of the revenue or the use of the proceeds.

	<b>2023</b> <b>(in thousands)</b>	<b>2022</b> <b>(in thousands)</b>
Series 2014 \$102,375,000 Water and Sewer Revenue Bonds, issued November 1, 2014, at 4% to 5%, due annually through January 1, 2036	\$ -	\$ 950
Series 2016 \$22,240,000 Water and Sewer Revenue Bonds, issued February 4, 2016, at 1.84%, due annually through August 15, 2025.	2,130	7,050
Series 2022 \$103,040,000 Water and Sewer Revenue Bonds, issued October 6, 2022, at 2.78%, due annually through January 1, 2036.	103,040	103,040
SRF 2004 \$10,310,000 Subordinated Revenue Bond, issued November 1, 2004, at 3.05%, due annually through August 15, 2024.	680	1,340
SRF 2012-CWSRF-DL \$20,000,000 Subordinated Revenue Bond issued August 15, 2012, at 2.90%, due annually through February 15, 2032.	10,435	11,435
SRF 2014-CWSRF-DL \$20,010,000 Subordinated Revenue Bond issued August 15, 2014, at 2.45%, due annually through August 15, 2024.	12,205	13,160
SRF 2016-CWSRF-DL \$19,950,000 Subordinated Revenue Bond issued September 15, 2016, at 1.45% to 2.20%, due annually through August 15, 2036.	13,940	14,855
SRF 2018-CWSRF \$31,510,000 Subordinated Revenue Bond issued November 1, 2018, at 2.20%, due annually through August 15, 2038.	24,880	26,265

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 8 - Bonds Payable (continued)**

	<u>2023</u> <u>(in thousands)</u>	<u>2022</u> <u>(in thousands)</u>
SRF 2018-DWSRF \$7,510,000 Subordinated Revenue Bond issued November 1, 2018, at 2.20%, due annually through August 15, 2038.	5,925	6,255
SRF 2019-CWSRF \$10,010,000 Subordinated Revenue Bond issued November 1, 2019, at 2.20%, due annually through August 15, 2039.	8,340	8,770
SRF 2019-DWSRF \$20,010,000 Subordinated Revenue Bond issued August 1, 2019, at 2.20%, due annually through February 15, 2039.	16,675	17,535
SRF 2020-CWSRF \$32,260,000 Subordinated Revenue Bond issued February 15, 2020, at 2.20%, due annually through February 15, 2040.	28,270	29,630
SRF 2021-CWSRF \$36,000,000 Subordinated Revenue Bond issued March 1, 2021, at 2.20%, due annually through February 15, 2041.	33,065	34,550
SRF 2021-DWSRF \$32,260,000 Subordinated Revenue Bond issued March 1, 2021, at 2.20%, due annually through February 15, 2041.	11,815	12,345
SRF 2022-CWSRF \$41,015,000 Subordinated Revenue Bond issued February 15, 2022, at 2.20%, due annually through February 15, 2042.	39,360	41,015
SRF 2022-DWSRF \$15,365,000 Subordinated Revenue Bond issued February 15, 2022, at 2.20%, due annually through February 15, 2042.	14,745	15,365
SRF 2023-CWSRF \$36,845,000 Subordinated Revenue Bond issued March 1, 2023, at 1.99%, due annually through February 15, 2043.	36,845	-
SRF 2023-DWSRF-A \$2,210,000 Subordinated Revenue Bond issued March 1, 2023, at 1.99%, due annually through February 15, 2043.	2,210	-

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 8 - Bonds Payable (continued)**

	<b>2023</b>	<b>2022</b>
	<b>(in thousands)</b>	<b>(in thousands)</b>
SRF 2023-DWSRF-B \$4,715,000 Subordinated Revenue Bond issued March 1, 2023, at 1.99%, due annually through February 15, 2043.	4,715	-
SRF 2023-DWSRF-C \$6,520,000 Subordinated Revenue Bond issued March 1, 2023, at 1.99%, due annually through February 15, 2043.	6,520	-
SRF 2023-DWSRF-D \$7,345,000 Subordinated Revenue Bond issued March 1, 2023, at 1.99%, due annually through February 15, 2043.	7,345	-
SRF 2023-DWSRF-E \$1,435,000 Subordinated Revenue Bond issued March 1, 2023, at 1.99%, due annually through February 15, 2043.	1,435	-
Subtotal	\$ 384,575	\$ 343,560
Plus: bond premium	4,376	4,921
Total bonds payable	<u>\$ 388,951</u>	<u>\$ 348,481</u>

The following is a schedule of maturities of bonds payable:

Years Ending December 31,	Principal	Interest	Total
	(In thousands)	(In thousands)	(In thousands)
2024	\$ 16,430	\$ 8,919	\$ 25,349
2025	19,390	8,497	27,887
2026	19,920	8,027	27,947
2027	21,405	7,537	28,942
2028	21,915	7,020	28,935
2029-2033	130,400	25,880	156,280
2034-2038	110,315	10,467	120,782
2039-2043	44,800	1,857	46,657
Subtotals	384,575	78,204	462,779
Plus: bond premium	4,376	(4,376)	-
Total bonds payable	<u>\$ 388,951</u>	<u>\$ 73,828</u>	<u>\$ 462,779</u>

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 8 - Bonds Payable (continued)**

**Subordinated Water and Sewer Revenue Bond Series 2023-CWSRF-DL**

On March 1, 2023, the Board issued a \$36,845,000 Subordinated Water and Sewer Revenue Bond at 1.99%. The funds will be used for improvements to the sanitary sewer system and treatment facilities.

**Subordinated Water and Sewer Revenue Bond Series 2023-DWSRF-DL**

On March 1, 2023, the Board issued a five Subordinated Water and Sewer Revenue Bonds at 1.99% each. The funds will be used for various water infrastructure improvements.

Series 2023-A-DWSRF-DL	\$ 2,210,000
Series 2023-B-DWSRF-DL	\$ 4,715,000
Series 2023-C-DWSRF-DL	\$ 6,520,000
Series 2023-D-DWSRF-DL	\$ 7,345,000
Series 2023-E-DWSRF-DL	\$ 1,435,000

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 9 - Changes in Noncurrent Liabilities**

Activity of noncurrent liabilities for the year ended December 31, 2023 and 2022 was as follows (in thousands):

	<u>1/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2023</u>	<u>Due Within One Year</u>
Bonds payable:					
Revenue bonds	\$ 109,425	\$ -	\$ 5,870	\$ 103,555	\$ 1,525
SRF bonds	234,135	59,070	12,185	281,020	14,905
Plus: Bond premium	4,921	-	545	4,376	545
Total bonds payable	<u>348,481</u>	<u>59,070</u>	<u>18,600</u>	<u>388,951</u>	<u>16,975</u>
Compensated absences	5,184	-	76	5,108	3,088
SBITA liabilities	2,085	-	459	1,626	393
Net pension liability	28,150	15,783	-	43,933	-
OPEB	2,599	-	427	2,172	-
Noncurrent liabilities	<u>\$ 386,499</u>	<u>\$ 74,853</u>	<u>\$ 19,562</u>	<u>\$ 441,790</u>	<u>\$ 20,456</u>
	<u>Restated 1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Restated 12/31/2022</u>	<u>Due Within One Year</u>
Bonds payable:					
Revenue bonds	\$ 116,482	\$ -	\$ 7,057	\$ 109,425	\$ 5,870
SRF bonds	185,825	57,995	9,685	234,135	12,185
Plus: Bond premium	5,466	-	545	4,921	546
Total bonds payable	<u>307,773</u>	<u>57,995</u>	<u>17,287</u>	<u>348,481</u>	<u>18,601</u>
Compensated absences	5,687	-	503	5,184	3,153
SBITA liabilities	2,387	-	302	2,085	459
Net pension liability	38,630	-	10,480	28,150	-
OPEB	(873)	3,472	-	2,599	-
Noncurrent liabilities	<u>\$ 353,604</u>	<u>\$ 61,467</u>	<u>\$ 28,572</u>	<u>\$ 386,499</u>	<u>\$ 22,213</u>



**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 10 - Trusteed Funds and Other Restricted Funds**

Under the terms of the new *Master Trust Indenture* dated November 1, 2014, it is required that certain funds of the Board be held in trust in the Bond Fund, the Reserve Fund, the Subordinated Debt Fund, and the Capital Improvement Fund. All money in the Revenue Fund is applied first as payment of operating expenses, the remainder applied as required in the Funds listed above, in that order. Once the \$15,000,000 reserve requirement for the Capital Improvement Fund has been met, all additional excess revenues are held in the Operating Fund as unrestricted funds. They are available for transfer to maintain the \$15,000,000 minimum at the end of each month.

**NOTE 11 - Construction Commitments**

The Board had contractual commitments of approximately \$32,372,592 and \$48,031,316 for water and sewer plant construction at December 31, 2023 and 2022, respectively. These commitments are provided by the following bond restricted accounts: State Revolving Loan Construction and Capital Improvement.

**NOTE 12 - General Usage of the System**

As of December 31, 2023, the number of customers of the water system, the sewer system, and the total combined customers of these systems was 89,068, 86,568, and 92,716, respectively. As of December 31, 2022, the number of customers of the water system, the sewer system, and the total combined customers of these systems was 86,873, 83,946, and 90,455, respectively.

**NOTE 13 - Risk Management**

The Board is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective April 15, 2002, the Board became self-insured for claims and judgments, general liability, and general automobile liability. For all other claims, the Board self-insures the first \$75,000 of each claim and carries insurance to cover any losses in excess of \$75,000. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses and attorney fees related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 13 - Risk Management (continued)**

The Board has two cases outstanding that could result in claims of up to \$2 million. One claim relates to an easement dispute and the other relates to work performed by a contractor. Based on an actuarial reserve and funding study performed by a third-party actuary, the Board recorded a liability for \$389,063 and \$1,989,512 for net cash reserves and possible unknown claims as of December 31, 2023 and 2022, respectively. All amounts are considered due within one year.

Changes in the balance of claims liabilities during the past year were as follows:

	Year Ended 12/31/2023	Year Ended 12/31/2022	Year Ended 12/31/2021
Claims liability, beginning of year	\$ 1,989,512	\$ 2,260,091	\$ 2,256,523
Estimated claims	(395,930)	(414,546)	(200,000)
Incurred claims (including IBNRs)	(688,656)	643,967	379,143
Claims and expenses paid	(515,863)	(500,000)	(175,575)
Claims liability, end of year	<u>\$ 389,063</u>	<u>\$ 1,989,512</u>	<u>\$ 2,260,091</u>

**NOTE 14 - Contingencies**

The Board is a defendant in legal proceedings involving a rate dispute and claiming property damage and personal injury. Such proceedings are not uncommon to a public water board. The Board is contesting these cases vigorously and believes the claims are without merit. For the years ended December 31, 2023 and 2022, the Board has reported a loss contingency (see Note 13) in the amount of \$389,063 and \$1,989,512, respectively, which includes an amount for claims that have occurred but not been reported as well as a reserve for outstanding claims and estimated claims expense.

During 2021, the Board entered a settlement agreement with the Alabama Department of Environmental Management (ADEM) regarding permit violations. The Board has committed to performing remedial actions that must be completed by December 31, 2026. The estimated cost of the project is approximately \$100,000,000 which will consist of system improvements.

**NOTE 15 - Trust Agreement Compliance**

The Board adopted the new Master Trust Indenture dated November 1, 2014, and is not aware of default of any of the covenants, agreements or conditions on its part contained this document. This Indenture replaces the Indenture of Trust dated November 1, 1985.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 15 - Trust Agreement Compliance (continued)**

The Board has calculated possible arbitrage rebate under the U.S. Treasury Department's regulations regarding the issuance of the 2001 Series bonds, the 2010 Series bonds, the 2014 Series bonds, and the 2016 Series bonds. Accrued arbitrage liability as of December 31, 2023 and 2022 was \$-0-.

**NOTE 16 - Subsequent Events**

The Board has evaluated subsequent events through April 26, 2024, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2023 have been incorporated into these financial statements.

**NOTE 17 - Prior Period Restatement**

Balances were restated as follows for the effects of the Board's adoption of GASB 87 and GASB 96 as of the earliest comparative period presented:

	December 31, 2022			December 31, 2022
	As Originally Reported	GASB 87 Impact	GASB 96 Impact	As Restated
Prepaid expenses	\$ 1,345,506	\$ -	\$ (98,349)	\$ 1,247,157
Lease receivable	-	758,937	-	758,937
Capital assets, net	687,988,443	-	2,088,536	690,076,979
Current liabilities	(48,005,353)	-	(458,642)	(48,463,995)
Noncurrent liabilities	(363,206,649)	-	(1,626,488)	(364,833,137)
Deferred lease inflows	-	(757,663)	-	(757,663)
Net position	(488,965,055)	(1,274)	94,943	(488,871,386)

**NOTE 18 - Operating Leases**

The Board is a lessor for leases of use of space on its water tanks. At the commencement of a lease, the Board initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 18 - Operating Leases (continued)**

The Board is a lessor for leases of use of space on its water tanks. At the commencement of a lease, the Board initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Board determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) the lease term, and (3) lease receipts as follows:

- The incremental borrowing rate used to discount the expected lease receipts to present value was 3.50%.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of base payments from the lessee.

Principal and interest to maturity for the lease receivable at December 31, 2023 are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 253,604	\$ 13,496	\$ 267,100
2025	247,213	4,347	251,560
2026	-	-	-
2027	-	-	-
2028	-	-	-
Thereafter	-	-	-
	\$ 500,817	\$ 17,843	\$ 518,660

**NOTE 19 - Subscription-based Information Technology Arrangements (SBITA)**

The Board has SBITAs that are used for various software licenses and remote hosting arrangements, which meet the capitalization criteria specified by generally accepted accounting principles. Therefore, the SBITAs have been recorded at the present value of the future minimum payments as of the inception date using an incremental borrowing rate of 3.50%.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 19 - Subscription-based Information Technology Arrangements (SBITA) (continued)**

The cost and accumulated amortization of the assets under the SBITAs totaled approximately \$2,386,741 and \$793,439, respectively, as of December 31, 2023. The cost and accumulated amortization of the assets under the SBITAs totaled approximately \$2,386,741 and \$298,205, respectively, as of December 31, 2022.

Payments on the SBITAs for years succeeding December 31, 2023 are summarized as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 393,471	\$ 56,927	\$ 450,398
2025	425,393	43,155	468,548
2026	459,521	28,267	487,788
2027	348,104	12,184	360,288
2028	-	-	-
Thereafter	-	-	-
	<b>\$ 1,626,489</b>	<b>\$ 140,533</b>	<b>\$ 1,767,022</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**THE BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE, ALABAMA**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
FOR THE MEASUREMENT DATES ENDING SEPTEMBER 30,**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service cost	\$ 1,609,071	\$ 1,619,186	\$ 1,665,153	\$ 1,601,369	\$ 1,555,364	\$ 1,549,963	\$ 1,583,878	\$ 1,556,455	\$ 1,582,611
Interest	8,346,787	8,374,006	7,967,464	7,692,237	7,387,327	7,193,341	6,968,312	6,683,650	6,387,141
Changes of benefit terms	215,863	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(2,719,699)	(2,073,895)	2,778,509	563,442	917,733	(987,496)	272,077	24,192	-
Changes of assumptions	-	2,909,322	-	-	529,314	-	1,468,458	-	-
Benefit payments, including refunds of employee contributions	(7,644,391)	(7,612,703)	(6,779,145)	(5,745,311)	(5,896,115)	(5,161,202)	(4,697,197)	(4,714,834)	(3,811,964)
Transfers among employers	(150,177)	84,016	64,570	(20,454)	9,810	275,897	349,878	-	-
Net change in total pension liability	(342,546)	3,299,932	5,696,551	4,091,283	4,503,433	2,870,503	5,945,406	3,549,463	4,157,788
Total pension liability - beginning	115,859,609	112,559,677	106,863,126	102,771,843	98,268,410	95,397,907	89,452,501	85,903,038	81,745,250
Total pension liability - end (a)	<u>\$ 115,517,063</u>	<u>\$ 115,859,609</u>	<u>\$ 112,559,677</u>	<u>\$ 106,863,126</u>	<u>\$ 102,771,843</u>	<u>\$ 98,268,410</u>	<u>\$ 95,397,907</u>	<u>\$ 89,452,501</u>	<u>\$ 85,903,038</u>
Plan Fiduciary Net Position:									
Contributions - employer	\$ 2,013,050	\$ 2,085,634	\$ 2,157,912	\$ 2,171,106	\$ 2,057,351	\$ 1,963,630	\$ 2,020,517	\$ 1,929,674	\$ 1,930,322
Contributions - member	1,358,329	1,508,778	1,482,011	1,602,284	1,481,771	1,443,549	1,465,536	1,435,421	1,450,779
Net investment income	(10,887,894)	16,229,540	4,139,937	1,877,204	6,376,383	8,037,592	5,910,185	693,537	6,362,684
Benefit payments, including refunds of employee contributions	(7,644,391)	(7,612,703)	(6,779,145)	(5,745,311)	(5,896,115)	(5,161,202)	(4,697,197)	(4,714,834)	(3,811,964)
Transfers among employers	(150,177)	84,016	64,570	(20,454)	9,810	275,897	349,878	(26,853)	(57,694)
Net change in plan fiduciary net position	(15,311,083)	12,295,265	1,065,285	(115,171)	4,029,200	6,559,466	5,048,919	(683,055)	5,874,127
Plan net position - beginning	87,346,878	75,051,613	73,986,328	74,101,499	70,072,299	63,512,833	58,463,914	59,146,969	53,272,842
Plan net position - end (b)	<u>\$ 72,035,795</u>	<u>\$ 87,346,878</u>	<u>\$ 75,051,613</u>	<u>\$ 73,986,328</u>	<u>\$ 74,101,499</u>	<u>\$ 70,072,299</u>	<u>\$ 63,512,833</u>	<u>\$ 58,463,914</u>	<u>\$ 59,146,969</u>
Net pension liability - ending (a) - (b)	\$ 43,481,268	\$ 28,512,731	\$ 37,508,064	\$ 32,876,798	\$ 28,670,344	\$ 28,196,111	\$ 31,885,074	\$ 30,988,587	\$ 26,756,069
Plan fiduciary net position as a percentage of the total pension liability	62.36%	75.39%	66.68%	69.23%	72.10%	71.31%	66.58%	65.36%	68.85%
Covered payroll	\$ 18,844,076	\$ 19,731,198	\$ 20,789,354	\$ 22,187,526	\$ 21,781,572	\$ 19,920,850	\$ 20,612,003	\$ 21,117,748	\$ 20,561,574
Net pension liability as a percentage of covered employee payroll	230.74%	144.51%	180.42%	148.18%	131.63%	141.54%	154.69%	146.74%	130.13%

This schedule is prepared to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Board will present information for those years for which information is available.

**THE BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE, ALABAMA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDING DECEMBER 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution *	\$ 2,217,302	\$ 2,082,537	\$ 2,122,316	\$ 2,221,781	\$ 2,210,267	\$ 2,152,676	\$ 2,057,430	\$ 2,522,052
Contributions in relation to the actuarially determined contribution	<u>2,217,302</u>	<u>2,082,537</u>	<u>2,122,316</u>	<u>2,221,781</u>	<u>2,210,267</u>	<u>2,152,676</u>	<u>2,057,430</u>	<u>2,522,052</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll **	\$19,510,044	\$18,844,076	\$19,731,198	\$20,789,354	\$22,187,526	\$21,378,330	\$20,547,428	\$20,612,003
Contributions as a percentage of covered-employee pa	11.36%	11.05%	10.76%	10.69%	9.96%	10.07%	10.01%	12.24%

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

\*\*Employer's covered payroll for 2023 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported.  
Contributions for fiscal year 2023 were based on the September 30, 2020 actuarial valuation.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	25.2 years
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



**THE BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE, ALABAMA**

**SCHEDULE OF CHANGES IN THE BOARD'S NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDING DECEMBER 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>TOTAL OPEB LIABILITY</b>							
Service cost	\$ 137,416	\$ 174,616	\$ 227,531	\$ 203,526	\$ 287,460	\$ 303,067	\$ 283,579
Interest	737,438	747,042	757,674	773,879	1,092,214	1,095,006	1,086,452
Differences between expected and actual experience of the total OPEB liability	903,633	-	161,151	-	(3,959,194)	(21,535)	(26,787)
Changes of assumptions and other inputs	921,400	-	66,859	-	(6,941,502)	-	-
Benefit payments	(921,898)	(1,298,937)	(1,522,027)	(1,243,377)	(1,225,351)	(1,245,337)	(1,424,834)
Net change in total OPEB liability	<u>1,777,989</u>	<u>(377,279)</u>	<u>(308,812)</u>	<u>(265,972)</u>	<u>(10,746,373)</u>	<u>131,201</u>	<u>(81,590)</u>
Total OPEB liability - beginning	<u>17,675,022</u>	<u>18,052,301</u>	<u>18,361,113</u>	<u>18,627,085</u>	<u>29,373,458</u>	<u>29,242,257</u>	<u>29,323,847</u>
Total OPEB liability - ending (a)	<u>\$19,453,011</u>	<u>\$17,675,022</u>	<u>\$18,052,301</u>	<u>\$18,361,113</u>	<u>\$18,627,085</u>	<u>\$29,373,458</u>	<u>\$29,242,257</u>
<b>PLAN FIDUCIARY NET POSITION</b>							
Contributions - employer	\$ 829,746	\$ 320,000	\$ 668,451	\$ 544,058	\$ 320,000	\$ 1,859,437	\$ 1,988,590
Net investment income	2,296,983	(2,869,696)	2,086,041	2,163,598	2,544,160	(417,342)	1,851,608
Benefit payments	(921,898)	(1,298,937)	(1,522,027)	(1,243,377)	(1,225,351)	(1,245,337)	(1,424,836)
OBEB plan administrative expense	-	-	-	-	-	(90,467)	(54,346)
Net change in plan fiduciary net position	<u>2,204,831</u>	<u>(3,848,633)</u>	<u>1,232,465</u>	<u>1,464,279</u>	<u>1,638,809</u>	<u>106,291</u>	<u>2,361,016</u>
Plan fiduciary net position - beginning	<u>15,076,514</u>	<u>18,925,147</u>	<u>17,692,682</u>	<u>16,228,403</u>	<u>14,589,594</u>	<u>14,483,303</u>	<u>12,122,287</u>
Plan fiduciary net position - ending (b)	<u>\$17,281,345</u>	<u>\$15,076,514</u>	<u>\$18,925,147</u>	<u>\$17,692,682</u>	<u>\$16,228,403</u>	<u>\$14,589,594</u>	<u>\$14,483,303</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,171,666</u>	<u>\$ 2,598,508</u>	<u>\$ (872,846)</u>	<u>\$ 668,431</u>	<u>\$ 2,398,682</u>	<u>\$14,783,864</u>	<u>\$14,758,954</u>
Plan fiduciary net position as a percentage of the total OPEB liability	88.84%	85.30%	104.84%	96.36%	87.12%	49.67%	49.53%
Covered - employee payroll	\$18,353,080	\$20,970,050	\$20,260,918	\$20,058,912	\$19,380,591	\$22,130,972	\$21,027,723
Board's net OPEB liability as a percentage of covered employee payroll	11.83%	12.39%	-4.31%	3.33%	12.38%	66.80%	70.19%

**THE BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE, ALABAMA**

**SCHEDULE OF BOARD CONTRIBUTIONS  
YEAR ENDING DECEMBER 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 829,746	\$ 319,587	\$ 306,558	\$ 775,323	\$ 320,000	\$ 1,859,437	\$ 1,988,590
Actual contribution	829,746	320,000	668,451	544,058	320,000	1,859,437	1,988,590
Contribution deficiency (excess)	\$ -	\$ (413)	\$ (361,893)	\$ 231,265	\$ -	\$ -	\$ -
Covered - employee payroll	\$18,353,080	\$20,970,050	\$20,260,918	\$20,058,912	\$19,380,591	\$22,130,972	\$21,027,723
Actual contributions as a percentage of covered-employee payroll	4.52%	1.53%	3.30%	2.71%	1.65%	8.40%	9.46%

**Notes to Schedule of Contributions:**

Valuation Date: January 1, 2023  
 Measurement Date: December 31, 2023

Methods and assumptions used to determine their contribution rates:

Actuarial cost method           Entry age normal  
 Amortization method           Level percentage of payroll, closed  
 Remaining amortization period   10 years  
 Asset valuation method           Market value  
 Inflation                           Mid-term: 3.0%, ultimate 2.50%  
 Investment rate of return       4.75%  
 Salary increases                 3.25% to 6.00%, including inflation; varies by years of service. These are the same rates used in the September 30, 2022 Actuarial Valuation of the Employees' Retirement System (ERS) of Alabama.  
 Retirement age                 Experience-based table of rates that are specific to the plan and type of eligibility condition. These are the same rates used in the September 30, 2022 Actuarial Valuation of Employees' Retirement System (ERS) of Alabama.  
 Mortality                         Pub-2010, Headcount-Weighted, Below-Median Income, General tables with fully generational projection using MP-2021 for non-disabled lives. These tables are based on a mortality study of public pension plans by the Society of Actuaries.  
 Healthcare cost trend rates     Starting at 6.50% followed by 6.00% in the second year and gradually decreasing according to the Getzen Model to an ultimate trend rate of 4.00% by 2050.  
 Aging factors                    Based on the results of the study published (June 2013) in Health Care Costs - From Birth to Death sponsored by the Society of Actuaries and authored by Mr. Dale H. Yamamoto.  
 Expenses                         Administrative expenses are included in the per capita health costs.

**SUPPLEMENTARY INFORMATION**

**THE BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE, ALABAMA**

**SCHEDULE OF BOND RESTRICTED ACCOUNTS**

**DECEMBER 31, 2023**

**(with comparative totals as of December 31, 2022)**

	<u>Total</u>	<u>Capital Improvement Fund Accounts</u>	<u>Sinking Fund Bond Service Accounts</u>	<u>State Revolving Fund Bond Service Accounts</u>	<u>2022 Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$31,374,014	\$14,941,238	\$ 2,198,330	\$14,234,446	\$31,749,362
Interest receivable	71,478	58,762	12,700	16	61,466
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$31,445,492</u>	<u>\$15,000,000</u>	<u>\$ 2,211,030</u>	<u>\$14,234,462</u>	<u>\$31,810,828</u>
<b>LIABILITIES</b>					
Interest payable	4,000,404	-	1,445,320	2,555,084	2,707,710
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	4,000,404	-	1,445,320	2,555,084	2,707,710
<b>NET POSITION</b>					
Restricted	<u>27,445,088</u>	<u>15,000,000</u>	<u>765,710</u>	<u>11,679,378</u>	<u>29,103,118</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net position	<u>\$31,445,492</u>	<u>\$15,000,000</u>	<u>\$ 2,211,030</u>	<u>\$14,234,462</u>	<u>\$31,810,828</u>

See Independent Auditor's Report on Supplementary Information.

**THE BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE, ALABAMA**

**SCHEDULE OF REVENUE FUND ACCOUNTS TRANSACTIONS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	Restated 2022
<b>OPERATING REVENUES</b>		
Water revenue		
Potable water system	\$ 47,301,665	\$ 43,119,354
Water installation charges	406,241	323,966
Capacity fees	184,240	137,900
Miscellaneous charges and services	2,799,079	3,075,711
Industrial water accounts	1,469,966	1,480,645
Total water revenue	52,161,191	48,137,576
Sewer revenue		
Sewer services	76,810,340	71,136,030
Sewer connection charges	223,863	206,506
Capacity fees	478,900	382,694
Miscellaneous charges and services	1,947,882	1,893,919
Pretreatment fees	595,033	637,761
Total sewer revenue	80,056,018	74,256,910
Total operating revenues	132,217,209	122,394,486
<b>OPERATING EXPENSES</b>		
Water supply	2,705,699	2,729,655
Water treatment	9,450,278	7,893,841
Wastewater treatment	8,891,227	7,452,375
Transmission and collection	19,904,376	18,227,053
Support services	4,531,827	4,449,602
Supervision and general expense	20,853,406	15,845,112
Total operating expenses	66,336,813	56,597,638
<b>OPERATING INCOME (revenue fund accounts)</b>	65,880,396	65,796,848
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income:		
Revenue and operating account investments	3,261,866	(38,318)
FEMA reimbursement	(271,753)	129,186
Miscellaneous rentals and sale of property	321,734	4,779,415
Bond interest and amortization expense	(38,634)	-
<b>NET INCOME (revenue and operating accounts)</b>	69,153,609	70,667,131
<b>DEDUCTIONS FROM (ADDITIONS TO) NET INCOME</b>		
Payments to (from) debt service funds:		
Sinking Fund Bond Service Account	6,860,003	10,308,094
State Revolving Fund Bond Service Account	20,648,309	17,127,285
Transfers to restricted accounts	34,600,575	36,103,984
Total deductions from net income	62,108,887	63,539,363
<b>CHANGE IN NET POSITION</b>		
<b>REVENUE FUND ACCOUNTS</b>	<b>\$ 7,044,722</b>	<b>\$ 7,127,768</b>

See Independent Auditor's Report on Supplementary Information

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**SCHEDULES OF COMPARISON OF RECEIPTS AND DISBURSEMENTS TO BUDGET-REVENUE FUND ACCOUNTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Restated Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>						
Water revenue	\$ 48,971,820	\$ 52,161,191	\$ 3,189,371	\$ 45,224,904	\$ 48,137,576	\$ 2,912,672
Sewer revenue	<u>77,578,633</u>	<u>80,056,018</u>	<u>2,477,385</u>	<u>72,993,561</u>	<u>74,256,910</u>	<u>1,263,349</u>
Total operating revenues	126,550,453	132,217,209	5,666,756	118,218,465	122,394,486	4,176,021
<b>OPERATING EXPENSES</b>	<u>(67,684,000)</u>	<u>(66,336,813)</u>	<u>1,347,187</u>	<u>(64,259,000)</u>	<u>(56,597,638)</u>	<u>7,661,362</u>
<b>OPERATING INCOME</b>	58,866,453	65,880,396	7,013,943	53,959,465	65,796,848	11,837,383
<b>NON OPERATING REVENUES/(EXPENSES)</b>						
Investment income	125,000	3,261,866	3,136,866	75,000	(38,318)	(113,318)
FEMA reimbursement	-	(271,753)	(271,753)	-	129,186	129,186
Other income	400,000	321,734	(78,266)	430,000	4,779,415	4,349,415
Miscellaneous expenses	<u>-</u>	<u>(38,634)</u>	<u>(38,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>59,391,453</u>	<u>69,153,609</u>	<u>9,762,156</u>	<u>54,464,465</u>	<u>70,667,131</u>	<u>16,202,666</u>
<b>OTHER REVENUE DEDUCTIONS</b>						
Sinking Fund Bond Service Account	(9,474,912)	(6,860,003)	2,614,909	(12,154,351)	(10,308,094)	1,846,257
State Revolving Fund Bond Service Account	(17,378,285)	(20,648,309)	(3,270,024)	(14,322,034)	(17,127,285)	(2,805,251)
Transfers to restricted accounts	<u>(32,538,256)</u>	<u>(34,600,575)</u>	<u>(2,062,319)</u>	<u>(27,988,080)</u>	<u>(36,103,984)</u>	<u>(8,115,904)</u>
Total other revenue deductions	<u>(59,391,453)</u>	<u>(62,108,887)</u>	<u>(2,717,434)</u>	<u>(54,464,465)</u>	<u>(63,539,363)</u>	<u>(9,074,898)</u>
<b>CHANGE IN NET POSITION</b>						
REVENUE FUND ACCOUNTS	<u>\$ -</u>	<u>\$ 7,044,722</u>	<u>\$ 7,044,722</u>	<u>\$ -</u>	<u>\$ 7,127,768</u>	<u>\$ 7,127,768</u>

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**SCHEDULES OF OPERATING EXPENSES - REVENUE FUND ACCOUNTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>Restated 2022</u>
<b>WATER SUPPLY</b>		
Labor Cost	\$ 229,414	\$ 215,385
Payroll Taxes	16,723	16,007
Fringe Benefits	81,049	76,454
Other Post Employment Benefits	-	-
Administrative Expenses	39,436	39,342
Electricity and Natural Gas	1,137,087	899,096
Maintenance and Repairs	10,192	41,479
Misc Outside Services	816,997	1,053,496
Chemicals	11,246	6,147
Offices Supplies and Expenses	889	786
Operating Supplies and Materials	135,303	133,904
Vehicle and Equipment Expense	227,363	247,559
	<u>\$ 2,705,699</u>	<u>\$ 2,729,655</u>
<b>WATER TREATMENT</b>		
Labor Cost	\$ 2,165,956	\$ 1,967,836
Payroll Taxes	161,019	152,581
Fringe Benefits	659,608	590,317
Other Post Employment Benefits	-	-
Administrative Expenses	49,852	34,674
Electricity and Natural Gas	626,881	538,872
Maintenance and Repairs	33,555	56,047
Misc Outside Services	555,129	609,891
Chemicals	4,381,868	3,348,879
Offices Supplies and Expenses	8,908	8,231
Operating Supplies and Materials	233,510	231,044
Vehicle and Equipment Expense	573,992	355,469
	<u>\$ 9,450,278</u>	<u>\$ 7,893,841</u>
<b>WASTEWATER TREATMENT</b>		
Labor Cost	\$ 2,433,863	\$ 2,153,655
Payroll Taxes	179,272	161,654
Fringe Benefits	731,866	653,903
Other Post Employment Benefits	-	-
Administrative Expenses	25,916	23,422
Electricity and Natural Gas	1,851,904	1,754,791
Maintenance and Repairs	76,487	92,509
Misc Outside Services	1,319,059	1,575,135
Chemicals	612,435	334,245
Offices Supplies and Expenses	15,492	15,806
Operating Supplies and Materials	730,394	209,166
Vehicle and Equipment Expense	914,539	478,089
	<u>\$ 8,891,227</u>	<u>\$ 7,452,375</u>

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	2023	Restated 2022
<b>TRANSMISSION AND COLLECTION</b>		
Labor Cost	\$ 6,024,847	\$ 5,648,094
Payroll Taxes	487,126	450,433
Fringe Benefits	2,068,849	2,086,077
Other Post Employment Benefits	-	-
Administrative Expenses	50,214	60,094
Electricity and Natural Gas	1,863,550	1,534,558
Maintenance and Repairs	58,136	72,029
Misc Outside Services	4,964,548	4,764,732
Chemicals	414,068	386,139
Offices Supplies and Expenses	9,661	10,675
Operating Supplies and Materials	2,083,784	1,733,420
Vehicle and Equipment Expense	1,879,593	1,480,802
	<u>\$ 19,904,376</u>	<u>\$ 18,227,053</u>
<b>SUPPORT SERVICES</b>		
Labor Cost	\$ 2,071,413	\$ 2,091,124
Payroll Taxes	164,205	167,784
Fringe Benefits	753,521	792,137
Other Post Employment Benefits	-	-
Administrative Expenses	13,247	16,536
Electricity and Natural Gas	311	336
Maintenance and Repairs	120,893	148,379
Misc Outside Services	922,371	807,714
Chemicals	-	-
Offices Supplies and Expenses	2,949	3,389
Operating Supplies and Materials	276,829	238,482
Vehicle and Equipment Expense	206,088	183,721
	<u>\$ 4,531,827</u>	<u>\$ 4,449,602</u>
<b>SUPERVISION, ENGINEERING, ACCOUNTING, COLLECTIONS AND GENERAL EXPENSE</b>		
Labor Cost	\$ 7,308,677	\$ 7,290,645
Payroll Taxes	538,673	519,594
Fringe Benefits	6,375,276	720,995
Other Post Employment Benefits	(1,780,901)	(2,115,655)
Administrative Expenses	1,206,768	2,500,469
Electricity and Natural Gas	418,327	296,588
Maintenance and Repairs	2,215,898	2,060,479
Misc Outside Services	4,114,249	3,994,113
Chemicals	-	-
Offices Supplies and Expenses	62,533	53,856
Operating Supplies and Materials	131,784	170,328
Vehicle and Equipment Expense	262,122	353,700
	<u>\$ 20,853,406</u>	<u>\$ 15,845,112</u>

See Independent Auditor's Report on Supplementary Information



**BOARD OF WATER AND SEWER COMMISSIONERS  
OF THE CITY OF MOBILE**

**SCHEDULES OF CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023 Totals	Unrestricted	
		Operating Cash Reserve Fund Accounts	Self-Insurance Cash Reserve Fund Accounts
<b>CHANGES RESULTING FROM OPERATIONS - INCREASE (DECREASE)</b>			
Operating income - revenue fund	\$ 65,880,396	\$ 68,294,977	\$ (2,414,581)
Operating expenses - capital improvement fund account	(37,050)	-	-
Depreciation and amortization	(25,579,767)	-	-
FEMA reimbursement	(271,753)	(271,753)	-
Investment earnings	3,820,806	3,261,865	-
Miscellaneous rentals and sale of property	(300,746)	321,734	-
Miscellaneous expense	-	-	-
Bond interest premium / (expense)	(11,519,359)	(38,634)	-
Bond issuance costs	(40,465)	-	-
<b>INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>31,952,062</b>	<b>71,568,189</b>	<b>(2,414,581)</b>
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>			
Lines accepted by the Board without reimbursement	1,052,616	-	-
Contributions for extensions/repair and replacement	-	-	-
Capital grants	-	-	-
<b>CHANGES FROM INTER-ACCOUNT TRANSFERS</b>			
Cash transfers from revenue fund (net)	-	(64,673,852)	853,000
Additions to utility plant:			
Equipment, vehicles and building improvements	-	-	-
Construction in progress	-	-	-
Proceeds from bond sales	-	-	-
Debt retired	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>33,004,678</b>	<b>6,894,337</b>	<b>(1,561,581)</b>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<b>488,871,386</b>	<b>10,500,284</b>	<b>4,209,746</b>
<b>TOTAL NET POSITION - END OF YEAR, RESTATED FOR 2022</b>	<b>\$ 521,876,064</b>	<b>\$ 17,394,621</b>	<b>\$ 2,648,165</b>

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Unrestricted			Restricted				Restatement 2022 Totals
Customer Deposit Cash Reserve Fund Accounts	Unfunded Pension Liability Cash Reserve Fund Accounts	Capital Assets and Debt	Capital Improvement Fund Accounts	Construction Accounts	Debt Service and Reserve Accounts		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,796,848	
-	-	-	(37,050)	-	-	(1,398,976)	
-	-	(25,579,767)	-	-	-	(24,110,050)	
-	-	-	-	-	-	129,186	
-	-	-	-	31	558,910	121,867	
-	-	(860,232)	237,752	-	-	5,215,635	
-	-	-	-	-	-	-	
-	-	163,581	-	-	(11,644,306)	(8,334,140)	
-	-	-	-	(33,000)	(7,465)	(428,448)	
-	-	(26,276,418)	200,702	(32,969)	(11,092,861)	36,991,922	
-	-	1,052,616	-	-	-	822,977	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
211,967	1,500,000	(3,034,687)	71,095,168	(33,441,420)	27,489,824	-	
-	-	4,810,293	(4,810,293)	-	-	-	
-	-	65,022,602	(65,022,602)	-	-	-	
-	-	(61,232,600)	-	61,232,600	-	-	
-	-	18,055,000	-	-	(18,055,000)	-	
211,967	1,500,000	(1,603,194)	1,462,975	27,758,211	(1,658,037)	37,814,899	
3,848,098	10,242,000	345,451,986	29,301,635	66,692,477	18,625,160	451,056,487	
<u>\$ 4,060,065</u>	<u>\$ 11,742,000</u>	<u>\$ 343,848,792</u>	<u>\$ 30,764,610</u>	<u>\$ 94,450,688</u>	<u>\$ 16,967,123</u>	<u>\$ 488,871,386</u>	

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# STATISTICAL SECTION

# STATISTICAL SECTION

This part of the Board’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the Board’s overall financial health.

Contents	Page
<b>Financial Trends</b> <i>These schedules contain trend information intended to assist users in understanding and assessing how the Board’s financial position has changed over time.</i>	78
<b>Revenue Capacity</b> <i>These schedules contain information to assist users in understanding and assessing the factors affecting a government’s ability to generate its own-source revenues.</i>	80
<b>Debt Capacity</b> <i>These schedules present information intended to assist users in understanding and assessing the Board’s debt burden and its ability to issue additional debt.</i>	85
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the Board operates and (2) to provide information that facilitates comparisons of financial statement information over time and among governments.</i>	89
<b>Operating Information</b> <i>These schedules contain information intended to provide contextual information about the Board’s operations and resources to assist readers in using financial statement information to understand and assess the Board’s economic condition.</i>	93

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**SCHEDULES OF CHANGES IN NET POSITION  
LAST TEN YEARS**

	<b>2014 (restated)</b>	<b>2015</b>	<b>2016 (restated)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022 (restated)</b>	<b>2023</b>
<b>Operating revenues</b>										
Water sales	\$ 38,645,369	\$ 39,566,223	\$ 41,764,407	\$ 39,947,830	\$ 43,189,371	\$ 42,539,290	\$ 44,575,097	\$ 44,633,938	\$ 48,137,576	\$ 52,161,191
Sewer charges	56,975,397	58,917,122	61,686,576	60,670,012	64,699,127	66,698,585	70,034,179	70,328,137	74,256,910	80,056,018
<b>Total operating revenues</b>	<b>95,620,766</b>	<b>98,483,345</b>	<b>103,450,983</b>	<b>100,617,842</b>	<b>107,888,498</b>	<b>109,237,875</b>	<b>114,609,276</b>	<b>114,962,075</b>	<b>122,394,486</b>	<b>132,217,209</b>
<b>Operating expenses</b>										
Water supply	1,426,220	1,570,247	1,545,130	1,659,151	1,874,955	1,878,277	1,906,486	2,283,823	2,729,655	2,705,699
Water, sewer, treatment, and administration	54,624,738	53,786,657	55,624,133	55,575,856	59,681,542	57,864,742	56,629,722	57,494,513	53,867,983	63,631,114
Capital improvement fund accounts	566,230	1,369,583	2,227,136	2,314,627	1,465,627	929,740	720,763	2,056,837	1,398,976	37,050
Depreciation	19,988,036	20,495,573	20,846,352	21,684,555	22,446,265	23,156,895	23,851,718	24,568,410	24,110,050	25,579,767
<b>Total operating expenses</b>	<b>76,605,224</b>	<b>77,222,060</b>	<b>80,242,751</b>	<b>81,234,189</b>	<b>85,468,389</b>	<b>83,829,654</b>	<b>83,108,689</b>	<b>86,403,583</b>	<b>82,106,664</b>	<b>91,953,630</b>
<b>Net revenue from operations</b>	<b>19,015,542</b>	<b>21,261,285</b>	<b>23,208,232</b>	<b>19,383,653</b>	<b>22,420,109</b>	<b>25,408,221</b>	<b>31,500,587</b>	<b>28,558,492</b>	<b>40,287,822</b>	<b>40,263,579</b>
<b>Non operating revenues (expenses)</b>										
FEMA reimbursement	195,924	32,654	-	-	-	-	-	213,844	129,186	(271,753)
Investment earnings	496,608	319,843	331,392	540,985	1,006,525	1,429,807	504,755	(51,027)	121,867	3,820,806
Miscellaneous rentals and sale of property	4,785,339	916,922	632,649	981,699	1,017,713	913,214	1,014,502	1,646,619	5,131,223	559,486
Miscellaneous expense and loss on disposal of assets	-	(15,511)	(11,617)	(281)	(96)	(1,173,661)	(346,223)	(1,277,690)	84,412	(860,232)
Bond interest expense	(8,087,920)	(7,266,160)	(6,257,210)	(5,456,955)	(7,481,890)	(7,958,328)	(8,639,583)	(9,411,102)	(8,334,140)	(11,519,359)
Bond issuance costs	(688,026)	-	(78,510)	-	(20,000)	(20,000)	(10,000)	(20,000)	(428,448)	(40,465)
<b>Income (loss) before capital grants and contributions</b>	<b>15,717,467</b>	<b>15,249,033</b>	<b>17,824,936</b>	<b>15,449,101</b>	<b>16,942,361</b>	<b>18,599,253</b>	<b>24,024,038</b>	<b>19,659,136</b>	<b>36,991,922</b>	<b>31,952,062</b>
<b>Capital grants and contributions</b>										
Lines accepted by the Board without reimbursement	971,388	1,492,169	710,929	1,494,115	-	105,939	1,459,666	1,518,979	822,977	1,052,616
Contributions for extensions / repair and replacement	466,161	262,097	371,440	-	1,839,914	-	199,940	323,032	-	-
Capital grants	12,639	100,916	-	-	-	100,000	3,665,048	-	-	-
<b>Total capital grants and contributions</b>	<b>1,450,188</b>	<b>1,855,182</b>	<b>1,082,369</b>	<b>1,494,115</b>	<b>1,839,914</b>	<b>205,939</b>	<b>5,324,654</b>	<b>1,842,011</b>	<b>822,977</b>	<b>1,052,616</b>
<b>Prior year adjustment</b>										
Debt issuance costs	-	-	(470,417)	-	-	-	-	-	-	-
OPEB	(26,042,086)	-	(14,590,382)	-	-	-	-	-	-	-
Pension	-	-	(753,184)	-	-	-	-	-	-	-
<b>Change in net position</b>	<b>(8,874,431)</b>	<b>17,104,215</b>	<b>3,093,322</b>	<b>16,943,216</b>	<b>18,782,275</b>	<b>18,805,192</b>	<b>29,348,692</b>	<b>21,501,147</b>	<b>37,814,899</b>	<b>33,004,678</b>
<b>Total net position</b>										
Beginning	334,352,859	325,478,428	342,582,643	345,675,965	362,619,181	381,401,456	400,206,648	429,555,340	451,056,487	488,871,386
<b>Total net position</b>										
Ending	\$ 325,478,428	\$ 342,582,643	\$ 345,675,965	\$ 362,619,181	\$ 381,401,456	\$ 400,206,648	\$ 429,555,340	\$ 451,056,487	\$ 488,871,386	\$ 521,876,064

See Independent Auditor's Report on Supplementary Information

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**NET POSITION BY COMPONENT  
Last Ten Years**

	<u>2014</u> <u>(restated)</u>	<u>2015</u>	<u>2016</u> <u>(restated)</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u> <u>(restated)</u>	<u>2023</u>
<b>Net investment in capital assets</b>	\$ 265,425,990	\$ 284,998,850	\$ 297,123,608	\$ 352,047,706	\$ 364,662,008	\$ 382,855,114	\$ 398,674,249	\$ 412,389,904	\$ 425,964,891	\$ 467,881,983
<b>Restricted for debt service</b>	2,102,209	2,269,520	2,374,525	9,077,577	8,104,795	10,535,784	10,273,811	10,570,507	14,103,118	12,445,088
<b>Restricted for construction and other bond covenants</b>	68,993,710	63,652,826	70,403,814	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
<b>Unrestricted net position</b>	<u>(11,043,481)</u>	<u>(8,338,553)</u>	<u>(24,225,982)</u>	<u>(13,506,102)</u>	<u>(6,365,347)</u>	<u>(8,184,250)</u>	<u>5,607,280</u>	<u>13,096,076</u>	<u>33,803,377</u>	<u>26,548,993</u>
<b>Total net position</b>	<u>\$ 325,478,428</u>	<u>\$ 342,582,643</u>	<u>\$ 345,675,965</u>	<u>\$ 362,619,181</u>	<u>\$ 381,401,456</u>	<u>\$ 400,206,648</u>	<u>\$ 429,555,340</u>	<u>\$ 451,056,487</u>	<u>\$ 488,871,386</u>	<u>\$ 521,876,064</u>

See Independent Auditor's Report on Supplementary Information

## BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE

### REVENUES BY TYPE Last Ten Years

Year Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	Restated 2022	2023
<b>Operating revenues</b>										
Water revenue										
Potable water system sales	\$ 34,208,940	\$ 34,929,662	\$ 36,915,832	\$ 35,361,254	\$ 37,828,334	\$ 37,970,822	\$ 40,902,868	\$ 40,025,427	\$ 43,119,354	\$ 47,301,665
Water connection (service line) fees	311,792	312,755	333,177	293,635	327,916	291,908	413,788	234,992	323,966	406,241
Water connection (capacity) fees	165,865	198,070	194,590	205,310	217,600	159,637	178,890	115,150	137,900	184,240
Miscellaneous water income	2,833,570	2,652,869	2,602,105	2,597,719	3,029,187	2,625,824	1,848,970	2,777,858	3,075,711	2,799,079
Water supply system sales (industrial)	1,125,202	1,472,867	1,718,703	1,489,912	1,786,334	1,491,099	1,230,581	1,480,511	1,480,645	1,469,966
<b>Total water revenue</b>	<b>38,645,369</b>	<b>39,566,223</b>	<b>41,764,407</b>	<b>39,947,830</b>	<b>43,189,371</b>	<b>42,539,290</b>	<b>44,575,097</b>	<b>44,633,938</b>	<b>48,137,576</b>	<b>52,161,191</b>
Sewer revenue										
Sewer system charges	54,281,829	56,240,161	59,015,216	57,924,969	61,810,368	63,884,147	67,323,009	67,576,205	71,136,030	76,810,340
Sewer connection (service line) fees	236,645	215,271	261,122	229,717	287,706	236,215	348,712	304,820	206,506	223,863
Sewer connection (capacity) fees	440,571	501,400	481,036	578,600	531,364	405,210	492,340	329,890	382,694	478,900
Miscellaneous sewer income	1,307,779	1,295,437	1,303,735	1,304,365	1,270,151	1,379,502	1,078,049	1,508,329	1,893,919	1,947,882
Pre-treatment fees	708,573	664,853	625,467	632,361	799,538	793,511	792,069	608,893	637,761	595,033
<b>Total sewer revenue</b>	<b>56,975,397</b>	<b>58,917,122</b>	<b>61,686,576</b>	<b>60,670,012</b>	<b>64,699,127</b>	<b>66,698,585</b>	<b>70,034,179</b>	<b>70,328,137</b>	<b>74,256,910</b>	<b>80,056,018</b>
<b>Total operating revenues</b>	<b>95,620,766</b>	<b>98,483,345</b>	<b>103,450,983</b>	<b>100,617,842</b>	<b>107,888,498</b>	<b>109,237,875</b>	<b>114,609,276</b>	<b>114,962,075</b>	<b>122,394,486</b>	<b>132,217,209</b>
<b>Non-operating revenues</b>										
Investment earnings	496,608	319,843	331,392	540,985	1,006,525	1,429,807	504,755	(51,027)	121,867	3,820,806
Grant proceeds	-	-	-	-	-	-	-	-	-	-
FEMA reimbursements (uncollectible)	195,924	32,654	-	-	19,015	-	-	213,844	129,186	(271,753)
Miscellaneous rentals and sale of property	4,785,339	916,922	632,649	981,699	1,002,876	913,214	1,014,502	1,646,619	5,242,846	(300,746)
<b>Total non-operating revenues</b>	<b>5,477,871</b>	<b>1,269,419</b>	<b>964,041</b>	<b>1,522,684</b>	<b>2,028,416</b>	<b>2,343,021</b>	<b>1,519,257</b>	<b>1,809,436</b>	<b>5,493,899</b>	<b>3,248,307</b>
<b>Total revenues</b>	<b>\$ 101,098,637</b>	<b>\$ 99,752,764</b>	<b>\$ 104,415,024</b>	<b>\$ 102,140,526</b>	<b>\$ 109,916,914</b>	<b>\$ 111,580,896</b>	<b>\$ 116,128,533</b>	<b>\$ 116,771,511</b>	<b>\$ 127,888,385</b>	<b>\$ 135,465,516</b>

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**WATER AND SEWER BILLINGS BY METER SIZE**

**(In Thousands)**

**Last Ten Years**

<b>Meter size</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>5/8"</b>	\$ 48,320	\$ 50,782	\$ 54,330	\$ 52,553	\$ 53,319	\$ 55,032	\$ 59,630	\$ 58,553	\$ 61,317	\$ 66,314
<b>1"</b>	3,273	3,610	3,724	3,366	3,581	3,708	3,766	3,889	4,223	\$ 4,642
<b>1 1/2 "</b>	818	962	1,023	932	1,045	1,129	1,126	1,180	1,352	\$ 1,511
<b>2"</b>	7,722	7,344	7,648	7,426	7,124	8,225	8,169	8,319	9,220	\$ 9,796
<b>3"</b>	2,755	2,544	2,514	2,582	3,010	2,881	2,853	2,859	3,114	\$ 3,465
<b>4"</b>	8,647	8,116	8,283	8,113	8,393	8,654	9,409	9,460	9,933	\$ 10,735
<b>6"</b>	6,879	7,812	7,983	8,425	12,203	10,449	11,222	11,771	12,758	\$ 14,003
<b>8"</b>	5,891	6,060	5,913	5,248	6,452	7,400	7,772	7,556	8,211	\$ 9,205
<b>10" - 12"</b>	4,186	3,940	4,513	4,641	4,512	4,377	4,279	4,015	4,127	\$ 4,441
	\$ 88,491	\$ 91,170	\$ 95,931	\$ 93,286	\$ 99,639	\$ 101,855	\$ 108,226	\$ 107,602	\$ 114,255	\$ 124,112
<b>Untreated water</b>	1,125	1,473	1,719	1,490	1,786	1,491	1,231	1,481	1,481	1,470
<b>Total</b>	<u>\$ 89,616</u>	<u>\$ 92,643</u>	<u>\$ 97,650</u>	<u>\$ 94,776</u>	<u>\$ 101,425</u>	<u>\$ 103,346</u>	<u>\$ 109,457</u>	<u>\$ 109,083</u>	<u>\$ 115,736</u>	<u>\$ 125,582</u>

See Independent Auditor's Report on Supplementary Information.



**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**WATER AND SEWER RATES  
Last Ten Years**

Year	Rate Increase Effective Date	Water		Sewer	
		Rate per 1,000 Gallons	Minimum Charge	Rate per 1,000 Gallons	Minimum Charge
2013	1/1/2013	\$ 2.68	\$ 8.70	\$ 6.27	\$ 17.68
2014	1/1/2014	\$ 2.81	\$ 9.03	\$ 6.58	\$ 18.45
2015	1/1/2015	\$ 2.95	\$ 9.38	\$ 6.91	\$ 19.28
2016	1/1/2016	\$ 3.10	\$ 9.75	\$ 7.26	\$ 20.15
2017		\$ 3.10	\$ 9.75	\$ 7.26	\$ 20.15
2018	1/1/2018	\$ 3.12	\$ 10.10	\$ 7.57	\$ 21.23
2019	1/1/2019	\$ 3.28	\$ 10.50	\$ 7.95	\$ 22.18
2020	1/1/2020	\$ 3.28	\$ 10.61	\$ 8.19	\$ 24.38
2021	1/1/2021	\$ 3.38	\$ 10.86	\$ 8.44	\$ 25.05
2022	1/1/2022	\$ 3.48	\$ 11.11	\$ 8.69	\$ 25.73
2023	1/1/2023	\$ 3.74	\$ 11.77	\$ 9.34	\$ 27.48

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**SCHEDULES OF OPERATING REVENUES-INDUSTRIAL WATER ACCOUNTS  
Last Ten Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Big Creek System</b>										
Mobile Water Service	\$ 3,014,386	\$ 3,143,078	\$ 3,244,971	\$ 3,039,470	\$ 3,373,112	\$ 3,348,447	\$ 3,342,400	\$ 3,345,925	\$ 3,671,197	\$ 4,134,521
Less: Intra-fund eliminations	(3,014,386)	(3,143,078)	(3,244,971)	(3,039,470)	(3,373,112)	(3,348,447)	(3,342,400)	(3,345,925)	(3,671,197)	(4,134,521)
Kimberly-Clark Corp.	1,086,721	1,076,861	1,322,037	1,194,848	1,412,126	1,174,898	1,003,976	1,158,905	1,151,976	1,125,684
Sterling Specialty Chemicals (formerly Kemira Water Solutions)	7,477	6,225	5,525	5,741	7,194	6,295	4,628	4,769	3,330	3,284
Occidental Chemical	4,336	4,724	10,302	10,888	6,482	4,308	2,943	3,134	3,036	3,264
UOP	176,695	191,924	207,395	188,971	220,949	193,314	133,061	157,769	158,645	154,127
Merchants Transfer (formerly Multisorb Technologies and Eagle Chemical Company)	4,301	4,494	4,668	4,719	4,724	4,308	2,943	3,134	3,036	3,264
Mobile Paper Board Corp.	31,081	26,637	31,249	32,721	38,043	26,294	6,431	1,807	-	-
Shell Chemical LP	-	-	-	-	-	-	-	43,559	21,964	-
Vertex Refining Alabama, LLC	-	-	-	-	-	-	-	-	48,972	83,395
Mobile Energy	40,914	143,844	135,719	52,024	96,816	81,682	76,599	107,434	89,686	96,948
<b>Total Big Creek System</b>	<b>1,351,525</b>	<b>1,454,709</b>	<b>1,716,895</b>	<b>1,489,912</b>	<b>1,786,334</b>	<b>1,491,099</b>	<b>1,230,581</b>	<b>1,480,511</b>	<b>1,480,645</b>	<b>1,469,966</b>
<b>Mobile River System</b>										
SSAB Steel	29,720	18,158	1,808	-	-	-	-	-	-	-
SSAB Steel prior year adjustment	(256,043)	-	-	-	-	-	-	-	-	-
<b>Total Mobile River System</b>	<b>(226,323)</b>	<b>18,158</b>	<b>1,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating Revenues - Industrial Water Accounts</b>	<b>\$ 1,125,202</b>	<b>\$ 1,472,867</b>	<b>\$ 1,718,703</b>	<b>\$ 1,489,912</b>	<b>\$ 1,786,334</b>	<b>\$ 1,491,099</b>	<b>\$ 1,230,581</b>	<b>\$ 1,480,511</b>	<b>\$ 1,480,645</b>	<b>\$ 1,469,966</b>

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**SCHEDULE OF TEN LARGEST USERS  
Last Ten Years**

User	2014		2015		2016		2017		2018	
	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold
Alabama Power	288,794,900	2.33%	271,218,800	2.26%	169,264,400	1.47%	176,664,100	1.58%	215,062,900	1.89%
Alabama State Docks	384,062,800	3.10%	280,572,000	2.33%	445,407,800	3.87%	338,406,400	3.03%	295,343,800	2.60%
Holcim (US) Inc.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Huls America/Degussa/Evonik	495,438,300	4.01%	457,294,900	3.80%	463,246,000	4.02%	523,476,000	4.69%	331,116,200	2.91%
Kemira Water Solutions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kimberly Clark Corp.	134,103,100	1.08%	116,993,100	0.97%	111,907,400	0.97%	138,080,400	1.24%	116,501,700	1.03%
Mitsubishi Polysilicon	199,026,100	1.61%	197,112,700	1.64%	207,072,100	1.80%	304,431,200	2.73%	224,077,700	1.97%
Mobile Housing Board	n/a	n/a	112,264,600	0.93%	126,284,700	1.10%	n/a	n/a	n/a	n/a
Mobile Infirmary	n/a	n/a	n/a	n/a	n/a	n/a	99,697,200	0.89%	80,641,800	0.71%
Mobile Public Schools	100,368,500	0.81%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Phenolchemie Inc.	139,800,000	1.13%	174,600,000	1.45%	184,500,000	1.60%	n/a	n/a	187,900,000	1.65%
Praxair	n/a	n/a	n/a	n/a	n/a	n/a	182,050,000	1.63%	n/a	n/a
Prichard Water and Sewer	1,061,450,700	8.58%	964,938,500	8.02%	970,807,800	8.43%	n/a	n/a	1,167,902,100	10.28%
Spanish Fort Water	222,343,500	1.80%	228,835,000	1.90%	220,642,700	1.91%	1,054,229,000	9.44%	261,017,700	2.30%
University of South Alabama	152,984,900	1.24%	167,222,000	1.39%	149,368,100	1.30%	196,991,300	1.76%	173,291,300	1.53%

User	2019		2020		2021		2022		2023	
	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold
Alabama Power	208,837,800	1.81%	187,084,200	1.62%	177,602,000	1.59%	218,151,100	1.86%	218,671,100	1.84%
Alabama State Docks	384,209,600	3.33%	276,803,900	2.40%	177,485,800	1.59%	265,254,100	2.26%	261,945,700	2.21%
Evonik Corporation	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	241,181,100	2.03%
Holcim (US) Inc.	96,286,600	0.84%	87,100,200	0.76%	90,382,000	0.81%	87,191,900	0.74%	99,613,500	0.84%
Huls America/Degussa/Evonik	336,092,100	2.92%	289,287,800	2.51%	257,772,000	2.31%	231,338,500	1.97%	n/a	n/a
Kemira Water Solutions	n/a	n/a	n/a	n/a	n/a	n/a	100,653,800	0.86%	n/a	n/a
Kimberly Clark Corp.	118,947,600	1.03%	117,016,000	1.02%	134,802,000	1.21%	142,614,000	1.21%	150,588,900	1.27%
Mitsubishi Polysilicon	203,394,500	1.77%	203,359,900	1.77%	201,477,000	1.80%	296,390,100	2.52%	294,435,700	2.48%
Mobile Energy	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mobile Infirmary	n/a	n/a	n/a	n/a	73,488,900	0.66%	n/a	n/a	n/a	n/a
Phenolchemie Inc.	179,650,000	1.56%	200,200,000	1.74%	165,491,000	1.48%	352,414,300	3.00%	351,650,400	2.97%
Praxair	n/a	n/a	81,185,900	0.70%	n/a	n/a	n/a	n/a	n/a	n/a
Prichard Water and Sewer	1,097,756,050	9.53%	1,336,005,800	11.60%	1,471,640,000	13.18%	1,556,324,000	13.25%	1,776,494,000	14.98%
Spanish Fort Water	293,784,000	2.55%	329,090,900	2.86%	264,246,000	2.37%	359,726,000	3.06%	277,850,000	2.34%
Sterling Specialty Chemicals US LLC	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	125,080,100	1.05%
University of South Alabama	113,957,400	0.99%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note: Information on all ten top users for 2023 was not recorded in all cases for each year from 2014 through 2023.

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**SCHEDULE OF FUTURE DEBT PAYMENTS- REVENUE BONDS  
(In Thousands)  
December 31, 2023**

Water and Sewer Revenue Bonds					SRF Subordinate Revenue Bonds																	Total				
Series	Series	Series			Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Series	Total	
2014	2016	2022	Total		2004	2012	2014	2016	2018	2018	2019	2019	2020	2021	2021	2022	2022	2023	2023	2023	2023	2023	2023	2023	Total	
									CWSRF	DWSRF	CWSRF	DWSRF	CWSRF	CWSRF	DWSRF	CWSRF	DWSRF	CWSRF	DWSRF-A	DWSRF-B	DWSRF-C	DWSRF-D	DWSRF-E			
2024	Prin	-	1,230	295	1,525	680	1,030	980	935	1,415	335	440	880	1,390	1,515	540	1,690	635	1,520	90	195	270	305	60	14,905	16,430
	Int	-	39	2,860	2,899	21	288	299	307	547	130	183	357	607	711	254	847	317	718	43	92	127	143	28	6,020	8,919
2025	Prin	-	900	3,940	4,840	-	1,060	1,005	955	1,445	345	450	900	1,420	1,550	555	1,730	645	1,550	95	200	275	310	60	14,550	19,390
	Int	-	16	2,802	2,818	-	257	275	286	516	123	174	338	576	677	242	810	303	688	41	88	122	137	27	5,679	8,497
2026	Prin	-	-	5,060	5,060	-	1,090	1,025	980	1,480	350	460	920	1,450	1,585	565	1,765	660	1,580	95	200	280	315	60	14,860	19,920
	Int	-	-	2,676	2,676	-	226	250	265	484	115	164	318	544	643	230	771	289	656	39	84	116	131	26	5,351	8,027
2027	Prin	-	-	6,205	6,205	-	1,125	1,055	1,000	1,510	360	470	940	1,480	1,620	580	1,805	675	1,610	95	205	285	320	65	15,200	21,405
	Int	-	-	2,520	2,520	-	194	225	243	452	108	154	297	512	607	217	732	274	625	38	80	111	124	24	5,017	7,537
2028	Prin	-	-	6,375	6,375	-	1,155	1,080	1,025	1,545	370	480	960	1,515	1,655	590	1,845	690	1,640	100	210	290	325	65	15,540	21,915
	Int	-	-	2,345	2,345	-	161	200	222	418	100	143	276	479	571	204	692	259	592	36	76	105	118	23	4,675	7,020
2029	Prin	-	-	9,200	9,200	-	1,190	1,105	1,045	1,580	375	490	980	1,550	1,690	605	1,885	705	1,675	100	215	295	335	65	15,885	25,085
	Int	-	-	2,129	2,129	-	127	173	199	385	92	133	255	445	534	191	651	244	559	34	72	99	112	22	4,326	6,455
2030	Prin	-	-	9,455	9,455	-	1,225	1,135	1,070	1,615	385	500	1,005	1,585	1,730	615	1,925	720	1,710	105	220	300	340	65	16,250	25,705
	Int	-	-	1,869	1,869	-	92	146	176	350	83	122	233	411	497	98	609	228	526	32	67	93	105	20	3,887	5,756
2031	Prin	-	-	9,715	9,715	-	1,260	1,160	1,095	1,650	395	515	1,025	1,615	1,765	630	1,970	740	1,740	105	225	310	345	70	16,615	26,330
	Int	-	-	1,603	1,603	-	56	118	152	315	75	111	211	376	458	164	566	212	491	29	63	87	98	19	3,602	5,204
2032	Prin	-	-	9,985	9,985	-	1,300	1,190	1,115	1,690	400	525	1,050	1,655	1,805	645	2,015	755	1,775	105	230	315	355	70	16,995	26,980
	Int	-	-	1,329	1,329	-	19	89	128	278	66	99	188	340	419	150	522	196	456	27	58	81	91	18	3,225	4,554
2033	Prin	-	-	10,270	10,270	-	-	1,220	1,140	1,725	410	535	1,070	1,690	1,845	660	2,055	770	1,815	110	235	320	360	70	16,030	26,300
	Int	-	-	1,047	1,047	-	-	61	104	241	57	88	165	303	379	136	477	179	421	25	54	74	84	16	2,864	3,911
2034	Prin	-	-	10,555	10,555	-	-	1,250	1,165	1,765	420	550	1,095	1,725	1,885	675	2,100	790	1,850	110	235	325	370	70	16,380	26,935
	Int	-	-	758	758	-	-	31	79	203	48	76	141	265	338	121	432	162	384	23	49	68	77	15	2,511	3,269

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**SCHEDULE OF FUTRUE DEBT PAYMENTS- REVENUE BONDS (CONTINUED)**

**(In Thousands)**

**December 31, 2023**

2035 Prin	-	-	10,840	10,840	-	-	-	1,195	1,805	430	560	1,120	1,765	1,925	690	2,150	805	1,885	115	240	335	375	75	15,470	26,310	
Int	-	-	460	460	-	-	-	53	164	39	64	116	227	296	106	385	144	347	21	44	62	69	14	2,150	2,610	
2036 Prin	-	-	11,145	11,145	-	-	-	1,220	1,845	440	570	1,145	1,805	1,970	705	2,195	825	1,925	115	245	340	385	75	15,805	26,950	
Int	-	-	155	155	-	-	-	27	125	30	52	92	188	253	90	337	126	309	19	40	55	62	12	1,817	1,972	
2037 Prin	-	-	-	-	-	-	-	-	1,885	450	585	1,170	1,845	2,015	720	2,245	840	1,960	120	250	345	390	75	14,895	14,895	
Int	-	-	-	-	-	-	-	-	84	20	39	66	147	209	75	288	108	270	16	35	48	54	11	1,470	1,470	
2038 Prin	-	-	-	-	-	-	-	-	1,925	460	600	1,195	1,885	2,060	735	2,295	860	2,000	120	255	355	400	80	15,225	15,225	
Int	-	-	-	-	-	-	-	-	43	10	26	40	106	165	59	238	89	231	14	30	41	46	9	1,146	1,146	
2039 Prin	-	-	-	-	-	-	-	-	-	-	610	1,220	1,925	2,105	750	2,345	880	2,040	120	260	360	405	80	13,100	13,100	
Int	-	-	-	-	-	-	-	-	-	-	13	13	65	119	42	187	70	191	11	24	33	38	7	815	815	
2040 Prin	-	-	-	-	-	-	-	-	-	-	-	-	-	1,970	2,150	770	2,395	900	2,080	125	265	370	415	80	11,520	11,520
Int	-	-	-	-	-	-	-	-	-	-	-	-	21	72	26	135	51	150	9	19	27	30	6	545	545	
2041 Prin	-	-	-	-	-	-	-	-	-	-	-	-	-	2,195	785	2,450	915	2,120	125	270	375	425	80	9,740	9,740	
Int	-	-	-	-	-	-	-	-	-	-	-	-	-	24	9	82	31	108	6	14	19	22	4	319	319	
2042 Prin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500	935	2,165	130	275	385	430	85	6,905	6,905	
Int	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28	10	65	4	8	12	13	3	143	143	
2043 Prin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,205	130	285	390	440	85	3,535	3,535	
Int	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22	3	3	4	4	1	36	36	
Prin	-	2,130	103,040	105,170	680	10,435	12,205	13,940	24,880	5,925	8,340	16,675	28,270	33,065	11,815	39,360	14,745	36,845	2,210	4,715	6,520	7,345	1,435	279,405	384,575	
Premium	4,376	-	-	4,376	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,376	
<b>Total Prin</b>	<b>4,376</b>	<b>2,130</b>	<b>103,040</b>	<b>109,546</b>	<b>680</b>	<b>10,435</b>	<b>12,205</b>	<b>13,940</b>	<b>24,880</b>	<b>5,925</b>	<b>8,340</b>	<b>16,675</b>	<b>28,270</b>	<b>33,065</b>	<b>11,815</b>	<b>39,360</b>	<b>14,745</b>	<b>36,845</b>	<b>2,210</b>	<b>4,715</b>	<b>6,520</b>	<b>7,345</b>	<b>1,435</b>	<b>279,405</b>	<b>388,951</b>	
Interest	-	55	22,552	22,607	21	1,420	1,867	2,241	4,605	1,096	1,641	3,106	5,612	6,973	2,412	8,790	3,294	7,810	468	999	1,382	1,557	304	55,597	78,204	
Premium	(4,376)	-	-	(4,376)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,376)	
<b>Total Int</b>	<b>(4,376)</b>	<b>55</b>	<b>22,552</b>	<b>18,231</b>	<b>21</b>	<b>1,420</b>	<b>1,867</b>	<b>2,241</b>	<b>4,605</b>	<b>1,096</b>	<b>1,641</b>	<b>3,106</b>	<b>5,612</b>	<b>6,973</b>	<b>2,412</b>	<b>8,790</b>	<b>3,294</b>	<b>7,810</b>	<b>468</b>	<b>999</b>	<b>1,382</b>	<b>1,557</b>	<b>304</b>	<b>55,597</b>	<b>73,828</b>	
<b>Total P &amp; I</b>	<b>\$ -</b>	<b>\$ 2,185</b>	<b>\$ 125,592</b>	<b>\$ 127,777</b>	<b>\$ 701</b>	<b>\$ 11,855</b>	<b>\$ 14,072</b>	<b>\$ 16,181</b>	<b>\$ 29,485</b>	<b>\$ 7,021</b>	<b>\$ 9,981</b>	<b>\$ 19,781</b>	<b>\$ 33,882</b>	<b>\$ 40,038</b>	<b>\$ 14,227</b>	<b>\$ 48,150</b>	<b>\$ 18,039</b>	<b>\$ 44,655</b>	<b>\$ 2,678</b>	<b>\$ 5,714</b>	<b>\$ 7,902</b>	<b>\$ 8,902</b>	<b>\$ 1,739</b>	<b>\$ 335,002</b>	<b>\$ 462,779</b>	

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**  
**RATIO OF ANNUAL NET REVENUES TO ANNUAL DEBT SERVICE**  
**Last Ten Years**

**REVENUE BONDS- ON PARITY AND SUBORDINATED**

Year	Water and Sewer Revenue Bonds				State Revolving Fund Revenue Bonds				Total Principal and Interest Requirements - Parity and Subordinated ****	Debt Coverage - Parity and Subordinated *****		
	System Revenues *	Operating Expenses **	Annual Net Income ***	Debt Service Principal	Debt Service Interest	Principal and Interest Requirements	Debt Coverage - Parity Debt Only	Subordinated Debt Service Principal			Subordinated Debt Service Interest	Subordinated Debt Principal and Interest Requirements
2014	\$ 96,397,005	\$ 56,617,188	\$ 39,779,817	\$ 11,169,981	\$ 6,153,194	\$ 17,323,175	2.30	\$ 4,320,000	\$ 2,000,411	\$ 6,320,411	\$ 23,643,586	1.68
2015	\$ 99,109,305	\$ 55,356,904	\$ 43,752,401	\$ 11,449,401	\$ 5,858,501	\$ 17,307,902	2.53	\$ 3,850,000	\$ 1,877,638	\$ 5,727,638	\$ 23,035,540	1.90
2016	\$ 103,450,983	\$ 57,169,263	\$ 46,281,720	\$ 12,184,401	\$ 6,253,549	\$ 18,437,950	2.51	\$ 4,005,000	\$ 1,401,588	\$ 5,406,588	\$ 23,844,538	1.94
2017	\$ 100,617,842	\$ 57,235,007	\$ 43,382,835	\$ 11,176,106	\$ 5,940,337	\$ 17,116,443	2.53	\$ 4,120,000	\$ 1,516,993	\$ 5,636,993	\$ 22,753,436	1.91
2018	\$ 107,888,498	\$ 61,556,497	\$ 46,332,001	\$ 9,184,213	\$ 5,546,775	\$ 14,730,988	3.15	\$ 5,975,000	\$ 2,123,503	\$ 8,098,503	\$ 22,829,491	2.03
2019	\$ 109,237,875	\$ 59,743,019	\$ 49,494,856	\$ 9,184,213	\$ 5,546,775	\$ 14,730,988	3.36	\$ 7,185,000	\$ 2,728,597	\$ 9,913,597	\$ 24,644,585	2.01
2020	\$ 114,609,276	\$ 58,536,208	\$ 56,073,068	\$ 10,460,232	\$ 5,299,307	\$ 15,759,539	3.56	\$ 7,530,000	\$ 3,294,788	\$ 10,824,788	\$ 26,584,327	2.11
2021	\$ 114,962,075	\$ 59,778,336	\$ 55,183,739	\$ 10,460,232	\$ 5,183,442	\$ 15,643,674	3.53	\$ 7,530,000	\$ 4,120,227	\$ 11,650,227	\$ 27,293,901	2.02
2022	\$ 122,394,486	\$ 56,807,353	\$ 65,587,133	\$ 7,057,353	\$ 3,313,125	\$ 10,370,478	6.32	\$ 9,685,000	\$ 5,166,745	\$ 14,851,745	\$ 25,222,223	2.60
2023	\$ 132,217,209	\$ 66,336,813	\$ 65,880,396	\$ 5,870,000	\$ 5,364,431	\$ 11,234,431	5.86	\$ 12,185,000	\$ 6,279,875	\$ 18,464,875	\$ 29,699,306	2.22

\*\* Operating Expenses include the reasonable and necessary expenses of efficiently and economically administering and operating the System and maintaining it in good repair and operating condition. Depreciation, amortization and interest on debt are not included.

\*\*\* Annual Net Income is defined as Net System Revenues. Any gain or loss resulting from the disposition of assets and any other extraordinary items of income or loss are excluded.

\*\*\*\* Beginning in 2014, principal and interest requirements are equal to the maximum annual debt service.

\*\*\*\*\* The Board's *Master Trust Indenture* requires a minimum Debt Service Coverage Ratio of 1.25x. The Board has adopted an internal goal of 1.50.

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**OUTSTANDING DEBT BY TYPE AND DEBT PER CUSTOMER  
Business Type Activities  
Last Ten Years**

<b>Year</b>	<b>Number of Customers</b>	<b>Water And Sewer Revenue Bonds (000s)</b>	<b>State Revolving Fund Revenue Bonds - Subordinated Debt (000s)</b>	<b>Total Revenue Bonds (000s)</b>	<b>Debt per Customer</b>
<b>2014</b>	88,911	\$163,326	\$74,275	\$237,601	\$2,672
<b>2015</b>	89,447	\$152,436	\$70,085	\$222,521	\$2,488
<b>2016</b>	90,007	\$162,613	\$64,315	\$226,928	\$2,521
<b>2017</b>	90,121	\$155,545	\$60,310	\$215,855	\$2,395
<b>2018</b>	90,154	\$144,060	\$95,210	\$239,270	\$2,654
<b>2019</b>	90,261	\$136,127	\$119,415	\$255,542	\$2,831
<b>2020</b>	91,186	\$132,948	\$144,490	\$277,438	\$3,043
<b>2021</b>	90,348	\$122,489	\$185,825	\$308,314	\$3,413
<b>2022</b>	90,455	\$115,961	\$232,520	\$348,481	\$3,853
<b>2023</b>	92,716	\$103,555	\$281,019	\$384,574	\$4,148

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**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**MISCELLANEOUS STATISTICAL DATA**

**Population (per census):**

<u>Year</u>	<u>City of Mobile</u>	<u>Mobile County</u>
1910	51,521	80,854
1920	60,777	110,117
1930	68,202	118,363
1940	78,720	141,974
1950	129,009	231,105
1960	202,779	314,301
1970	190,026	317,308
1980	200,452	364,379
1990	196,278	378,643
2000	198,915	399,843
2010	195,111	412,992
2020	187,041	414,809

Source: US Census website....<https://www.census.gov/quickfacts/mobilecountyalabama>

**Assessed Valuation (Real and Personal Property):**

<u>Tax Year</u>	<u>City of Mobile</u>	<u>Mobile County</u>
2014	\$1,995,058,000	\$4,120,812,140
2015	\$2,034,454,720	\$4,206,832,820
2016	\$2,181,411,020	\$4,544,381,160
2017	\$2,171,648,160	\$4,539,702,700
2018	\$2,260,610,540	\$4,593,639,640
2019	\$2,329,222,240	\$4,753,336,680
2020	\$2,597,488,600	\$5,091,898,360
2021	\$2,936,069,800	\$5,228,590,600
2022	\$3,097,178,560	\$5,495,880,320
2023	\$3,284,034,000	\$5,804,784,700

Source: 2014 through 2023 - Revenue Commissioner's Office

See Independent Auditor's Report on Supplementary Information.



**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**MOBILE COUNTY DEMOGRAPHIC STATISTICS**

**Last Ten Years**

<b>Year</b>	<b>Population</b>	<b>School Enrollment</b>	<b>Per Capita Personal Income</b>	<b>Median Income Per Household</b>	<b>Labor Force</b>	<b>Unemployment Rate Percent</b>	<b>Employment</b>
<b>2014</b>	415,123	59,746	\$ 34,675	\$ 44,264	183,668	6.7%	171,415
<b>2015</b>	415,395	58,537	\$ 36,169	\$ 43,844	187,902	6.6%	175,493
<b>2016</b>	415,635	57,694	\$ 35,031	\$ 45,821	187,465	6.5%	175,320
<b>2017</b>	413,955	56,572	\$ 35,348	\$ 45,233	185,118	4.1%	177,529
<b>2018</b>	414,270	62,089	\$ 35,951	\$ 45,802	187,172	4.6%	186,017
<b>2019</b>	414,328	54,144	\$ 37,089	\$ 46,166	192,453	3.0%	184,147
<b>2020</b>	414,659	53,286	\$ 40,112	\$ 46,166	188,111	8.3%	172,427
<b>2021</b>	415,395	53,992	\$ 43,844	\$ 47,583	186,778	4.6%	178,166
<b>2022</b>	413,891	52,813	\$ 46,418	\$ 52,464	193,070	2.7%	187,782
<b>2023</b>	411,291	51,263	\$ 27,942	\$ 51,169	196,951	3.5%	190,147

Sources: The US Census Bureau, Bureau of Labor Statistics, Mobile Area Chamber of Commerce, and Mobile County Public School System

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**MOBILE COUNTY SINGLE-FAMILY RESIDENCES**

**Last Ten Years**

<b><u>Year</u></b>	<b><u>Number of Homes Sold</u></b>	<b><u>Average Sales Price</u></b>	<b><u>Median Sales Price</u></b>	<b><u>Months of Inventory</u></b>
2014	3,878	\$133,414	\$116,250	8.94
2015	4,394	\$142,061	\$123,425	7.22
2016	4,533	\$158,349	\$137,000	6.72
2017	4,491	\$160,132	\$138,038	5.03
2018	4,613	\$169,095	\$146,496	4.15
2019	4,858	\$176,569	\$153,974	3.50
2020	5,435	\$195,707	\$168,550	1.90
2021	6,193	\$231,854	\$204,975	1.00
2022	5,246	\$243,400	\$213,377	1.78
2023	4,414	\$253,789	\$224,846	2.30

Source: Alabama Center for Real Estate

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**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**MOBILE COUNTY TOP TEN EMPLOYERS  
2023 AND NINE YEARS AGO**

<b>Employer</b>	<b>2023</b>			<b>2014</b>		
	<b>Full-Time Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>	<b>Full-Time Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>
Mobile County Public School System	7,200	1	3.65%	7,480	1	4.06%
Mobile Infirmary Medical Center	6,000	2	3.04%	5,100	3	2.77%
Univ of South Alabama & USA Medical Facilities	5,500	3	2.79%	5,180	2	2.81%
Austal USA	4,900	4	2.48%	4,210	4	2.29%
City of Mobile	2,200	5	1.11%	2,320	5	1.26%
PCH Hotels & Resorts	2,000	6	1.01%	-	-	
CPSI	2,000	7	1.01%	-	-	
AM/NS Calvert (formerly ThyssenKrupp Steel)	1,600	8	0.81%	-	-	
Altapointe	1,450	9	0.73%	1,300	9	0.71%
Airbus	1,400	10	0.71%	-	-	
AM/NS Calvert	-	-		1,600	6	0.87%
Mobile County	-	-		1,590	7	0.86%
Providence Hospital	-	-		1,550	8	0.84%
VT MAE	-	-		1,250	10	0.68%
<b>Totals</b>	<b>34,250</b>		<b>17.36%</b>	<b>31,580</b>		<b>17.15%</b>
<b>Total Number of Employees - All Mobile County Employers</b>	<b>197,321</b>			<b>184,191</b>		

Source: Mobile Area Chamber of Commerce

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**WATER SUPPLY CHARACTERISTICS  
CONVERSE RESERVOIR ANNUAL DATA**

<b>Year</b>	<b>(1) Annual Rainfall (inches)</b>	<b>(2) Annual Rainfall (inches)</b>	<b>Low Level Elevation (Date)</b>		<b>(3) High Level Elevation (Date)</b>		<b>Spillway Release (Billion Gallons)</b>	<b>(4) Average Pumping Rate (MGD)</b>
<b>2013-2014</b>	77.44	77.45	108.60	(10/07)	111.30	(04/30)	53.52	52.74
<b>2014-2015</b>	55.72	63.47	108.90	(03/13)	110.70	(09/17)	25.88	52.61
<b>2015-2016</b>	75.01	71.12	108.80	(10/25)	111.40	(07/23)	35.35	52.91
<b>2016-2017</b>	65.42	72.13	108.30	(11/28)	111.50	(08/13)	54.11	52.71
<b>2017-2018</b>	56.77	61.26	108.10	(09/11)	110.40	(10/10)	52.24	53.40
<b>2018-2019</b>	53.56	53.60	107.20	(09/01)	110.10	(12/25)	33.57	55.67
<b>2019 -2020</b>	69.57	71.76	107.90	(10/11)	110.60	(11/1)	38.92	52.52
<b>2020 -2021</b>	71.19	60.01	107.60	(9/16)	111.00	(2/13)	47.06	52.66
<b>2021-2022</b>	74.20	67.63	108.10	(8/29)	111.00	(8/31)	54.99	54.89
<b>2022-2023</b>	68.06	60.31	107.70	(03/24)	110.10	(08/18)	39.08	55.36
<b>10 Year Average</b>	<b>66.69</b>	<b>65.87</b>	<b>108.12</b>		<b>110.81</b>		<b>43.47</b>	<b>53.55</b>

(1) Based on rain gauge at Gaillard Pumping Station

(2) Based on rain gauge at Saraland Pumping Station

(3) Top of Tainter Gates is Elevation 111

(4) Average pumping rate is measured in millions of gallons per day (mgd)

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**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**WATER FLOW TO SYSTEM  
(In Millions of Gallons)  
For the Year Ended December 31, 2023**

		<u>E. M. STICKNEY</u>	<u>H. E. MYERS WATER</u>	<u>COMBINED WATER</u>
		<u>WATER FILTRATION</u>	<u>FILTRATION</u>	<u>FILTRATION</u>
		<u>FACILITY</u>	<u>FACILITY</u>	<u>FACILITIES</u>
<b>January</b>	Total Million Gallons:	810.96	345.99	1,156.94
	Daily Average:	26.16	11.16	37.32
	Daily Maximum:	34.78	11.98	46.77
	Daily Minimum:	19.23	9.92	29.15
<b>February</b>	Total Million Gallons:	673.87	335.43	1,009.30
	Daily Average:	24.07	11.97	36.04
	Daily Maximum:	28.32	15.54	43.86
	Daily Minimum:	20.01	11.08	31.09
<b>March</b>	Total Million Gallons:	674.70	470.48	1,145.18
	Daily Average:	21.77	15.18	36.94
	Daily Maximum:	28.69	21.61	50.30
	Daily Minimum:	16.05	11.40	27.45
<b>April</b>	Total Million Gallons:	765.73	352.51	1,118.25
	Daily Average:	25.52	11.75	37.27
	Daily Maximum:	30.91	16.56	47.47
	Daily Minimum:	20.80	10.80	31.60
<b>May</b>	Total Million Gallons:	719.66	523.50	1,243.16
	Daily Average:	23.22	16.89	40.10
	Daily Maximum:	29.23	18.66	47.89
	Daily Minimum:	18.00	11.36	29.37
<b>June</b>	Total Million Gallons:	715.84	501.79	1,217.63
	Daily Average:	23.86	16.73	40.59
	Daily Maximum:	30.42	18.41	48.83
	Daily Minimum:	18.89	14.43	33.31
<b>July</b>	Total Million Gallons:	793.83	489.17	1,283.00
	Daily Average:	25.61	15.78	41.39
	Daily Maximum:	30.28	17.70	47.98
	Daily Minimum:	21.78	13.28	35.06
<b>August</b>	Total Million Gallons:	911.42	507.87	1,419.29
	Daily Average:	29.40	16.38	45.78
	Daily Maximum:	35.81	17.59	53.40
	Daily Minimum:	23.91	15.18	39.09
<b>September</b>	Total Million Gallons:	897.08	504.31	1,401.39
	Daily Average:	29.90	16.81	46.71
	Daily Maximum:	34.35	17.98	52.33
	Daily Minimum:	24.58	15.00	39.59
<b>October</b>	Total Million Gallons:	928.95	480.10	1,409.04
	Daily Average:	29.97	15.49	45.45
	Daily Maximum:	34.33	17.61	51.94
	Daily Minimum:	26.05	10.72	36.77
<b>November</b>	Total Million Gallons:	885.18	446.12	1,331.29
	Daily Average:	29.51	14.87	44.38
	Daily Maximum:	37.52	18.38	55.90
	Daily Minimum:	24.26	9.91	34.18
<b>December</b>	Total Million Gallons:	804.80	495.53	1,300.33
	Daily Average:	25.96	15.98	41.95
	Daily Maximum:	29.45	17.48	46.93
	Daily Minimum:	20.93	14.13	35.06
<b>Annual</b>	<b>Total Million Gallons:</b>	<b>9,582.02</b>	<b>5,452.78</b>	<b>15,034.80</b>
	<b>Daily Average:</b>	<b>26.24</b>	<b>14.92</b>	<b>41.16</b>
	<b>Daily Maximum:</b>	<b>37.52</b>	<b>21.61</b>	<b>55.90</b>
	<b>Daily Minimum:</b>	<b>16.05</b>	<b>9.91</b>	<b>27.45</b>

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**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**ANNUAL WATER FLOWS TO SYSTEM  
Last Ten Years**

YEAR	E. M. STICKNEY WFF			H. E. MYERS WFF			TOTAL			
	AVERAGE (MGD)	TOTAL MILLION GALLONS	% Capacity	AVERAGE (MGD)	TOTAL MILLION GALLONS	% Capacity	AVERAGE (MGD)	TOTAL MILLION GALLONS	% Capacity	Billion Gallons (Yr.)
<b>2014</b>	24.50	8,941.72	40.8%	11.75	4,369.65	39.9%	36.47	13,311.37	40.5%	13.31
<b>2015</b>	24.66	9,002.59	41.1%	11.80	4,305.36	39.3%	36.46	13,307.95	40.5%	13.31
<b>2016</b>	24.67	9,030.65	41.1%	11.78	4,310.52	39.4%	36.55	13,341.17	40.6%	13.34
<b>2017</b>	25.19	9,192.94	41.9%	11.60	4,235.36	38.7%	36.79	13,428.30	40.9%	13.43
<b>2018</b>	28.88	10,542.41	48.0%	10.74	3,918.34	35.8%	39.62	14,460.75	44.0%	14.46
<b>2019</b>	28.75	10,493.58	47.8%	11.09	4,048.29	37.0%	39.84	14,541.87	44.3%	14.54
<b>2020</b>	26.71	9,748.71	44.4%	10.52	3,838.28	35.1%	37.22	13,586.99	41.4%	13.59
<b>2021</b>	26.30	9,600.07	43.8%	10.96	4,001.25	36.5%	37.26	13,601.32	41.4%	13.60
<b>2022</b>	28.11	10,258.77	46.8%	11.65	4,251.89	38.8%	39.76	14,510.66	44.2%	14.51
<b>2023</b>	26.25	9,582.02	43.8%	14.94	5,452.78	49.8%	41.19	15,034.80	45.8%	15.03
<b>10 Year Average</b>	<b>26.19</b>	<b>9,563.58</b>	<b>44%</b>	<b>11.37</b>	<b>4,157.33</b>	<b>38%</b>	<b>37.59</b>	<b>13,720.91</b>	<b>42%</b>	<b>13.72</b>

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**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**WASTEWATER TREATMENT FACILITY VOLUMES**

<b>Year</b>	<b>C. C. WILLIAMS WWTF</b>			<b>WRIGHT SMITH, JR. WWTF</b>		
	<b>Permit Daily Capacity (MGD)</b>	<b>Avg. Daily Flow (MGD)</b>	<b>Peak Daily Flow (MGD)</b>	<b>Permit Daily Capacity (MGD)</b>	<b>Avg. Daily Flow (MGD)</b>	<b>Peak Daily Flow (MGD)</b>
<b>2014</b>	28.0	26.41	65.99	12.8	9.61	29.90
<b>2015</b>	28.0	25.81	69.72	12.8	10.48	29.83
<b>2016</b>	28.0	25.82	62.90	12.8	12.16	24.74
<b>2017</b>	28.0	26.44	74.10	12.8	9.63	28.89
<b>2018</b>	28.0	23.25	65.44	12.8	8.84	32.61
<b>2019</b>	28.0	22.23	58.02	12.8	8.19	23.70
<b>2020</b>	28.0	20.45	66.71	12.8	7.82	20.94
<b>2021</b>	28.0	23.84	75.76	12.8	9.43	25.50
<b>2022</b>	28.0	22.40	65.68	12.8	9.24	22.05
<b>2023</b>	28.0	20.24	55.97	12.8	8.67	19.27
<b>10 Year Average</b>	<b>28.0</b>	<b>24.2</b>	<b>68.3</b>	<b>12.8</b>	<b>9.5</b>	<b>26.6</b>

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**DECENTRALIZED WASTEWATER TREATMENT FACILITY FLOWS**

<b>Year</b>	<b>HUTCHENS DWWTF</b>			<b>COPELAND DWWTF</b>			<b>SNOW ROAD DWWTF</b>		
	Constructed Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)	Constructed Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)	Construct ed Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)
<b>2014</b>	0.060	0.0150	0.1036	0.056	0.0492	0.0883	0.020	0.0036	0.0094
<b>2015</b>	0.060	0.0132	0.0730	0.056	0.0420	0.0740	0.020	0.0051	0.0099
<b>2016</b>	0.060	0.0168	0.0279	0.056	0.0461	0.0698	0.020	0.0056	0.0097
<b>2017</b>	0.060	0.0158	0.0223	0.056	0.0517	0.0741	0.020	0.0039	0.0090
<b>2018</b>	0.060	0.0161	0.0243	0.056	0.0496	0.0635	0.020	0.0034	0.0077
<b>2019</b>	0.060	0.0157	0.0215	0.056	0.0530	0.0634	0.020	0.0035	0.0072
<b>2020</b>	0.060	0.0154	0.0205	0.056	0.0525	0.0594	0.020	0.0020	0.0058
<b>2021</b>	0.060	0.0165	0.0260	0.056	0.0563	0.0638	0.020	0.0032	0.0087
<b>2022</b>	0.060	0.0140	0.0220	N/A	N/A	N/A	0.020	0.0035	0.0098
<b>2023 **</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>10 Year Average</b>	<b>0.060</b>	<b>0.015</b>	<b>0.038</b>	<b>0.056</b>	<b>0.050</b>	<b>0.070</b>	<b>0.020</b>	<b>0.004</b>	<b>0.009</b>

\*\* During 2023, MAWSS sold the remaining Decentralized Facilities (Snow Rd and Hutchens). There will be no data moving forward.

See Independent Auditor’s Report on Supplementary Information.



**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF  
MOBILE**

**C.C. WILLIAMS WWTF  
2023 Statistics**

Month		Flow mgd	Raw Flow gd	Dig Flow gd	Waste Flow gd	Rain inches	CL2 lbs	SO2 lbs	Air Temp f	Grit ft3	Nat Gas ft3	Dig Gas ft3
January	Max	42.84	131,984	206,875	138,076	1.30	1,700	660	72	270	678,000	61,000
	Min	17.75	5,501	-	-	-	700	300	39	-	21,000	-
	Avg	24.16	55,015	79,090	67,992	0.12	1,059	387	57	34	260,119	13,816
February	Max	41.58	126,778	192,725	124,674	1.61	1,640	600	75	270	658,000	28,000
	Min	18.21	13,073	-	-	-	380	160	43	-	26	12,500
	Avg	23.02	60,879	87,022	48,635	0.11	1,168	368	61	50	144,662	15,821
March	Max	40.683	123,153	186,206	112,931	1.95	1,740	460	75	270	579,000	21,000
	Min	17.163	2,900	-	-	-	700	220	41	-	2	21
	Avg	21.30087097	57,381	83,971	57,371	0.15	1,175	363	64	30	47,443	11,413
April	Max	54.92	142,707	132,267	213,971	2.56	2,280	1,200	77	450	615,000	19,000
	Min	18.12	1,818	-	-	-	600	240	62	-	3	17
	Avg	25.40	51,638	73,358	52,162	0.27	1,163	381	70	43	107,907	9,944
May	Max	31.00	113,088	135,752	136,542	1.57	1,740	500	85	270	356,000	72,000
	Min	18.71	12,787	-	5,450	-	520	200	66	-	2	26
	Avg	21.20	59,184	81,020	74,215	0.11	1,026	364	76	22	42,012	18,440
June	Max	38.42	120,557	133,566	142,786	1.50	1,900	620	93	270	575,000	19,000
	Min	14.93	7,720	-	-	-	680	220	74	-	3	12
	Avg	22.56	56,808	82,834	66,217	0.28	1,229	375	83	45	50,421	8,052
July	Max	28.62	133,954	180,008	116,142	1.01	1,500	960	94	270	485,000	11,000
	Min	16.18	300	-	-	-	700	140	80	-	-	400
	Avg	19.04	52,348	58,464	50,605	0.15	1,018	409	86	36	86,461	4,735
August	Max	19.94	102,848	147,585	129,623	0.42	2,080	460	97	250	502,000	8,000
	Min	12.36	63	-	122	-	780	300	83	-	-	-
	Avg	16.38	51,558	65,150	71,508	0.02	1,096	398	90	42	32,157	1,686
September	Max	20.26	144,893	182,817	142,281	1.63	1,580	520	87	270	52,800	1,000
	Min	13.18	14,715	-	50,961	-	720	120	79	-	1	4
	Avg	16.08	68,074	77,245	95,718	0.13	1,065	370	83	26	6,311	214
October	Max	25.00	113,480	193,490	184,450	1.27	1,720	550	82	270	545,000	5,000
	Min	13.32	23,500	-	-	-	580	240	52	-	8	3
	Avg	15.32	66,911	93,750	96,740	0.05	1,055	377	71	35	100,887	1,781
November	Max	30.28	113,350	155,683	137,694	1.32	1,660	550	73	270	567,000	4,000
	Min	13.93	5,570	-	-	-	680	280	49	-	5	1
	Avg	17.55	56,124	60,288	53,323	0.17	1,056	406	62	37	110,390	768
December	Max	55.97	72,500	134,260	147,600	4.07	1,200	500	69	810	407,000	2,000
	Min	16.14	13,600	-	-	-	460	300	42	-	3	-
	Avg	20.83	39,143	40,557	46,841	0.23	766	394	55	50	36,892	395
Annual	Max	55.97	144,893	206,875	213,971	4.07	2,280	1,200	97	810	678,000	72,000
	Min	12.36	63	-	-	-	380	120	39	-	-	-
	Avg	20.24	56,255	73,562	65,111	0.15	1,073	383	71	37	85,472	7,256

Note: Permit daily capacity (mgd) is 28.0.

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF  
MOBILE**

**WRIGHT SMITH, JR. WWTF  
2023 STATISTICS**

<b>Month</b>		<b>Eff Flow mgd</b>	<b>Rain inches</b>	<b>CL2 lbs</b>	<b>SO2 lbs</b>	<b>Grit ft3</b>
<b>January</b>	Max	16.65	1.25	465	238	-
	Min	7.90	-	179	101	-
	Avg	10.38	0.15	264	149	-
<b>February</b>	Max	14.89	1.25	455	229	-
	Min	7.20	-	184	95	-
	Avg	9.76	0.08	243	146	-
<b>March</b>	Max	14.30	1.40	360	190	-
	Min	6.80	-	138	96	-
	Avg	8.74	0.16	237	138	-
<b>April</b>	Max	19.27	2.82	563	233	-
	Min	7.20	-	168	102	-
	Avg	10.52	0.23	334	160	-
<b>May</b>	Max	10.07	0.95	288	185	-
	Min	6.50	-	170	49	-
	Avg	8.02	0.09	226	136	-
<b>June</b>	Max	18.50	3.38	495	268	-
	Min	6.60	-	160	76	-
	Avg	9.24	0.34	246	139	-
<b>July</b>	Max	14.00	1.85	328	215	-
	Min	6.93	-	158	104	-
	Avg	8.26	0.25	218	139	-
<b>August</b>	Max	9.24	0.45	260	168	-
	Min	6.51	-	148	72	-
	Avg	7.68	0.02	198	133	-
<b>September</b>	Max	10.44	0.72	353	210	-
	Min	6.12	-	124	75	-
	Avg	7.42	0.09	212	132	-
<b>October</b>	Max	9.53	0.61	356	185	-
	Min	5.83	-	159	88	-
	Avg	7.11	0.02	214	133	-
<b>November</b>	Max	13.17	1.94	415	758	-
	Min	5.91	-	130	99	-
	Avg	7.94	0.19	241	175	-
<b>December</b>	Max	17.67	2.00	447	259	-
	Min	6.15	-	142	120	-
	Avg	8.95	0.17	227	183	-
<b>Annual</b>	<b>Max</b>	<b>19.27</b>	<b>3.38</b>	<b>563</b>	<b>758</b>	<b>-</b>
	<b>Min</b>	<b>5.83</b>	<b>-</b>	<b>124</b>	<b>49</b>	<b>-</b>
	<b>Avg</b>	<b>8.67</b>	<b>0.15</b>	<b>238</b>	<b>147</b>	<b>-</b>

Note: Permit daily capacity (mgd) is 12.8.

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF  
MOBILE**

**TOTAL NUMBER OF CUSTOMERS  
Last Ten Years**

<b>YEAR</b>	<b>WATER</b>	<b>SEWER</b>	<b>TOTAL</b>
2014	85,219	82,412	88,911
2015	85,678	82,923	89,447
2016	86,166	83,497	90,007
2017	86,271	83,662	90,121
2018	86,276	83,696	90,154
2019	86,561	83,764	90,261
2020	87,448	84,649	91,186
2021	87,162	83,856	90,348
2022	86,873	83,946	90,455
2023	89,068	86,568	92,716

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**

**TOTAL NUMBER OF EMPLOYEES  
Last Ten Years**

**Full time equivalent employees  
by function**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Water Supply	3	3	3	5	5	6	7	3	3	3
Water Treatment	23	25	25	27	30	30	29	28	35	34
Wastewater Treatment	37	35	36	40	43	43	43	34	40	39
Transmission and Collection	141	139	147	146	159	157	160	115	113	113
Support Services	44	46	46	44	48	47	49	43	37	35
Supervision, Engineering, Accounting, Collections, and General Expense	139	137	139	134	145	145	136	114	102	106
	<u>387</u>	<u>385</u>	<u>396</u>	<u>396</u>	<u>430</u>	<u>428</u>	<u>423</u>	<u>337</u>	<u>330</u>	<u>330</u>

See Independent Auditor's Report on Supplementary Information.

# BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE

## SCHEDULE OF 2023 CAPITAL IMPROVEMENT PROJECT EXPENDITURES

<u>PROJECT NUMBER</u>	<u>WATER PROJECTS</u>	<u>AMOUNT</u>
3521300	Myers WTP Scada Improvements & System-Wide Water & Wastewater	\$ 58,762
3663400	Gaillard Pumping Station Electrical Modification	42,721
3706300	Big Creek Lake Source Water Assessment	49,794
10170707	Myers Solid Handling Improvements	4,945,687
10195981	Stickney Reservoir Improvements	2,692,361
10199152	Stickney Electrical Upgrade	7,119,154
10315599	Underground Storage Tank Replacement	1,155,917
10355200	Causeway Water Main River Crossing Replacements	116,457
10358538	Causeway Water Main Replacement	6,736,206
175578363	Big Creek Lake Dam-Toe Berm	334,446
2023-101	Emergency Repair Big Creek Lake Dam	224,689
IEMAWSS-0105	MAWSS Big Creek Lake Boom Project	70,938
M5712-2673	Mobile River 16" Waterline Replacement	16,909
M5712-2705B	Water Service Line Identification - Phase 2	1,758,829
M5712-2723	Emergency Chlorine Scrubber Replacement at Myers WWTP	135,049
M5712-2727	Tennessee Street Water Relocation	1,124,924
M5712-2734	Appalachee River Emergency By-Pass	213,626
M5712-2740	Waterline Replacement Roosevelt, Wilkins, Provident, Springhill & McGrew	992,460
M5712-2766	Crestview Subdivision Waterline Replacement And Abandon Transit Pipe - Phase 1	17,010
M5712-2767	2024 Annual Contract for Waterline Loops	24,791
VARIOUS	Miscellaneous Water Projects	68,477
		27,899,206
<b><u>WASTEWATER PROJECTS</u></b>		
5625.190	Mobile St Lift Station 051 Force Main Upgrade	699,721
21068	2021 Various Sewer Repairs	66,276
100316.35	B051A01 System Rehab - Phase 2	535,841
100316.42	Three Mile Phase III	16,590
674299	Three Mile Creek Severe Weather Attenuation Basin	71,120
3197100	Smith WWTP Headworks	22,156
3226100	C C Williams Dewatering Facility and Other Improvements	10,562,575
3424000	Norton Lane Severe Weather Attenuation Tank and Lift Station	432,863
3677500	2022 Sewer Model Calibration	35,964
3707400	Williams WWTP Parshall Flume Replacement	40,156
3719000	Williams WWTP Aeration Basin Replacement Conceptual Design	83,344
3722900	Gaillard Pump Station Emergency Bypass Connection	24,951
3788300	Halls Mill Surge Tank	11,914
IEMAWSS-0104	Airport Boulevard/Walter Smith Road Force Main	311,981
2023-201	Eslava Creek Force Main Emergency Repair	208,553
5613.ALU	Magnolia Grove Lift Station and Force Main	728,471
5627.ALU	C C Williams P1 Digester Dome Repair	1,155,215
CMOB160039	Three Mile Creek Trunk Sewer Upgrades	13,405
CMOB190299	Eslava Creek Trunk Sewer Upgrades	173,936
CMOB190300	Crenshaw Street Lift Station and Sewer Force Main Improvements	3,759,767
M5712-2598	Eslava Creek Wetland Delineation	12,615
M5712-2650	Eslava Creek Force Main Replacement	373,953
M5712-2650 PH-1	Eslava Creek Force Main Replacement - Phase 1	4,117,088
M5712-2690-3	2021 Annual Contract-Access Roads and Easement Maintenance - Year 3	813,656
M5712-2692-2	2021 Annual Contract-Manhole Frame - Year 2	99,100
M5712-2692-3	2021 Annual Contract-Manhole Frame - Year 3	223,973
M5712-2695C	2021 Annual Contract-Manhole Rehabilitation - Year 3	750,729
M5712-2697-2	2021 Annual Contract To Install And Replace Sewer Laterals - Year 2	140,059
M5712-2700	Perch Creek Sanitary Sewer Trunk Line CIPP	52,023
M5712-2722-2	2022 Annual Low Pressure Force Main Check Valve Assembly - Year 2	347,144
M5712-2732-2	2023 Annual Contract For CIPP Rehabilitation of Small Diameter Sanitary Sewer Mains - Year 2	1,744,196
M5712-2733-2	2023 Annual Contract For CIPP Rehabilitation of Large Diameter Sanitary Sewer Mains - Year 2	999,660

(continued)

See Independent Auditor's Report on Supplementary Information.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE**  
**SCHEDULE OF 2023 CAPITAL IMPROVEMENT PROJECT EXPENDITURES**  
**(CONTINUED)**

<u>PROJECT NUMBER</u>	<u>WASTEWATER PROJECTS</u>	<u>AMOUNT</u>
M5712-2741	Various Sewer Line Repairs And Replacement	679,115
M5712-2744	2023 Annual Contract for CIPP Rehabilitation	499,167
M5712-2750	US 90 Sanitary Sewer Main Line Pipe Bursting	454,645
M5712-2754	Melrose Street Emergency Sewer Repair	397,580
M5712-2755	USA Hospital Drive Emergency Concrete Sewer Repair	425,093
M5712-2765	2024 Annual Contract for Sewer Line Repair	15,649
M5712-2774	MLK at Lafayette and Delaney C-Spire Sewer Line Replacement	30,435
PTUS-PCI-003284	Halls Mill Creek PCCP Force Main Inspection	402,663
VARIOUS	Miscellaneous Wastewater Projects	52,519
		31,585,863
	 <b><u>OTHER PROJECTS</u></b>	
5622.190	Island Road Tank Panting	495,229
10355207	Stickney WTP Physical Security Improvements	65,035
1025628.ALU	Sheet Pile Wall At Bucks Pump Station	98,591
10340653-2	Hillcrest Replacement Pumps	67,300
2852200-12	Lift Station Scada Radio Replacement	302,918
2852300-04	Wright Smith WWTP VTScada Conversion	15,660
5603.ALU	St. Louis Street Development	86,968
AL19102	Scottish Highlands Water and Sewer	213,234
AMOB2100991	MAWSS Lab Renovation	1,653,694
AMOB230104	Renovations and Audio Visual Upgrades to Board Room and Conference Rooms	37,521
M5712-2353	Schillinger Road Water and Sewer Utility Relocation	350,589
M5712-2559	Utility Relocation from Snow Road to Ziegler Boulevard	16,800
M5712-2735	North McGregor Reconstruction Water Replacement	1,353,172
M5712-2738	Installation of Various Flushing Stations	210,025
M5712-2769	Leo Street Water and Sewer Line Replacement	36,801
VARIOUS	Miscellaneous Other Projects	33,519
		5,037,056
	 <b><u>TOTAL CAPITAL PROJECT EXPENDITURES - 2023</u></b>	\$64,522,125

See Independent Auditor's Report on Supplementary Information.

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# SINGLE AUDIT SECTION



# SmithDukes

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

### *Independent Auditor's Report*

The Board of Commissioners  
The Board of Water and Sewer Commissioners of the City of Mobile, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type and fiduciary activities of The Board of Water and Sewer Commissioners of the City of Mobile, Alabama (the Board), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 26, 2024.

### ***Report on Internal Control over Financial Reporting***

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

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



The Board of Commissioners  
The Board of Water and Sewer Commissioners of the City of Mobile, Alabama

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

***Report on Compliance and Other Matters***

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

**Purpose of this Report**

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

*Smith, Duke & Buckalaw, L.L.P.*

Mobile, Alabama  
April 26, 2024

# SmithDukes

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

### *Independent Auditor's Report*

The Board of Commissioners  
The Board of Water and Sewer Commissioners of the City of Mobile, Alabama

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

#### ***Opinion on Each Federal Program***

We have audited The Board of Water and Sewer Commissioners of the City of Mobile, Alabama's (the Board) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended December 31, 2023. The Board's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questions costs.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2023.

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

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

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program.

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Smith, Dukes & Buckalew LLP

*Mobile:* 3800 Airport Blvd, Ste. 101 / Mobile, AL 36608 / 251.343.1200 / *Fax* 251.344.0966 / [smithdukes.com](http://smithdukes.com)

*Daphne:* 6475 Van Buren Ave., Ste. 200 / Daphne, AL 36526 / 251.621.9600 / *Fax* 251.621.9608

The Board of Commissioners  
The Board of Water and Sewer Commissioners of the City of Mobile, Alabama

Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

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

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

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

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

The Board of Commissioners  
The Board of Water and Sewer Commissioners of the City of Mobile, Alabama

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

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

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

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

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

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

*Smith, Duke & Buckalaw, L.L.P.*

Mobile, Alabama  
April 26, 2024

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF  
MOBILE, ALABAMA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Federal Expenditures</u>
<u>U.S. Environmental Protection Agency:</u>			
Passed through Alabama Department of Environmental Management:			
Clean Water State Revolving Fund (CWSRF) Cluster			
Clean Water State Revolving Fund	66.458	CWSRF-DL	\$ 16,470,246
Total Clean Water State Revolving Fund (CWSRF) Cluster			<u>16,470,246</u>
Drinking Water State Revolving Fund (DWSRF) Cluster			
Drinking Water State Revolving Fund	66.468	DWSRF-DL	9,841,884
Total Drinking Water State Revolving Fund (DWSRF) Cluster			<u>9,841,884</u>
<u>Gulf Coast Ecosystem Restoration Council:</u>			
Passed through Alabama Department of Conservation and Natural Resources:			
Gulf Coast Ecosystem Restoration Council	87.052	S1P12-PCSS	<u>41,398</u>
Total Expenditures of Federal Awards			<u>\$ 26,353,528</u>

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF  
MOBILE, ALABAMA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal loan and grant activity of the Board of Water and Sewer Commissioners of the City of Mobile, Alabama (the Board) under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the financial statements. Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 2 - Reporting Entity**

The Board's reporting entity is fully described in Note 1 to the financial statements.

**Note 3 - Indirect Cost Rate**

The Board has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

**Note 4 - Subrecipients**

There were no awards passed through to subrecipients.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF MOBILE,  
ALABAMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Section I - Summary of Audit Results**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of audit report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major programs:

Assistance Listing Number:	Name of Federal Program or Cluster:
<u>66.458</u>	<u>Clean Water State Revolving Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 790,606
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

No findings to be reported.

**Section III - Federal Awards Findings**

No findings to be reported.

**BOARD OF WATER AND SEWER COMMISSIONERS OF THE CITY OF  
MOBILE, ALABAMA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

There were no prior year findings reported.