



# Marshall County Commission

## Marshall County, Alabama

October 1, 2023 through September 30, 2024

Filed: February 20, 2026

ALABAMA DEPARTMENT OF  
**EXAMINERS** of Public Accounts

Rachel Laurie Riddle, *Chief Examiner* | 334-777-0500 | [www.alexaminers.gov](http://www.alexaminers.gov)





Rachel Laurie Riddle  
*Chief Examiner*

State of Alabama  
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**Examiners of Public Accounts**

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

Dear Madam:

An audit was conducted on the Marshall County Commission, Marshall County, Alabama, for the period October 1, 2023 through September 30, 2024, by Examiners Chad Morgan and Reyna Gonzales. I, Chad Morgan, 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,

A handwritten signature in blue ink that reads 'Chad Morgan'.

Chad Morgan  
Examiner of Public Accounts

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<p>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.</p>		
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Department of  
**Examiners of Public Accounts**

**SUMMARY**

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

The Marshall County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Marshall County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 16. 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 Marshall 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 program. 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.

**COMMENT**

The *Code of Alabama 1975*, Section 45-48-241.02, provides that the compensation for any deputies, clerks, and assistants of the Revenue Commissioner “shall be fixed by the county personnel board and shall be paid out of the general fund of the county in the same manner as the salaries of other county employees are paid”. In 2021, the *Code of Alabama 1975*, Section 45-48-241.70, became effective and further provides that the expenses of the Revenue Commissioner’s office shall be financed on a pro rata share basis from the proceeds of ad valorem taxes collected in the office.

The Marshall County Commission (the “Commission”) provided amounts to the Marshall County Revenue Commissioner (the “Revenue Commissioner”) to be withheld from ad valorem taxes that included salaries of the employees of the Revenue Commissioner’s office in fiscal years 2022, 2023 and 2024. There is pending litigation regarding the proper amount to be withheld from ad valorem taxes for salaries of the employees of the Revenue Commissioner’s office.

**AUDIT FINDING**

An instance of noncompliance with state and local laws and regulations and other matters was found during the audit as shown on the Schedule of State and Local Compliance and Other Findings and it is summarized below.

- ◆ 2024-001: The Commission failed to comply with *Code of Alabama 1975*, Section 41-16-50, commonly known as the “Alabama Competitive Bid Law.” This finding was previously reported as Finding 2023-001 and Finding 2022-001.

**EXIT CONFERENCE**

Commission members and administrative personnel, as reflected on Exhibit 16, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Ashleigh Bubbett, County Administrator; and Commissioners James R. Watson, Joey Baker and Ronny Shumate. Representing the Department of Examiners of Public Accounts were Adam Vann, Audit Manager; Chad Morgan, Examiner; and Reyna Gonzales, Examiner.

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*Schedule of State and Local  
Compliance and Other Findings*

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***Schedule of State and Local Compliance and Other Findings***  
***October 1, 2023 through September 30, 2024***

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Ref. No.	Finding/Noncompliance
2024-001	<p><b><u>Finding:</u></b> The <i>Code of Alabama 1975</i>, Section 41-16-50, commonly known as the “Alabama Competitive Bid Law”, states that all expenditure of funds for labor, services, work, or for the purchase of materials, equipment, supplies, or other personal property involving thirty thousand dollars (\$30,000) or more shall be made under contractual agreement entered into by free and open competitive bidding, on sealed bids, to the lowest responsible bidder. During the audit period, the Marhsall County Commission (the “Commission”) expended \$51,976.88 for mailing and printing services without the benefit of free and open competitive bidding. The Commission did not have procedures in place to ensure expenditures exceeding the competitive bid threshold requirements were properly bid. As a result, the Commission could not ensure a fair and competitive purchasing process was followed in the use of public funds. This finding was previously reported as Finding 2023-001 and Finding 2022-001.</p> <p><b><u>Recommendation:</u></b> The Commission should ensure compliance with the <i>Code of Alabama 1975</i>, Section 41-16-50, relating to the Alabama Competitive Bid Law.</p>

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*Independent Auditor's Report*

## **Independent Auditor's Report**

Members of the Marshall County Commission and County Administrator  
Guntersville, Alabama

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

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Marshall County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 8.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission, as of September 30, 2024, and the respective changes in financial position 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 Marshall 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 Marshall 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 Marshall 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 Marshall County Commission's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of 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 9 through 14), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

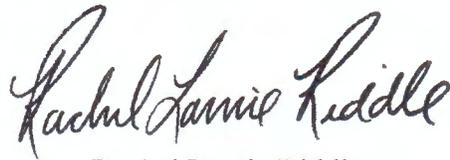
Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marshall County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 15), 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 January 30, 2026, on our consideration of the Marshall 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 Marshall 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 Marshall County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

January 30, 2026

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# *Basic Financial Statements*

***Statement of Net Position***  
***September 30, 2024***

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 51,321,561.31
Cash with Fiscal Agent	274,850.62
Receivables (Note 4)	4,552,932.12
Ad Valorem Taxes Receivable	13,290,509.30
Note Receivable	230,323.84
Inventories	22,711.82
Prepaid Items	12,071.60
Capital Assets (Note 5):	
Nondepreciable	1,968,263.08
Depreciable, Net	30,448,338.30
Total Assets	<u>102,121,561.99</u>
<b><u>Deferred Outflows of Resources</u></b>	
Employer Pension Contributions	848,199.09
Deferred Outflows Related to Net Pension Liability	2,327,602.00
Employer Other Postemployment Benefits (OPEB) Contributions	435,716.92
Deferred Outflows Related to OPEB Liability	53,358.00
Total Deferred Outflows of Resources	<u>3,664,876.01</u>
<b><u>Liabilities</u></b>	
Payables	4,790,732.23
Unearned Revenues	4,748,717.90
Accrued Interest Payable	95,989.07
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Notes from Direct Borrowing	57,437.76
Warrants Payable	660,000.00
Unamortized Premium	67,929.60
Estimated Liability for Compensated Absences	71,849.58
Portion Due or Payable After One Year:	
Notes from Direct Borrowing	239,601.99
Warrants Payable	6,060,000.00
Unamortized Premium	413,238.40
Estimated Liability for Compensated Absences	646,646.26
Net Pension Liability	11,267,183.00
Total OPEB Liability	9,502,872.00
Total Liabilities	<u>\$ 38,622,197.79</u>

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

	<b>Governmental Activities</b>
<b><u>Deferred Inflows of Resources</u></b>	
Unavailable Revenue - Property Taxes	\$ 13,290,509.30
Deferred Inflows Related to Net Pension Liability	25,670.00
Deferred Inflows Related to OPEB Liability	705,006.00
Total Deferred Inflows of Resources	<u>14,021,185.30</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	27,143,693.63
Restricted for:	
Capital Projects	4,805,470.10
Road Projects	7,831,466.80
Debt Service	186,575.96
Other Purposes	769,599.06
Unrestricted	<u>12,406,249.36</u>
Total Net Position	<u>\$ 53,143,054.91</u>

**Statement of Activities**  
**For the Year Ended September 30, 2024**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions		
<b>Governmental Activities</b>					
General Government	\$ 7,499,053.76	\$ 2,411,450.82	\$ 114,217.27	\$	\$ (4,973,385.67)
Public Safety	13,996,158.80	1,097,252.12	461,904.83		(12,437,001.85)
Highways and Roads	10,691,689.70		6,734,264.37		(3,957,425.33)
Sanitation	3,352,611.49		3,352,611.49		
Health	368,243.05		21,858.99		(346,384.06)
Welfare	481,094.61		155,378.00		(325,716.61)
Culture and Recreation	516,609.01	159,177.55			(357,431.46)
Education	30,000.00				(30,000.00)
Interest and Fiscal Charges	198,436.38				(198,436.38)
Intergovernmental	275,563.59		1,589,681.92		1,314,118.33
Total Governmental Activities	\$ 37,409,460.39	\$ 3,667,880.49	\$ 12,429,916.87	\$	(21,311,663.03)

**General Revenues:**

Taxes:	
Property Taxes for General Purposes	12,916,970.64
Property Taxes for Specific Purposes	1,171,869.47
County Gasoline Sales Tax	592,121.89
Miscellaneous Taxes	5,757,129.29
TVA in Lieu of Taxes	1,651,771.07
Interest Earned	2,190,324.14
Gain on Disposition of Capital Assets	95,846.06
Miscellaneous	816,288.68
Total General Revenues	25,192,321.24
Change in Net Position	3,880,658.21
Net Position - Beginning of Year	49,262,396.70
Net Position - End of Year	\$ 53,143,054.91

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

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2024**

	General Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 33,666,268.42	\$ 3,264,818.91	\$ 14,390,473.98	\$ 51,321,561.31
Cash with Fiscal Agent			274,850.62	274,850.62
Receivables (Note 4)	3,566,078.11		986,854.01	4,552,932.12
Ad Valorem Taxes Receivable	11,314,501.54		1,976,007.76	13,290,509.30
Interfund Receivables	357,300.06			357,300.06
Note Receivable			230,323.84	230,323.84
Inventories	22,711.82			22,711.82
Prepaid Items	12,071.60			12,071.60
Total Assets	<u>48,938,931.55</u>	<u>3,264,818.91</u>	<u>17,858,510.21</u>	<u>70,062,260.67</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Payables	4,438,529.82	34,174.42	318,027.99	4,790,732.23
Unearned Revenues		3,230,644.49	1,518,073.41	4,748,717.90
Interfund Payables			357,300.06	357,300.06
Total Liabilities	<u>4,438,529.82</u>	<u>3,264,818.91</u>	<u>2,193,401.46</u>	<u>9,896,750.19</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Property Taxes	11,314,501.54		1,976,007.76	13,290,509.30
Total Deferred Inflows of Resources	<u>11,314,501.54</u>		<u>1,976,007.76</u>	<u>13,290,509.30</u>
<b>Fund Balances</b>				
Nonspendable:				
Prepaid Items	12,071.60			12,071.60
Inventories	22,711.82			22,711.82
Restricted for:				
Road Surface Repairs			7,831,466.80	7,831,466.80
Capital Projects			4,805,470.10	4,805,470.10
Debt Service			282,565.03	282,565.03
Local Officials			600,109.28	600,109.28
Other Purposes			169,489.78	169,489.78
Unassigned	33,151,116.77			33,151,116.77
Total Fund Balances	<u>33,185,900.19</u>		<u>13,689,100.99</u>	<u>46,875,001.18</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,938,931.55</u>	<u>\$ 3,264,818.91</u>	<u>\$ 17,858,510.21</u>	<u>\$ 70,062,260.67</u>

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) \$ 46,875,001.18

Amounts reported for governmental activities in the Statement of Net Assets (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.(See Note 5)

Nondepreciable	\$ 1,968,263.08	
Depreciable, Net	30,448,338.30	32,416,601.38

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

Deferred Outflow Related to Defined Benefit Pension Plan	\$ 3,175,801.09	
Deferred Inflow Related to Defined Benefit Pension Plan	(25,670.00)	3,150,131.09

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

Deferred Outflow Related to OPEB Liability	\$ 489,074.92	
Deferred Inflow Related to OPEB Liability	(705,006.00)	(215,931.08)

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:

	Due or Payable Within One Year	Due or Payable After One Year	
Warrants Payable	\$ 660,000.00	\$ 6,060,000.00	
Unamortized Premium	67,929.60	413,238.40	
Interest Payable	95,989.07		
Notes from Direct Borrowing	57,437.76	239,601.99	
Estimated Liability for Compensated Absences	71,849.58	646,646.26	
Net Pension Liability		11,267,183.00	
Other Postemployment Benefit Obligation		9,502,872.00	
Total Long-Term Liabilities	\$ 953,206.01	\$ 28,129,541.65	(29,082,747.66)

Total Net Position - Governmental Activities (Exhibit 1) \$ 53,143,054.91

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	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 14,033,936.33	\$	\$ 2,639,895.24	\$ 16,673,831.57
Licenses and Permits	105,388.97			105,388.97
Intergovernmental	5,927,758.36	4,942,293.41	7,202,742.21	18,072,793.98
Charges for Services	2,398,483.00		1,033,576.51	3,432,059.51
Miscellaneous	2,285,785.83		624,412.69	2,910,198.52
Total Revenues	<u>24,751,352.49</u>	<u>4,942,293.41</u>	<u>11,500,626.65</u>	<u>41,194,272.55</u>
<b>Expenditures</b>				
Current:				
General Government	5,478,082.42		1,623,415.07	7,101,497.49
Public Safety	9,920,038.48	107,425.46	3,160,656.57	13,188,120.51
Highways and Roads	2,145,711.67	1,038,931.08	6,439,427.55	9,624,070.30
Sanitation		3,352,611.49		3,352,611.49
Health	327,110.16	14,100.00	17,650.13	358,860.29
Welfare	246,161.21		185,606.41	431,767.62
Culture and Recreation	147,473.91		369,405.04	516,878.95
Education	30,000.00			30,000.00
Capital Outlay	2,171,886.06	429,225.38	901,434.59	3,502,546.03
Debt Service:				
Principal Retirement			668,789.25	668,789.25
Interest and Fiscal Charges	4,773.98		280,737.83	285,511.81
Intergovernmental	275,563.59			275,563.59
Total Expenditures	<u>20,746,801.48</u>	<u>4,942,293.41</u>	<u>13,647,122.44</u>	<u>39,336,217.33</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,004,551.01</u>		<u>(2,146,495.79)</u>	<u>1,858,055.22</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			2,460,433.30	2,460,433.30
Sale of Capital Assets	63,300.00		242,430.00	305,730.00
Issuance of Long-Term Debt	194,999.98			194,999.98
Transfers Out	(1,535,933.18)		(924,500.12)	(2,460,433.30)
Total Other Financing Sources (Uses)	<u>(1,277,633.20)</u>		<u>1,778,363.18</u>	<u>500,729.98</u>
Net Changes in Fund Balances	2,726,917.81		(368,132.61)	2,358,785.20
Fund Balances - Beginning of Year	<u>30,458,982.38</u>		<u>14,057,233.60</u>	<u>44,516,215.98</u>
Fund Balances - End of Year	<u>\$ 33,185,900.19</u>	<u>\$</u>	<u>\$ 13,689,100.99</u>	<u>\$ 46,875,001.18</u>

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

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

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 2,358,785.20

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differed from depreciation in the current period.

Capital Outlays	\$ 3,502,546.03	
Depreciation Expense	<u>(2,198,061.84)</u>	1,304,484.19

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the changes in net position differs from the change in fund balance by the cost of the capital assets sold.

Proceeds from the Sale of Capital Assets	\$ (305,730.00)	
Gain on Disposition of Capital Assets	<u>95,846.06</u>	(209,883.94)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 668,789.25

Discounts, premiums, and deferred amounts on refunding are reported in the governmental funds in the year the applicable debt is issued; however, these amounts are deferred on the government-wide statements.

Amortization of Premium on Debt Issued		67,929.60
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The accompanying Notes to the Financial Statements are an integral part of this statement.

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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 Change in Estimated Liability for Compensated Absences	\$ (105,663.30)	
Net Change in OPEB Liability	1,263,569.60	
Pension Expense, Net Change	(1,291,498.24)	
Net Change in Accrued Interest Payable	<u>19,145.83</u>	
Total Additional Expenditures		(114,446.11)

Proceeds from the issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. Issuance of long-term debt increases liabilities in the Statement of Net Position but does not affect the Statement of Activities.

(194,999.98)

Change in Net Position of Governmental Activities (Exhibit 2)

\$ 3,880,658.21

***Statement of Fiduciary Net Position***  
***September 30, 2024***

	<b>Custodial Funds</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 2,579,651.83
Receivables (Note 4)	5,044.78
Prepaid Items	350.00
Capital Assets - Depreciable, Net	25,569.60
Total Assets	<u>2,610,616.21</u>
<b><u>Liabilities</u></b>	
Payable to External Parties	2,132,656.54
Total Liabilities	<u>2,132,656.54</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	25,569.60
Held for Individuals, Organizations and Other Governments	452,390.07
Total Net Position	<u>\$ 477,959.67</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***

	<b>Custodial Funds</b>
<b><u>Additions</u></b>	
Contributions from:	
Taxes and Fees collected from Tax Officials	\$ 55,940,669.90
Worthless Check Collection Service Charges	23,740.17
Inmate Money on Deposit	672,119.97
State Grants	131,816.80
Child Protection	29,812.49
Miscellaneous	139,641.22
Interest	3,833.15
Total Additions	<u>56,941,633.70</u>
<b><u>Deductions</u></b>	
Taxes and Fees distributed by Tax Officials	55,940,669.90
Excess Land Sales	27,342.64
Inmate Money on Deposit	672,119.97
Administrative Expenses	<u>272,382.75</u>
Total Deductions	<u>56,912,515.26</u>
Change in Net Position	29,118.44
Net Position - Beginning of Year	<u>448,841.23</u>
Net Position - End of Year	<u>\$ 477,959.67</u>

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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#### **Note 1 – Summary of Significant Accounting Policies**

The financial statements of the Marshall 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 upon the application of these criteria, there are no component units which should be included as part of the financial reporting entity of the Commission.

#### **B. Government-Wide and Fund Financial Statements**

##### **Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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#### **Fund Financial Statements**

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission.
- ◆ **Coronavirus State and Local Fiscal Recovery Fund** – This fund is used to account for the revenues and expenditures of the Coronavirus State and Local Fiscal Recovery Funds, which is part of the American Rescue Plan Act, for response to and recovery from the COVID-19 public health emergency.

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.

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.

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

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**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 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under notes from direct borrowing are reported as other financing sources.

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 and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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#### **2. Receivables**

Sales, rental, gas, tobacco and lodging tax receivables consist of taxes that have been paid by consumers in September. These taxes are normally remitted to the Commission within the next 60 days.

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 and amounts due from the state and local governments.

Receivables from external parties are amounts that are being held in a custodial capacity by the fiduciary funds.

#### **3. Inventories**

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

#### **4. Prepaid Items**

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

#### **5. Restricted Assets**

Certain general obligation warrants, as well as certain resources set aside for repayment of debt, are classified as cash with fiscal agent on the balance sheet because they are maintained separately, and their use is limited by applicable warrant covenants.

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

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**6. Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the assets 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 are as follows:

	Capitalization Threshold	Estimated Useful Life
Roads	\$250,000	20 years
Bridges	\$ 50,000	40 years
Land Improvements – Exhaustible	\$100,000	25 years
Buildings	\$ 50,000	40 years
Equipment and Furniture	\$ 5,000	5 – 10 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.

**7. Deferred Outflows of Resources**

Deferred outflows of resources are reported in the 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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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#### **8. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Warrant premiums are deferred and amortized over the life of the warrants. Warrants payable are reported at the gross amount with a separate line for the warrant premium. Warrant issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize premiums 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

#### **9. Compensated Absences**

The Commission has a standard leave policy for its full-time employees as to sick, annual and compensatory leave. The Marshall County Personnel Board establishes rules and regulations governing leaves of absence as provided under Act Number 82-206, Acts of Alabama, page 242.

##### **Annual Leave**

All employees accrue annual leave, with pay, based upon total service years and may carry over a maximum of 300 hours of annual leave at the end of each calendar year. Upon termination of employment in good standing, the employees are paid for all unused annual leave accumulated to the date of termination.

##### **Sick Leave**

All employees, after one (1) month of service, are eligible for paid sick leave at the rate of one (1) workday per month of continuous employment. Unused sick leave credits may be accumulated and carried over into successive fiscal years. All unused sick leave is forfeited upon separation and is not compensated to the employee, except in the case of retirement when an employee may be compensated for one-half of his/her accumulated sick leave.

The Commission uses the termination method to accrue its sick leave liability. Under this method an accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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#### **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 480 hours, all other employees 240 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. Upon termination of employment in good standing, the employees are paid for all unused compensatory leave accumulated to the date of termination.

#### **10. 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.

#### **11. Net Position/Fund Balances**

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

- ◆ **Net Investment in Capital Assets** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets plus or minus any deferred outflows of resources and deferred inflows of resources that are attributable to those assets or related debt. Any significant unspent related debt proceeds and any deferred outflows or deferred inflows at year-end related to capital assets are not included in this calculation.
- ◆ **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 designed for specific purposes by action of the Commission.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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

- ◆ 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.
- ◆ 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.
- ◆ Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- ◆ Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission or its designee makes the 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.
- ◆ 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.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Commission to consider restricted amounts to have been reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Commission that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

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

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**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 Pensions (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.

**Note 2 – Stewardship, Compliance, and Accountability**

**Budgets**

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

The State Legislature enacted the *Code of Alabama 1975*, Section 45-48-70.17 and then provided further under the *Code of Alabama 1975*, Section 45-48-70.51 through Section 45-48-70.55, the statutory basis for the county budgeting operations for the Commission. Under the terms of these laws, the Commission, at some meeting in September of each year, but in any event not later than the first meeting in October must estimate the Commission's revenues and expenditures and appropriate for the various purposes the respective accounts that are to be used for each purpose. The appropriations must not exceed the total revenues available for appropriation. Expenditures may not legally exceed appropriations.

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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#### Note 3 – Deposits and Investments

##### A. 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.

##### B. Cash with Fiscal Agent

The *Code of Alabama 1975*, Section 11-8-11 and Section 11-81-20, authorizes the Commission to invest in obligations of the U. S. Treasury and federal agency securities along with certain pre-refunded public obligation such as bonds or other obligations of any state of the United States of America or any agency, instrumentality or local governmental unit of any such state.

The Commission adopted a Deposit and Investment Policy that requires all deposits to be placed in checking accounts or money market accounts covered by the SAFE Act for investments. Also, the Commission authorized investments in certificates of deposit that are covered by the SAFE Act and United States Treasury Notes.

As of September 30, 2024, the Commission had the following investments and maturities reported in cash with fiscal agents:

Investment Type	Amortized Cost	Investment Maturity
Fidelity Investments Money Market Treasury Only – Class III	\$ 158.06	Within One Year
Morgan Stanley Institutional Liquidity Money Market Funds	274,692.56	Within One Year
Total	\$274,850.62	

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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**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** – 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 does not have a formal investment policy that limits the amount of exposure to credit risk. As of September 30, 2024, the Commission’s investments in money market funds 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 a formal investment policy that limits the amount of securities that can be held by counterparties. The funds transferred to meet the Commission’s annual debt service requirements are invested until payments are made.

**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 other governmental funds and fiduciary funds in the aggregate are as follows

	General Fund	Other Governmental Funds	Total
<u>Governmental Funds:</u>			
Accounts Receivable	\$ 86,696.23	\$ 6,584.20	\$ 93,280.43
Due from Other Governments	3,479,381.88	980,269.81	4,459,651.69
Total	<u>\$3,566,078.11</u>	<u>\$986,854.01</u>	<u>\$4,552,932.12</u>

	Custodial Funds	Total
<u>Fiduciary Funds:</u>		
Due from Other Governments	\$5,044.78	\$5,044.78
Total	<u>\$5,044.78</u>	<u>\$5,044.78</u>

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

Unexpended Reappraisal Funds	\$ 575,796.02
Unexpended Revenue Office Funds	596,860.74
Grant Funds Received Prior to Meeting Eligibility Requirements	3,576,061.14
Total Unearned Revenues for Governmental Funds	<u>\$4,748,717.90</u>

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

**Note 5 – Capital Assets**

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

	Balance 10/01/2023	Additions Reclassifications (*)	Deletions Reclassifications (*)	Balance 09/30/2024
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land and Improvements	\$ 1,968,263.08	\$	\$	\$ 1,968,263.08
Construction in Progress	10,828,593.82	723,844.79	(11,552,438.61)	
Total Capital Assets, Not Being Depreciated	<u>12,796,856.90</u>	<u>723,844.79</u>	<u>(11,552,438.61)</u>	<u>1,968,263.08</u>
<b>Capital Assets Being Depreciated:</b>				
Infrastructure – Bridges	11,733,916.31		(230,000.00)	11,503,916.31
Infrastructure – Roads	2,320,231.00			2,320,231.00
Buildings and Improvements	15,012,831.53	12,076,006.32		27,088,837.85
Motor Vehicles, Furniture and Equipment	16,425,954.77	2,255,133.53	(396,768.26)	18,284,320.04
Total Capital Assets Being Depreciated	<u>45,492,933.61</u>	<u>14,331,139.85</u>	<u>(626,768.26)</u>	<u>59,197,305.20</u>
<b>Less: Accumulated Depreciation for:</b>				
Infrastructure – Bridges	(4,342,578.60)	(290,472.92)	172,500.00	(4,460,551.52)
Infrastructure – Roads	(783,840.83)			(783,840.83)
Buildings and Improvements	(10,216,003.82)	(469,906.61)		(10,685,910.43)
Motor Vehicles, Furniture, and Equipment	(11,625,366.13)	(1,437,682.31)	244,384.32	(12,818,664.12)
Total Accumulated Depreciation	<u>(26,967,789.38)</u>	<u>(2,198,061.84)</u>	<u>416,884.32</u>	<u>(28,748,966.90)</u>
Total Capital Assets Being Depreciated, Net	18,525,144.23	12,133,078.01	(209,883.94)	30,448,338.30
Total Governmental Activities Capital Assets, Net	<u>\$ 31,322,001.13</u>	<u>\$ 12,856,922.80</u>	<u>\$ (209,883.94)</u>	<u>\$ 32,416,601.38</u>
(*) Jail renovations that began in fiscal year 2021 in the amount of \$10,778,526.03 and an Animal Shelter addition in the amount of \$773,912.58 was fully completed and reclassified from Construction in Progress to Buildings and Improvements during the fiscal year.				

	Balance 10/01/2023	Additions	Deletions	Balance 09/30/2024
<b>Fiduciary Activities:</b>				
Motor Vehicles, Furniture and Equipment	\$ 85,232.00	\$	\$	\$ 85,232.00
Total Capital Assets Being Depreciated	<u>85,232.00</u>			<u>85,232.00</u>
<b>Less: Accumulated Depreciation for:</b>				
Motor Vehicles, Furniture, and Equipment	(42,616.00)	(17,046.40)		(59,662.40)
Total Accumulated Depreciation	<u>(42,616.00)</u>	<u>(17,046.40)</u>		<u>(59,662.40)</u>
Total Capital Assets Being Depreciated, Net	42,616.00	(17,046.40)		25,569.60
Total Governmental Activities Capital Assets, Net	<u>\$ 42,616.00</u>	<u>\$(17,046.40)</u>	<u>\$</u>	<u>\$ 25,569.60</u>

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

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

	Current Year Depreciation Expense
<b><u>Governmental Activities:</u></b>	
General Government	\$ 328,700.34
Public Safety	734,634.94
Highways and Roads	1,083,528.68
Health	9,673.93
Welfare	41,523.95
Total Depreciation Expense – Governmental Activities	<u>2,198,061.84</u>
<b><u>Fiduciary Activities:</u></b>	
Administrative Expenses	17,046.40
Total Depreciation Expense – Fiduciary Activities	<u>\$ 17,046.40</u>

**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. Effective October 1, 2021, 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](http://www.rsa-al.gov).

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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

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

### **Benefits Provided**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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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 guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (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.

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

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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#### 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.

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 7.73% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 8.49% of pensionable payroll.

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

The Commission’s contractually required contribution rate for the year ended September 30, 2024, was 8.45% of pensionable pay for Tier 1 employees, and 8.65% 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 \$848,199.09 for the year ended September 30, 2024.

**B. Net Pension Liability**

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

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2022	\$32,810,004	\$33,442,123	\$33,442,123
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 through September 30, 2023	860,409	860,409	860,409
(d) Transfers Among Employers		89,411	89,411
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 through September 30, 2023	(2,048,436)	(2,048,436)	(2,048,436)
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$33,990,018</u>	<u>\$34,758,641</u>	<u>\$34,758,641</u>
(g) Difference between Expected and Actual		\$ 768,623	
(h) Less Liability Transferred for Immediate Recognition		<u>89,411</u>	
(i) Difference between Expected and Actual - Experience (Gain)/Loss		<u>\$ 679,212</u>	
(j) Difference between Actual Total Pension Liability Before and After Plan Changes – Benefit Change (Gain)/Loss			<u>\$</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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#### 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-2020 scale, which is adjusted by 66-2/3% beginning with year 2019.

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

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

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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	100.00%	

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

**Discount Rate**

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

***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	\$32,810,004	\$21,226,332	\$11,583,672
Changes for the Year:			
Service cost	860,409		860,409
Interest	2,368,041		2,368,041
Differences between expected and actual experience	679,212		679,212
Contributions – employer		767,693	(767,693)
Contributions – employee		730,667	(730,667)
Net investment income		2,725,791	(2,725,791)
Benefit payments, including refunds of employee contributions	(2,048,436)	(2,048,436)	
Transfers among employers	89,411	89,411	
Net Changes	1,948,637	2,265,126	(316,489)
Balances at September 30, 2023	\$34,758,641	\$23,491,458	\$11,267,183

**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	\$15,099,631	\$11,267,183	\$8,030,403

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

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

For the year ended September 30, 2024, the Commission recognized pension expense of \$2,114,024. 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	\$ 981,624.00	\$25,670.00
Changes of assumptions	394,934.00	
Net difference between projected and actual earnings on pension plan investments	951,044.00	
Employer contributions subsequent to the measurement date	848,199.09	
Total	<u>\$3,175,801.09</u>	<u>\$25,670.00</u>

The \$848,199.09 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. Other 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	\$ 856,840
2026	\$ 622,905
2027	\$ 992,756
2028	\$(170,569)
2029	\$ 0
Thereafter	\$ 0

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

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**Note 7 – Other Postemployment Benefits (OPEB)**

**A. 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***, Sections 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 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	99
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	42
Total	<u>141</u>

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

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**B. Total OPEB Liability**

The Commission's total OPEB liability of \$9,502,872 as of reporting date September 30, 2024, was measured as of September 30, 2023, and was determined by an actuarial valuation as of that date based on the census information, benefit schedules and costs from the September 30, 2023, actuarial evaluation.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions, 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%
Health Care Cost Trends:	
Pre-Medicare and Prescription Drug	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033
Medicare Medical and Prescription Drug	5.125% for 2023 decreasing to an ultimate rate of 4.50% by 2026

The County 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 Public Mortality Plans Mortality 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 increase used in the September 30, 2023 valuation were based on the actuarial experience study for the period October 1, 2015 through September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System 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, 2023 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2023 valuation.

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

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.09 percent. The projection of cash flows used to determine the discount rate assumed that Commission contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**C. Changes in the Total OPEB Liability (TOL)**

Total OPEB Liability as of September 30, 2022	\$10,128,062
Changes for the Year:	
Service Cost at the End of the Year (*)	145,008
Interest on TOL and Cash Flows	398,152
Difference Between Expected and Actual Experience	(821,514)
Changes of Assumptions or Other Inputs	105,162
Net Benefit Payments	(451,998)
Net Changes	<u>(625,190)</u>
Total OPEB Liability as of September 30, 2023	<u>\$9,502,872</u>
(*) The service cost includes interest for the year.	

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

The following presents the total OPEB liability of the Commission, determined using the discount rate of 4.09% as well as what the total OPEB liability would be if it were determined 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 Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	\$10,609,345	\$9,502,872	\$8,570,255

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

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

The following presents the total OPEB liability of the Commission, determined using the healthcare cost trend rates, as well as what the total OPEB liability would be if it were determined using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$8,549,902	\$9,502,872	\$10,642,231

**D. 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 income of \$833,414. At September 30, 2024, 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
Differences between expected and actual experience	\$	\$426,709.00
Changes of assumptions or other inputs	53,358.00	278,297.00
OPEB contributions after the measurement date	435,716.92	
Total	\$489,074.92	\$705,006.00

The \$435,716.92 shown as deferred outflows of resources related to OPEB contributions after the measurement date will be recognized in OPEB expenses in the year ending September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources to OPEB benefits will be recognized in OPEB expense as follows:

Year Ending:	
September 30, 2024	\$(641,062)
2025	\$ (10,586)
2026	\$ 0
2027	\$ 0
2028	\$ 0
Thereafter	\$ 0

# *Notes to the Financial Statements*

## *For the Year Ended September 30, 2024*

### E. OPEB Expense

GASB Statement Number 75 requires that plan sponsors determine and disclose an OPEB Expense/(Income) (OE). Generally speaking, OE includes the following components:

COMPONENTS OF OPEB EXPENSE/(INCOME)
<p>+ Service Cost (SC) This is equal to the Normal Cost determined using the Entry Age Normal (Level Percentage of Pay) actuarial cost method.</p> <p>– Active Member Contributions The total amount of active employee payroll deductions for OPEB benefits, if applicable.</p> <p>+ Administrative Expenses The amount, if any, paid during the measurement period for OPEB costs not directly related to the payment of benefits. This amount would include costs such as actuarial fees, audit fees, trust fees, salaries associated with staff time spent on OPEB related tasks, etc.</p> <p>+ Interest on the TOL (IOT) IOT is determined based on the Discount Rate that was used to measure the Plan's TOL as of the Prior Measurement Date. Please note that the SC component may include interest to the end of the measurement period, or this interest adjustment may be included with IOT.</p> <p>+ / – Changes of Benefit Terms Benefit changes during the period are recognized immediately. Plan amendments increase OE if the change improves benefits for existing Plan members. Likewise, changes that reduce benefits for existing Plan members lower OE.</p> <p>– Projected Earnings on Plan Investments (XR) If the Plan has a financial accounting asset, XR is determined based on the long-term expected rate of return assumption at the end of the prior measurement period.</p> <p>+ / – Other Miscellaneous and non-standard expense items are included in this component.</p> <p>+ / – Recognition of Current Period Deferred Outflows / Inflows of Resources for:</p> <ul style="list-style-type: none"> <li>— Differences Between Expected and Actual Experience</li> <li>— Changes of Assumptions or Other Inputs</li> <li>— Differences Between Actual and Projected Earnings on Plan Investments</li> </ul> <p>Please note that the results provided in this report reflect the following conventions: Experience losses ("positive amounts") increase the balances of Deferred Outflows of Resources, and amounts recognized increase OPEB expense. Experience gains ("negative amounts") decrease the balances of Deferred Inflows of Resources, and amounts recognized decrease OPEB expense. For differences between expected and actual experience and changes of assumptions or other inputs, the amounts that must be recognized during the current period are determined by spreading the total changes over the average expected remaining service lives (AERSL) of the entire Plan membership at the beginning of the measurement period. The active member AERSL is the average number of years that the active members are expected to remain in covered employment. AERSL is equal to zero for inactive members. The AERSL of the entire Plan membership is the weighted average of these two values, but cannot be less than one year*. The current recognition period is 2.28 years. For differences between actual and projected earnings on plan investments, if any, the amount that must be recognized during the current period is determined by amortizing the total change over five (5) years.</p> <p>+ Recognition of Prior Period Deferred Outflows of Resources The amounts that must be recognized during the current year for those Deferred Outflows of Resources established before the current measurement period. The prior recognition periods are shown in Schedule E.</p> <p>– Recognition of Prior Period Deferred Inflows of Resources The amounts that must be recognized during the current year for those Deferred Inflows of Resources established before the current measurement period. The prior recognition periods are shown in Schedule E.</p> <p>(* ) Based on the guidance in GASB Implementation Guide 2017-3, paragraph 4.129.</p>

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

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The calculation of the OPEB Expense (OE) for the year ended September 30, 2024, is shown in the following table:

Service Cost at End of Year (*)	\$ 145,008
Interest on the Total OPEB Liability	398,152
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(404,687)
Expensed portion of current-period changes or assumptions or other inputs (**)	51,804
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	56,313
Recognition of beginning Deferred Inflows of Resources as OPEB Expense (**)	(1,080,004)
OPEB Income	<u>\$ (833,414)</u>
(*) The service cost includes interest for the year.	
(**) Deferred Inflows are negative as it is a reduction to the OPEB expense.	

**Note 8 – Contingent Liabilities**

The Commission is a defendant in various lawsuits. Management is unable to predict the outcome of the litigation but believes it has strong grounds upon which to defend these proceedings. Accordingly, no provisions for possible loss, if any, are included in the financial statements.

**Note 9 – Long-Term Debt**

In June 2003, the Commission issued General Obligation Warrants/U.S.D.A. Loan for the purchase of a building to provide a public daycare center. On June 11, 2003, a note from direct borrowing was entered into between the Commission and the Childcare Resource Network, Inc., for rental payments on the building. A note receivable of \$230,323.84 is reflected in the financial statements at September 30, 2023. This amount is due and payable in excess of one year. In the event that the Issuer should default in the payment of the principal of or interest on the General Obligation Warrants, the Holders of the General Obligation Warrants shall be entitled to exercise all available remedies under the laws of the State of Alabama, whether in law or at equity.

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

On November 1, 2013, the Commission issued Gasoline Tax Warrants, Series 2013-A, in the amount of \$4,995,000 to fund the County's share of ATRIP projects. In the event that the Issuer should default in the payment of the principal of or interest on the Series 2013-A Warrants, the Holders of the Series 2013-A Warrants shall be entitled to exercise all available remedies under the laws of the State of Alabama, whether in law or at equity.

On December 2, 2021, the Commission issued General Obligation Warrants, Series 2021, in the amount of \$4,430,000 to fund jail renovations. In the event that the Issuer should default in the payment of the principal of or interest on the Series 2021 Warrants, the Holders of the Series 2021 Warrants shall be entitled to exercise all available remedies under the laws of the State of Alabama, whether in law or at equity.

On January 4, 2023, the Commission entered into a note from direct borrowing for two John Deere tractors at a cost of \$151,678.77.

On April 10, 2024, the Commission entered into a note from direct borrowing for 51 AEDs in the amount of \$194,999.98.

The following is a summary of long-term debt obligations for the Commission for the year ended September 30, 2024:

	Debt Outstanding 10/01/2023	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2024	Amounts Due Within One Year
<b>Governmental Activities :</b>					
<b>Warrants Payable:</b>					
<b>General Obligation Warrants:</b>					
Series 2021	\$ 4,060,000.00	\$	\$ (385,000.00)	\$ 3,675,000.00	\$400,000.00
<b>Gasoline Tax Anticipation Warrants:</b>					
Series 2013-A	3,130,000.00		(240,000.00)	2,890,000.00	245,000.00
<b>General Obligation Warrants:</b>					
<b>Series 2010-A</b>					
U.S.D.A. Warrant/Loan	170,000.00		(15,000.00)	155,000.00	15,000.00
Sub-Total	7,360,000.00		(640,000.00)	6,720,000.00	660,000.00
Unamortized Premium	549,097.60		(67,929.60)	481,168.00	67,929.60
Total Warrants Payable	7,909,097.60		(707,929.60)	7,201,168.00	727,929.60
<b>Other Liabilities:</b>					
Notes from Direct Borrowing	130,829.02	194,999.98	(28,789.25)	297,039.75	57,437.76
<b>Estimated Liability for</b>					
Compensated Absences	612,832.54	105,663.30		718,495.84	71,849.58
Total OPEB Obligation	10,128,062.00		(625,190.00)	9,502,872.00	
Net Pension Liability	11,583,672.00		(316,489.00)	11,267,183.00	
Total Governmental Activities					
Long-Term Liabilities	\$30,364,493.16	\$300,663.28	\$(1,678,397.85)	\$28,986,758.59	\$857,216.94

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

Payments on the warrants payable were made from the Debt Service Funds. These payments were made from transfers from the Capital Improvement Fund, and the RRR Gasoline Tax Fund. In addition, the notes from direct borrowing are paid from the General Fund and the Farm to Market Fund.

The compensated absences liability will be liquidated by several of the Commission's governmental funds. Approximately 70.12% has been paid by the General Fund, 23.12% by the Gasoline Tax Special Revenue Fund, and the remainder by the other governmental funds.

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

Fiscal Year Ending	General Obligation Warrants, Series 2013-A		General Obligation Warrants, Series 2021		General Obligation Warrants/U.S.D.A. Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
September 30, 2025	\$ 245,000.00	\$103,048.76	\$ 400,000.00	\$139,000.00	\$ 15,000.00	\$ 6,975.00
2026	255,000.00	95,389.38	415,000.00	122,700.00	15,000.00	6,300.00
2027	260,000.00	87,180.00	430,000.00	105,800.00	15,000.00	5,625.00
2028	270,000.00	78,365.00	450,000.00	88,200.00	15,000.00	4,950.00
2029	280,000.00	68,700.00	465,000.00	69,900.00	15,000.00	4,275.00
2030-2034	1,580,000.00	164,912.50	1,515,000.00	92,500.00	80,000.00	9,000.00
Total	<u>\$2,890,000.00</u>	<u>\$597,595.64</u>	<u>\$3,675,000.00</u>	<u>\$618,100.00</u>	<u>\$155,000.00</u>	<u>\$37,125.00</u>

**Premium**

The Commission had a warrant premium on its 2021 General Obligation Warrants. The warrant premium is being amortized using the straight-line method.

	Premiums
Balance Premium	\$549,097.60
Current Amount Amortized	(67,929.60)
Balance Premium	<u>\$481,168.00</u>

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

Notes Payable		Total Principal	Total Interest	Total Principal and Interest Requirements to Maturity
Principal	Interest			
\$ 57,437.76	\$3,319.45	\$ 717,437.76	\$ 252,343.21	\$ 969,780.97
61,115.91	2,437.41	746,115.91	226,826.79	972,942.70
167,394.99	1,158.31	872,394.99	199,763.31	1,072,158.30
11,091.09	93.34	746,091.09	171,608.34	917,699.43
0.00	0.00	760,000.00	142,875.00	902,875.00
0.00	0.00	3,175,000.00	266,412.50	3,441,412.50
<u>\$297,039.75</u>	<u>\$7,008.51</u>	<u>\$7,017,039.75</u>	<u>\$1,259,829.15</u>	<u>\$8,276,868.90</u>

**Pledged Revenues**

The Commission issued Series 2013-A State Gasoline Tax Anticipation Warrants which are pledged to be repaid from state four cents gasoline taxes levied on the sale, use, consumption, distribution, storage and withdrawal from storage of gasoline, as defined in the *Code of Alabama 1975*, Section 40-17-322, and levied by Act Number 2011-565, Acts of Alabama. The warrant proceeds were used to help fund road rehabilitation with the Alabama Transportation Rehabilitation and Improvement Program (ATRIP). Future revenues in the amount of \$3,487,595.64 are pledged to repay the principal and interest on the warrants as of September 30, 2024. Proceeds of the state four cent gasoline tax in the amount of \$897,745.53 were received by the Commission during the fiscal year ending September 30, 2024, of which \$351,973.76 were used to pay principal and interest on the warrants. The Series 2013-A State Gasoline Tax Anticipation Warrants will mature in fiscal year 2034.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2024*

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#### *Note 10 – 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 purchases commercial insurance for its other risks of loss, including property and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). 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.

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

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**Note 11 – Interfund Transactions**

**Interfund Receivables/Payables**

The amounts due to/from other funds at September 30, 2024, were as follows:

	Interfund Receivables <hr/> General Fund	Total
<u>Interfund Payables:</u>		
Other Governmental Funds	\$357,300.06	\$357,300.06
Total	<hr/> \$357,300.06	<hr/> \$357,300.06

**Interfund Transfers**

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

	Transfers In <hr/> Other Governmental Funds	Total Governmental Funds
<u>Transfers Out:</u>		
General Fund	\$1,535,933.18	\$1,535,933.18
Other Governmental Funds	924,500.12	924,500.12
Total	<hr/> \$2,460,433.30	<hr/> \$2,460,433.30

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

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**Note 12 – Related Organizations**

A majority of the members of the Board of the Marshall County Health Care Authority, the Marshall County Solid Waste Authority, the Marshall/Jackson 31 Agency, the Mountain Lakes Behavioral Health Board, and the Water and Fire Protection Authority of Douglas, Alabama are appointed by the Marshall County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship, for these agencies and these agencies are not considered part of the Commission's financial reporting entity. These agencies are considered related organizations of the County Commission.

**Note 13 – Subsequent Event**

On December 11, 2024, the Marshall County Commission approved to enter into contract with Carmen Construction in the amount of \$35,234,844 to build a new jail addition. The Commission approved to finance this project through general obligation warrants. A finance company has been approved and hired by the Commission. The warrants were issued on August 26, 2025 in the amount of \$34,925,000.

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*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
<b>Total pension liability</b>										
Service cost	\$ 860,409	\$ 811,749	\$ 675,535	\$ 610,099	\$ 601,300	\$ 542,500	\$ 575,778	\$ 571,931	\$ 585,255	\$ 629,339
Interest	2,368,041	2,228,970	2,142,246	2,016,496	1,950,155	1,912,191	1,898,348	1,850,963	1,843,476	1,781,498
Changes of assumptions		22,198	1,184,801	224,097		126,677		791,993		
Differences between expected and actual experience	679,212	780,565	(77,012)	651,319	(51,838)	(177,051)	(678,559)	(156,860)	(575,119)	
Benefit payments, including refunds of employee contributions	(2,048,436)	(2,165,800)	(1,881,077)	(1,716,248)	(1,877,554)	(1,699,534)	(1,600,174)	(1,655,588)	(1,864,460)	(1,407,771)
Transfers among employers	89,411	130,367	195,550	(70,231)	158,848	37,491	32,899	(72,363)		
Net change in total pension liability	1,948,637	1,808,049	2,240,043	1,715,532	780,911	742,274	228,292	1,330,076	(10,848)	1,003,066
Total pension liability - beginning	32,810,004	31,001,955	28,761,912	27,046,380	26,265,469	25,523,195	25,294,903	23,964,827	23,975,675	22,972,609
Total pension liability - ending (a)	\$ 34,758,641	\$ 32,810,004	\$ 31,001,955	\$ 28,761,912	\$ 27,046,380	\$ 26,265,469	\$ 25,523,195	\$ 25,294,903	\$ 23,964,827	\$ 23,975,675
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 767,693	\$ 760,910	\$ 598,977	\$ 554,063	\$ 517,321	\$ 536,927	\$ 474,411	\$ 490,008	\$ 455,227	\$ 461,057
Contributions - employee	730,667	647,276	617,828	517,676	515,099	488,345	458,633	472,044	477,875	485,592
Net investment income	2,725,791	(3,158,694)	4,587,648	1,148,687	520,796	1,774,058	2,247,975	1,687,444	204,139	1,942,087
Benefit payments, including refunds of employee contributions	(2,048,436)	(2,165,800)	(1,881,077)	(1,716,248)	(1,877,554)	(1,699,534)	(1,600,174)	(1,655,588)	(1,864,460)	(1,407,771)
Other (Transfers among employers)	89,411	130,367	195,550	(70,231)	158,848	37,491	32,899	(72,363)	13,816	(463,625)
Net change in plan fiduciary net position	2,265,126	(3,785,941)	4,118,926	433,947	(165,490)	1,137,287	1,613,744	921,545	(713,403)	1,017,340
Plan fiduciary net position - beginning	21,226,332	25,012,273	20,893,347	20,459,400	20,624,890	19,487,603	17,873,859	16,952,314	17,665,717	16,648,377
Plan fiduciary net position - ending (b)	\$ 23,491,458	\$ 21,226,332	\$ 25,012,273	\$ 20,893,347	\$ 20,459,400	\$ 20,624,890	\$ 19,487,603	\$ 17,873,859	\$ 16,952,314	\$ 17,665,717
Commission's net pension liability - ending (a) - (b)	\$ 11,267,183	\$ 11,583,672	\$ 5,989,682	\$ 7,868,565	\$ 6,586,980	\$ 5,640,579	\$ 6,035,592	\$ 7,421,044	\$ 7,012,513	\$ 6,309,958
Plan fiduciary net position as a percentage of the total pension liability	67.58%	64.69%	80.68%	72.64%	75.65%	78.52%	76.35%	70.66%	70.74%	73.68%
Covered payroll (*)	\$ 9,461,884	\$ 8,925,277	\$ 8,587,403	\$ 7,346,069	\$ 6,527,320	\$ 6,300,941	\$ 6,287,957	\$ 6,468,075	\$ 7,070,841	\$ 6,486,284
Commission's net pension liability as a percentage of covered payroll	119.08%	129.79%	69.75%	107.11%	100.91%	89.52%	95.99%	114.73%	99.18%	97.28%

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (*)	\$ 848,199	\$ 767,693	\$ 760,910	\$ 598,977	\$ 554,063	\$ 517,321	\$ 536,927	\$ 474,411	\$ 490,008	\$ 455,227
Contributions in relation to the actuarially determined contribution (*)	\$ 848,199	\$ 767,693	\$ 760,910	\$ 598,977	\$ 554,063	\$ 517,321	\$ 536,927	\$ 474,411	\$ 490,008	\$ 455,227
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 9,988,587	\$ 9,461,884	\$ 8,925,277	\$ 8,587,403	\$ 7,346,069	\$ 6,527,320	\$ 6,300,941	\$ 6,287,957	\$ 6,468,075	\$ 7,070,841
Contributions as a percentage of covered payroll	8.49%	8.11%	8.53%	6.98%	7.54%	7.93%	8.52%	7.54%	7.58%	6.44%

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

(\*\*) Employer's covered payroll for fiscal year 2024 is the total covered payroll for the 12 month period of the underlying financial statements.

**Notes to Schedule**

Valuation date:

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	24.5 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
<b>Total OPEB liability</b>							
Service cost	\$ 145,008	\$ 217,436	\$ 229,255	\$ 199,660	\$ 178,631	\$ 202,026	\$ 228,356
Interest	398,152	276,193	268,183	305,183	400,344	361,769	316,555
Difference between expected and actual experience	(821,514)	(80,464)	(413,638)	(44,474)	190,540	2,475	42,786
Changes of assumptions or other inputs	105,162	(2,266,127)	458,549	650,038	1,571,814	(722,760)	(880,112)
Benefit payments	(451,998)	(477,158)	(435,941)	(460,299)	(430,116)	(370,022)	(386,325)
Net change in total OPEB liability	(625,190)	(2,330,120)	106,408	650,108	1,911,213	(526,512)	(678,740)
Total OPEB Liability - Beginning	10,128,062	12,458,182	12,351,774	11,701,666	9,790,453	10,316,965	10,995,705
Total OPEB Liability - Ending	\$ 9,502,872	\$ 10,128,062	\$ 12,458,182	\$ 12,351,774	\$ 11,701,666	\$ 9,790,453	\$ 10,316,965
Covered-employee payroll	\$ 2,445,285	\$ 2,683,037	\$ 2,683,037	\$ 2,845,036	\$ 2,845,036	\$ 3,071,588	\$ 3,071,588
Net OPEB liability as a percentage of covered-employee payroll	388.62%	377.48%	464.33%	434.15%	411.30%	318.74%	335.88%

**Notes to Schedule:**

**Benefit Changes:** There were no changes of benefit terms for the year ended September 30, 2023.

**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	2018
Contractually required contribution	\$ 435,717	\$ 451,998	\$ 477,158	\$ 435,941	\$ 460,299	\$ 430,116	\$ 370,022	\$ 386,325
Contributions in relation to the contractually required contribution	\$ 435,717	\$ 451,998	\$ 477,158	\$ 435,941	\$ 460,299	\$ 430,116	\$ 370,022	\$ 386,325
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$
Covered-employee payroll	\$ 2,090,508	\$ 2,445,285	\$ 2,683,037	\$ 2,683,037	\$ 2,845,036	\$ 2,845,036	\$ 3,071,588	\$ 3,071,588
Contributions as a percentage of covered-employee payroll	20.84%	18.71%	17.78%	16.25%	16.18%	15.12%	12.05%	12.58%

**Notes to Schedule**

Valuation date: September 30, 2023

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 basis
Asset valuation method	Market Value
Inflation	2.50% annually
Real Wage Growth	0.25%
Wage inflation	2.75%
Healthcare Cost Trends:	
Pre-Medicare	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033
Medicare	5.125% for 2023 decreasing to an ultimate rate of 4.50% by 2026
Salary increases	3.25% - 6.00%, including wage inflation
Discount Rate	4.09% per annum, compounded annually
Retirement age	Employees hired prior to January 1, 2008, 25 years of creditable service regardless of age or 10 years of creditable service and over the age of 60 or is determined disabled by the Social Security Administration or the Retirement Systems of Alabama.
Mortality Turnover	Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality 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.

This schedule is intended to show information for 10 years. Additional years will 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 Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 9,421,411.49	\$ 8,848,041.22	\$ 9,932,394.90	(1) \$ 4,101,541.43	\$ 14,033,936.33
Licenses and Permits	95,000.00	95,000.00	44,239.36	(1) 61,149.61	105,388.97
Intergovernmental	3,831,600.00	3,620,600.00	5,474,290.61	(1) 453,467.75	5,927,758.36
Charges for Services	1,809,000.00	1,709,500.00	2,240,570.45	(1) 157,912.55	2,398,483.00
Miscellaneous	490,989.35	165,467.47	1,848,043.72	(1) 437,742.11	2,285,785.83
Total Revenues	15,648,000.84	14,438,608.69	19,539,539.04	5,211,813.45	24,751,352.49
<b>Expenditures</b>					
Current:					
General Government	5,250,287.68	4,984,812.01	5,182,791.28	(2) (295,291.14)	5,478,082.42
Public Safety	9,458,696.40	9,014,594.17	9,386,116.13	(2) (533,922.35)	9,920,038.48
Highways and Roads		1,552,092.55	1,825.42	(2) (2,143,886.25)	2,145,711.67
Health	307,920.62	365,304.37			327,110.16
Welfare	273,992.62	218,592.91	327,110.16		246,161.21
Culture and Recreation			98,687.30	(2) (147,473.91)	147,473.91
Education	50,000.00	50,000.00	147,473.91		30,000.00
Capital Outlay	35,000.00	915,341.05	(1,191,657.95)	(2) (1,221,657.95)	2,171,886.06
Debt Service:					
Principal		13,800.00		(2)	
Interest and Fiscal Charges			4,773.98	(2) (1,683.34)	4,773.98
Intergovernmental	287,500.00	272,500.00	275,563.59		275,563.59
Total Expenditures	15,663,397.32	17,387,037.06	14,232,683.82	(4,343,914.94)	20,746,801.48
Excess (Deficiency) of Revenues Over Expenditures	(15,396.48)	(2,948,428.37)	5,311,629.20	869,581.85	4,004,551.01
<b>Other Financing Sources (Uses)</b>					
Transfers In	1,307,131.90	1,642,194.51	878,905.28	(3) (878,905.28)	
Sale of Capital Assets		15,900.00	15,900.00	(3) 47,400.00	63,300.00
Issuance of Long-Term Debt			194,999.98		194,999.98
Transfers Out	(1,501,771.73)	(1,653,708.81)	(2,764,233.69)	(3) 1,228,300.51	(1,535,933.18)
Total Other Financing Sources (Uses)	(194,639.83)	4,385.70	(1,674,428.43)	396,795.23	(1,277,633.20)
Net Change in Fund Balances	(210,036.31)	(2,944,042.67)	3,637,200.77	1,266,377.08	2,726,917.81
Fund Balances - Beginning of Year	210,036.31	2,944,042.67	23,863,733.45	(4) 6,595,248.93	30,458,982.38
Fund Balances - End of Year	\$	\$	\$ 27,500,934.22	\$ 7,861,626.01	\$ 33,185,900.19

***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			
Park Fund	\$	157,912.55	
Pistol Permit Fund		61,149.61	
Opioid Settlement Fund		93,834.70	
Public Buildings, Roads, and Bridges Fund		3,917,952.90	
Courthouse and Jail Fund		903,861.10	
Emergency Management Fund		<u>77,102.59</u>	\$ 5,211,813.45
(2) Expenditures			
Park Fund	\$	(147,473.91)	
Pistol Permit Fund		(84,575.91)	
Public Buildings, Roads, and Bridges Fund		(3,577,170.91)	
Courthouse and Jail Fund		(96,468.56)	
Emergency Management Fund		<u>(436,542.31)</u>	(4,342,231.60)
(3) Other Financing Sources/(Uses), Net			
Public Buildings, Roads, and Bridges Fund	\$	17,542.42	
Emergency Management Fund		<u>379,252.81</u>	<u>396,795.23</u>
Net Change in Fund Balance - Budget to GAAP			<u>\$ 1,266,377.08</u>

(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 - Coronavirus State and Local Fiscal Recovery Fund  
For the Year Ended September 30, 2024***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Intergovernmental	\$ 6,813,473.79	\$ 6,970,171.86	\$ 4,942,293.41	\$	\$ 4,942,293.41
Total Revenues	6,813,473.79	6,970,171.86	4,942,293.41		4,942,293.41
<b>Expenditures</b>					
Current:					
Public Safety		89,093.51	107,425.46		107,425.46
Highways and Roads	1,967,700.40	1,867,916.40	1,038,931.08		1,038,931.08
Culture and Recreation	100,000.00	100,000.00			
Sanitation	4,477,976.72	4,477,976.72	3,352,611.49		3,352,611.49
Health			14,100.00		14,100.00
Capital Outlay	267,796.67	435,185.23	429,225.38		429,225.38
Total Expenditures	6,813,473.79	6,970,171.86	4,942,293.41		4,942,293.41
Excess (Deficiency) of Revenues Over Expenditures					
Net Change in Fund Balances					
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$	\$	\$

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*Supplementary Information*

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient	Expenditures
<b><u>U. S. Department of Justice</u></b>				
<b><u>Passed Through Alabama Department of Economic and Community Affairs</u></b>				
Violence Against Women Formula Grants	16.588	2024-WF-PR-101-RQF-2028	\$	\$ 39,170.51
Violence Against Women Formula Grants	16.588	2023-WF-PR-132-RQF-1728		13,129.94
Total U. S. Department of Justice				52,300.45
<b><u>U. S. Department of Treasury</u></b>				
<b><u>Direct Program</u></b>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	3,297,286.37	4,942,293.41
<b><u>U. S. Department of Health and Human Services</u></b>				
<b><u>Passed Through Top of Alabama Regional Council of Governments</u></b>				
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	N/A		20.00
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A		96,673.00
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	N/A		32,837.00
Sub-Total Aging Cluster				129,510.00
State Health Insurance Assistance Program	93.324	24-SHIP-Mar-5		2,500.00
State Health Insurance Assistance Program	93.324	25-SHIP-Mar-5		2,500.00
Sub-Total - State Health Insurance Assistance Program				5,000.00
Total U. S. Department of Health and Human Services				134,530.00
<b><u>U. S. Department of Homeland Security</u></b>				
<b><u>Passed Through Alabama Emergency Management Agency</u></b>				
Emergency Management Performance Grants	97.042	24EMF		56,991.00
<b><u>Passed Through Alabama Law Enforcement Agency</u></b>				
Homeland Security Grant Program	97.067	2023-FIL-12		8,050.00
Total U. S. Department of Homeland Security				65,041.00
Total Expenditures of Federal Awards			\$ 3,297,286.37	\$ 5,194,164.86

N/A = Not Available or Not Applicable

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

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

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**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Marshall County Commission (the “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 Commission, it is not intended to and does not present the financial position or changes in net position of the 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 reimbursement.

**Note 3 – Indirect Cost Rate**

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

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## *Additional Information*

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

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<b>Commission Members</b>		<b>Term Expires</b>
Hon. James Hutcheson	Chairman	2026
Hon. Lee Sims	Commissioner	2028
Hon. James R. Watson	Commissioner	2028
Hon. Joey Baker	Commissioner	2026
Hon. Ronny Shumate	Commissioner	2026
<b><u>Administrative Personnel</u></b>		
Ashleigh Bubbett	County Administrator	Indefinite

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***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***

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**Independent Auditor's Report**

Members of the Marshall County Commission and County Administrator  
Guntersville, 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, each major fund, and the aggregate remaining fund information of the Marshall County Commission (the "Commission"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Marshall County Commission's basic financial statements, and have issued our report thereon dated January 30, 2026.

**Report on Internal Control Over Financial Reporting**

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

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***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***

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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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***. However, we noted a certain matter that we reported to the management of the Commission in the Schedule of State and Local Compliance and Other Findings.

**The Commission’s Response to the Finding**

***Government Auditing Standards*** requires the auditor to perform limited procedures on the Commission’s response to the finding identified in our audit and described in the accompanying Schedule of State and Local Compliance and Other Findings. The Commission’s response to the finding identified in the Schedule of State and Local Compliance and Other Findings is described in the accompanying Auditee Response. The Commission’s response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

**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

January 30, 2026

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

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***Independent Auditor's Report***

Members of the Marshall County Commission and County Administrator  
Guntersville, Alabama

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

***Opinion on Each Major Federal Program***

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

In our opinion, the Marshall County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program 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 Marshall 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 the major federal program. Our audit does not provide a legal determination of the Marshall County Commission's compliance with the compliance requirements referred to above.

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

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**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 Marshall 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 Marshall 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 Marshall 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 Marshall 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 Marshall 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 Marshall County Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

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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 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.

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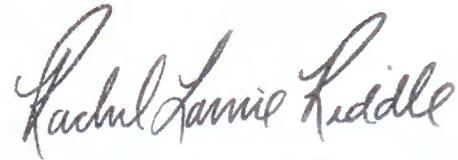
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***Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by the Uniform Guidance***

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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

January 30, 2026

***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 Number	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between

Type A and Type B programs:

\$750,000.00

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes      X   No

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***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2024***

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**Section II – Financial Statement Findings (GAGAS)**

No matters were reportable.

**Section III – Federal Awards Findings and Questioned Costs**

No matters were reportable.

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*Auditee Response*

# MARSHALL COUNTY COMMISSION

CHAIRMAN  
JOHN YOUNG

COUNTY ADMINISTRATOR  
ASHLEIGH BUBBETT

COUNTY ENGINEER  
MICHAEL D. KNOP



DISTRICT 1  
RONNY SHUMATE

DISTRICT 2  
JAMES R. WATSON

DISTRICT 3  
LEE SIMS

DISTRICT 4  
JOEY BAKER

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## *Auditee Response*

### *For the Year Ended September 30, 2024*

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The Marshall County Commission has prepared and hereby submits the following Auditee Response for the finding (other matter) which is included in the Schedule of State and Local Compliance and Other Findings for the year ended September 30, 2024.

**Finding  
Ref.  
No.**

**Corrective Action Plan Details**

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**2024-001**

***Finding:***

The *Code of Alabama 1975*, Section 41-16-50, commonly known as the “Alabama Competitive Bid Law”, states that all expenditure of funds of whatever nature for labor, services, work, or for the purchase of materials, equipment, supplies, or other personal property involving thirty thousand dollars (\$30,000) or more shall be made under contractual agreement entered into by free and open competitive bidding, on sealed bids, to the lowest responsible bidder. During the audit period, the Commission expended \$51,976.88 for mailing and printing services without the benefit of free and open competitive bidding. The Commission did not have procedures in place to ensure expenditures that met the competitive bid threshold requirements were properly bid. As a result, the Commission could not ensure a fair and competitive purchasing process was followed in the use of public funds. This finding was previously reported as Finding 2023-001

***Recommendation:***

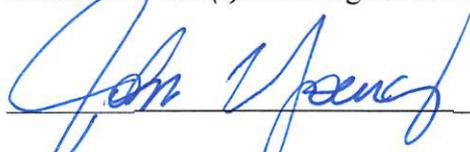
The Commission should ensure compliance with the *Code of Alabama 1975*, Section 41-16-50, relating to the Alabama Competitive Bid Law.

***Response/Views:*** We agree with this finding

***Corrective Action Planned:*** The Commission went out for bid and awarded the bid to the most qualified bidder on August 13, 2025. The Commission is now in compliance with the *Code of Alabama 1975*, Section 41-16-50, commonly known as the “Alabama Competitive Bid Law”.

***Anticipated Completion Date:*** This was resolved on August 13, 2025

***Contact Person(s):*** Ashleigh Bubbett, County Administrator



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Chairman, Marshall County Commission