



Lauderdale County Commission

Lauderdale County, Alabama

October 1, 2023 through September 30, 2024

Filed: August 22, 2025

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

Rachel Laurie Riddle, *Chief Examiner* | 334-777-0500 | www.alexaminers.gov



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Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An audit was conducted on the Lauderdale County Commission, Lauderdale County, Alabama, for the period October 1, 2023 through September 30, 2024, by Examiners Julia Wells and Matthew Posey. I, Julia Wells, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

Julia H. Wells
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**Lauderdale County Commission
October 1, 2023 through September 30, 2024**

The Lauderdale County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Lauderdale County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 20. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Lauderdale County.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Commission complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit was conducted in accordance with 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, as well as the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

An unmodified opinion was issued on the financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2024.

AUDIT FINDING

A problem was found with the Commission’s internal controls over compliance for its federal assistance programs (Exhibit 23), and it is summarized below:

- ◆ 2024-001: The Commission entered into a public works contract exceeding the federal simplified acquisition threshold without adhering to the requirements of the federal *Uniform Guidance*, or provisions of the Alabama Public Works Law.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 20, were invited to discuss the results of this report at an exit conference. Individuals in attendance were County Administrator Brenda Bryant and Commissioners Brad Black, William Garner and Joe Hackworth. Representing the Department of Examiners of Public Accounts were April Purser, Audit Manager; Julia Wells, Examiner; and Matthew Posey, Examiner.

Independent Auditor's Report

Independent Auditor's Report

Members of Lauderdale County Commission and County Administrator
Florence, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lauderdale County Commission, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Lauderdale County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 11.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lauderdale County Commission, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States (**Government Auditing Standards**). 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 Lauderdale County Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and ***Government Auditing Standards***, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of the Employer's Contributions – Pension, the Schedule of the Employer's Proportionate Share of the Net Pension Liability – Judicial Retirement Fund and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 18), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

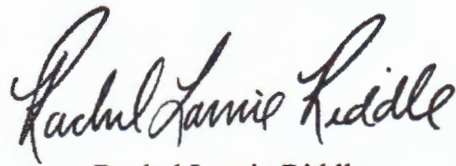
Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lauderdale County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 19), as required by Title 2 U. S. *Code of Federal Regulations* Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated July 28, 2025, on our consideration of the Lauderdale County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lauderdale County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Lauderdale County Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Rachel Laurie Riddle". The signature is written in a cursive, flowing style.

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

July 28, 2025

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Basic Financial Statements

Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash	\$ 44,021,145.33	\$ 177,744.11	\$ 44,198,889.44
Investments	21,631,435.68		21,631,435.68
Ad Valorem Taxes Receivable	15,889,186.34		15,889,186.34
Receivables (Note 4)	4,294,534.28	779,653.57	5,074,187.85
Inventories	478,941.12	71,354.91	550,296.03
Prepaid Items	1,634.85		1,634.85
Total Current Assets	86,316,877.60	1,028,752.59	87,345,630.19
<u>Noncurrent Assets</u>			
Capital Assets (Note 5):			
Nondepreciable	24,230,602.82	693,050.50	24,923,653.32
Depreciable, Net	55,301,302.37	7,361,251.06	62,662,553.43
Total Noncurrent Assets	79,531,905.19	8,054,301.56	87,586,206.75
Total Assets	165,848,782.79	9,083,054.15	174,931,836.94
<u>Deferred Outflows of Resources</u>			
Employer Pension Contributions	1,188,527.65	289,617.23	1,478,144.88
Deferred Outflows Related to Net Pension Liability	2,762,759.20	690,689.80	3,453,449.00
Total Deferred Outflows of Resources	3,951,286.85	980,307.03	4,931,593.88
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Payables (Note 7)	3,260,714.84	69,758.80	3,330,473.64
Unearned Revenue	14,244,995.75		14,244,995.75
Accrued Wages Payable	597,334.80	141,737.72	739,072.52
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Estimated Liability for Compensated Absences	67,334.65		67,334.65
Total Current Liabilities	18,170,380.04	211,496.52	18,381,876.56
<u>Noncurrent Liabilities</u>			
Portion Due or Payable After One Year:			
Estimated Liability for Compensated Absences	661,380.89	166,718.50	828,099.39
Net Pension Liability	13,651,652.00	3,412,913.00	17,064,565.00
Total Noncurrent Liabilities	14,313,032.89	3,579,631.50	17,892,664.39
Total Liabilities	\$ 32,483,412.93	\$ 3,791,128.02	\$ 36,274,540.95

Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
<u>Deferred Inflows of Resources</u>			
Unavailable Revenue - Property Taxes	\$ 15,659,453.63	\$	\$ 15,659,453.63
Total Deferred Inflows of Resources	15,659,453.63		15,659,453.63
<u>Net Position</u>			
Net Investment in Capital Assets	79,531,905.19	8,054,301.56	87,586,206.75
Restricted for:			
Capital Projects	3,005,488.11		3,005,488.11
Highways and Roads	2,696,866.96		2,696,866.96
Other Purposes	1,939,856.68		1,939,856.68
Unrestricted	34,483,086.14	(1,782,068.40)	32,701,017.74
Total Net Position	\$ 121,657,203.08	\$ 6,272,233.16	\$ 127,929,436.24

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
<u>Governmental Activities:</u>							
General Government	\$ 8,102,803.16	\$ 4,099,705.10	\$ 2,252,889.30	\$	(1,750,208.76)	\$	(1,750,208.76)
Public Safety	13,569,595.55	555,288.61	6,502,600.51		(6,511,706.43)		(6,511,706.43)
Highways and Roads	12,967,447.61	211,941.15	9,138,896.92	1,019,545.93	(2,597,063.61)		(2,597,063.61)
Health	512,090.68		25,187.10		(486,903.58)		(486,903.58)
Welfare	150,295.21	19,082.95	81,471.46		(49,740.80)		(49,740.80)
Culture and Recreation	390,271.82	30,966.03	5,000.00		(354,305.79)		(354,305.79)
Education	1,114,852.87			15,682,152.60	14,567,299.73		14,567,299.73
Intergovernmental	557,580.67				(557,580.67)		(557,580.67)
Total Governmental Activities	37,364,937.57	4,916,983.84	18,006,045.29	16,701,698.53	2,259,790.09		2,259,790.09
<u>Business-Type Activities:</u>							
Solid Waste	8,251,336.68	6,327,938.09	107,057.13			(1,816,341.46)	(1,816,341.46)
Total Business-Type Activities	8,251,336.68	6,327,938.09	107,057.13			(1,816,341.46)	(1,816,341.46)
Total Primary Government	\$ 45,616,274.25	\$ 11,244,921.93	\$ 18,113,102.42	\$ 16,701,698.53	2,259,790.09	(1,816,341.46)	443,448.63
<u>General Revenues:</u>							
Taxes:							
Property Taxes for General Purposes					10,283,330.17		10,283,330.17
Property Taxes for Specific Purposes					6,507,936.40		6,507,936.40
County Gasoline Sales Tax					940,261.80		940,261.80
Miscellaneous Taxes					640,487.29		640,487.29
Grants and Contributions Not Restricted for Specific Programs					3,867,852.17		3,867,852.17
Interest and Investment Earnings					1,937,168.21	1,296.14	1,938,464.35
TVA In-Lieu-Of Tax Payments					581,759.06		581,759.06
Miscellaneous					580,353.75	100,143.23	680,496.98
Gain on Sale of Assets					75,575.36	40,628.13	116,203.49
Total General Revenues					25,414,724.21	142,067.50	25,556,791.71
Change in Net Position					27,674,514.30	(1,674,273.96)	26,000,240.34
Net Position - Beginning of Year					93,982,688.78	7,946,507.12	101,929,195.90
Net Position - End of Year					\$ 121,657,203.08	\$ 6,272,233.16	\$ 127,929,436.24

The accompanying Notes to the Financial Statements are an integral part of this statement.

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Gasoline Tax Fund	Workforce Development Center Fund	ARPA Revenue Reduction Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash	\$ 20,806,549.54	\$ 1,262,030.49	\$ 12,824,595.07	\$ 247,405.46	\$ 8,880,564.77	\$ 44,021,145.33
Investments	21,631,435.68					21,631,435.68
Ad Valorem Taxes Receivable	14,567,421.63				1,321,764.71	15,889,186.34
Receivables (Note 4)	3,497,532.82	375,261.77			421,739.69	4,294,534.28
Inventories	5,584.86	473,356.26				478,941.12
Prepaid Items	1,634.85					1,634.85
Total Assets	60,510,159.38	2,110,648.52	12,824,595.07	247,405.46	10,624,069.17	86,316,877.60
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
<u>Liabilities</u>						
Payables (Note 7)	2,230,099.54	51,628.42	653,980.40		325,006.48	3,260,714.84
Unearned Revenue	61,800.00		12,145,456.75		2,037,739.00	14,244,995.75
Accrued Wages Payable	389,480.52	173,396.63			34,457.65	597,334.80
Compensated Absences	19.93	1,236.23				1,256.16
Total Liabilities	2,681,399.99	226,261.28	12,799,437.15		2,397,203.13	18,104,301.55
<u>Deferred Inflows of Resources</u>						
Unavailable Revenue - Property Taxes	14,337,688.92				1,321,764.71	15,659,453.63
Total Deferred Inflows of Resources	14,337,688.92				1,321,764.71	15,659,453.63
<u>Fund Balances</u>						
Nonspendable:						
Inventories	5,584.86	473,356.26				478,941.12
Prepaid Expenses	1,634.85					1,634.85
Restricted for:						
Capital Projects					3,005,488.11	3,005,488.11
Highways and Roads		29,311.44			2,667,555.52	2,696,866.96
Other Purposes	435,235.60		25,157.92	247,405.46	1,232,057.70	1,939,856.68
Assigned to:						
Highways and Roads		1,381,719.54				1,381,719.54
Unassigned	43,048,615.16					43,048,615.16
Total Fund Balances	43,491,070.47	1,884,387.24	25,157.92	247,405.46	6,905,101.33	52,553,122.42
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 60,510,159.38	\$ 2,110,648.52	\$ 12,824,595.07	\$ 247,405.46	\$ 10,624,069.17	\$ 86,316,877.60

The accompanying Notes to the Financial Statements are an integral part of this statement.

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position September 30, 2024

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 52,553,122.42

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1)
are different because:

For compensated absences, only the amount to be paid in October is recorded in
the governmental funds. 1,256.16

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported as assets in the governmental funds.

Land	\$ 4,061,381.27	
Construction in Progress	19,783,316.47	
Infrastructure	46,258,397.16	
Buildings	22,649,205.47	
Exhaustible Land Improvements	1,645,536.12	
Nonexhaustible Land Improvements	385,905.08	
Equipment and Furniture	21,754,485.02	
Accumulated Depreciation	<u>(37,006,321.40)</u>	79,531,905.19

Deferred outflows and inflows of resources related to the pension plan are applicable to
future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources related to pensions for employer
contributions made subsequent to the measurement date. \$ 1,188,527.65

Deferred outflows of resources related to differences between
expected and actual experience, changes of assumptions,
and net difference between projected and actual earnings on
pension plan investments. 2,762,759.20 3,951,286.85

Long-term liabilities, including net pension obligations, are not due and payable in the
current period and, therefore, are not reported as liabilities in the governmental funds.

	Current Liabilities	Noncurrent Liabilities	
Compensated Absences	\$ 67,334.65	\$ 661,380.89	
Net Pension Liability		13,651,652.00	
Total Liabilities	<u>\$ 67,334.65</u>	<u>\$ 14,313,032.89</u>	<u>(14,380,367.54)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 121,657,203.08

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2024

	General Fund	Gasoline Tax Fund	Workforce Development Center Fund	ARPA Revenue Reduction Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>						
Taxes	\$ 16,172,533.68	\$ 520,766.13	\$	\$	\$ 1,678,715.85	\$ 18,372,015.66
Licenses and Permits	175,248.57	208,659.55			48,449.60	432,357.72
Intergovernmental	5,935,833.77	3,114,406.93	15,682,152.60	9,000,000.00	5,400,334.75	39,132,728.05
Charges for Services	4,210,623.17	770.00			75,625.33	4,287,018.50
Fines and Forfeits	182.20					182.20
Miscellaneous	2,292,243.70	6,623.72	24,222.35	228,806.47	130,801.14	2,682,697.38
Total Revenues	28,786,665.09	3,851,226.33	15,706,374.95	9,228,806.47	7,333,926.67	64,906,999.51
<u>Expenditures</u>						
Current:						
General Government	5,449,364.80			716,162.55	1,094,403.54	7,259,930.89
Public Safety	7,344,027.49			4,739,912.79	258,245.38	12,342,185.66
Highways and Roads		7,023,523.56			3,839,933.07	10,863,456.63
Health	325,618.43				11,397.54	337,015.97
Welfare	43,011.91				102,390.24	145,402.15
Culture and Recreation	339,727.37				19,019.00	358,746.37
Education	1,111,426.64		79.00			1,111,505.64
Capital Outlay	497,833.09	1,750,750.08	15,682,073.60	3,689,558.95	1,063,401.31	22,683,617.03
Intergovernmental	140,454.00				417,126.67	557,580.67
Total Expenditures	15,251,463.73	8,774,273.64	15,682,152.60	9,145,634.29	6,805,916.75	55,659,441.01
Excess (Deficiency) of Revenues Over Expenditures	13,535,201.36	(4,923,047.31)	24,222.35	83,172.18	528,009.92	9,247,558.50
<u>Other Financing Sources (Uses)</u>						
Transfers In		4,828,213.00			14,500.00	4,842,713.00
Proceeds from Sale of Capital Assets	57,889.00	69,594.13				127,483.13
Transfers Out	(4,842,713.00)					(4,842,713.00)
Total Other Financing Sources (Uses)	(4,784,824.00)	4,897,807.13			14,500.00	127,483.13
Net Changes in Fund Balances	8,750,377.36	(25,240.18)	24,222.35	83,172.18	542,509.92	9,375,041.63
Fund Balances - Beginning of Year	34,740,693.11	1,909,627.42	935.57	164,233.28	6,362,591.41	43,178,080.79
Fund Balances - End of Year	\$ 43,491,070.47	\$ 1,884,387.24	\$ 25,157.92	\$ 247,405.46	\$ 6,905,101.33	\$ 52,553,122.42

The accompanying Notes to the Financial Statements are an integral part of this statement.

***Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024***

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 9,375,041.63

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2)
are different because:

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

Capital Outlays	\$ 22,683,617.03	
Depreciation Expense	<u>(3,143,922.73)</u>	19,539,694.30

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

Proceeds from Sale of Capital Assets	\$ (127,483.13)	
Gain on Disposition of Capital Assets	<u>75,575.36</u>	(51,907.77)

Governmental funds report pension contributions as expenditures. However, in the
Statement of Activities, the cost of pension benefits earned net of employee
contributions is reported as pension expense.

Employer Pension Contributions	\$ 1,188,527.65	
Cost of Benefits Earned Net of Employee Contributions	<u>(2,268,750.88)</u>	(1,080,223.23)

Some items reported in the Statement of Activities do not require the use of current
financial resources and, therefore, are not reported as expenditures in the
governmental funds.

Net Change in Compensated Absences	\$ <u>(108,090.63)</u>	<u>(108,090.63)</u>
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Change in Net Position of Governmental Activities (Exhibit 2)		<u>\$ 27,674,514.30</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Net Position
Proprietary Fund
September 30, 2024

	Enterprise Fund Solid Waste Fund
<u>Assets</u>	
<u>Current Assets</u>	
Cash	\$ 177,744.11
Receivables, Net (Note 4)	779,653.57
Inventories	71,354.91
Total Current Assets	<u>1,028,752.59</u>
<u>Noncurrent Assets</u>	
Capital Assets (Note 5):	
Nondepreciable	693,050.50
Depreciable, Net	7,361,251.06
Total Noncurrent Assets	<u>8,054,301.56</u>
Total Assets	<u>9,083,054.15</u>
<u>Deferred Outflows of Resources</u>	
Employer Pension Contributions	289,617.23
Deferred Outflows Related to Net Pension Liability	690,689.80
Total Deferred Outflows of Resources	<u>980,307.03</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Payables (Note 7)	69,758.80
Accrued Wages Payable	141,737.72
Total Current Liabilities	<u>211,496.52</u>
<u>Noncurrent Liabilities</u>	
Estimated Liability for Compensated Absences	166,718.50
Net Pension Liability	3,412,913.00
Total Noncurrent Liabilities	<u>3,579,631.50</u>
Total Liabilities	<u>3,791,128.02</u>
<u>Net Position</u>	
Net Investment in Capital Assets	8,054,301.56
Unrestricted	<u>(1,782,068.40)</u>
Total Net Position	<u>\$ 6,272,233.16</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended September 30, 2024

	Enterprise Fund Solid Waste Fund
<u>Operating Revenues</u>	
Charges for Services	\$ 6,327,938.09
Total Operating Revenues	<u>6,327,938.09</u>
<u>Operating Expenses</u>	
Salaries and Benefits	4,753,462.63
Contractual and Professional Services	1,153,386.67
Materials and Supplies	734,269.25
Rentals	928.45
Repairs and Maintenance	452,061.18
Utilities	17,736.63
Communications	17,898.74
Insurance	122,590.86
Depreciation	996,330.82
Miscellaneous	2,671.45
Total Operating Expenses	<u>8,251,336.68</u>
Operating Income (Loss)	<u>(1,923,398.59)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Earned	1,296.14
Miscellaneous Sales (Timber and Scrap Metal)	29,202.43
Gain on Disposition of Capital Assets	40,628.13
Contribution Revenue (Donation of Fixed Assets)	21,995.00
Tire Remediation Reimbursement	48,945.80
Federal Disaster Assistance	91,763.25
State Disaster Assistance	15,293.88
Total Nonoperating Revenues (Expenses)	<u>249,124.63</u>
Change in Net Position	(1,674,273.96)
Net Position - Beginning of Year	<u>7,946,507.12</u>
Net Position - End of Year	<u>\$ 6,272,233.16</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2024

	Enterprise Fund Solid Waste Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 6,663,470.62
Payments to Suppliers	(2,488,446.04)
Payments to Employees	(4,288,414.47)
Net Cash Provided (Used) by Operating Activities	<u>(113,389.89)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Miscellaneous Sales (Timber and Scrap)	29,202.43
Tire Remediation Reimbursement	48,945.80
Contribution Revenue (Donation of Fixed Assets)	21,995.00
Federal Disaster Assistance	91,763.25
State Disaster Assistance	15,293.88
Net Cash Provided (Used) by Noncapital Financing Activities	<u>207,200.36</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	(1,646,297.07)
Donation of Capital Assets	(21,995.00)
Dispositions of Capital Assets	47,025.00
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,621,267.07)</u>
<u>Cash Flow from Investing Activities</u>	
Interest Received	1,296.14
Net Cash Provided (Used) by Investing Activities	<u>1,296.14</u>
Net Increase (Decrease) in Cash	(1,526,160.46)
Cash - Beginning of Year	1,703,904.57
Cash - End of Year	<u><u>177,744.11</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>	
Operating Income (Loss)	(1,923,398.59)
<u>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</u>	
Depreciation Expense	996,330.82
Change in:	
Receivables, Net	335,532.53
Inventories	6,088.54
Accounts and Other Payables	7,008.65
Accrued Wages Payable	21,438.32
Estimated Liability for Compensated Absences	24,785.56
Deferred Outflows - Contributions	370,338.18
Net Pension Liability	48,486.10
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (113,389.89)</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Fiduciary Net Position
September 30, 2024

	Custodial Funds
<u>Assets</u>	
Cash	\$ 3,198,412.34
Receivables (Note 4)	34,982.28
Total Assets	<u>3,233,394.62</u>
<u>Liabilities</u>	
Payables (Note 7)	1,972,160.01
Total Liabilities	<u>1,972,160.01</u>
<u>Net Position</u>	
Held for Other Purposes and Agencies	1,261,234.61
Total Net Position	<u>\$ 1,261,234.61</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2024

	Custodial Funds
<u>Additions</u>	
Taxes, License and Fees	\$ 53,739,010.26
Miscellaneous	1,231,703.33
Total Additions	<u>54,970,713.59</u>
<u>Deductions</u>	
State of Alabama	15,751,162.54
Board of Education	31,421,102.21
Municipal	6,121,991.29
District Attorney	371.25
Other Associations	14,455.25
Other Counties	17,118.75
Payments to Beneficiaries	1,772,653.04
Total Deductions	<u>55,098,854.33</u>
Changes in Net Position	(128,140.74)
Net Position - Beginning of Year	<u>1,389,375.35</u>
Net Position - End of Year	<u><u>\$ 1,261,234.61</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Lauderdale County Commission (the “Commission”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

A. Reporting Entity

The Commission is a general purpose local government governed by separately elected commissioners. Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Based on the application of the above criteria, there are no component units which should be included as part of the financial reporting entity of the Commission.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Commission and for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Commission does not allocate indirect expenses to the various functions. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds in the Other Governmental Funds' column.

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. The fund is also used to report the expenditures for building and maintaining public buildings, roads and bridges.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditures of the statewide seven-cent gasoline tax. Revenues are earmarked for building and maintaining county roads. This fund is also used to report the expenditures of motor vehicle license taxes and fees and drivers' license revenues for the construction, improvement and maintenance of public highways and streets.
- ◆ **Workforce Development Center Fund** – This fund is used to account for the grant money received and expenditures related to the construction of the Workforce Development Center to provide integrated economic and workforce development opportunities in conjunction with Northwest-Shoals Community College and the Shoals Economic Development Authority.
- ◆ **ARPA Revenue Reduction Fund** – This fund is used to account for the expenditures related to the irrevocable election of up to \$10 million in revenue replacement from American Rescue Plan Act of 2021.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission reports the following major enterprise fund:

- ◆ **Solid Waste Fund** – This fund is used to account for the cost of providing solid waste service for commercial accounts and maintaining the county landfills.

The Commission reports the following governmental fund types in the Other Governmental Funds' column:

Governmental Fund Types

- ◆ **Special Revenue Funds** – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- ◆ **Debt Service Funds** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.
- ◆ **Capital Projects Funds** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

- ◆ **Custodial Funds** – These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Notes to the Financial Statements

For the Year Ended September 30, 2024

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are charges between the government's solid waste function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and landfill closure and post closure care costs, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balances

1. Deposits and Investments

Cash includes cash on hand and demand deposits. For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Notes to the Financial Statements

For the Year Ended September 30, 2024

State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit.

Investments are reported at fair value, based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost, and certificates of deposit, which are reported at cost.

2. Receivables

Sales tax receivables consist of taxes that have been paid by consumers in September. This tax is normally remitted to the Commission within the next 60 days.

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs, amounts due from the State, cities and towns, and other governmental entities.

Receivables in enterprise funds consist primarily of amounts due from customers who are charged fees for services provided by the Commission.

3. Inventories

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

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Notes to the Financial Statements

For the Year Ended September 30, 2024

5. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer systems, and similar items), are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Such assets are valued at their original historical cost plus ancillary charges such as transportation, installation, and site preparation costs. Donated fixed assets are valued at their acquisition value (plus any ancillary costs) at the acquisition date. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the asset's estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 50,000	20 – 40 years
Improvements	\$ 50,000	20 years
Equipment and Furniture	\$ 5,000	5 – 20 years
Roads	\$250,000	20 years
Bridges	\$ 50,000	40 years
Other Infrastructure	\$100,000	25 – 50 years

The majority of governmental activities infrastructure assets are roads and bridges. The Association of County Engineers has determined that due to the climate and materials used in road construction, the base of the roads in the county will not deteriorate and therefore should not be depreciated. The remaining part of the roads, the surface, will deteriorate and will be depreciated. The entire costs of bridges in the county will be depreciated.

6. Deferred Outflows of Resources

Deferred outflows of resources are reported in the government-wide and proprietary funds Statement of Net Position. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

Notes to the Financial Statements

For the Year Ended September 30, 2024

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

8. Compensated Absences

The Commission has a standard leave policy for its full-time employees as to sick and annual leave.

The Lauderdale County Commission's policy on sick and annual leave on full-time non-sheriff and jail department is as follows: An employee with less than 10 years of service accrues 3 hours per bi-weekly pay period plus an additional 2 hours given at the end of the year; an employee with more than 10 years of service accrues 4 ½ hours per pay period plus an additional 3 hours given at the end of the year; and regardless of length of service these employees earn 8 hours a month in sick leave. Sheriff and jail employees earn 3 hours annual leave and 3 hours sick leave per bi-weekly pay period plus an additional 2 hours given at the end of the year. The maximum annual and sick leave a sheriff or jail employee can accumulate is 480 hours each; other county employees can accumulate 240 hours in annual leave and unlimited hours in sick leave. An employee may be paid for up to 240 hours of unused accrued annual leave upon separation from county service; however, any balance of sick leave is forfeited.

9. Deferred Inflows of Resources

Deferred inflows of resources are reported in the government-wide and fund financial statements. Deferred inflows of resources are defined as an acquisition of net position/fund balances by the government that is applicable to a future reporting period. Deferred inflows of resources decrease net position/fund balances, similar to liabilities.

10. Net Position/Fund Balances

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

- ◆ **Net Investment in Capital Assets** – Capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows of resources related to the acquisition, construction, or improvements of those assets.

Notes to the Financial Statements

For the Year Ended September 30, 2024

- ◆ **Restricted** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation. They are reduced by liabilities and deferred inflows of resources related to those assets.
- ◆ **Unrestricted** – The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

Fund balance is reported in the fund financial statements under the following five categories:

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items, and long-term receivables.
- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or the County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. The portion of the total fund balance in the General Fund is available to finance operating expenditures.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission has established a minimum fund balance policy which recognizes that the establishment and maintenance of adequate fund reserves is necessary to avoid disruption in the operation of the county. It shall be the general policy of the Lauderdale County Commission to maintain an average unassigned fund balance equivalent to three month's operating revenue. The Commission shall require a minimum unassigned fund balance of three months reserves at all times in the General Fund.

E. Pensions

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

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets. All appropriations lapse at fiscal year-end.

The present statutory basis for county budgeting operations is the County Financial Control Act of 1935, as amended by Act Number 2007-488, Acts of Alabama. According to the terms of the law, at some meeting in September of each year, but in any event not later than October 1, the Commission must estimate the anticipated revenues, estimated expenditures and appropriations for the respective amounts that are to be used for each of such purposes. The appropriations must not exceed the total revenues available for appropriation plus any balances on hand. Expenditures may not legally exceed appropriations.

Budgets may be adjusted during the fiscal year when approved by the County Commission. Any changes must be within the revenues and reserves estimated to be available.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 3 – Deposits and Investments

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Commission's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program, all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

In fiscal year 2009, the *Code of Alabama 1975*, Section 41-14A-3, was amended to allow the Commission to enter into agreements with banks that are covered by the SAFE Program to purchase certificates of deposit (CDs) on the Commission's behalf with other federally insured banks or savings associations in such amounts so that the Commission's deposits, including any accrued interest, are fully covered by FDIC.

All of the Commission's investments were in certificates of deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

Note 4 – Receivables

On September 30, 2024, receivables for the Commission's individual major funds and other governmental and fiduciary funds in the aggregate are as follows:

Governmental Funds	General Fund	Gasoline Tax Fund	Other Governmental Funds	Total
<u>Receivables:</u>				
Intergovernmental	\$3,263,718.09	\$375,261.77	\$416,910.25	\$4,055,890.11
Interest Receivables	138,805.27			138,805.27
Other Receivables	95,009.46		4,829.44	99,838.90
Total Receivables	<u>\$3,497,532.82</u>	<u>\$375,261.77</u>	<u>\$421,739.69</u>	<u>\$4,294,534.28</u>

Notes to the Financial Statements
For the Year Ended September 30, 2024

Proprietary Fund	Solid Waste Fund
<u>Receivables:</u>	
Intergovernmental	\$662,883.07
Customer Receivables	116,770.50
Total Receivables	<u>\$779,653.57</u>

Fiduciary Funds	Custodial Funds
<u>Receivables:</u>	
Intergovernmental	\$34,982.28
Total Receivables	<u>\$34,982.28</u>

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

Unexpected Reappraisal Funds	\$ 161,282.29
Grant Funds Received Prior to Meeting All Eligibility Requirements	12,207,256.75
Unexpected Coronavirus Rescue Act Funds	1,876,456.71
Total	<u>\$14,244,995.75</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 5 – Capital Assets

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

	Balance 10/01/2023	Additions/ Reclassifications (*)	Deletions/ Reclassifications (*)	Balance 09/30/2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,061,381.27	\$	\$	\$ 4,061,381.27
Improvements Other than Buildings	385,905.08			385,905.08
Construction in Progress	2,642,738.46	16,559,856.19		19,202,594.65
Equipment in Progress		11,840.00		11,840.00
Infrastructure in Progress	7,014,660.41	1,427,678.59	(7,873,457.18)	568,881.82
Total Capital Assets, Not Being Depreciated	14,104,685.22	17,999,374.78	(7,873,457.18)	24,230,602.82
Capital Assets, Being Depreciated:				
Infrastructure (Roads and Bridges)	38,384,939.98	7,873,457.18		46,258,397.16
Buildings	22,421,859.61	227,345.86		22,649,205.47
Improvements Other than Buildings	1,645,536.12			1,645,536.12
Equipment, Vehicles and Furniture	18,241,352.61	4,456,896.39	(943,763.98)	21,754,485.02
Total Capital Assets, Being Depreciated	80,693,688.32	12,557,699.43	(943,763.98)	92,307,623.77
Less Accumulated Depreciation for:				
Infrastructure	(12,100,478.32)	(801,591.35)		(12,902,069.67)
Buildings	(10,378,732.93)	(695,214.01)		(11,073,946.94)
Improvements Other than Buildings	(868,985.30)	(56,317.85)		(925,303.15)
Equipment, Vehicles and Furniture	(11,406,058.33)	(1,590,799.52)	891,856.21	(12,105,001.64)
Total Accumulated Depreciation	(34,754,254.88)	(3,143,922.73)	891,856.21	(37,006,321.40)
Total Capital Assets, Being Depreciated, Net	45,939,433.44	9,413,776.70	(51,907.77)	55,301,302.37
Total Governmental Activities Capital Assets, Net	\$ 60,044,118.66	\$27,413,151.48	\$(7,925,364.95)	\$ 79,531,905.19
(*) Additions/Reclassifications and Deletions/Reclassifications include \$7,873,457.18 of reclassifications from Infrastructure in Progress to Infrastructure.				

Notes to the Financial Statements
For the Year Ended September 30, 2024

	Balance 10/01/2023	Additions	Deletions	Balance 09/30/2024
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 693,050.50	\$	\$	\$ 693,050.50
Total Capital Assets, Not Being Depreciated	693,050.50			693,050.50
Capital Assets, Being Depreciated:				
Infrastructure	1,949,012.40			1,949,012.40
Buildings	566,497.59			566,497.59
Improvements Other than Buildings	52,850.00			52,850.00
Equipment, Vehicles and Furniture	10,368,992.45	1,668,292.07	(284,422.75)	11,752,861.77
Total Capital Assets, Being Depreciated	12,937,352.44	1,668,292.07	(284,422.75)	14,321,221.76
Less Accumulated Depreciation for:				
Infrastructure	(896,544.50)	(77,960.50)		(974,505.00)
Buildings	(233,381.82)	(15,015.29)		(248,397.11)
Improvements Other than Buildings	(30,389.50)	(2,642.50)		(33,032.00)
Equipment, Vehicles and Furniture	(5,081,349.94)	(900,712.53)	278,025.88	(5,704,036.59)
Total Accumulated Depreciation	(6,241,665.76)	(996,330.82)	278,025.88	(6,959,970.70)
Total Capital Assets, Being Depreciated, Net	6,695,686.68	671,961.25	(6,396.87)	7,361,251.06
Total Business-Type Activities Capital Assets, Net	\$ 7,388,737.18	\$ 671,961.25	\$ (6,396.87)	\$ 8,054,301.56

Depreciation expense was charged to functions/programs of the primary government as follows:

	Current Year Depreciation Expense
Governmental Activities:	
General Government	\$ 412,280.05
Public Safety	722,191.50
Highways and Roads	1,793,059.07
Health	176,626.37
Welfare	4,893.06
Culture and Recreation	31,525.45
Education	3,347.23
Total Depreciation Expense – Governmental Activities	<u>\$3,143,922.73</u>

	Current Year Depreciation Expense
Business-Type Activities:	
Solid Waste	\$996,330.82
Total Depreciation Expense – Business-Type Activities	<u>\$996,330.82</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission has a collection of historical statues and documents that it does not capitalize. This collection adheres to the Commission's policy to (a) maintain the collection for public exhibitions, education, or research; (b) protect, keep unencumbered, care for, and preserve the collection; and (c) require proceeds from the sale to be used to acquire other items for the collection. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time of purchase rather than capitalized.

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employment retirement plan (the "Plan"), was established October 1, 1945, pursuant to the ***Code of Alabama 1975***, Section 36-27 (Act Number 515, Acts of Alabama 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 general administration and operation of ERS is vested in the Board of Control which consists of 15 trustees. Act Number 2021-390, Acts of Alabama, 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***, Section 36-27-2, 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

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

Benefits Provided

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Act Number 2012-377, Acts of Alabama, 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 for 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 creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30th are paid to the beneficiary.

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

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

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

Retirees and beneficiaries currently receiving benefits	31,481
Terminated employees entitled to but not yet receiving benefits	2,350
Terminated employees not entitled to a benefit	20,556
Active Members	58,659
Post-DROP participants who are still in active service	33
Total	<u>113,079</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Contributions

Tier 1 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. ERS local participating employers are not required by the state to increase contribution rates for the members. Lauderdale County elected not to increase the rates for their members.

Employers participating in the ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6, were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676, Acts of Alabama. By adopting Act 2011-676, Acts of Alabama, 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' 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 year ended September 30, 2024, the Commission's active employee contribution rates was 6.69% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 9.73% of pensionable payroll.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission's contractually required contribution rate for the year ended September 30, 2024, was 11.05% of the pensionable pay for Tier 1 employees, and 9.16% of the pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$1,478,144.88 for the year ended September 30, 2024.

B. Net Pension Liability

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

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2022	\$45,551,845	\$46,228,944	\$46,228,944
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 – September 30, 2023	1,230,510	1,230,510	1,230,510
(d) Transfers Among Employers		13,659	13,659
(e) Actual Benefit Payments and Refunds for October 1, 2022 – September 30, 2023	(3,313,891)	(3,313,891)	(3,313,891)
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	\$46,738,634	\$47,479,836	\$47,479,836
(g) Difference Between Expected and Actual		\$ 741,202	
(h) Less Liability Transferred for Immediate Recognition		13,659	
(i) Difference between Expected and Actual Experience (Gain)/Loss		<u>\$ 727,543</u>	
(j) Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss			<u>\$</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Actuarial Assumptions

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

Inflation	2.50%
Projected Salary Increases, including inflation:	
State and Local Employees	3.25-6.00%
State Police	4.00-7.75%
Investment Rate of Return, including inflation (*)	7.45%
(*) Net of pension plan investment expense	

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	15.00%	2.80%
U. S. Large 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%
Total	<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.

Notes to the Financial Statements
For the Year Ended September 30, 2024

C. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2022	\$45,551,845	\$27,844,335	\$17,707,510
Changes for the Year:			
Service Cost	1,230,510		1,230,510
Interest	3,270,170		3,270,170
Differences Between Expected and Actual Experience	727,543		727,543
Contributions – Employer		1,352,197	(1,352,197)
Contributions – Employee		967,733	(967,733)
Net Investment Income		3,551,238	(3,551,238)
Benefit Payments, Including Refunds of Employee Contributions	(3,313,891)	(3,313,891)	
Transfers among Employers	13,659	13,659	
Net Changes	1,927,991	2,570,936	(642,945)
Balances at September 30, 2023	\$47,479,836	\$30,415,271	\$17,064,565

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Commission’s Net Pension Liability	\$22,451,301	\$17,064,565	\$12,527,864

Notes to the Financial Statements

For the Year Ended September 30, 2024

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2023. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended September 30, 2024, the Commission recognized pension expense of \$2,961,350.00. At September 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,538,970.00	\$
Changes of assumptions	657,249.00	
Net difference between projected and actual earnings on pension plan investments	1,257,230.00	
Employer contributions subsequent to the measurement date	1,478,144.88	
Total	\$4,931,593.88	\$

The \$1,478,144.88 reported as deferred outflows of resources related to pensions resulting from the Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025. Amounts reported as deferred outflows of resources and deferred inflow of resources to pensions will be recognized in pension expense as follows:

Year Ending	
September 30, 2025	\$1,116,614
2026	\$ 928,355
2027	\$1,460,848
2028	\$ (106,261)
2029	\$ 53,893
Thereafter	\$ 0

Notes to the Financial Statements

For the Year Ended September 30, 2024

Judicial Retirement Fund

Summary of Significant Accounting Policies

Pensions

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

General Information about the Pension Plan

Plan Description

The JRF, a cost-sharing multiple-employer public employee retirement plan, was established as of September 18, 1973, pursuant to the ***Code of Alabama 1975***, Title 12, Chapter 18 (Act 1163 of the Legislature of 1973), for the purpose of providing retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. The ***Code of Alabama 1975***, Title 12, Chapter 18, Articles 3 & 4 (Act 1205 of the Legislature of 1975) enlarged the scope and coverage of the JRF to include District and Probate Judges, respectively. The responsibility for the general administration and operation of the JRF is vested in the Board of Control of the Employees’ Retirement System of Alabama (ERS). The JRF issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Benefits Provided

The Plan benefits vest from five to eighteen years. Except for justices or judges who were either disabled, elected prior to July 30, 1979, or have at least 25 years of creditable service, no justice or judge is eligible to receive judicial service retirement pay prior to attaining age 60. Service retirement benefits for justices or judges are dependent upon the particular office held in the judicial branch of government. A retirement benefit is payable upon the request of any member who has: (1) 25 years of creditable service (regardless of age), (2) completed 12 years of creditable service and has attained age 65, (3) completed 15 years of creditable service and whose age plus service equals or exceeds 77, (4) completed 10 years of creditable service and attained age 70 or (5) been elected prior to July 30, 1979, and has 18 years or service (regardless of age). A member eligible to retire who has not requested his or her retirement benefit to commence at the end of the term in which the member's 70th birthday occurs is entitled only to the refund of his or her contributions (except for members with at least 25 years of creditable service). The service retirement benefit for circuit, appellate, and probate judges is 75% of the member's salary at the time of separation from service. The service retirement benefit for a district judge is 75% of the position's salary immediately prior to retirement.

Act Number 2015-498, Acts of Alabama, established a new group (Group 3) of members within JRF which consists of all justices, judges, circuit clerks, and district attorneys elected or appointed on or after November 8, 2016. Group 3 members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. A district attorney who has Tier 1 ERS transferred service as an assistant or deputy district attorney is eligible for service retirement with 25 years of service credit, regardless of age. Service and disability retirement benefits are calculated using a retirement formula. Group 3 members who are judges or justices are allowed 4% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 75% of their average final compensation. Group 3 members who are clerks or district attorneys are allowed 3% 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.

Contributions

JRF members contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, Plan members were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, Plan members are required by statute to contribute 8.50% of earnable compensation.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Pension Liabilities and Pension Expense

At September 30, 2024, the Commission did not have a liability for a proportionate share of the net pension liability because of the related State of Alabama support. The amount of the State of Alabama's proportionate share of net pension liability associated with Lauderdale County Commission is as follows:

State of Alabama's proportionate share of the net pension liability associated with the Lauderdale County Commission	<u>\$365,094</u>
--	------------------

The net pension liability was measured as of September 30, 2023. The total pension liability is based on the actuarial valuation as of September 30, 2022. An expected total pension liability as of September 30, 2023, was determined using standard roll-forward techniques. The State of Alabama's proportion of the net pension liability associated with Lauderdale County Commission was based on actuarially determined contributions paid by the State of Alabama during the fiscal year ended September 30, 2023.

For the year ended September 30, 2024, Lauderdale County Commission recognized pension expense and revenue of \$56,877 for aid provided by the State of Alabama.

Actuarial Assumptions

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

Inflation	2.50%
Projected Salary Increases	2.75% - 3.50%
Investment Rate of Return (*)	7.40%

(*) Net of pension plan investment expense

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree – Below Median	Male: +2, Female: +2	Male: 108% Age <63, 96% ages > 67; Phasing down 63-67 Female: 112% ages <69, 98% > age 74 Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +4, Female: +3	None

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	22.00%	2.80%
U. S. Large Stocks	39.00%	8.00%
U. S. Mid Stocks	11.00%	10.00%
U. S. Small Stocks	5.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	1.00%	9.00%
Real Estate	2.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	<u>100.00%</u>	

(*) Includes assumed rate of inflation of 2.00%.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement Number 67 for the JRF prepared as of September 30, 2023. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa.al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Note 7 – Payables

On September 30, 2024, payables for the Commission's individual major funds, other governmental funds and fiduciary funds in the aggregate are as follows:

	Accounts Payable	Retainage Payable	Due to Other Governments	Total Payables
<u>Governmental Activities:</u>				
General Fund	\$178,055.61	\$ 5,230.75	\$2,046,813.18	\$2,230,099.54
Gasoline Tax Fund	16,628.42		35,000.00	51,628.42
Workforce Development Center Fund		653,980.40		653,980.40
Other Governmental Funds	170,506.48		154,500.00	325,006.48
Total Governmental Activities	<u>\$365,190.51</u>	<u>\$659,211.15</u>	<u>\$2,236,313.18</u>	<u>\$3,260,714.84</u>

Notes to the Financial Statements
For the Year Ended September 30, 2024

	Accounts Payable	Due to Other Governments	Total Payables
Business-Type Activities:			
Solid Waste Fund	\$43,726.15	\$26,032.65	\$69,758.80
Total Business-Type Activities	\$43,726.15	\$26,032.65	\$69,758.80

	Due to Other Governments	Total Payables
Fiduciary Activities:		
Custodial Funds	\$1,972,160.01	\$1,972,160.01
Total Fiduciary Activities	\$1,972,160.01	\$1,972,160.01

Note 8 – Long-Term Debt

The following is a summary of long-term liability transactions for the Commission for the year ended September 30, 2024.

	Debt Outstanding 10/01/2023	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2024	Amounts Due Within One Year
Governmental Activities:					
Estimated Liability for Compensated Absences	\$ 619,506.15	\$109,209.39	\$	\$ 728,715.54	\$67,334.65
Net Pension Liability	14,343,083.10		(691,431.10)	13,651,652.00	
Total Governmental Activities Long-Term Liabilities	14,962,589.25	109,209.39	(691,431.10)	14,380,367.54	67,334.65
Business-Type Activities:					
Estimated Liability for Compensated Absences	141,932.94	24,785.56		166,718.50	
Net Pension Liability	3,364,426.90	48,486.10		3,412,913.00	
Total Business-Type Activities	\$ 3,506,359.84	\$ 73,271.66	\$	\$ 3,579,631.50	\$

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, approximately 59% has been paid by the General Fund, 36% by the Gasoline Tax Fund, and the remainder by the other governmental funds.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 9 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission's individual claims experience and the experience of the Fund as a whole. Coverage is provided up to \$1,000,000 per claim for a maximum total coverage of \$3,000,000 and unlimited defense costs. Employment-related practices damage protection is limited to \$1,000,000 per incident with a \$5,000 deductible and unlimited defense costs. County specific coverage and limits can be added by endorsement.

The Commission has workers' compensation insurance through the Association of County Commissions of Alabama (ACCA) Workers' Compensation Self Insurance Fund, a public entity risk pool. The premium level for the Fund is calculated to adequately cover the anticipated losses and expenses of the Fund. Fund rates are calculated for each job class based on the current NCCI Alabama loss costs and a loss cost modifier to meet the required premiums of the Fund. Member premiums are then calculated on a rate per \$100 of estimated remuneration for each job class, which is adjusted by an experience modifier for the individual county. The Commission may qualify for additional discounts based on losses and premium size. Pool participants are eligible to receive refunds of unused premiums and the related investment earnings.

The ACCA now offers a Safety Incentive Discount Program to encourage its Fund Members to improve their safety efforts by establishing basic standards in order to control losses. Each Fund Member will qualify to receive a discount off its renewal premium contribution upon completion of all basic requirements and submittal of all required documentation each year. The Commission appointed a Safety Coordinator and created a Safety Committee to help ensure the County's compliance with this program.

The Commission has commercial insurance for its buildings and contents, and boiler and machinery. The Commission also has commercial insurance for physical damage to its construction equipment and motor vehicles with a cost of \$75,000 or greater. The Commission pays an annual premium based on the amount of coverage requested. Settled claims resulting from these risks have not exceeded the Commission's coverage for the past three years with note to one exception. A piece of equipment was erroneously not added to the insurance plan in fiscal year 2023. The County settled that claim for \$68,385.02 which included damage expense, medical expense, and loss of work expense. It was through the Solid Waste Fund.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). Employees participate in a plan administered by Blue Cross/Blue Shield which functions as a public entity risk pool. This plan is self-sustaining through member premiums. Monthly premiums are determined annually by the plan's actuary and are based on the pool's claims experience, considering any remaining fund balance on hand available for claims.

Note 10 – Interfund Transactions

Interfund Transfers

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

	Transfers In		Total
	Gasoline Tax Fund	Other Governmental Funds	
Transfers Out:			
General Fund	\$4,828,213.00	\$14,500.00	\$4,842,713.00
Total	<u>\$4,828,213.00</u>	<u>\$14,500.00</u>	<u>\$4,842,713.00</u>

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portion from the General Fund to the Debt Service Funds to service current-year debt requirements, if any.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 11 – Related Organizations

The following organizations were considered related organizations because a majority of the respective members of boards are appointed by the Lauderdale County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship, for these organizations and the organizations are not considered part of the Commission's financial reporting entity.

- ◆ Chisholm Heights Water and Fire Protection Authority
- ◆ East Lauderdale Water and Fire Protection Authority
- ◆ West Lauderdale and Fire Protection Authority
- ◆ Greenhill Water and Fire Protection Authority
- ◆ Center Star Fire District
- ◆ Elgin Fire Protection District
- ◆ Waterloo Volunteer Fire District
- ◆ Cloverdale Volunteer Fire Department
- ◆ Middle Lauderdale Fire Protection Authority
- ◆ Zip City Volunteer Fire Department
- ◆ Underwood-Petersville Volunteer Fire Department
- ◆ Greenhill Volunteer Fire Department
- ◆ Central Area Volunteer Fire Department
- ◆ Oakland Volunteer Fire Department
- ◆ Lauderdale County Cemetery Rehabilitation Authority
- ◆ Lauderdale County Public Park and Recreation Board

Required Supplementary Information

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Schedule of Changes in the Employer's Net Pension Liability
For the Year Ended September 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 1,230,510	\$ 1,153,354	\$ 936,613	\$ 785,766	\$ 790,819	\$ 754,576	\$ 736,511	\$ 747,487	\$ 719,605	\$ 712,709
Interest	3,270,170	3,110,909	2,971,790	2,808,488	2,710,832	2,628,919	2,590,560	2,465,671	2,398,069	2,300,283
Changes of benefit terms		34,108		494,857						
Difference between expected and actual experience	727,543	1,089,690	423,866	494,346	178,474	79,825	(773,102)	689,004	(193,126)	
Changes of assumptions			1,514,532			178,277		881,361		
Benefit payments, including refunds of employee contributions	(3,313,891)	(2,775,905)	(2,471,812)	(2,388,456)	(2,524,022)	(2,171,641)	(2,012,957)	(2,150,664)	(2,008,375)	(1,572,964)
Transfers among employers	13,659	(205,433)	(60,444)	(32,520)	44,374	(9,699)	33,292	(96,022)		
Net change in total pension liability	1,927,991	2,406,723	3,314,545	2,162,481	1,200,477	1,460,257	574,304	2,536,837	916,173	1,440,028
Total pension liability - beginning	45,551,845	43,145,122	39,830,577	37,668,096	36,467,619	35,007,362	34,433,058	31,896,221	30,980,048	29,540,020
Total pension liability - ending (a)	\$ 47,479,836	\$ 45,551,845	\$ 43,145,122	\$ 39,830,577	\$ 37,668,096	\$ 36,467,619	\$ 35,007,362	\$ 34,433,058	\$ 31,896,221	\$ 30,980,048
Plan fiduciary net position										
Contributions - employer	\$ 1,352,197	\$ 1,223,067	\$ 1,125,063	\$ 1,008,648	\$ 1,040,908	\$ 910,239	\$ 858,113	\$ 923,876	\$ 880,311	\$ 874,469
Contributions - employee	967,733	848,596	788,846	737,453	576,460	528,103	515,988	466,537	473,935	449,550
Net investment income	3,551,238	(4,149,889)	6,035,256	1,504,021	678,178	2,305,190	2,903,799	2,163,713	257,882	2,381,066
Benefit payments, including refunds of employee contributions	(3,313,891)	(2,775,905)	(2,471,812)	(2,388,456)	(2,524,022)	(2,171,641)	(2,012,957)	(2,150,664)	(2,008,375)	(1,572,964)
Other (transfers among employers)	13,659	(205,433)	(60,444)	(32,520)	44,374	(9,699)	33,292	(96,022)	12,701	(87,053)
Net change in plan fiduciary net position	2,570,936	(5,059,564)	5,416,909	829,146	(184,102)	1,562,192	2,298,235	1,307,440	(383,546)	2,045,068
Plan fiduciary net position - beginning	27,844,335	32,903,899	27,486,990	26,657,844	26,841,946	25,279,754	22,981,519	21,674,079	22,057,625	20,012,557
Plan fiduciary net position - ending (b)	\$ 30,415,271	\$ 27,844,335	\$ 32,903,899	\$ 27,486,990	\$ 26,657,844	\$ 26,841,946	\$ 25,279,754	\$ 22,981,519	\$ 21,674,079	\$ 22,057,625
Commission's net pension liability - ending (a) - (b)	\$ 17,064,565	\$ 17,707,510	\$ 10,241,223	\$ 12,343,587	\$ 11,010,252	\$ 9,625,673	\$ 9,727,608	\$ 11,451,539	\$ 10,222,142	\$ 8,922,423
Plan fiduciary net position as a percentage of the total pension liability	64.06%	61.13%	76.26%	69.01%	70.77%	73.60%	72.21%	66.74%	67.95%	71.20%
Covered payroll (*)	\$ 14,094,621	\$ 14,236,946	\$ 12,449,369	\$ 11,175,156	\$ 10,280,910	\$ 9,635,003	\$ 9,074,431	\$ 8,809,201	\$ 8,818,414	\$ 8,594,785
Commission's net pension liability as a percentage of covered payroll	121.07%	124.38%	82.26%	110.46%	107.09%	99.90%	107.20%	130.00%	115.92%	103.81%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2024, the measurement period is October 1, 2022 through September 30, 2023. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (*)	\$ 1,478,145	\$ 1,352,197	\$ 1,223,067	\$ 1,125,063	\$ 1,008,648	\$ 1,040,908	\$ 910,239	\$ 858,113	\$ 923,876	\$ 880,311
Contributions in relation to the actuarially determined contribution (*)	\$ 1,478,145	\$ 1,352,197	\$ 1,223,067	\$ 1,125,063	\$ 1,008,648	\$ 1,040,908	\$ 910,239	\$ 858,113	\$ 923,876	\$ 880,311
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 15,191,274	\$ 14,094,621	\$ 14,236,946	\$ 12,449,369	\$ 11,175,156	\$ 10,280,910	\$ 9,635,003	\$ 9,074,431	\$ 8,809,201	\$ 8,818,414
Contributions as a percentage of covered payroll	9.73%	9.59%	8.59%	9.04%	9.03%	10.12%	9.45%	9.46%	10.49%	9.98%

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

(**) Employer's covered payroll for fiscal year 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 2024 were based on the September 30, 2021 actuarial valuation.

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

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26.2 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25-6.00% including inflation
Investment rate of return	7.45% net of pension plan investment expense, including inflation

Schedule of the Employer's Proportionate Share of the Net Pension Liability
Judicial Retirement Fund
For the Year Ended September 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employer's proportionate share of the net pension liability	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State of Alabama's proportionate share of the net pension liability associated with the employer	365,094	321,661	257,321	320,318	294,620	290,678	306,291	328,595	279,679	278,550
Total	\$ 365,094	\$ 321,661	\$ 257,321	\$ 320,318	\$ 294,620	\$ 290,678	\$ 306,291	\$ 328,595	\$ 279,679	\$ 278,550
Employer's covered payroll during the measurement period	\$ 95,572	\$ 86,373	\$ 92,372	\$ 93,572	\$ 92,072	\$ 90,572	\$ 89,072	\$ 87,572	\$ 85,572	\$ 76,144
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	58.62%	58.94%	72.50%	66.20%	67.44%	68.68%	66.22%	62.54%	62.20%	65.46%

Changes of assumptions

In 2021, rates of retirement and mortality were adjusted to more closely reflect actual experience. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience, including a change in the discount rate from 7.65% to 7.40%. In 2021 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Retiree Below Median Tables projected generationally with 66-2/3% of the MP-2020 scale beginning in 2019.

In 2018, the discount rate was changed from 7.75% to 7.65%.

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended September 30, 2022, reported in that schedule:

Valuation date	September 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level percent closed
Remaining amortization period	18.4 years
Asset valuation method	Five-year smoothed market value
Inflation rate	2.75%
Ultimate investment rate of return	7.65%
Projected salary increases	3.25 to 3.50%
Cost-of-living adjustments	3.00% per year for certain members hired prior to July 30, 1979 and for spousal benefits subject to increase.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
Taxes	\$ 10,654,500.00	\$ 10,654,500.00	\$ 11,134,133.12	(1)	\$ 5,038,400.56	\$ 16,172,533.68
Licenses and Permits	95,000.00	95,000.00	175,248.57			175,248.57
Intergovernmental	8,768,197.00	8,771,622.00	5,761,953.87	(1)	173,879.90	5,935,833.77
Charges for Services	4,063,700.00	4,063,700.00	4,210,623.17			4,210,623.17
Fines and Forfeits	700.00	700.00	182.20			182.20
Miscellaneous	1,375,960.00	1,375,960.00	2,284,997.78	(1)	7,245.92	2,292,243.70
Total Revenues	24,958,057.00	24,961,482.00	23,567,138.71		5,219,526.38	28,786,665.09
Expenditures						
Current:						
General Government	5,642,409.00	5,704,259.00	5,449,364.80			5,449,364.80
Public Safety	7,764,375.00	8,149,775.45	7,344,027.49			7,344,027.49
Health	724,560.00	724,560.00	325,618.43			325,618.43
Welfare	46,000.00	46,000.00	43,011.91			43,011.91
Culture and Recreation	330,850.00	363,979.00	339,727.37			339,727.37
Education	993,400.00	993,400.00	1,111,426.64			1,111,426.64
Capital Outlay	5,011,610.00	5,124,428.66	497,833.09			497,833.09
Intergovernmental	140,454.00	140,454.00	140,454.00			140,454.00
Total Expenditures	20,653,658.00	21,246,856.11	15,251,463.73			15,251,463.73
Excess (Deficiency) of Revenues Over Expenditures	4,304,399.00	3,714,625.89	8,315,674.98		5,219,526.38	13,535,201.36
Other Financing Sources (Uses)						
Transfers In	7,000.00	10,425.00				
Proceeds from Sale of Capital Assets			57,889.00			57,889.00
Transfers Out	(21,500.00)	(2,209,725.00)	(1,834,300.00)	(2)	(3,008,413.00)	(4,842,713.00)
Total Other Financing Sources (Uses)	(14,500.00)	(2,199,300.00)	(1,776,411.00)		(3,008,413.00)	(4,784,824.00)
Net Change in Fund Balances	4,289,899.00	1,515,325.89	6,539,263.98		2,211,113.38	8,750,377.36
Fund Balances - Beginning of Year	31,632,141.76	31,362,141.76	31,632,141.76	(3)	3,108,551.35	34,740,693.11
Fund Balances - End of Year	\$ 35,922,040.76	\$ 32,877,467.65	\$ 38,171,405.74		\$ 5,319,664.73	\$ 43,491,070.47

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2024

Explanation of differences between Actual Amounts on Budgetary Basis and Actual Amounts GAAP Basis:

Some amounts are combined with the General Fund for reporting purposes, but are budgeted separately.

(1) Revenues	
Public Buildings, Roads and Bridges Fund	\$ 5,219,526.38
(2) Other Financing Sources/(Uses), Net	
Public Buildings, Roads and Bridges Fund	<u>(3,008,413.00)</u>
Net Change in Fund Balance - Budget to GAAP	<u>\$ 2,211,113.38</u>

- (3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
<u>Revenues</u>						
Taxes	\$ 525,000.00	\$ 525,000.00	\$ 520,766.13		\$	\$ 520,766.13
License and Permits	100.00	100.00		(1)	208,659.55	208,659.55
Intergovernmental	1,874,544.00	1,874,544.00	2,993,576.29	(1)	120,830.64	3,114,406.93
Charges for Services	500.00	500.00	770.00			770.00
Miscellaneous	1,640,500.00	25,500.00	6,623.72			6,623.72
Total Revenues	4,040,644.00	2,425,644.00	3,521,736.14		329,490.19	3,851,226.33
<u>Expenditures</u>						
Current:						
Highways and Roads	7,227,226.00	7,611,712.50	7,023,523.56			7,023,523.56
Capital Outlay	146,831.00	716,631.00	1,750,750.08			1,750,750.08
Total Expenditures	7,374,057.00	8,328,343.50	8,774,273.64			8,774,273.64
Excess (Deficiency) of Revenues Over Expenditures	(3,333,413.00)	(5,902,699.50)	(5,252,537.50)		329,490.19	(4,923,047.31)
<u>Other Financing Sources (Uses)</u>						
Transfers In	3,333,413.00	5,518,213.00	5,158,380.45	(2)	(330,167.45)	4,828,213.00
Proceeds from Sale of Capital Assets			69,594.13			69,594.13
Total Other Financing Sources (Uses)	3,333,413.00	5,518,213.00	5,227,974.58		(330,167.45)	4,897,807.13
Net Change in Fund Balances		(384,486.50)	(24,562.92)		(677.26)	(25,240.18)
Fund Balances - Beginning of Year	1,879,638.72	1,879,638.72	1,879,638.72	(3)	29,988.70	1,909,627.42
Fund Balances - End of Year	\$ 1,879,638.72	\$ 1,495,152.22	\$ 1,855,075.80		\$ 29,311.44	\$ 1,884,387.24

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2024

Explanation of differences between Actual Amounts on Budgetary Basis and Actual Amounts GAAP Basis:

Some amounts are combined with the Gasoline Tax Fund for reporting purposes, but are budgeted separately.

(1) Revenues	
Public Highway and Traffic Fund	\$ 329,490.19
(2) Other Financing Sources/(Uses), Net	
Public Highway and Traffic Fund	<u>(330,167.45)</u>
Net Change in Fund Balance - Budget to GAAP	<u>\$ (677.26)</u>

- (3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Workforce Development Center Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	\$ 27,675,000.00	\$ 27,675,000.00	\$ 15,682,152.60	\$	\$ 15,682,152.60
Miscellaneous			24,222.35		24,222.35
Total Revenues	27,675,000.00	27,675,000.00	15,706,374.95		15,706,374.95
Expenditures					
Current:					
Education	5,000.00	5,000.00	79.00		79.00
Capital Outlay	27,670,000.00	27,670,000.00	15,682,073.60		15,682,073.60
Total Expenditures	27,675,000.00	27,675,000.00	15,682,152.60		15,682,152.60
Excess (Deficiency) of Revenues Over Expenditures			24,222.35		24,222.35
Net Change in Fund Balances			24,222.35		24,222.35
Fund Balances - Beginning of Year	935.57	935.57	935.57		935.57
Fund Balances - End of Year	\$ 935.57	\$ 935.57	\$ 25,157.92	\$	\$ 25,157.92

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - ARPA Revenue Reduction Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	\$ 9,000,000.00	\$ 9,000,000.00	\$ 9,000,000.00	\$	\$ 9,000,000.00
Miscellaneous			228,806.47		228,806.47
Total Revenues	9,000,000.00	9,000,000.00	9,228,806.47		9,228,806.47
Expenditures					
Current:					
General Government	737,100.00	737,100.00	716,162.55		716,162.55
Public Safety	4,685,254.00	4,818,601.96	4,739,912.79		4,739,912.79
Capital Outlay	3,577,646.00	3,589,932.33	3,689,558.95		3,689,558.95
Total Expenditures	9,000,000.00	9,145,634.29	9,145,634.29		9,145,634.29
Excess (Deficiency) of Revenues Over Expenditures		(145,634.29)	83,172.18		83,172.18
Net Change in Fund Balances			83,172.18		83,172.18
Fund Balances - Beginning of Year	164,233.28	164,233.28	164,233.28		164,233.28
Fund Balances - End of Year	\$ 164,233.28	\$ 164,233.28	\$ 247,405.46	\$	\$ 247,405.46

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Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Housing and Urban Development</u>				
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CV-NC-20-026	\$	\$ 18,846.54
Total U. S. Department of Housing and Urban Development				18,846.54
<u>U. S. Department of the Interior</u>				
<u>Direct Program</u>				
Payments in Lieu of Taxes	15.226	N/A	2,390.50	4,781.00
National Wildlife Refuge Fund	15.659	N/A		2,647.00
Total U. S. Department of Interior			2,390.50	7,428.00
<u>U. S. Department of Justice</u>				
<u>Direct Program</u>				
Bulletproof Vest Partnership Program	16.607	N/A		12,036.00
Total U. S. Department of Justice				12,036.00
<u>U. S. Department of Transportation</u>				
<u>Passed Through Franklin County Commission</u>				
State and Community Highway Safety	20.600	24-FP-PT-028		5,164.70
Sub-Total State and Community Highway Safety				5,164.70
<u>Passed Through Alabama Emergency Management Agency</u>				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	23DOT		14,000.00
Sub-Total Interagency Hazardous Materials Public Sector Training and Planning Grants				14,000.00
Total U. S. Department of Transportation				19,164.70
<u>U. S. Department of the Treasury</u>				
<u>Direct Program</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		9,761,998.98
Local Assistance and Tribal Consistency Fund	21.032	N/A		25,000.00
Total U. S. Department of the Treasury				9,786,998.98
<u>Corporation for National and Community Service</u>				
<u>Direct Program</u>				
AmeriCorps Seniors Retired and Senior Volunteer Program (RSVP)	94.002	N/A		50,717.82
Total Corporation for National and Community Service				50,717.82
Sub-Total Forward			\$ 2,390.50	\$ 9,895,192.04

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Total Federal Expenditures
Sub-Total Brought Forward			\$ 2,390.50	\$ 9,895,192.04
<u>U. S. Department of Homeland Security</u>				
<u>Passed Through Alabama Emergency Management Agency</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4710-DR		91,763.25
Emergency Management Performance Grants	97.042	23-EMS		12,000.00
Emergency Management Performance Grants	97.042	23-EMF		45,923.00
Sub-Total Emergency Management Performance Grants				57,923.00
<u>Passed Through Alabama Law Enforcement Agency</u>				
Homeland Security Grant Program	97.067	22FIL		46,114.60
Total U. S. Department of Homeland Security				195,800.85
<u>Other Federal Assistance</u>				
<u>Tennessee Valley Authority</u>				
<u>Passed Through Alabama Emergency Management Agency</u>				
Radiological Emergency Plans	N/A	TVA		193,937.00
Total Other Federal Assistance				193,937.00
Total Expenditures of Federal Awards			\$ 2,390.50	\$ 10,284,929.89

N/A = Not Available or Not Applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2024

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Lauderdale County Commission under programs of the federal government for the year ended September 30, 2024. 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)***. Because the Schedule presents only a selected portion of the operations of the Lauderdale County Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of the Lauderdale County Commission.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified 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 3 – Indirect Cost Rate

The Lauderdale County Commission has not elected to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

Additional Information

Commission Members and Administrative Personnel
October 1, 2023 through September 30, 2024

Commission Members		Term Expires
Hon. Danny Pettus	Chairman	2028
Hon. Fay Parker	Member	2024
Hon. William Garner	Member	2028
Hon. Joe Hackworth	Member	2026
Hon. Brad Black	Member	2026
<u>Administrative Personnel</u>		
Brenda L. Bryant	Administrator	2025

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

Members of the Lauderdale County Commission and County Administrator
Florence, Alabama

We have audited, in accordance with 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 (***Government Auditing Standards***), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lauderdale County Commission, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Lauderdale County Commission's basic financial statements, and have issued our report thereon dated July 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lauderdale County Commission'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 Lauderdale County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lauderdale County Commission's internal control.

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

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

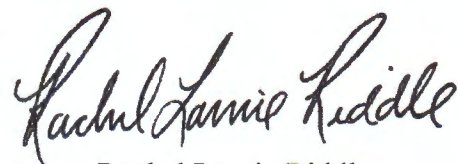
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lauderdale County Commission'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.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

July 28, 2025

***Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance***

Independent Auditor's Report

Members of the Lauderdale County Commission and County Administrator
Florence, Alabama

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Lauderdale County Commission's 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 Lauderdale County Commission's major federal programs for the year ended September 30, 2024. The Lauderdale County Commission's major federal program is identified in the Summary of Examiner's Results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on ALN 21.027 COVID-19 Coronavirus State Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the Lauderdale County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on COVID-19 Coronavirus State and Local Fiscal Recovery Funds for the year ended September 30, 2024.

Basis for Qualified Opinion

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

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Matters Giving Rise to Qualified Opinion on Coronavirus State Local Fiscal Recovery Fund

As described in the accompanying Schedule of Findings and Questioned Costs, the Lauderdale County Commission did not comply with requirements regarding Assistance Listing Number 21.027 COVID-19 Coronavirus State Local Fiscal Recovery Fund as indicated in Finding 2024-001 for Procurement and Suspension/Debarment.

Compliance with such requirements is necessary, in our opinion, for the Commission to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above 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 Lauderdale County Commission'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 Lauderdale County Commission'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 Lauderdale County Commission'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 Lauderdale County Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

- ◆ obtain an understanding of the Lauderdale County Commission'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 Lauderdale County Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

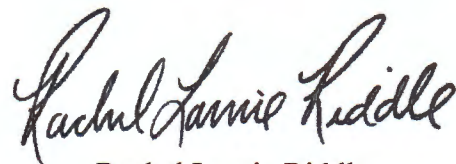
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2024-001 to be a material weakness.

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.

***Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance***

Government Auditing Standards requires the auditor to perform limited procedures on Lauderdale County Commission's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The Lauderdale County Commission's response to the internal control over compliance findings identified in our audit is described in the accompanying Auditee Response/Corrective Action Plan. The Commission's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on 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.



Rachel Laurie Riddle
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

July 28, 2025

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2024

Section I – Summary of Examiner’s Results

Financial Statements

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

 X Yes _____ No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor’s report issued on compliance for major federal programs:

Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the *Uniform Guidance*?

 X Yes _____ No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000.00

Auditee qualified as low-risk auditee?

_____ Yes X No

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2024

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

Reference Number:	2024-001
Compliance Requirement:	Procurement and Suspension/Debarment
Type of Finding:	Internal Control and Compliance
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Assistance Listing Number and Title:	21.027 – Coronavirus State and Local Fiscal Recovery Funds
Federal Awarding Agency:	U. S. Department of the Treasury
Federal Award Number:	None
Pass-through Entity:	None
Pass-through Award Number:	None
Questioned Costs:	\$749,998.98

Items purchased were not competitively bid in accordance with Procurement and Suspension/Debarment requirements.

Finding

The U. S. *Code of Federal Regulations* Title 2, Part 200.318, of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* states that non-Federal entities must have and use their own documented procurement procedures which reflect State and local laws and regulations provided that the procurements conform to applicable Federal law and the standards identified within that section. The *Code of Alabama 1975*, Title 39, a State law commonly referred to as the “Public Works Law”, requires the construction, installation, repair, and renovation of public buildings in excess of \$100,000.00 that are paid in whole or part, with public funds to be bid under the provisions of the Public Works Law.

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2024

The Lauderdale County Commission (the “Commission”) entered into a public works contract for the purchase and installation of HVAC heating and cooling systems in the amount of \$2,999,996.00, of which \$749,998.98 was expended during the fiscal year. The Commission did not bid the project in accordance with the Public Works Law and instead purchased the HVAC systems and installation using a purchasing cooperative. As a result, the Commission did not comply with the *Uniform Guidance* procurement requirements and entered into a public works contract without adhering to the requirements of the Public Works Law for this purchase.

Recommendation

The Commission should implement procedures to ensure compliance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* 2 CFR 200.318 and CFR 200.320 and the *Code of Alabama 1975*, Title 39.

Views of Responsible Officials of the Auditee

The Commission agreed with the finding.

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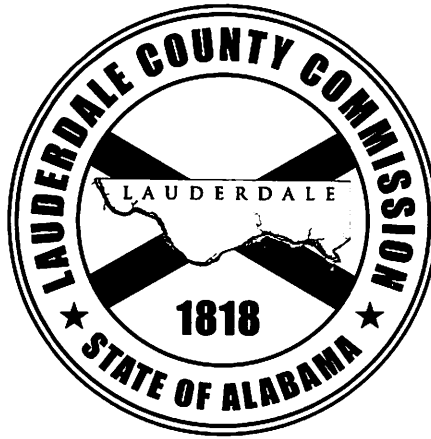
Auditee Response/Corrective Action Plan

DANNY PETTUS
CHAIRMAN

BROOKE SLATTON
ADMINISTRATOR

ERIC HILL
ENGINEER

CHRISTOPHER A. SMITH
ATTORNEY



MEMBERS

BRAD BLACK
DISTRICT 1

ROGER GARNER
DISTRICT 1

JOE HACKWORTH
DISTRICT 2

TODD NIX
DISTRICT 2

Auditee Response/Corrective Action Plan

For the Year Ended September 30, 2024

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511(c), the Lauderdale County Commission has prepared and hereby submits the following Corrective Action Plan for the findings which are included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2024.

**Finding
Ref.
No.**

Corrective Action Plan Details

2024-001

Finding:

The U. S. *Code of Federal Regulations* Title 2, Part 200.318, of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* states that non-Federal entities must have and use their own documented procurement procedures which reflect State and local laws and regulations provided that the procurements conform to applicable Federal law and the standards identified within that section. The *Code of Alabama 1975*, Title 39, a State law commonly referred to as the "Public Works Law", requires the construction, installation, repair, and renovation of public buildings in excess of \$100,000.00 that are paid in whole or part, with public funds to be bid under the provisions of the Public Works Law.

The Lauderdale County Commission (the "Commission") entered into a public works contract for the purchase and installation of HVAC heating and cooling systems in the amount of \$2,999,96.00, of which \$749,998.98 was expended during the fiscal year. The Commission did not bid the project in accordance with the Public Works Law and instead purchased the HVAC systems and installation using a purchasing cooperative. As a result, the Commission did not comply with the *Uniform Guidance* procurement requirements and entered into a public works contract without adhering to the requirements of the Public Works Law for this purchase.

Recommendation:

The Commission should implement procedures to ensure compliance with the ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** (Uniform Guidance) 2 CFR 200.318 and CFR 200.320 and the ***Code of Alabama 1975***, Title 39.

Response/Views: We agree with the finding.

Corrective Action Planned: The Commission will implement procedures to ensure compliance with the ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** (Uniform Guidance) 2 CFR 200.318 and CFR 200.320 and the ***Code of Alabama 1975***, Title 39.

Anticipated Completion Date: July 28, 2025

Contact Person(s): Brooke Nichols-Slatton, Lauderdale County Administrator



Danny Pettus, Chairman
Lauderdale County Commission