



Lawrence County Commission

Lawrence County, Alabama

October 1, 2023 through September 30, 2024

Filed: October 17, 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 Lawrence County Commission, Lawrence County, Alabama, for the period October 1, 2023 through September 30, 2024, by Examiners Bryanna Adams and Maggie Pipes. I, Bryanna Adams, 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,

Bryanna P. Adams
Examiner of Public Accounts

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Table of Contents

	<i>Page</i>
Summary	A
Contains items pertaining to federal, state and local legal compliance, Commission operations and other matters.	
Independent Auditor's Report	B
Reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations in accordance with generally accepted accounting principles (GAAP).	
Management's Discussion and Analysis	G
Provides information required by the Governmental Accounting Standards Board (GASB) that is prepared by management of the Commission introducing the basic financial statements and providing an analytical overview of the Commission's financial activities for the year. This information has not been audited, and no opinion is provided about the information.	
<u>Basic Financial Statements</u>	1
Provides the minimum combination of financial statements and notes to the financial statements that is required for the fair presentation of the Commission's financial position and results of operations in accordance with GAAP.	
Exhibit #1	Statement of Net Position
	2
Exhibit #2	Statement of Activities
	4
Exhibit #3	Balance Sheet – Governmental Funds
	5
Exhibit #4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
	6
Exhibit #5	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
	7
Exhibit #6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
	8

Table of Contents

	<i>Page</i>	
Exhibit #7	Statement of Net Position – Proprietary Fund	9
Exhibit #8	Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	11
Exhibit #9	Statement of Cash Flows – Proprietary Fund	12
Exhibit #10	Statement of Fiduciary Net Position	14
Exhibit #11	Statement of Changes in Fiduciary Net Position	15
Notes to the Financial Statements		16
<u>Required Supplementary Information</u>		49
Provides information required by the Governmental Accounting Standards Board (GASB) to supplement the basic financial statements. This information has not been audited and no opinion is provided about the information.		
Exhibit #12	Schedule of Changes in the Employer’s Net Pension Liability	50
Exhibit #13	Schedule of the Employer’s Contributions – Pension	51
Exhibit #14	Schedule of Changes in the Employer’s Other Postemployment Benefits (OPEB) Liability	52
Exhibit #15	Schedule of the Employer’s Contributions – Other Postemployment Benefits (OPEB)	53
Exhibit #16	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	54
Exhibit #17	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Gasoline Tax Fund	56
Exhibit #18	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Reappraisal Fund	58

Table of Contents

	<i>Page</i>
<u>Supplementary Information</u>	59
Contains financial information and notes relative to federal financial assistance.	
Exhibit #19 Schedule of Expenditures of Federal Awards	60
Notes to the Schedule of Expenditures of Federal Awards	62
<u>Additional Information</u>	63
Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards and/or Title 2 U. S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i> for federal compliance audits.	
Exhibit #20 Commission Members and Administrative Personnel – a listing of the Commission members and administrative personnel.	64
Exhibit #21 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> – a report on internal controls related to the financial statements and on whether the Commission complied with laws and regulations which could have a direct and material effect on the Commission’s financial statements.	65
Exhibit #22 Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the <i>Uniform Guidance</i> – a report on internal controls over compliance with requirements of federal statutes, regulations, and the terms and conditions of federal awards applicable to major federal programs, and an opinion on whether the Commission complied with federal statutes, regulations, and the terms and conditions of its federal awards which could have a direct and material effect on each major program.	67

Table of Contents

	<i>Page</i>
Exhibit #23 Schedule of Findings and Questioned Costs – a schedule summarizing the results of audit findings relating to the financial statements as required by <i>Government Auditing Standards</i> and findings and questioned costs for federal awards as required by the <i>Uniform Guidance</i> .	71
Exhibit #24 Summary Schedule of Prior Audit Findings – a report, prepared by the management of the entity, which provides the status of all audit findings included in the prior audit report’s Schedule of Findings and Questioned Costs as well as unresolved findings included in the prior audit report’s Summary Schedule of Prior Audit Findings.	73



Department of **Examiners of Public Accounts**

SUMMARY

Lawrence County Commission October 1, 2023 through September 30, 2024

The Lawrence County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Lawrence 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 Lawrence 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 basic 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.

Tests performed during the audit did not disclose any significant instances of noncompliance with applicable state and local laws and regulations.

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 Heather Rose, County Administrator; and Commissioners Amard Martin, Norman Pool and Bobby Burch. Representing the Department of Examiners of Public Accounts were Denise H. Olive, Audit Manager; and Bryanna Adams, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of Lawrence County Commission and County Administrator
Moulton, 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 Lawrence County Commission, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Lawrence 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 Lawrence 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 Lawrence 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 of 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 Lawrence 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 Lawrence 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 Lawrence 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

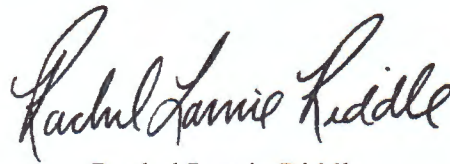
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of Changes in the Employer's Net Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lawrence 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 September 19, 2025, on our consideration of the Lawrence 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 Lawrence 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 Lawrence 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

September 19, 2025

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Management's Discussion and Analysis
(Required Supplementary Information)

LAWRENCE COUNTY COMMISSION

Management's Discussion and Analysis

This discussion and analysis provides an overview of the financial position of the Lawrence County Commission for the fiscal year ended September 30, 2024, with comparative data for the fiscal year ended September 30, 2023. Please read it in conjunction with the County's basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- ◆ The County's net position increased by \$2,329,296.12 as a result of the current year's operations. Net position of governmental activities increased by \$2,452,349.13 and the net position for business-type activities decreased by \$122,883.54.
- ◆ The County's governmental fund type balances decreased by \$2,040,664.19.
- ◆ Total revenues from all sources were \$27,929,219.23 while total costs of all programs were \$25,599,753.64.

REPORT LAYOUT

The annual report consists of a series of financial statements. Taken together they provide a comprehensive look at the County. This annual report presents the following components of the financial statements:

- ◆ Government-wide financial statements provide information for the County as a whole and present a longer-term view of the County's finances.
- ◆ Fund financial statements provide detailed information for the County's significant funds.
- ◆ Governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.
- ◆ Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.
- ◆ The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.
- ◆ Notes to the financial statements provide additional information that is essential to understanding the County's financial condition.

The report also contains other information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to present a broad overview of the County's financial position in a manner similar to private-sector business. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The *Statement of Net Position* focuses on resources available for future operations. This statement presents a view of the assets the county owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Over a period of time, increases and decreases in net position may indicate whether the County's financial position is improving or deteriorating. To assess the overall health of the County you need to consider other non-financial factors such as changes in the County's property tax base and the condition of the County's roads.

The *Statements of Activities* focuses on gross and net cost of the County's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The County's government-wide financial statements are divided into two categories:

- ◆ **Governmental Activities** – Most of the County's basic services are reported here, including general government, public safety, highways and roads, health and welfare, and culture and recreation. Property taxes, gasoline taxes, license and permits and charges for services finance most of these activities.
- ◆ **Business-Type Activities** – The County charges fees to customers to help it cover the cost of certain services it provides. The County's solid waste activities are reported in this category.

Fund Financial Statements

Fund financial statements focus separately on major governmental funds and proprietary funds. The County establishes many funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The fund financial statements provide detailed information about the County's significant funds – not the County as a whole. The County's funds can be divided into three categories – governmental funds, proprietary funds and fiduciary funds.

Governmental funds – The majority of the County’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County’s operations and the basic services it provides. Governmental funds statements assist the reader in determining the short-term financial resources available to finance future programs. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide reconciliation to the government-wide financial statements.

Proprietary funds – Proprietary fund statements provide the same type of information as the government-wide statements, only in more detail. The County maintains one type of proprietary fund – the enterprise fund. When the County charges customers for services it provides, these services are generally reported in the enterprise fund. The enterprise funds are presented as business-type activities in the government-wide statements.

Fiduciary funds – The County is responsible for assets that are held on behalf of other organizations or individuals. The County is responsible to ensure the assets reported in these funds are used for their intended purpose. The fiduciary activities are reported in separate statements of fiduciary assets and changes in fiduciary net position. The County cannot use these assets to finance its operations, therefore, these activities have been excluded from the County’s other financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the financial statements follow the presentation of the exhibits contained in this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The following two tables (A-1 and A-2) present condensed information on the County’s Net Position and Changes in Net Position for the fiscal year ended September 30, 2024. Comparative information for the prior fiscal year is included.

As noted earlier, net position may serve over time as a useful indicator of the County’s financial position. In the County’s case, assets exceeded liabilities by \$29,485,096.00 at the close of the fiscal year.

The largest portion of the County's net position reflects its investments in capital assets (e.g. land, buildings, equipment, construction in progress and equipment under capital lease); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1
NET POSITION
(in thousands)

	2023 Governmental Activities	2024 Governmental Activities	2023 Business-Type Activities	2024 Business-Type Activities	2023 Total	2024 Total
Current Assets and Other Assets	\$ 20,107	\$ 24,567	\$3,757	\$3,897	\$23,864	\$28,464
Noncurrent Assets	5,867				5,867	
Capital Assets	29,305	33,770	2,691	2,347	31,996	36,117
Total Assets	55,279	58,377	6,448	6,234	61,727	64,581
Deferred Outflows of Resources	3,452	2,447	490	348	3,942	2,795
Current Liabilities	6,483	6,941	336	378	6,819	7,319
Noncurrent Liabilities	23,705	23,137	2,667	2,463	26,372	25,600
Total Liabilities	30,188	30,078	3,003	2,841	33,191	32,919
Deferred Inflows of Resources	5,050	4,761	272	211	5,322	4,972
Net Position:						
Net Investment in Capital Assets	13,097	18,100	2,691	1,554	15,788	19,654
Restricted for:						
Capital Projects	6,664	3,010			6,664	3,010
Road Projects	2,368	3,442			2,368	3,442
Other Purposes	3,976	4,243			3,976	4,243
Unrestricted	(2,612)	(2,850)	972	1,986	(1,640)	(864)
Total Net Position	\$23,493	\$25,945	\$3,663	\$3,540	\$27,156	\$29,485

Table A-2
Changes in Net Position
For the Year Ended September 30, 2024
(in thousands)

	2023 Governmental Activities	2024 Governmental Activities	2023 Business-Type Activities	2024 Business-Type Activities	2023 Total	2024 Total
Revenues						
Program Revenues:						
Charges for Service	\$ 1,992	\$ 2,336	3,448	3,605	5,440	5,941
Operating Grants and Contributions	8,172	8,478			8,172	8,478
Capital Grants and Contributions	1,352	1,133			1,352	1,133
General Revenues:						
Property Taxes – General Purposes	2,803	2,908			2,803	2,908
Property Taxes – Specific Purposes	1,418	1,444			1,418	1,444
General Sales Tax	3,832	3,583			3,832	3,583
Miscellaneous Taxes	461	1,260			461	1,260
Interest Revenue	40	448	1	1	41	449
TVA In Lieu of Taxes	692	996			692	996
Insurance Reimbursement	274	236		6	274	242
Rental Income	227	146	6	6	233	152
Gain on Disposition of Capital Assets				157		157
Miscellaneous Revenue	1,475	1,180	5	6	1,480	1,186
Transfers In (Out)						
Total Revenues	22,738	24,148	3,460	3,781	26,198	27,929
Expenditures/Expenses						
General Government	5,527	6,303			5,527	6,303
Public Safety	6,351	7,101			6,351	7,101
Highways and Roads	6,240	6,503			6,240	6,503
Sanitation	41	0	3,458	3,904	3,499	3,904
Health	115	404			115	404
Welfare	320	180			320	180
Culture and Recreation	386	522			386	522
Education	29	33			29	33
Interest and Fiscal Charges	526	650			526	650
Total Expenditures/Expenses	19,535	21,696	3,458	3,904	22,993	25,600
Increase (Decrease) in Net Position	3,203	2,452	2	(123)	3,205	2,329
Net Position – Beginning of Year	20,290	23,493	3,660	3,662	23,950	27,156
Net Position – End of Year	\$23,493	25,945	\$3,662	\$3,539	\$27,155	\$29,485

The County's total revenues were approximately \$27.9 million. Approximately 15.2% of the County's revenue comes from property taxes and 12.8% comes from sales taxes. Another 20.9% comes from fees charged for services and the majority of the remainder is state and federal aid.

The total cost of all programs and services (excluding transfers) were approximately \$25.6 million. The County's expenses cover a range of services. The majority of the expenses related to general government (25%), public safety (29%) and highways and roads (20%).

Governmental Activities: Table A-3 below represents the cost of the County’s program as well as each program net cost. The net costs show the financial burden that was placed on the County’s taxpayers by each function.

The cost of all governmental activities this year was \$21.7 million. However, the net cost to taxpayers for these activities was \$9.75 million. Some of the costs were paid by (1) those that directly benefited from the programs (\$2.3 million) or (2) other governments and organizations that subsidized certain programs with grants and contributions (\$9.6 million). The County paid for the \$12.2 million “public benefit” portion with property taxes, sales taxes, TVA in Lieu of taxes, investment earnings and other miscellaneous revenues.

Table A-3
Net Cost of Governmental Activities
September 30, 2024
(in thousands)

	Total Cost of Services	Net Cost of Services
General Government	\$ 6,303	\$1,733
Public Safety	7,101	5,006
Highways and Roads	6,503	1,407
Sanitation	0	0
Health and Welfare	583	480
Culture and Recreation	522	438
Education	33	33
Other	650	650
Total	<u>21,695</u>	<u>9,747</u>

Business-Type Activities: The Solid Waste Fund is the county’s only business-type activity fund. The cost of the program is fully funded by Solid Waste Fees. In addition to household garbage pick-up fees collected, the County collects a \$1.00 per ton tipping fee from the owners of the landfill. This accounts for the \$ 244,595.41 loss of revenues over expenditures. Proprietary Fund statements are reflected in Exhibits #7 through #9.

FINANCIAL ANALYSIS OF THE COMMISSION’S FUNDS

At the close of the fiscal year, the Commission’s governmental funds reported a combined fund balance of \$15,143,031.71. The County’s major funds for 2024 were the General Fund, Gasoline Tax Fund, Reappraisal Fund, American Rescue Plan Act Fund, and the Construction Fund. The changes in fund balances for the major funds are reflected in Exhibit #5 and are highlighted as follows:

The General Fund had an ending fund balance of 6,078,308.94.

The Gasoline Tax Fund had an ending fund balance of \$2,694,422.72.

The American Rescue Plan Act Fund had an ending balance of \$123.39.

The Construction Fund had an ending balance of \$2,567,374.61.

General Fund Budgetary Highlights

The County Commission has established an annual budget process whereby all of the departments submit an annual budget request to the Commission for the coming year's operating expenses. The Commission reviews, adjusts as necessary, and then adopts an original budget to fund the operating needs of each department. Throughout the year, the original budget is amended to reflect changes in funding needs.

The General Fund statement reflecting original and final budgets, plus actual compared to final budget amounts is shown on Exhibit #16.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the Lawrence County Commission had invested \$37.4 million (net of accumulated depreciation) in capital assets for its governmental and business-type activities. This investment in capital assets includes land, land improvements, infrastructure and infrastructure in progress, buildings and buildings under capital lease, equipment and vehicles, and equipment under capital lease.

Table A-4
Capital Assets

	2023 Governmental Activities	2024 Governmental Activities	2023 Business-Type Activities	2024 Business-Type Activities
Land	\$ 1,208,789	\$ 1,208,789	\$ 93,172	\$ 93,172
Infrastructure in Progress	1,431,089	6,705,258		
Total Capital Assets Not Being Depreciated	2,639,878	7,914,047	93,172	93,172
Capital Assets Being Depreciated:				
Infrastructure	26,188,233	26,188,233		
Land Improvements	198,904	198,904		
Buildings	16,597,397	16,735,040	368,478	368,478
Equipment and Vehicles	7,661,374	8,105,652	3,741,175	3,930,123
Accumulated Depreciation	(23,980,571)	(25,371,356)	(1,512,189)	(2,045,080)
Total	\$ 29,305,215	\$ 33,770,520	\$2,690,636	\$2,346,693

Long-Term Debt

At September 30, 2024, as reflected on Exhibit 1, the County's outstanding debt for warrants payable was \$15,190,000, and for notes payable was \$986,122.14. More detailed information about the County's long-term liabilities are presented in the notes to the financial statements.

Table A-5
Outstanding Debt

	2023 Governmental Activities	2024 Governmental Activities	2023 Business-Type Activities	2024 Business-Type Activities
Warrants Payable:				
General Obligation Refunding, Warrants, Series 2023				
General Obligation Refunding Warrants, Series 2009	\$15,835,000	\$15,190,000	\$	\$
Capital Leases				
Notes Payable	318,356	193,613	926,795	792,509
Compensated Absences	237,374	274,576	39,469	52,569
Other Postemployment Benefits	3,832,986	4,043,087	544,572	574,945
Landfill Closure			681,471	659,285
Net Pension Liability	4,251,230	3,939,251	608,872	564,507
Total	<u>\$24,474,946</u>	<u>\$23,640,527</u>	<u>2,837,179</u>	<u>\$2,643,815</u>

Economic Factors and Next Year's Budget

The County considers various economic factors in preparing the budget. Through the budget, the County Commission sets the direction of the county, allocates resources and establishes priorities. Lawrence County's main sources for revenues continue to be property taxes and sales taxes. Other sources of revenues to finance governmental operations come from fees and charges for services which include permits, licenses and court fees. With the departure of International Paper it is a continuing struggle to fund the services provided to our citizens. Budgets will have to be monitored to control expenditures and level funding will be necessary for the 2023 fiscal year.

The United States encountered a COVID-19 pandemic which adversely affected the nation. As a result of the pandemic, there was an impact on the Commission's revenues. Gasoline taxes decreased by \$117,645.87 in fiscal year 2023 as compared to the previous pre-COVID fiscal year FY19. Additionally, the Commission incurred a significant increase in costs associated with the aftermath of COVID-19. Due to the impact and severity of the pandemic, the Commission anticipates that its financial operations will require further assistance from programs of the federal government.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or require additional information, please contact Heather Rose, County Administrator located at 12001 Alabama Highway 157, P. O. Box 307, Moulton, Alabama 35650, or call 256-974-0663.

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Basic Financial Statements

Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 19,385,474.39	\$ 2,611,943.49	\$ 21,997,417.88
Investments	288,966.95	612,548.90	901,515.85
Accounts Receivables	34,248.87	663,626.18	697,875.05
Ad Valorem Taxes Receivable	2,963,407.31		2,963,407.31
Sales Taxes Receivable	738,143.27		738,143.27
TVA in Lieu of Taxes Receivable	117,246.68		117,246.68
Due from Other Governments	856,562.98		856,562.98
Internal Balances	(9,011.66)	9,011.66	
Inventories	191,718.53		191,718.53
Total Current Assets	24,566,757.32	3,897,130.23	28,463,887.55
Noncurrent Assets			
Capital Assets (Note 5):			
Nondepreciable	7,914,047.05	93,172.00	8,007,219.05
Depreciable, Net	25,856,473.13	2,253,521.07	28,109,994.20
Total Noncurrent Assets	33,770,520.18	2,346,693.07	36,117,213.25
Total Assets	58,337,277.50	6,243,823.30	64,581,100.80
Deferred Outflow of Resources			
Employer Pension Contributions	397,929.70	56,587.38	454,517.08
Deferred Outflows Related to Net Pension Liability	1,562,095.99	222,137.01	1,784,233.00
Employer Other Postemployment Benefits (OPEB) Contributions	193,415.46	27,504.54	220,920.00
Deferred Outflows Related to Other Postemployment Benefits (OPEB)	293,841.44	41,785.56	335,627.00
Total Deferred Outflow of Resources	2,447,282.59	348,014.49	2,795,297.08
Liabilities			
Current Liabilities			
Accounts Payable	976,931.30	152,432.45	1,129,363.75
Accrued Interest Payable	287,037.40		287,037.40
Accrued Wages Payable	329,623.38	44,276.51	373,899.89
Unearned Revenue	4,843,886.19		4,843,886.19
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Warrants Payable	375,000.00		375,000.00
Notes from Direct Borrowing	128,196.35	180,849.50	309,045.85
Total Current Liabilities	\$ 6,940,674.62	\$ 377,558.46	\$ 7,318,233.08

Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
<u>Noncurrent Liabilities</u>			
Portion Due or Payable After One Year:			
Warrants Payable	\$ 14,815,000.00	\$	\$ 14,815,000.00
Notes from Direct Borrowing	65,417.03	611,659.26	677,076.29
Estimated Liability for Compensated Absences	274,576.61	52,569.32	327,145.93
Net Pension Liability	3,939,250.78	564,507.22	4,503,758.00
Landfill Closure/Post Closure		659,284.84	659,284.84
Other Postemployment Benefits (OPEB) Liability	4,043,087.02	574,944.98	4,618,032.00
Total Noncurrent Liabilities	<u>23,137,331.44</u>	<u>2,462,965.62</u>	<u>25,600,297.06</u>
Total Liabilities	30,078,006.06	2,840,524.08	32,918,530.14
<u>Deferred Inflow of Resources</u>			
Unavailable Revenue - Property Taxes	2,963,556.45		2,963,556.45
Revenue Received in Advance - Motor Vehicle Taxes	309,728.29		309,728.29
Deferred Inflows Related to Net Pension Liability	248,642.00	35,358.00	284,000.00
Deferred Inflows Related to Other Postemployment Benefits (OPEB) Liability	<u>1,239,258.87</u>	<u>176,228.13</u>	<u>1,415,487.00</u>
Total Deferred Inflow of Resources	<u>4,761,185.61</u>	<u>211,586.13</u>	<u>4,972,771.74</u>
<u>Net Position</u>			
Net Investment in Capital Assets	18,099,869.40	1,554,184.31	19,654,053.71
Restricted for:			
Capital Projects	3,010,081.40		3,010,081.40
Road Projects	3,442,320.87		3,442,320.87
Other Purposes	4,243,210.50		4,243,210.50
Unrestricted	<u>(2,850,113.75)</u>	<u>1,985,543.27</u>	<u>(864,570.48)</u>
Total Net Position	<u>\$ 25,945,368.42</u>	<u>\$ 3,539,727.58</u>	<u>\$ 29,485,096.00</u>

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	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
<u>Governmental Activities</u>							
General Government	\$ 6,302,818.02	\$ 867,363.71	\$ 3,702,562.52	\$	\$ (1,732,891.79)	\$	\$ (1,732,891.79)
Public Safety	7,101,221.44	1,460,336.61	635,024.59		(5,005,860.24)		(5,005,860.24)
Highways and Roads	6,502,516.97		3,962,257.22	1,133,012.67	(1,407,247.08)		(1,407,247.08)
Health	403,508.89	3,087.00			(400,421.89)		(400,421.89)
Welfare	179,826.74		100,477.30		(79,349.44)		(79,349.44)
Culture and Recreation	521,630.00	6,177.35	77,463.34		(437,989.31)		(437,989.31)
Education	33,493.61				(33,493.61)		(33,493.61)
Interest on Long-Term Debt	650,138.73				(650,138.73)		(650,138.73)
Total Governmental Activities	21,695,154.40	2,336,964.67	8,477,784.97	1,133,012.67	(9,747,392.09)		(9,747,392.09)
<u>Business-Type Activities</u>							
Solid Waste	3,904,599.24	3,605,160.80				(299,438.44)	(299,438.44)
Total Business-Type Activities	3,904,599.24	3,605,160.80				(299,438.44)	(299,438.44)
Total Primary Government	\$ 25,599,753.64	\$ 5,942,125.47	\$ 8,477,784.97	\$ 1,133,012.67	(9,747,392.09)	(299,438.44)	(10,046,830.53)
<u>General Revenues:</u>							
Taxes:							
Property Taxes for General Purposes					2,907,554.87		2,907,554.87
Property Taxes for Specific Purposes					1,443,544.44		1,443,544.44
General Sales Tax					3,583,004.61		3,583,004.61
Miscellaneous Taxes					1,259,875.33		1,259,875.33
Investment Earnings					447,762.59	1,482.74	449,245.33
Rental Income					145,891.08	5,959.50	151,850.58
TVA in Lieu of Taxes					996,167.06		996,167.06
Gain (Loss) on Sale of Capital Assets						157,261.67	157,261.67
Insurance Reimbursements					236,298.86	5,995.00	242,293.86
Miscellaneous Revenue					1,179,642.38	5,855.99	1,185,498.37
Total General Revenues					12,199,741.22	176,554.90	12,376,296.12
Changes in Net Position					2,452,349.13	(122,883.54)	2,329,465.59
Net Position - Beginning of Year					23,493,019.29	3,662,611.12	27,155,630.41
Net Position - End of Year					\$ 25,945,368.42	\$ 3,539,727.58	\$ 29,485,096.00

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	Reappraisal Fund	American Rescue Plan Act Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 5,696,559.32	\$ 2,592,441.70	\$ 274,065.38	\$ 4,500,498.07	\$ 2,567,374.61	\$ 3,754,535.31	\$ 19,385,474.39
Investments	98,170.36	1,100.00				189,696.59	288,966.95
Accounts Receivable	34,248.87						34,248.87
Due from Other Governments	421,711.88	322,228.21				112,622.89	856,562.98
Due from Other Funds	485.98	6,685.72	116.51			23.00	7,311.21
Sales Taxes Receivable	738,143.27						738,143.27
TVA in Lieu of Taxes Receivable	117,246.68						117,246.68
Ad Valorem Taxes Receivable	2,312,349.01		651,058.30				2,963,407.31
Inventories	43,835.66	147,882.87					191,718.53
Total Assets	9,462,751.03	3,070,338.50	925,240.19	4,500,498.07	2,567,374.61	4,056,877.79	24,583,080.19
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts Payable	532,391.64	211,863.41	16,143.49			216,532.76	976,931.30
Due to Other Funds	15,836.89			374.68		111.30	16,322.87
Accrued Wages Payable	214,136.26	62,213.24	15,842.20			37,431.68	329,623.38
Unearned Revenues		101,839.13	242,047.06	4,500,000.00			4,843,886.19
Total Liabilities	762,364.79	375,915.78	274,032.75	4,500,374.68		254,075.74	6,166,763.74
Deferred Inflows of Resources							
Unavailable Revenue - Property Taxes	2,312,349.01		651,207.44				2,963,556.45
Revenue Received in Advance - Motor Vehicle Taxes	309,728.29						309,728.29
Total Deferred Inflows of Resources	2,622,077.30		651,207.44				3,273,284.74
Fund Balances							
Nonspendable:							
Inventories	43,835.66	147,882.87					191,718.53
Restricted for:							
Highways and Roads		2,546,539.85				747,898.15	3,294,438.00
Capital Projects					2,567,374.61	442,706.79	3,010,081.40
Other Purposes	1,630,890.00			123.39		2,612,197.11	4,243,210.50
Unassigned	4,403,583.28						4,403,583.28
Total Fund Balances	6,078,308.94	2,694,422.72		123.39	2,567,374.61	3,802,802.05	15,143,031.71
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,462,751.03	\$ 3,070,338.50	\$ 925,240.19	\$ 4,500,498.07	\$ 2,567,374.61	\$ 4,056,877.79	\$ 24,583,080.19

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) \$ 15,143,031.71

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

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported as assets in governmental funds. 33,770,520.18

Certain liabilities are not due and payable in the current period and, therefore, are not
reported as liabilities in the funds. These liabilities at year-end consist of:

	Current Liabilities	Noncurrent Liabilities	
Accrued Interest Payable	\$ 287,037.40	\$	
Warrants Payable	375,000.00	14,815,000.00	
Notes from Direct Borrowing	128,196.35	65,417.03	
Net OPEB Liability		4,043,087.02	
Net Pension Liability		3,939,250.78	
Compensated Absences		274,576.61	
Total Long-Term Liabilities	\$ 790,233.75	\$ 23,137,331.44	(23,927,565.19)

Deferred inflows and outflows of resources related to pensions and OPEB are applicable
to future periods and, therefore, are not reported in the governmental funds.

Employer Pension Contributions	\$ 397,929.70	
Deferred Inflows Related to Net Pension Liability	(248,642.00)	
Deferred Outflows Related to Net Pension Liability	1,562,095.99	
Employer Other Post Employment Benefits Contributions	193,415.46	
Deferred Inflows Related to Other Post Employment Benefits Liability	(1,239,258.87)	
Deferred Outflows Related to Other Post Employment Benefits Liability	293,841.44	
	<u>959,381.72</u>	

Total Net Position - Governmental Activities (Exhibit 1) \$ 25,945,368.42

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	Reappraisal Fund	American Rescue Plan Act Fund	Construction Funds	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 7,396,842.80	\$	\$ 651,207.44	\$	\$	\$	\$ 8,048,050.24
Licenses and Permits	58,189.01						58,189.01
Intergovernmental	3,044,046.28	4,701,468.35	10,000.00	40,572.98		3,956,806.10	11,752,893.71
Charges for Services	794,988.01					1,483,787.65	2,278,775.66
Miscellaneous	1,131,516.57	268,408.21	50,000.00	27.64	442,633.20	117,009.29	2,009,594.91
Total Revenues	12,425,582.67	4,969,876.56	711,207.44	40,600.62	442,633.20	5,557,603.04	24,147,503.53
Expenditures							
Current:							
General Government	3,636,893.47		663,093.41	20.00		1,233,212.83	5,533,219.71
Public Safety	5,078,971.28					1,552,794.11	6,631,765.39
Highways and Roads	21,532.92	4,137,819.57				1,436,787.64	5,596,140.13
Health	360,984.80						360,984.80
Welfare	134,844.06					26,553.31	161,397.37
Culture and Recreation	402,045.34					108,368.13	510,413.47
Education	33,493.61						33,493.61
Capital Outlay	586,708.94	175,476.00	48,114.03	45,067.65	3,742,141.49	1,574,912.71	6,172,420.82
Debt Service:							
Principal Retirement		124,743.00				645,000.00	769,743.00
Interest and Fiscal Charges		7,423.56				410,399.16	417,822.72
Bond Issuance Costs						766.70	766.70
Total Expenditures	10,255,474.42	4,445,462.13	711,207.44	45,087.65	3,742,141.49	6,988,794.59	26,188,167.72
Excess (Deficiency) of Revenues Over Expenditures	2,170,108.25	524,414.43		(4,487.03)	(3,299,508.29)	(1,431,191.55)	(2,040,664.19)
Other Financing Sources (Uses)							
Transfers In	181,766.32	300,000.00				1,584,164.00	2,065,930.32
Transfers Out	(1,884,064.00)	(100.00)				(181,766.32)	(2,065,930.32)
Total Other Financing Sources (Uses)	(1,702,297.68)	299,900.00				1,402,397.68	
Net Change in Fund Balances	467,810.57	824,314.43		(4,487.03)	(3,299,508.29)	(28,793.87)	(2,040,664.19)
Fund Balances - Beginning of Year	5,610,498.37	1,870,108.29		4,610.42	5,866,882.90	3,831,595.92	17,183,695.90
Fund Balances - End of Year	\$ 6,078,308.94	\$ 2,694,422.72	\$	\$ 123.39	\$ 2,567,374.61	\$ 3,802,802.05	\$ 15,143,031.71

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

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***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 Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ (2,040,664.19)

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

Governmental funds report capital outlay as an expenditure. 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 (\$6,172,420.82) exceeded depreciation (\$1,707,116.10) in the current period. 4,465,304.72

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 769,743.00

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. These items consist of:

Net Increase in Accrued Interest Payable	\$ (232,316.01)	
Net Increase in Compensated Absences	(37,202.74)	
Net Increase in Pension Expense	(501,180.39)	
Net Decrease in Other Post Employment Benefit Expense	28,664.73	
Total Additional Expenditures		(742,034.40)

Change in Net Position of Governmental Activities (Exhibit 2) \$ 2,452,349.13

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

Statement of Net Position
Proprietary Fund
September 30, 2024

	<u>Enterprise Fund</u> Solid Waste Fund	Total Enterprise Fund
<u>Assets</u>		
<u>Current Assets</u>		
Cash	\$ 2,611,943.49	\$ 2,611,943.49
Investments	612,548.90	612,548.90
Accounts Receivable	663,626.18	663,626.18
Due From Other Funds	9,011.66	9,011.66
Total Current Assets	<u>3,897,130.23</u>	<u>3,897,130.23</u>
<u>Noncurrent Assets</u>		
Capital Assets (Note 5):		
Nondepreciable	93,172.00	93,172.00
Depreciable, Net	2,253,521.07	2,253,521.07
Total Noncurrent Assets	<u>2,346,693.07</u>	<u>2,346,693.07</u>
Total Assets	<u>6,243,823.30</u>	<u>6,243,823.30</u>
<u>Deferred Outflows of Resources</u>		
Employer Pension Contributions	56,587.38	56,587.38
Deferred Outflows Related to Net Pension Liability	222,137.01	222,137.01
Employer Other Postemployment Benefits (OPEB) Contributions	27,504.54	27,504.54
Deferred Outflow Related to Other Postemployment Benefits (OPEB)	41,785.56	41,785.56
Total Deferred Outflows of Resources	<u>348,014.49</u>	<u>348,014.49</u>
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts Payable (Note 8)	152,432.45	152,432.45
Accrued Wages Payable	44,276.51	44,276.51
Notes from Direct Borrowing	180,849.50	180,849.50
Total Current Liabilities	<u>\$ 377,558.46</u>	<u>\$ 377,558.46</u>

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

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
<u>Noncurrent Liabilities</u>		
Estimated Liability for Landfill Postclosure Care Costs	\$ 659,284.84	\$ 659,284.84
Estimated Liability for Compensated Absences	52,569.32	52,569.32
Net Pension Liability	564,507.22	564,507.22
OPEB Liability	574,944.98	574,944.98
Notes from Direct Borrowing	611,659.26	611,659.26
Total Noncurrent Liabilities	<u>2,462,965.62</u>	<u>2,462,965.62</u>
 Total Liabilities	 <u>2,840,524.08</u>	 <u>2,840,524.08</u>
<u>Deferred Inflows of Resources</u>		
Deferred Inflows Related to Net Pension Liability	35,358.00	35,358.00
Deferred Inflows Related to Other Postemployment Benefits (OPEB) Liability	<u>176,228.13</u>	<u>176,228.13</u>
Total Deferred Inflows of Resources	<u>211,586.13</u>	<u>211,586.13</u>
<u>Net Position</u>		
Net Investment in Capital Assets	1,554,184.31	1,554,184.31
Unrestricted	<u>1,985,543.27</u>	<u>1,985,543.27</u>
Total Net Position	<u>\$ 3,539,727.58</u>	<u>\$ 3,539,727.58</u>

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

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
<u>Operating Revenues</u>		
Commercial Dumpsters	\$ 172,045.50	\$ 172,045.50
Commercial Roll-Offs	272,420.50	272,420.50
Revenue from Recycling	93,574.70	93,574.70
Landfill Host Fees	473,347.75	473,347.75
Landfill Fees	2,593,772.35	2,593,772.35
Total Operating Revenues	<u>3,605,160.80</u>	<u>3,605,160.80</u>
<u>Operating Expenses</u>		
Salaries and Benefits	1,494,635.06	1,494,635.06
Contractual and Professional Services	903,649.75	903,649.75
Materials and Supplies	384,943.46	384,943.46
Operation Leases/Rental Uniforms	17,650.13	17,650.13
Repairs and Maintenance	139,473.66	139,473.66
Utilities	33,625.09	33,625.09
Communications	12,138.31	12,138.31
Depreciation	573,828.45	573,828.45
Insurance	156,279.23	156,279.23
Miscellaneous	133,533.07	133,533.07
Total Operating Expenses	<u>3,849,756.21</u>	<u>3,849,756.21</u>
Operating Income (Loss)	<u>(244,595.41)</u>	<u>(244,595.41)</u>
<u>Nonoperating Revenues (Expenses)</u>		
Interest Revenue	1,482.74	1,482.74
Rental of Buildings and Land	5,959.50	5,959.50
Insurance Refunds	5,995.00	5,995.00
Other Revenue	5,000.00	5,000.00
Gain (Loss) on the Disposal of Capital Assets	157,261.67	157,261.67
Interest Expense	(54,843.03)	(54,843.03)
Miscellaneous	855.99	855.99
Total Nonoperating Revenues (Expenses)	<u>121,711.87</u>	<u>121,711.87</u>
Income (Loss) Before Transfers	<u>(122,883.54)</u>	<u>(122,883.54)</u>
Changes in Net Position	(122,883.54)	(122,883.54)
Total Net Position - Beginning of Year	<u>3,662,611.12</u>	<u>3,662,611.12</u>
Total Net Position - End of Year	<u>\$ 3,539,727.58</u>	<u>\$ 3,539,727.58</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

	<u>Enterprise Fund</u> Solid Waste Fund	Total Enterprise Fund
<u>Cash Flows from Operating Activities</u>		
Receipts from Customers	\$ 3,227,459.13	\$ 3,227,459.13
Payments to Suppliers	(1,774,761.74)	(1,774,761.74)
Payments to Employees	(1,411,496.84)	(1,411,496.84)
Net Cash Provided (Used) by Operating Activities	<u>41,200.55</u>	<u>41,200.55</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Rental of Buildings and Land	5,959.50	5,959.50
Insurance Refunds	5,995.00	5,995.00
Due from General Fund	(9,011.66)	(9,011.66)
Other Revenue	5,000.00	5,000.00
Net Cash Provided (Used) by Noncapital Financing Activities	<u>7,942.84</u>	<u>7,942.84</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition of Capital Assets	(393,637.34)	(393,637.34)
Proceeds from Sale of Asset	321,014.00	321,014.00
Principal Paid on Capital Debt	(170,286.08)	(170,286.08)
Interest Paid on Capital Debt	(53,987.00)	(53,987.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(296,896.42)</u>	<u>(296,896.42)</u>
<u>Cash Flows from Investing Activities</u>		
Interest Received	807.84	807.84
Net Cash Provided (Used) by Investing Activities	<u>807.84</u>	<u>807.84</u>
Net Increase/(Decrease) in Cash	(246,945.19)	(246,945.19)
Cash - Beginning of Year	<u>2,858,888.68</u>	<u>2,858,888.68</u>
Cash - End of Year	<u>\$ 2,611,943.49</u>	<u>\$ 2,611,943.49</u>

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

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided (Used) by Operating Activities</u>		
Operating Income (Loss)	\$ (244,595.41)	\$ (244,595.41)
<u>Adjustments to Reconcile Operating Income to Net</u>		
<u>Cash Provided (Used) by Operating Activities</u>		
Change in Assets and Liabilities:		
Receivables	(377,701.67)	(377,701.67)
Accrued Wages Payable	2,549.01	2,549.01
Compensated Absences	13,099.72	13,099.72
Depreciation Expense	573,828.45	573,828.45
Landfill Postclosure	(22,186.21)	(22,186.21)
Pension Expense	70,940.76	70,940.76
OPEB Expense	(3,451.27)	(3,451.27)
Payables	28,717.17	28,717.17
Total Adjustments	<u>285,795.96</u>	<u>285,795.96</u>
Net Cash Provided by Operating Activities	<u>\$ 41,200.55</u>	<u>\$ 41,200.55</u>

Statement of Fiduciary Net Position
September 30, 2024

	Custodial Funds
<hr/>	
<u>Assets</u>	
Cash	\$ 2,876,026.64
Investments	21,397.38
Due from Other Governments	320,112.16
Total Assets	<u>3,217,536.18</u>
<u>Liabilities</u>	
Payables (Note 8)	<u>1,371,348.87</u>
Total Liabilities	<u>1,371,348.87</u>
<u>Net Position</u>	
Held for Individuals, Organizations and Other Governments	1,846,187.31
Total Net Position	<u><u>\$ 1,846,187.31</u></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>	
Contributions from:	
Taxes	\$ 30,970,562.60
Intergovernmental	53,246.25
Charges for Services	125,403.55
Miscellaneous	3,138.97
Total Additions	<u>31,152,351.37</u>
<u>Deductions</u>	
Administrative Expenses:	
General Government	52,426.79
Public Safety	48,109.14
Education	67,171.00
Taxes and Fees Paid to Other Governments	30,778,851.77
Total Deductions	<u>30,946,558.70</u>
Changes in Net Position	205,792.67
Net Position - Beginning of Year	<u>1,640,394.64</u>
Net Position - End of Year	<u><u>\$ 1,846,187.31</u></u>

The accompanying Notes to 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 Lawrence 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, the following entities are component units that have been included in the accompanying financial statements as blended component units.

Blended Component Units – Blended component units are legally separate entities that exist solely to provide services (usually financing) exclusively to the County. The following entity is considered a blended component unit:

- ♦ **911 Board** – The Board is responsible for maintaining a county-wide dispatching system.

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 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. Also, accounted for in the General Fund are the flex spending fund and payroll clearing fund.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditures of seven-cent State gasoline taxes for construction, improvement, maintenance and supervision of highways, bridges and streets.
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditures of property taxes related to the county's reappraisal program.
- ◆ **American Rescue Plan Act Fund** – This fund is used to account for federal grant appropriations and expenditures of the American Rescue Act.
- ◆ **Construction Fund** – This fund is used to account for construction funds for the courthouse renovations.

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 cost of providing solid waste service to county residents.

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 account for 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 interfund 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 postclosure 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 is 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 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, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. 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.

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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. The Commission reports all money market investments – U. S. Treasury bills and bankers' acceptances having a remaining maturity at time of purchase of one year or less – at amortized cost.

2. Receivables

Millage rates for property taxes are 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 and capital projects, reimbursements from other agencies and taxes and fees from the State of Alabama.

Receivables in enterprise funds consist primarily of amounts due from customers who are charged fees for services provided by the Commission. These amounts are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on past collection experience.

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.

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. Restricted Assets

Certain general obligation warrants as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

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 capital 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. In those instances, the right-to-use leased asset is amortized 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
Land Improvements	\$ 5,000	25 – 40 years
Equipment and Furniture	\$ 5,000	5 – 10 years
Roads	\$100,000	25 – 40 years
Bridges	\$ 50,000	40 – 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 (include proprietary fund types only if applicable), long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond/Warrant premiums and discounts are deferred and amortized over the life of the bonds/warrants. Bonds/Warrants payable are reported gross with the applicable bond/warrant premium or discount reported separately. Bond/Warrant issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Compensated Absences

The Commission has a standard leave policy for its full-time employees as to sick and annual leave. The policy was updated effective April 14, 2023.

Annual Leave

All eligible employees earn annual leave according to the schedule below:

Completed Years of Continuous Service	Annual Leave Earned Service
0 – 3 years	104 hours per year
4 – 6 years	112 hours per year
7 – 9 years	120 hours per year
10 – 12 years	128 hours per year
13 – 15 years	136 hours per year
16 years and over	144 hours per year

Annual leave will accrue on a bi-weekly basis. Unused annual leave credits may be accumulated and carried over into successive years by employees up to a maximum of 120 hours. Upon separation or retirement, employees are paid, up to the maximum, for accrued annual leave. The total will include the approved leave carryover from the previous year and any additional accruals from the current year. The maximum amount of annual leave that can be accrued is 264 hours.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Sick Leave

Sick leave benefits are accrued by all permanent full-time employees at a rate of 4 hours per pay period for a total of 104 hours of sick leave per year. Part-time employees receive 2 hours per pay period for a total of 52 hours of sick leave per year. Unused sick leave credits may be accumulated and carried over into successive fiscal years by employees. The maximum amount of sick leave an employee may accrue is 720 hours. All unused sick leave is forfeited upon separation and is not compensated to the employee.

The Commission does not accrue sick leave in the financial statements because employees do not receive payment upon termination of employment for sick leave balances.

Compensatory Leave

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Generally, employees in public safety activity, emergency response activity, or seasonal activity may accumulate 40 hours maximum. According to the Fair Labor Standards Act, employees should be paid for compensatory leave in excess of the maximum hours stipulated. Compensatory leave is calculated at one and one-half times the regular hours.

The *Code of Alabama 1975*, Section 36-21-4.1, provides that any non-elected law enforcement officer in the service of a county who has worked overtime be given the choice of overtime pay or compensatory leave. Under this statute, officers must make an election at the end of each month with regard to overtime earned during that month. Any overtime to be received as salary is to be paid the following month and any overtime to be taken as compensatory leave must be taken in the calendar year in which it is earned. Under this provision, deputies may accrue compensatory leave, but it must be used in the calendar year in which it is earned and there is no provision to pay out any unused compensatory leave.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 and intangible right-to-use assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.
- ◆ **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.
- ◆ **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** – 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, including the portion of the lease receivable that is in excess of the related deferred inflow of resources.
- B. **Restricted** – 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

- C. **Committed** – Committed fund balances consist of amounts that are subject to a specific purpose imposed by formal action 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** – 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 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** – Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

F. Postemployment Benefits Other than Pension (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the balances of the Commission's OPEB Plan have been determined on the same basis as they are reported by the Commission. For this purpose, the Commission's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 adopts project-length budgets and the permanent fund, which is not budgeted. All annual appropriations lapse at fiscal year-end. The American Rescue Plan Act fund was not budgeted due to the uncertainty of expected disbursements, which were approved throughout the year.

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 Commission. Any changes must be within the revenues and reserves estimated to be available.

Note 3 – Deposits and Investments

Deposits

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

The Commission had money market funds totaling \$4,500,000.00 in the American Rescue Plan Act Fund and \$2,567,374.61 in the Construction Fund, which is shown as cash and cash equivalents on the fund financial statements and on the government-wide financial statements. These funds are invested in the Dreyfus Government Cash Management fund. This money market fund invests primarily in U. S. Treasury obligations.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. The Commission has no formal policy regarding credit risk. As of September 30, 2024, the Commission's investments in Dreyfus Government Cash Management were rated AAAm by Standard & Poor's and Aaa-mf by Moody's Investors Service, Inc.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have an investment policy which limits the amount of exposure to this risk.

Concentrations of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission does not have an investment policy which limits the amount of exposure to this risk.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 4 – Receivables

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

Governmental Funds	General Fund	Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
<u>Receivables:</u>				
Accounts Receivable	\$ 34,248.87	\$	\$	\$ 34,248.87
Intergovernmental	421,711.88	322,228.21	112,622.89	856,562.98
Sales Taxes Receivable	738,143.27			738,143.27
TVA Receivables	117,246.68			117,246.68
Total Receivables	<u>\$1,311,350.70</u>	<u>\$322,228.21</u>	<u>\$112,622.89</u>	<u>\$1,746,201.80</u>

Proprietary Funds	Solid Waste Fund	Total Enterprise Funds
<u>Receivables:</u>		
Accounts Receivable	\$663,626.18	\$663,626.18
Total Receivables	<u>\$663,626.18</u>	<u>\$663,626.18</u>

Fiduciary Funds	Custodial Funds
<u>Receivables:</u>	
Due from Other Governments	\$320,112.16
Total Receivables	<u>\$320,112.16</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 reported in the governmental funds were as follows:

	Unearned
Grant Funds Received Prior to Meeting Eligibility Requirements	\$4,500,000.00
Unexpended Gasoline Tax Funds	101,839.13
Unexpended Reappraisal Funds	242,047.06
Total Unearned Revenue for Governmental Funds	<u>\$4,843,886.19</u>

Note 5 – Capital Assets

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

	Balance 10/01/2023	Additions	Retirements	Balance 09/30/2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,208,789.11	\$	\$	\$ 1,208,789.11
Infrastructure				
Construction in Progress	1,431,089.85	5,274,168.09		6,705,257.94
Total Capital Assets, Not Being Depreciated	<u>2,639,878.96</u>	<u>5,274,168.09</u>		<u>7,914,047.05</u>
Capital Assets Being Depreciated:				
Land Improvements	198,904.19			198,904.19
Infrastructure	26,188,232.84			26,188,232.84
Buildings and Building Improvements	16,597,396.74	137,643.40		16,735,040.14
Equipment and Vehicles, and Furniture	7,661,374.03	760,609.33	(316,331.00)	8,105,652.36
Total Capital Assets Being Depreciated	<u>50,645,907.80</u>	<u>898,252.73</u>	<u>(316,331.00)</u>	<u>51,227,829.53</u>
Less Accumulated Depreciation for:				
Infrastructure	(10,783,248.65)	(641,937.17)		(11,425,185.82)
Land Improvements	(164,212.12)	(7,664.86)		(171,876.98)
Buildings and Building Improvements	(7,546,912.76)	(390,300.72)		(7,937,213.48)
Equipment and Vehicles, and Furniture	(5,486,197.77)	(667,213.35)	316,331.00	(5,837,080.12)
Total Accumulated Depreciation	<u>(23,980,571.30)</u>	<u>(1,707,116.10)</u>	<u>316,331.00</u>	<u>(25,371,356.40)</u>
Total Capital Assets, Being Depreciated, Net	<u>26,665,336.50</u>	<u>(808,863.37)</u>		<u>25,856,473.13</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,305,215.46</u>	<u>\$ 4,465,304.72</u>	<u>\$</u>	<u>\$ 33,770,520.18</u>

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

	Balance 10/01/2023	Additions	Retirements	Balance 09/30/2024
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 93,172.00	\$	\$	\$ 93,172.00
Total Capital Assets, Not Being Depreciated	93,172.00			93,172.00
Capital Assets Being Depreciated:				
Buildings and Land Improvements	368,478.00			368,478.00
Equipment and Vehicles	3,741,175.92	393,637.34	(204,690.43)	3,930,122.83
Total Capital Assets Being Depreciated	4,109,653.92	393,637.34	(204,690.43)	4,298,600.83
Less Accumulated Depreciation for:				
Buildings	(86,171.65)	(9,070.70)		(95,242.35)
Equipment and Vehicles	(1,426,017.72)	(564,757.78)	40,938.09	(1,949,837.41)
Total Accumulated Depreciation	(1,512,189.37)	(573,828.48)	40,938.09	(2,045,079.76)
Total Capital Assets, Being Depreciated, Net	2,597,464.55	(180,191.14)	(163,752.34)	2,253,521.07
Business-Type Activities Capital Assets, Net	\$ 2,690,636.55	\$(180,191.14)	\$(163,752.34)	\$ 2,346,693.07

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	\$ 636,059.41
Public Safety	244,812.72
Highway and Roads	806,998.92
Health	11,588.70
Welfare	7,656.35
Total Depreciation Expense – Governmental Activities	<u>\$1,707,116.10</u>

	Current Year Depreciation Expense
Business-Type Activities:	
Solid Waste	<u>\$573,828.48</u>
Total Depreciation Expense – Business-Type Activities	<u>\$573,828.48</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 employee 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 the general administration and operation of ERS is vested in its 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.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Benefits Provided

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

Act 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 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 Number 2019-132, Acts of Alabama, 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 the partial lump sum distribution selected.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

Retirees and beneficiaries currently receiving benefits	31,841
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>

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.

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' member contribution rates increased from 6% to 8.5% of earnable compensation.

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 rate was 7.66% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 6.79% of pensionable payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2024, was 4.67% of pensionable pay for Tier 1 employees, and 4.95% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$454,517.08 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 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	\$23,505,433	\$24,057,874	\$24,057,874
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 through September 30, 2023	536,453	536,453	536,453
(d) Transfers Among Employers		406,524	406,524
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 through September 30, 2023	(1,533,150)	(1,533,150)	(1,533,150)
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$24,202,781</u>	<u>\$25,202,903</u>	<u>\$25,202,903</u>
(g) Difference between Expected and Actual		\$ 1,000,122	
(h) Less Liability Transferred for Immediate Recognition		<u>406,524</u>	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		<u>\$ 593,598</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 were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2021 scale, which is adjusted by 66-2/3% beginning with year 2019.

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

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2015 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 Equivalents	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	\$23,505,433	\$18,645,331	\$ 4,860,102
Changes for the Year:			
Service cost	536,453		536,453
Interest	1,694,045		1,694,045
Differences between expected and actual experience	593,598		593,598
Contributions – employer		321,481	(321,481)
Contributions – employee		460,701	(460,701)
Net investment income		2,398,258	(2,398,258)
Benefit payments, including refunds of employee contributions	(1,533,150)	(1,533,150)	
Transfers among employers	406,524	406,524	
Net Changes	1,697,470	2,053,814	(356,344)
Balances at September 30, 2023	\$25,202,903	\$20,699,145	\$ 4,503,758

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	\$7,300,450	\$4,503,758	\$2,154,120

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 \$1,004,303.00. 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	\$ 634,269.00	\$284,000.00
Changes of assumptions	303,791.00	
Net difference between projected and actual earnings on pension plan investments	846,173.00	
Employer contributions subsequent to the measurement date	454,517.08	
Total	<u>\$2,238,750.08</u>	<u>\$284,000.00</u>

The \$454,517.08 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending:	
September 30, 2025	\$464,133
2026	\$391,973
2027	\$739,500
2028	\$ (95,373)
2029	\$ 0
Thereafter	\$ 0

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 7 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description

The Commission provides medical and dental insurance benefits to its eligible retirees and their spouses. The Commission's OPEB plan is a single employer defined benefit OPEB plan. The Commission participates in the Local Government Health Insurance Plan (LGHIP), which is a self-insured employer group health benefit plan administered by the Local Government Health Insurance Board (LGHIB). The Local Government Health Insurance Board (LGHIB) is a state agency established by the Alabama Legislature to administer the LGHIP pursuant to the ***Code of Alabama 1975***, Section 11-91A-1 through 11-91A-10. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the LGHIB.

No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 ***Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit***.

Benefits Provided

Medical and dental insurance benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier 1" members). Employees hired on and after January 1, 2013 (called "Tier 2" members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service.

Employees Covered by Benefit Terms

At September 30, 2023, the following employees were covered by the benefit terms

Active Employees	135
Inactive employees or beneficiaries currently receiving benefit payments	13
Total	<u>148</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Total OPEB Liability

The Commission's total OPEB liability of \$4,618,032 as of reporting date September 30, 2024 was measured as of September 30, 2023 and was determined by an actuarial valuation as of September 30, 2022 based on the census information, benefit schedules and costs from the September 30, 2022 actuarial evaluation.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	0.25%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.25%-6.00%
Municipal Bond Index Rate:	
Prior Measurement Date	4.02%
Measurement Date	4.09%
Healthcare Cost Trend Rates:	
Pre-Medicare Medical and Prescription Drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032

The Commission selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of September by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

Mortality rates were based on the Pub-2010 Below-Median Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2022 valuation were based on the actuarial study for the period October 1, 2015-September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement Systems of Alabama on September 14, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2022 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2022 valuation.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Changes in the Total OPEB Liability

Balance at October 1, 2022	\$4,377,558
Changes for the Year:	
Service Cost	282,659
Interest	171,581
Difference between expected and actual experience	34,142
Changes of assumptions	(26,988)
Net benefit payments	(220,920)
Net Changes	240,474
Balance at September 30, 2023	\$4,618,032

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage point higher (5.09%) than the current discount rate:

	1% Decrease (3.09%)	Current Discount (4.09%)	1% Increase (5.09%)
Total OPEB Liability	\$5,019,484	\$4,618,032	\$4,250,544

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6.00%) or 1-percentage point higher (7.00%) than the current healthcare trend rates:

	1% Decrease	Current Trend	1% Increase
Total OPEB Liability	\$4,076,671	\$4,618,032	\$5,264,236

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

For the year ended September 30, 2024, the Commission recognized OPEB expense of \$238,409.00 prior to recording the actual OPEB benefit amounts. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 34,824.00	\$ 754,737.00
Changes in assumptions or other inputs	300,803.00	660,750.00
Employer Contributions	220,920.00	
Total	<u>\$556,547.00</u>	<u>\$1,415,487.00</u>

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

Year Ending:	
September 30, 2024	\$(196,122)
2025	\$(177,149)
2026	\$(264,762)
2027	\$(244,024)
2028	\$(188,082)
Thereafter	\$ (9,721)

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 8 – Payables

On September 30, 2024, payables for the Commission’s individual major funds and nonmajor and fiduciary funds in the aggregate were as follows:

	Accounts Payable	Due to External Parties	Total
<u>Governmental Funds:</u>			
General Fund	\$532,391.64	\$	\$ 532,391.64
Gasoline Tax Fund	211,863.41		211,863.41
Reappraisal	16,143.49		16,143.49
Other Governmental Funds	216,532.76		216,532.76
Total Governmental Funds	<u>976,931.30</u>		<u>976,931.30</u>
<u>Business-Type Activities:</u>			
Solid Waste Fund	152,432.45		152,432.45
Total Business-Type Activities	<u>152,432.45</u>		<u>152,432.45</u>
<u>Fiduciary Funds:</u>			
Custodial Funds	487,784.40	883,564.47	1,371,348.87
Total Fiduciary Funds	<u>\$487,784.40</u>	<u>\$883,564.47</u>	<u>\$1,371,348.87</u>

Note 9 – Long-Term Debt

The Commission’s outstanding note from direct borrowing, originally issued at \$615,712.00, is secured by four 2021 dump trucks. The outstanding note contains a provision that in the event of default the bank may declare the entire principal balance and all accrued unpaid interest due immediately without notice.

The Commission’s outstanding note from direct borrowing, originally issued at \$962,794.84, is secured by six 2024 dump trucks. The outstanding note contains a provision that in the event of default the bank may declare the entire principal balance and all accrued unpaid interest due immediately without notice.

Notes to the Financial Statements

For the Year Ended September 30, 2024

On September 21, 2023, the Commission issued Series 2023 General Obligation Warrants for the purpose of refunding the note from direct borrowing for the County Jail Project, Series 2009-A and Series 2009-B Warrants and to acquire and/or construct certain capital improvements for the renovation of the historical courthouse.

	Debt Outstanding 10/01/2023	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2024	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
General Obligation Warrants, Series 2023	\$15,835,000.00	\$	\$ (645,000.00)	\$15,190,000.00	\$375,000.00
Total Warrants Payable	15,835,000.00		(645,000.00)	15,190,000.00	375,000.00
Other Liabilities:					
Notes from Direct Borrowings	318,356.38		(124,743.00)	193,613.38	128,196.35
Estimated Liability for Compensated Absences	237,373.87	37,202.74		274,576.61	
Other Post-Employment Benefits Liability	3,832,986.05	210,100.97		4,043,087.02	
Net Pension Liability	4,251,229.95		(311,979.17)	3,939,250.78	
Total Other Liabilities	8,639,946.25	247,303.71	(436,722.17)	8,450,527.79	128,196.35
Total Governmental Activities	24,474,946.25	247,303.71	(1,081,722.17)	23,640,527.79	503,196.35
Business-Type Activities:					
Other Liabilities:					
Notes from Direct Borrowing	962,794.84		(170,286.08)	792,508.76	180,849.50
Landfill Postclosure Costs	681,471.05		(22,186.21)	659,284.84	
Other Postemployment Benefits Obligation	544,571.95	30,373.03		574,944.98	
Estimated Liability for Compensated Absences	39,469.60	13,099.72		52,569.32	
Net Pension Liability	608,872.05		(44,364.83)	564,507.22	
Total Business-Type Activities	\$ 2,837,179.49	\$ 43,472.75	\$ (236,837.12)	\$ 2,643,815.12	\$180,849.50

Payments on the warrants payable are made by the Debt Service Funds. The notes from direct borrowing are paid by the Gasoline Tax Fund and the Solid Waste Fund.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The following is a schedule of debt service requirements to maturity:

Fiscal Year Ending	Governmental Activities				Total Principal and Interest Requirements
	General Obligation Warrants		Notes from Direct Borrowing		
	Principal	Interest	Principal	Interest	
September 30, 2025	\$ 375,000.00	\$ 680,181.26	\$128,196.35	\$3,970.21	\$ 1,187,347.82
2026	390,000.00	663,868.76	65,417.03	666.25	1,119,952.04
2027	410,000.00	643,868.76			1,053,868.76
2028	430,000.00	622,868.76			1,052,868.76
2029	455,000.00	600,743.76			1,055,743.76
2030-2034	2,635,000.00	2,630,718.80			5,265,718.80
2035-2039	3,370,000.00	1,896,594.10			5,266,594.10
2040-2044	4,165,000.00	1,100,121.88			5,265,121.88
2045-2047	2,960,000.00	197,968.76			3,157,968.76
Total	\$15,190,000.00	\$9,036,934.84	\$193,613.38	\$4,636.46	\$24,425,184.68

Fiscal Year Ending	Business-Type Activities		Total Principal and Interest Requirements
	Solid Waste		
	Notes from Direct Borrowing		
	Principal	Interest	
September 30, 2025	\$180,849.50	\$ 43,423.58	\$224,273.08
2026	191,912.92	32,360.16	224,273.08
2027	203,653.14	20,619.94	224,273.08
2028	216,093.20	8,179.88	224,273.08
Total	\$792,508.76	\$104,583.56	\$897,092.32

Pledged Revenues

The Commission issued Series 2023 General Obligation Warrants for the purpose of refunding of 1997 note (County Jail Project), Series 2009-A and Series 2009-B Warrants and to acquire and/or construct certain capital improvements for the renovation of the historical courthouse. The Commission pledged to repay the principal and interest on the warrants from the future revenues of the Sales Tax Administration Fund, Jail Fee Fund and the SSUT tax collected. Future revenues of \$24,226,934.84 are pledged to repay the principal and interest on the warrants as of September 30, 2024. The Series 2023 General Obligation Warrants will mature in fiscal year 2047.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 10 – Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the Commission place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated liability for landfill closure and postclosure care costs has a balance of \$659,284.84, as of September 30, 2024, which is based on an engineer's estimate of closure and postclosure care costs since the closing of the site in 1996. The original liability was based on what it would cost to perform all closure and postclosure costs in 1996. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Note 11 – 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 coverages 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 Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). Employees may choose between two options. They may choose to 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 12 – Interfund Transfers

Interfund Transfers

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

	Transfers In			Totals
	General Fund	Gasoline Tax Fund	Other Governmental Funds	
Transfers Out:				
General Fund	\$	\$300,000.00	\$1,584,064.00	\$1,884,064.00
Gasoline Tax Fund			100.00	100.00
Other Governmental Funds	181,766.32			181,766.32
Total Governmental Funds	<u>\$181,766.32</u>	<u>\$300,000.00</u>	<u>\$1,584,164.00</u>	<u>\$2,065,930.32</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.

Note 13 – Related Organizations

The following organizations were considered related organizations because a majority of the respective members of boards are appointed by the Lawrence 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 the organizations, and the organizations are not considered part of the Commission's financial reporting entity. The organizations are considered related organizations of the County Commission.

- ◆ Lawrence Department of Human Resources Board
- ◆ Lawrence County Healthcare Authority Board
- ◆ Industrial Development Board of Lawrence County
- ◆ Lawrence County Farmer's Market
- ◆ Board of Trustees of the Lawrence County Public Library

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 14 – Construction and Other Significant Commitments

As of September 30, 2024, the Commission was obligated under the following significant construction contract:

	Contract Amount	Remaining Balance
Courthouse Renovation	<u>\$10,862,700.00</u>	<u>\$7,120,558.51</u>

Required Supplementary Information

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	\$ 536,453	\$ 502,576	\$ 430,696	\$ 422,207	\$ 443,647	\$ 419,854	\$ 417,102	\$ 434,321	\$ 481,189	\$ 476,667
Interest	1,694,045	1,683,041	1,572,440	1,470,695	1,465,672	1,431,574	1,373,310	1,395,524	1,418,586	1,353,223
Changes in benefit terms		14,073		260,892						
Changes in assumptions			737,777			99,094		480,744		
Difference between expected and actual experience	593,598	(408,410)	207,760	310,916	(363,559)	(280,341)	67,756	(999,317)	(1,175,932)	
Benefit payments, including refunds of employee contributions	(1,533,150)	(1,461,730)	(1,484,773)	(1,357,872)	(1,285,109)	(1,167,821)	(1,167,422)	(947,288)	(1,076,956)	(948,744)
Transfers among employers	406,524	(146,135)	694,431	277,974	(159,037)	119,066	61,250	22,165		
Net change in total pension liability	1,697,470	183,415	2,158,331	1,384,812	101,614	621,426	751,996	386,149	(353,113)	881,146
Total pension liability - beginning	23,505,433	23,322,018	21,163,687	19,778,875	19,677,261	19,055,835	18,303,839	17,917,690	18,270,803	17,389,657
Total pension liability - ending (a)	\$ 25,202,903	\$ 23,505,433	\$ 23,322,018	\$ 21,163,687	\$ 19,778,875	\$ 19,677,261	\$ 19,055,835	\$ 18,303,839	\$ 17,917,690	\$ 18,270,803
Plan fiduciary net position										
Contributions - employer	\$ 321,481	\$ 304,766	\$ 230,485	\$ 233,115	\$ 255,578	\$ 231,286	\$ 267,796	\$ 358,040	\$ 328,113	\$ 340,863
Contributions - employee	460,701	419,672	399,702	386,186	383,948	433,131	333,940	366,152	377,717	402,311
Net investment income	2,398,258	(2,798,990)	4,071,799	1,007,912	457,419	1,559,314	1,962,904	1,449,554	170,201	1,582,432
Benefit payments, including refunds of employee contributions	(1,533,150)	(1,461,730)	(1,484,773)	(1,357,872)	(1,285,109)	(1,167,821)	(1,167,422)	(947,288)	(1,076,956)	(948,744)
Other (Transfers among employers)	406,524	(146,135)	694,431	277,974	(159,037)	119,066	61,250	22,165	6,041	(278,656)
Net change in plan fiduciary net position	2,053,814	(3,682,417)	3,911,644	547,315	(347,201)	1,174,976	1,458,468	1,248,623	(194,884)	1,098,206
Plan fiduciary net position - beginning	18,645,331	22,327,748	18,416,104	17,868,789	18,215,990	17,041,014	15,582,546	14,333,923	14,528,807	13,430,601
Plan fiduciary net position - ending (b)	\$ 20,699,145	\$ 18,645,331	\$ 22,327,748	\$ 18,416,104	\$ 17,868,789	\$ 18,215,990	\$ 17,041,014	\$ 15,582,546	\$ 14,333,923	\$ 14,528,807
Commission's net pension liability - ending (a) - (b)	\$ 4,503,758	\$ 4,860,102	\$ 994,270	\$ 2,747,583	\$ 1,910,086	\$ 1,461,271	\$ 2,014,821	\$ 2,721,293	\$ 3,583,767	\$ 3,741,996
Plan fiduciary net position as a percentage of the total pension liability	82.13%	79.32%	95.74%	87.02%	90.34%	92.57%	89.43%	85.13%	80.00%	79.52%
Covered payroll (*)	\$ 6,035,779	\$ 5,500,571	\$ 5,154,740	\$ 4,930,401	\$ 5,103,799	\$ 4,839,158	\$ 4,564,499	\$ 4,831,633	\$ 4,982,326	\$ 5,168,944
Commission's net pension liability as a percentage of covered-employee payroll	74.62%	88.36%	19.29%	55.73%	37.42%	30.20%	44.14%	56.32%	71.93%	72.39%

(*) 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 for 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	2014
Actuarially determined contribution (*)	\$ 454,517	\$ 321,481	\$ 304,766	\$ 230,485	\$ 233,115	\$ 255,578	\$ 231,286	\$ 267,796	\$ 358,040	\$ 328,113	\$ 340,863
Contributions in relation to the actuarially determined contribution (**)	\$ 454,517	\$ 321,481	\$ 304,766	\$ 230,485	\$ 233,115	\$ 255,578	\$ 231,286	\$ 267,796	\$ 358,040	\$ 328,113	\$ 340,863
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll	\$ 6,691,638	\$ 6,035,779	\$ 5,500,571	\$ 5,154,740	\$ 4,930,401	\$ 5,103,799	\$ 4,839,158	\$ 4,564,499	\$ 4,831,633	\$ 4,982,326	\$ 5,168,944
Contributions as a percentage of covered payroll	6.79%	5.33%	5.54%	4.47%	4.73%	5.01%	4.78%	5.87%	7.41%	6.59%	6.59%

(*) 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 2024 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:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	18.5 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2024

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 282,659	\$ 347,764	\$ 336,821	\$ 256,739	\$ 189,615	\$ 179,745	\$ 196,309
Interest	171,581	119,048	120,023	135,782	174,847	146,694	122,615
Change in benefit terms				251,465			
Difference between expected and actual experience	34,142	(764,563)	9,514	(423,659)	(15,565)	(158,969)	(2,672)
Changes of assumptions or other inputs	(26,988)	(506,185)	(473,924)	239,282	679,503	19,838	(253,515)
Benefit payments (*)	(220,920)	(171,315)	(140,321)	(126,208)	(87,185)	(139,375)	(137,797)
Net change in total OPEB liability	240,474	(975,251)	(147,887)	333,401	941,215	47,933	(75,060)
Total OPEB liability - beginning	4,377,558	5,352,809	5,500,696	5,167,295	4,226,080	4,178,147	4,253,207
Total OPEB liability - ending	<u>\$ 4,618,032</u>	<u>\$ 4,377,558</u>	<u>\$ 5,352,809</u>	<u>\$ 5,500,696</u>	<u>\$ 5,167,295</u>	<u>\$ 4,226,080</u>	<u>\$ 4,178,147</u>
Covered-employee payroll (**)	\$ 5,300,303	\$ 5,300,303	\$ 4,651,278	\$ 4,651,278	\$ 4,983,396	\$ 4,983,396	\$ 4,822,819
Total OPEB liability as a percentage of covered payroll	87.13%	82.59%	115.08%	118.26%	103.69%	84.80%	86.63%

(*) Benefit payments are net of participant contributions, include an amount for the implicit subsidy, if applicable, and includes amounts paid outside an OPEB trust, if applicable.

(**) For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the most recent valuation.

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended September 30, 2024.

Changes in Assumptions. The discount rate as of September 30, 2022, was 4.02% and it changed to 4.09% as of September 30, 2023.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of the Employer's Contributions - Other Postemployment Benefits (OPEB)
For the Year Ended September 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution (*)	\$ 220,920	\$ 171,315	\$ 140,321	\$ 126,208	\$ 87,185	\$ 139,375	\$ 137,797
Contributions in relation to the actuarially determined contribution	\$ 220,920	\$ 171,315	\$ 140,321	\$ 126,208	\$ 87,185	\$ 139,375	\$ 137,797
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$
Covered payroll	\$ 5,300,303	\$ 5,300,303	\$ 5,300,303	\$ 4,651,278	\$ 4,651,278	\$ 4,983,396	\$ 4,983,396
Contributions as a percentage of covered payroll	4.17%	3.23%	2.65%	2.71%	1.87%	2.80%	2.77%

(*) There are no actuarially determined contributions. Amounts reported are premiums paid.

Notes to Schedule:

Valuation Date: September 30, 2022

Actuarially determined contribution rates are calculated as of September 30, of the last day of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Asset valuation method	Market Value
Inflation	2.50% annually

Healthcare cost trend rates:

Pre-Medicare	7.00 percent for 2022 decreasing to an ultimate rate of 4.50 percent by 2032
Salary increases, including wage inflation	3.25 percent - 6.00 percent
Discount Rate	4.09% per annum, compounded annually
Retirement age	25 years of service at any age or 10 years of service and is 60 years old or is determined disabled by the Social Security Administration or the Retirement Systems of Alabama's Medical Board; employees hired on and after January 1, 2013 are not eligible to retire until age 62 with 10 years of service (56 years old for a full-time certified firefighter, police officer, or correction officer) or determined disabled by the Social Security Administration or the Retirement Systems of Alabama's Medical Board.

Mortality:

Deaths Before Retirement	Pub-2010 Employee Below Median Rates are projected from 2010 using generational improvements with the adjusted Scale MP-2020. Rates are set back 1 year for all males and females.
Deaths After Retirement	Rates of mortality are according to the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which adjusted by 66-2/3% beginning with year 2019.

This schedule is intended to show information for 10 years. Additional years should be displayed as they become available.

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	\$ 5,828,230.00	\$ 5,828,230.00	\$ 5,392,971.33	(1)	\$ 2,003,871.47	\$ 7,396,842.80
Licenses and Permits	48,000.00	48,000.00	51,867.42	(1)	6,321.59	58,189.01
Intergovernmental	2,601,953.00	2,601,953.00	2,943,568.98	(1)	100,477.30	3,044,046.28
Charges for Services	599,484.00	599,484.00	794,988.01			794,988.01
Miscellaneous	1,158,200.00	1,158,200.00	506,307.56	(1)	625,209.01	1,131,516.57
Total Revenues	10,235,867.00	10,235,867.00	9,689,703.30		2,735,879.37	12,425,582.67
Expenditures						
Current:						
General Government	5,062,347.00	5,062,347.00	2,666,288.33	(2)	970,605.14	3,636,893.47
Public Safety	4,535,599.57	4,535,599.57	5,078,971.28			5,078,971.28
Highways and Roads			21,532.92			21,532.92
Health	119,566.00	119,566.00	120,939.27	(2)	240,045.53	360,984.80
Welfare	338,918.00	338,918.00	134,844.06			134,844.06
Culture and Recreation	263,608.00	263,608.00	402,045.34			402,045.34
Education	28,500.00	28,500.00	33,493.61			33,493.61
Capital Outlay			143,295.90	(2)	443,413.04	586,708.94
Total Expenditures	10,348,538.57	10,348,538.57	8,601,410.71		1,654,063.71	10,255,474.42
Excess (Deficiency) of Revenues Over Expenditures	(112,671.57)	(112,671.57)	1,088,292.59		1,081,815.66	2,170,108.25
Other Financing Sources (Uses)						
Transfers In	228,276.00	1,321,103.08	181,766.32			181,766.32
Transfers Out	(60,000.00)	(60,000.00)	(527,898.14)	(3)	(1,356,165.86)	(1,884,064.00)
Total Other Financing Sources (Uses)	168,276.00	1,261,103.08	(346,131.82)		(1,356,165.86)	(1,702,297.68)
Net Change in Fund Balances	55,604.43	1,148,431.51	742,160.77		(274,350.20)	467,810.57
Fund Balances - Beginning of Year	1,475,296.08	1,321,103.08	3,699,205.61	(4)	1,911,292.76	5,610,498.37
Fund Balances - End of Year	\$ 1,530,900.51	\$ 2,469,534.59	\$ 4,441,366.38		\$ 1,636,942.56	\$ 6,078,308.94

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

Explanation of differences:

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

(1) Revenues		
Sales Tax Admin Fund	\$	1,231,868.32
Public Roads, Buildings and Bridges		798,918.65
Reappraisal (before 1975)		77.87
Program on Aging		121,557.48
Fuel System Fund		583,457.05
		<hr/>
	\$	2,735,879.37
(2) Expenditures		
Sales Tax Admin Fund	\$	(6,031.05)
Public Roads, Buildings and Bridges		(727,650.88)
Program on Aging		(356,472.53)
Fuel System Fund		(563,909.25)
		<hr/>
		(1,654,063.71)
(3) Other Financing Sources/(Uses), Net		
Sales Tax Admin Fund	\$	(1,056,165.86)
Public Roads, Buildings and Bridges		(300,000.00)
		<hr/>
		(1,356,165.86)
Net Decrease in Fund Balance - Budget to GAAP		
	\$	<hr/> <hr/> (274,350.20)

- (4) 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 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
Revenues						
Intergovernmental	\$ 3,159,096.79	\$ 3,159,096.79	\$ 2,306,846.47	(1)	\$ 2,394,621.88	\$ 4,701,468.35
Miscellaneous	300,000.00	300,000.00	268,408.21			268,408.21
Total Revenues	3,459,096.79	3,459,096.79	2,575,254.68		2,394,621.88	4,969,876.56
Expenditures						
Current:						
Highways and Roads	3,066,500.00	3,066,500.00	2,532,056.10	(2)	1,605,763.47	4,137,819.57
Capital Outlay	101,000.00	101,000.00	175,476.00			175,476.00
Debt Service:						
Principal	117,940.86	117,940.86	124,743.00			124,743.00
Interest	14,588.08	14,588.08	7,423.56			7,423.56
Total Expenditures	3,300,028.94	3,300,028.94	2,839,698.66		1,605,763.47	4,445,462.13
Excess (Deficiency) of Revenues Over Expenditures	159,067.85	159,067.85	(264,443.98)		788,858.41	524,414.43
Other Financing Sources (Uses)						
Transfers In	1,393,330.66	1,393,330.66	300,000.00			300,000.00
Transfers Out	(1,393,330.66)	(1,393,330.66)	(100.00)			(100.00)
Total Other Financing Sources (Uses)			299,900.00			299,900.00
Net Change in Fund Balances	159,067.85	159,067.85	35,456.02		788,858.41	824,314.43
Fund Balances - Beginning of Year	11,802.87	11,802.87	259,625.08	(3)	1,610,483.21	1,870,108.29
Fund Balances - End of Year	\$ 170,870.72	\$ 170,870.72	\$ 295,081.10		\$ 2,399,341.62	\$ 2,694,422.72

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	\$	210,223.38	
RRR Gas Tax Fund		837,630.00	
Secondary Road Fund		279,675.89	
Rebuild Alabama		<u>1,067,092.61</u>	\$ 2,394,621.88
(2) Expenditures			
RRR Gas Tax Fund	\$	(1,181,653.50)	
Rebuild Alabama		<u>(424,109.97)</u>	<u>(1,605,763.47)</u>
Net Increase in Fund Balance - Budget to GAAP			<u><u>\$ 788,858.41</u></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 effect of transactions such as those described above.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal 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	\$ 890,687.50	\$ 890,687.50	\$ 651,207.44	\$	\$ 651,207.44
Intergovernmental			10,000.00		10,000.00
Miscellaneous			50,000.00		50,000.00
Total Revenues	890,687.50	890,687.50	711,207.44		711,207.44
<u>Expenditures</u>					
Current:					
General Government	813,187.50	813,187.50	663,093.41		663,093.41
Capital Outlay	77,500.00	77,500.00	48,114.03		48,114.03
Total Expenditures	890,687.50	890,687.50	711,207.44		711,207.44
Excess (Deficiency) of Revenues Over Expenditures					
Net Change in Fund Balances					
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$	\$	\$

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 Agriculture</u>				
<u>Passed Through the Alabama Department of Finance</u>				
Schools and Roads - Grants to States	10.665	N/A	\$ 86,098.38	\$ 172,196.76
<u>U. S. Department of Housing and Urban Development</u>				
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
Community Development Block Grants/ States Program and Non-Entitlement Grants in Hawaii	14.228	CY-ED-PF-21-104		999,552.61
<u>U. S. Department of Interior</u>				
<u>Direct Program</u>				
Payments in Lieu of Taxes	15.226	N/A		196,259.00
<u>U. S. Department of Justice</u>				
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
Violence Against Women Formula Grants	16.588	2024-WF-LE-217-RQF-526		50,286.23
Violence Against Women Formula Grants	16.588	2023-WF-LE-127-RQF-2081		20,378.58
Total U. S. Department of Justice				<u>70,664.81</u>
<u>U. S. Department of Transportation</u>				
<u>Passed Through Alabama Department of Transportation</u>				
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	N/A		593,974.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	N/A		377,976.00
<u>Passed Through Franklin County Commission</u>				
State and Community Highway Safety	20.600	N/A		4,033.83
Total U. S. Department of Transportation				<u>975,983.83</u>
<u>U. S. Department of Treasury</u>				
<u>Direct Program</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027			45,087.65
<u>Appalachian Regional Commission</u>				
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
Appalachian Area Development	23.002	CY-ED-PF-23-007/ AL 21192-2023		798,454.01
Sub-Total Forward			\$ 86,098.38	\$ 3,258,198.67

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			\$ 86,098.38	\$ 3,258,198.67
<u>U. S. General Services Administration</u>				
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
Donation of Federal Surplus Personal Property (Non-Cash)	39.003	N/A		641.18
<u>U. S. Department of Health and Human Services</u>				
<u>Passed Through North Alabama Regional Council of Governments</u>				
Special Programs for the Aging - Title III, Part D, Disease Prevention and Health Promotion Services	93.043	N/A		50,227.30
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A		50,250.00
Total U. S. Department of Health and Human Services				<u>100,477.30</u>
<u>U. S. Department of Homeland Security</u>				
<u>Passed Through Alabama Emergency Management Agency</u>				
Emergency Management Performance Grants	97.042	24 EMA		33,766.00
<u>Other Federal Assistance</u>				
<u>Tennessee Valley Authority</u>				
<u>Passed Through Alabama Emergency Management Agency</u>				
Radiological Emergency Plans	N/A	N/A		182,384.00
Total Expenditures of Federal Awards			<u>\$ 86,098.38</u>	<u>\$ 3,575,467.15</u>

N/A - Not Available/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 Lawrence 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 Lawrence County Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Lawrence 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 Lawrence 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. Amard Martin	Member	November 2026
Hon. Norman Pool	Member	November 2026
Hon. Kyle Pankey (2)	Member	Deceased
Hon. Bobby Burch (1)	Member	November 2026
Hon. Nathan Kitchens	Member	November 2026

Administrative Personnel

Heather Rose	County Administrator	Indefinite
(1) Chairman through July 2024		
(2) Chairman beginning in August 2024		

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 Lawrence County Commission and County Administrator
Moulton, 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 Lawrence County Commission, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Lawrence County Commission's basic financial statements, and have issued our report thereon dated September 19, 2025.

Report on Internal Control over Financial Reporting

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

September 19, 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 Lawrence Commission and County Administrator
Moulton, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Lawrence County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Lawrence 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 Lawrence 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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Lawrence 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 Lawrence 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 Lawrence 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 Lawrence County Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ◆ obtain an understanding of the Lawrence 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 Lawrence County Commission's 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

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

Report on Internal Control Over Compliance

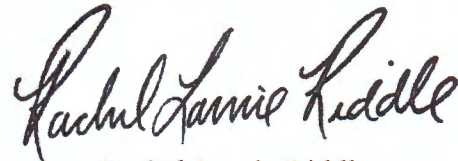
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

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

September 19, 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?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

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

_____ Yes X No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii
23.002	Appalachian Area Development

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

\$750,000

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

No matters were reportable.

Summary Schedule of Prior Audit Findings

Amard Martin, District 1
Norman Pool, District 2
Kyle Pankey, District 3
Bobby Burch, District 4
Nathan Kitchens, District 5



Heather Rose Administrator
Mechelle Graham, Accountant
Telephone: 256.974.0663
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LAWRENCE COUNTY COMMISSION

12001 AL Hwy. 157, Annex 3, Suite 1
P.O. Box 307
Moulton, Alabama 35650

Summary Schedule of Prior Audit Findings *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, the Lawrence County Commission has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2024.

Finding Ref. No.	Status of Prior Audit Finding
2023-001	<p>Finding: Generally Accepted Accounting Principles (GAAP) require all financial activity to be properly recorded in the accounting records and accurate financial statements to be prepared. Deferred inflows of resources related to net pension liability were understated by \$2,270,593 and deferred outflows of resources related to net pension liability were overstated by \$2,270,593.00. This resulted in Net Position being misstated by \$4,541,186.00. The Commission did not have adequate procedures in place to ensure all financial amounts were properly recorded and financial statements were accurately prepared. As a result, material adjustments were necessary to properly reflect all transactions in the financial statements. The management of the Commission was notified of these errors and made adjusting entries to correct the financial statements.</p> <p>Recommendation: The Commission should ensure that all financial activity is properly recorded in the accounting records and that accurate financial statements are prepared.</p> <p>Status: Corrective Action was taken.</p>

Nathan Kitchens