



Alabama Department of Examiners of Public Accounts

Report on the **Lawrence County Commission** **Lawrence County, Alabama**

October 1, 2021 through September 30, 2022

Filed: February 23, 2024

ALABAMA STATE HOUSE

Rachel Laurie Riddle, Chief Examiner



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 Lawrence County Commission, Lawrence County, Alabama, for the period October 1, 2021 through September 30, 2022, by Examiners Bryanna Parsons and Thomas Strawn. I, Thomas Strawn, 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,

Thomas Strawn
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**Lawrence County Commission
October 1, 2021 through September 30, 2022**

The Lawrence County Commission (the "Commission") is governed by a five-member body elected by the citizens of Lawrence County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 21. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Lawrence County.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Commission complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

An unmodified opinion was issued on the basic financial statements, which means that the Commission's financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2022.

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

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 21, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Heather Rose, County Administrator and Commissioners Norman Pool, Kyle Pankey and Sonia Hargrove. Representing the Department of Examiners of Public Accounts were Denise H. Olive, Audit Manager; Thomas Strawn, Examiner; and Bryanna Parsons, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of the Lawrence County Commission and County Administrator
Moulton, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lawrence County Commission, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Lawrence County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 11.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lawrence County Commission, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lawrence County Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Notes 5 and 8, the Lawrence County Commission's basic financial statements for the year ended September 30, 2022, reflect the provisions of the Governmental Accounting Standards Board's (GASB) Statement Number 87, *Leases*. The Lawrence County Commission implemented the requirements of GASB Statement Number 87 during the fiscal year. Our opinion on the basic financial statements is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

- ◆ conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lawrence County Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

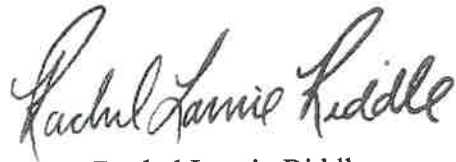
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 19), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lawrence County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 20), 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, 2024, on our consideration of the Lawrence County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lawrence County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lawrence County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

January 30, 2024

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*Management's Discussion and Analysis
(Required Supplementary Information)*

LAWRENCE COUNTY COMMISSION Management's Discussion and Analysis

This discussion and analysis provides an overview of the financial position of the Lawrence County Commission for the fiscal year ended September 30, 2022, with comparative data for the fiscal year ended September 30, 2021. Please read it in conjunction with the County's basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- ◆ The County's net position increased by \$1,286,801.70 as a result of the current year's operations. Net position of governmental activities increased by \$1,150,036.35 and the net position for business-type activities increased by \$136,765.35.
- ◆ The County's governmental fund type balances increased by \$881,628.61.
- ◆ Total revenues from all sources were \$23,314,218.16 while total costs of all programs were \$22,027,416.46.

REPORT LAYOUT

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The following two tables (A-1 and A-2) present condensed information on the County’s Net Position and Changes in Net Position for the fiscal year ended September 30, 2022. Comparative information for the prior fiscal year is included.

As noted earlier, net position may serve over time as a useful indicator of the County’s financial position. In the County’s case, assets exceeded liabilities by \$23,950,130.80 at the close of the fiscal year.

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

**Table A-1
NET POSITION
(in thousands)**

	2021 Governmental Activities	2022 Governmental Activities	2021 Business-Type Activities	2022 Business-Type Activities	2021 Total	2022 Total
Current Assets and Other Assets	\$14,499	\$18,661	\$2,831	\$3,151	\$ 17,330	\$21,812
Noncurrent Assets	334	174			334	174
Capital Assets	29,439	28,859	2,429	2,259	31,868	31,118
Total Assets	44,272	47,694	5,260	5,409	49,532	53,104
Deferred Outflows of Resources	1,753	1,727	259	252	2,012	1,979
Current Liabilities	5,110	7,790	113	122	5,223	7,912
Noncurrent Liabilities	18,378	16,029	1,751	1,537	20,129	17,566
Total Liabilities	23,488	23,819	1,864	1,659	25,352	25,478
Deferred Inflows of Resources	3,397	5,312	132	342	3,529	5,654
Net Position:						
Net Investment in Capital Assets	17,846	17,698	2,429	2,259	20,275	19,957
Restricted for:						
Capital Projects	979	748			979	748
Road Projects	1,861	2,232			1,861	2,232
Other Purposes	2,067	2,246			2,067	2,246
Unrestricted	(3,613)	(2,634)	1,094	1,401	(2,519)	(1,233)
Total Net Position	\$19,140	\$20,290	\$3,523	\$3,660	\$22,663	\$23,950

Table A-2
Changes in Net Position
For the Year Ended September 30, 2022
(in thousands)

	2021 Governmental Activities	2022 Governmental Activities	2021 Business-Type Activities	2022 Business-Type Activities	2021 Total	2022 Total
Revenues						
Program Revenues:						
Charges for Service	\$ 2,114	\$ 2,096	\$2,811	\$2,822	\$ 4,925	\$ 4,918
Operating Grants and Contributions	5,032	7,002	56		5,088	7,002
Capital Grants and Contributions	1,178	1,928			1,178	1,928
General Revenues:						
Property Taxes – General Purposes	2,187	2,411			2,187	2,411
Property Taxes – Specific Purposes	1,456	1,362			1,456	1,362
General Sales Tax	2,139	2,934			2,139	2,934
Miscellaneous Taxes	473	491			473	491
Interest Revenue	47	27	1	1	48	28
TVA In Lieu of Taxes	706	757			706	757
Insurance Reimbursement	66	84	4	7	70	91
Rental Income	188	253		17	188	270
Gain on Disposition of Capital Assets	121	25			121	25
Miscellaneous Revenue	787	1,092	10	5	797	1,097
Transfers In (Out)						
Total Revenues	16,494	20,462	2,882	2,852	19,376	23,314
Expenditures/Expenses						
General Government	4,846	5,553			4,846	5,553
Public Safety	5,178	5,991			5,178	5,991
Highways and Roads	4,553	6,468			4,553	6,468
Sanitation		39	2,411	2,715	2,411	2,754
Health	61	66			61	66
Welfare	349	385			349	385
Culture and Recreation	196	261			196	261
Education	34	35			34	35
Interest and Fiscal Charges	557	514			557	514
Total Expenditures/Expenses	15,774	19,312	2,411	2,715	18,185	22,027
Increase (Decrease) in Net Position	720	1,150	471	137	1,191	1,287
Net Position – Beginning of Year	18,420	19,140	3,052	3,523	21,472	22,663
Net Position – End of Year	\$19,140	\$20,290	\$3,523	\$3,660	\$22,663	\$23,950

The County's total revenues were approximately \$23.5 million. Approximately 16% of the County's revenue comes from property taxes and 12% comes from sales taxes. Another 20.8% comes from fees charged for services and the majority of the remainder is state and federal aid.

The total cost of all programs and services (excluding transfers) were approximately \$22 million. The County's expenses cover a range of services. The majority of the expenses related to general government (28%), public safety (31%) and highways and roads (33%).

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

The cost of all governmental activities this year was \$19.31 million. However, the net cost to taxpayers for these activities was \$8.29 million. Some of the costs were paid by (1) those that directly benefited from the programs (\$2.1 million) or (2) other governments and organizations that subsidized certain programs with grants and contributions (\$8.93 million). The County paid for the \$9.4 million “public benefit” portion with property taxes, sales taxes, TVA in Lieu of taxes, investment earnings and other miscellaneous revenues.

Table A-3
Net Cost of Governmental Activities
September 30, 2022
(in thousands)

	Total Cost of Services	Net Cost of Services
General Government	\$ 5,553	\$2,804
Public Safety	5,991	4,015
Highways and Roads	6,468	295
Sanitation	39	39
Health and Welfare	451	386
Culture and Recreation	261	198
Education	35	35
Other	514	514
Total	\$19,312	\$8,287

Business-Type Activities: The Solid Waste Fund is the county’s only business-type activity fund. The cost of the program is fully funded by Solid Waste Fees. In addition to household garbage pick-up fees collected, the County collects a \$1.00 per ton tipping fee from the owners of the landfill. This accounts for the \$ 136,765.35 excess of revenues over expenditures. Proprietary Fund statements are reflected in Exhibits #7 through #9.

FINANCIAL ANALYSIS OF THE COMMISSION’S FUNDS

At the close of the fiscal year, the Commission’s governmental funds reported a combined fund balance of \$8,939,619.68. The County’s major funds for 2022 were the General Fund, Gasoline Tax Fund, Reappraisal Fund, and American Rescue Plan Act Fund. The changes in fund balances for the major funds are reflected in Exhibit #5 and are highlighted as follows:

- ✓ The General Fund had an ending fund balance of \$4,696,514.10.
- ✓ The Gasoline Tax Fund had an ending fund balance of \$1,468,889.00.
- ✓ The American Rescue Plan Act Fund had an ending balance of \$2,046.78.

General Fund Budgetary Highlights

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2022, the Lawrence County Commission had invested \$31.1 million (net of accumulated depreciation) in capital assets for its governmental and business-type activities. This investment in capital assets includes land, land improvements, infrastructure and infrastructure in progress, buildings and buildings under capital lease, equipment and vehicles, and equipment under capital lease.

**Table A-4
Capital Assets**

	2021 Governmental Activities	2022 Governmental Activities	2021 Business-Type Activities	2022 Business-Type Activities
Land	\$ 1,208,789	\$ 1,208,789	\$ 93,172	\$ 93,172
Infrastructure in Progress	57,519	590,099		
Total Capital Assets Not Being Depreciated	1,266,308	1,798,888	93,172	93,172
Capital Assets Being Depreciated:				
Infrastructure	26,188,233	26,188,233		
Land Improvements	188,998	188,998		
Buildings	16,540,560	16,540,560	362,828	362,828
Equipment and Vehicles	6,346,277	6,579,168	3,264,592	3,335,244
Accumulated Depreciation	(21,091,423)	(22,437,028)	(1,291,246)	(1,532,634)
Total	\$ 29,438,953	\$ 28,858,819	\$ 2,429,346	\$ 2,258,610

Long-Term Debt

At September 30, 2022, as reflected on Exhibit 1, the County's outstanding debt for warrants payable was \$9,555,000, for a note payable was \$965,000, and for notes payable was \$439,759.47. More detailed information about the County's long-term liabilities are presented in the notes to the financial statements.

**Table A-5
Outstanding Debt**

	2021 Governmental Activities	2022 Governmental Activities	2021 Business-Type Activities	2022 Business-Type Activities
Warrants Payable:				
General Obligation Refunding				
Warrants, Series 2009	\$ 9,905,000	\$ 9,555,000	\$	\$
Note Payable	1,130,001	965,000		
Notes Payable	557,904	439,759	-	-
Compensated Absences	160,816	192,481	25,123	24,928
Other Postemployment Benefits	4,792,756	4,671,932	707,940	680,877
Landfill Closure			735,150	703,324
Net Pension Liability	2,464,521	866,307	283,062	127,963
Total	<u>\$19,010,998</u>	<u>\$16,690,479</u>	<u>\$1,751,275</u>	<u>\$1,537,092</u>

Economic Factors and Next Year's Budget

The County considers various economic factors in preparing the budget. Through the budget, the County Commission sets the direction of the county, allocates resources and establishes priorities. Lawrence County's main sources for revenues continue to be property taxes and sales taxes. Other sources of revenues to finance governmental operations come from fees and charges for services which include permits, licenses and court fees. With the departure of International Paper it is a continuing struggle to fund the services provided to our citizens. Budgets will have to be monitored to control expenditures and level funding will be necessary for the 2022 fiscal year.

The United States encountered a COVID-19 pandemic which adversely affected the nation. As a result of the pandemic, there was an impact on the Commission's revenues. Gasoline taxes decreased by \$89,083.21 in fiscal year 2022 as compared to the previous pre-COVID fiscal year FY19. Additionally, the Commission incurred a significant increase in costs associated with the aftermath of COVID-19. Due to the impact and severity of the pandemic, the Commission anticipates that its financial operations will require further assistance from programs of the federal government.

Contacting the County's Financial Management

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

Basic Financial Statements

Statement of Net Position
September 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash	\$ 14,149,407.63	\$ 2,295,562.99	\$ 16,444,970.62
Investments	137,454.97	611,201.68	748,656.65
Accounts Receivables	155,128.51	244,182.57	399,311.08
Ad Valorem Taxes Receivable	2,708,856.10		2,708,856.10
Due from External Parties	543,593.64		543,593.64
Due from Other Governments	828,317.41		828,317.41
Inventories	138,291.19		138,291.19
Total Current Assets	18,661,049.45	3,150,947.24	21,811,996.69
Noncurrent Assets			
Cash with Fiscal Agent	174,210.46		174,210.46
Capital Assets (Note 5):			
Nondepreciable	1,798,888.22	93,172.00	1,892,060.22
Depreciable, Net	27,059,930.94	2,165,437.78	29,225,368.72
Total Noncurrent Assets	29,033,029.62	2,258,609.78	31,291,639.40
Total Assets	47,694,079.07	5,409,557.02	53,103,636.09
Deferred Outflow of Resources			
Employer Pension Contributions	246,703.79	35,954.08	282,657.87
Deferred Outflows Related to Net Pension Liability	854,789.77	124,575.23	979,365.00
Employer Other Postemployment Benefits (OPEB) Contributions	122,472.17	17,848.83	140,321.00
Deferred Outflows Related to Other Postemployment Benefits (OPEB)	503,445.88	73,371.12	576,817.00
Total Deferred Outflow of Resources	1,727,411.61	251,749.26	1,979,160.87
Liabilities			
Current Liabilities			
Payables	661,515.14	89,102.69	750,617.83
Accrued Interest Payable	201,149.33		201,149.33
Accrued Wages Payable	242,827.23	33,383.66	276,210.89
Unearned Revenue	6,023,025.34		6,023,025.34
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Warrants Payable	365,000.00		365,000.00
Notes Payable	296,403.09		296,403.09
Total Current Liabilities	\$ 7,789,920.13	\$ 122,486.35	\$ 7,912,406.48

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

	Governmental Activities	Business-Type Activities	Total
<u>Noncurrent Liabilities</u>			
Portion Due or Payable After One Year:			
Warrants Payable	\$ 9,190,000.00	\$	\$ 9,190,000.00
Notes Payable	1,108,356.38		1,108,356.38
Estimated Liability for			
Compensated Absences	192,481.12	24,927.53	217,408.65
Net Pension Liability	866,307.45	127,962.55	994,270.00
Landfill Closure/Post Closure		703,324.13	703,324.13
Other Postemployment			
Benefits (OPEB) Liability	4,671,931.70	680,877.30	5,352,809.00
Total Noncurrent Liabilities	<u>16,029,076.65</u>	<u>1,537,091.51</u>	<u>17,566,168.16</u>
 Total Liabilities	 <u>23,818,996.78</u>	 <u>1,659,577.86</u>	 <u>25,478,574.64</u>
<u>Deferred Inflow of Resources</u>			
Unavailable Revenue - Property Taxes	2,708,856.10		2,708,856.10
Revenue Received in Advance - Motor			
Vehicle Taxes	259,416.42		259,416.42
Deferred Inflows Related to Net			
Pension Liability	1,606,263.59	234,093.41	1,840,357.00
Deferred Inflows Related to Other			
Postemployment Benefits (OPEB) Liability	737,919.23	107,542.77	845,462.00
Total Deferred Inflow of Resources	<u>5,312,455.34</u>	<u>341,636.18</u>	<u>5,654,091.52</u>
<u>Net Position</u>			
Net Investment in Capital Assets	17,697,910.36	2,258,609.78	19,956,520.14
Restricted for:			
Debt Service	29.99		29.99
Capital Projects	748,125.45		748,125.45
Road Projects	2,232,494.43		2,232,494.43
Other Purposes	2,246,064.81		2,246,064.81
Unrestricted	<u>(2,634,586.48)</u>	<u>1,401,482.46</u>	<u>(1,233,104.02)</u>
 Total Net Position	 <u>\$ 20,290,038.56</u>	 <u>\$ 3,660,092.24</u>	 <u>\$ 23,950,130.80</u>

Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) F
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General Government	\$ 5,553,314.11	\$ 837,207.09	\$ 1,911,710.15	\$ (2,804,396.87)
Public Safety	5,990,855.16	1,241,600.57	734,138.15	(4,015,116.44)
Highways and Roads	6,467,566.01		4,245,274.63	(294,545.96)
Sanitation	39,064.64			(39,064.64)
Health	66,498.24	10,750.93		(55,747.31)
Welfare	385,269.21	116.84	54,275.00	(330,877.37)
Culture and Recreation	260,568.33	6,331.14	56,375.00	(197,862.19)
Education	34,636.86			(34,636.86)
Interest on Long-Term Debt	514,333.32			(514,333.32)
Total Governmental Activities	19,312,105.88	2,096,006.57	7,001,772.93	(8,286,580.96)
Business-Type Activities				
Solid Waste	2,715,310.58	2,821,827.92		
Total Business-Type Activities	2,715,310.58	2,821,827.92		
Total Primary Government	\$ 22,027,416.46	\$ 4,917,834.49	\$ 7,001,772.93	\$ 1,927,745.42 (8,286,580.96)
General Revenues:				
Taxes:				
Property Taxes for General Purposes				2,410,866.96
Property Taxes for Specific Purposes				1,362,240.02
General Sales Tax				2,934,264.30
Miscellaneous Taxes				491,971.44
Investment Earnings				27,424.59
Gain on Sale of Fixed Assets				24,532.42
Rental Income				253 31
TVA in Lieu of Taxes				756, 12
Insurance Reimbursements				83,829.24
Miscellaneous Revenue				1,091,773.61
Total General Revenues				9,436,617.31
Changes in Net Position				1,150,036.35
Net Position - Beginning of Year				19,140,002.21
Net Position - End of Year				\$ 20,290,038.56

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

Balance Sheet
Governmental Funds
September 30, 2022

	General Fund	Gasoline Tax Fund	Reappraisal Fund	American Rescue Plan Act Fund	Other Government Funds
Assets					
Cash	\$ 4,465,347.01	\$ 1,247,304.53	\$ 66,908.45	\$ 5,938,750.50	\$ 2,431,097
Cash with Fiscal Agent					174,210
Investments	97,464.04	1,100.00			38,890
Accounts Receivable	29,291.65				125,836
Due from Other Governments	514,377.64	247,964.16			65,975
Due from External Parties	543,593.64				
Ad Valorem Taxes Receivable	1,924,877.58		783,978.52		
Inventories	21,423.67	116,867.52			
Total Assets	7,596,375.23	1,613,236.21	850,886.97	5,938,750.50	2,836,011
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	557,060.62	58,920.44	5,065.12		40,468
Accrued Wages Payable	158,506.51	45,558.13	15,390.35		23,372
Unearned Revenues		39,868.64	46,452.98	5,936,703.72	
Total Liabilities	715,567.13	144,347.21	66,908.45	5,936,703.72	63,841
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	1,924,877.58		783,978.52		
Revenue Received in Advance - Motor Vehicle Taxes	259,416.42				
Total Deferred Inflows of Resources	2,184,294.00		783,978.52		
Fund Balances					
Nonspendable:					
Inventories	21,423.67	116,867.52			
Restricted for:					
Debt Service					29
Highways and Roads		1,352,021.48			763,605
Capital Projects					748,125
Other Purposes	983,609.10			2,046.78	1,260,408
Unassigned	3,691,481.33				
Total Fund Balances	4,696,514.10	1,468,889.00		2,046.78	2,772,169
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,596,375.23	\$ 1,613,236.21	\$ 850,886.97	\$ 5,938,750.50	\$ 2,836,011

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, 2022***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 8,939,619.68

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 28,858,819.16

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

	Current Liabilities	Noncurrent Liabilities	
Accrued Interest Payable	\$ 201,149.33	\$	
Warrants Payable	365,000.00	9,190,000.00	
Notes Payable	296,403.09	1,108,356.38	
Net OPEB Liability		4,671,931.70	
Net Pension Liability		866,307.45	
Compensated Absences		192,481.12	
Total Long-Term Liabilities	\$ 862,552.42	\$ 16,029,076.65	(16,891,629.07)

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

Employer Pension Contributions	\$	246,703.79	
Deferred Inflows Related to Defined Benefit Pension Plan		(1,606,263.59)	
Deferred Outflows Related to Defined Benefit Pension Plan		854,789.77	
Employer Other Postemployment Benefits Contributions		122,472.17	
Deferred Inflows Related to Other Postemployment Benefits Contributions		(737,919.23)	
Deferred Outflows Related to Other Postemployment Benefits Contributions		503,445.88	
			(616,771.21)

Total Net Position - Governmental Activities (Exhibit 1) \$ 20,290,038.56

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, 2022

	General Fund	Gasoline Tax Fund	Reappraisal Fund	America Rescue Plan Act Fund	Other Governmental Funds
Revenues					
Taxes	\$ 5,289,741.19	\$	\$ 671,508.98	\$	\$
Licenses and Permits	56,629.28				
Intergovernmental	3,005,468.99	5,237,390.68	8,000.00	458,397.28	2,248,625
Charges for Services	754,877.24				1,268,265
Miscellaneous	1,202,682.16	145,023.39		1,941.66	150,477
Total Revenues	10,289,398.86	5,382,414.07	679,508.98	460,338.94	3,667,368
Expenditures					
Current:					
General Government	3,630,243.86		679,508.98	248,432.41	438,065
Public Safety	4,163,018.48			112,108.56	1,629,230
Highways and Roads		5,484,435.66		44,533.85	324,044
Sanitation				39,064.64	
Health	68,986.59			2,257.80	
Welfare	365,202.08			9,742.22	14,496
Culture and Recreation	255,950.33			2,257.80	4,124
Education	34,636.86				
Capital Outlay	226,396.28	115,554.92			553,489
Debt Service:					
Principal Retirement		118,144.58			515,000
Interest and Fiscal Charges		14,021.98			504,452
Total Expenditures	8,744,434.48	5,732,157.14	679,508.98	458,397.28	3,982,902
Excess (Deficiency) of Revenues Over Expenditures	1,544,964.38	(349,743.07)		1,941.66	(315,534)
Other Financing Sources (Uses)					
Transfers In	179,192.39				726,755
Transfers Out	(655,341.59)	(100.00)			(250,505)
Total Other Financing Sources (Uses)	(476,149.20)	(100.00)			476,249
Net Changes in Fund Balances	1,068,815.18	(349,843.07)		1,941.66	160,714
Fund Balances - Beginning of Year	3,627,698.92	1,818,732.07		105.12	2,611,454
Fund Balances - End of Year	\$ 4,696,514.10	\$ 1,468,889.00	\$	\$ 2,046.78	\$ 2,772,169

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

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Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2022

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)	\$	881,628.61
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$895,440.40) was exceeded by depreciation (\$1,458,686.98) in the current period.		
		(563,246.58)
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the changes in net position differs from the change in the fund balance by the cost of the capital assets sold.		
Proceeds from the Sale of Capital Assets	\$	(41,419.31)
Gain on Sale of Assets		24,532.42
		<u>(16,886.89)</u>
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		633,144.58
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 Decrease in Accrued Interest Payable	\$	4,140.92
Net Increase in Compensated Absences		(31,665.23)
Net Decrease in Pension Expense		465,356.11
Net Increase in Other Postemployment Benefit Expense		(222,435.17)
Total Additional Expenditures		<u>215,396.63</u>
Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$</u>	<u>1,150,036.35</u>

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

Statement of Net Position
Proprietary Fund
September 30, 2022

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash	\$ 2,295,562.99	\$ 2,295,562.99
Investments	611,201.68	611,201.68
Accounts Receivable	244,182.57	244,182.57
Total Current Assets	<u>3,150,947.24</u>	<u>3,150,947.24</u>
<u>Noncurrent Assets</u>		
Capital Assets (Note 5):		
Nondepreciable	93,172.00	93,172.00
Depreciable, Net	2,165,437.78	2,165,437.78
Total Noncurrent Assets	<u>2,258,609.78</u>	<u>2,258,609.78</u>
Total Assets	<u>5,409,557.02</u>	<u>5,409,557.02</u>
<u>Deferred Outflows of Resources</u>		
Employer Pension Contributions	35,954.08	35,954.08
Deferred Outflows Related to Net Pension Liability	124,575.23	124,575.23
Employer Other Postemployment Benefits (OPEB) Contributions	17,848.83	17,848.83
Deferred Outflow Related to Other Postemployment Benefits (OPEB)	73,371.12	73,371.12
Total Deferred Outflows of Resources	<u>251,749.26</u>	<u>251,749.26</u>
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts Payable	89,102.69	89,102.69
Accrued Wages Payable	33,383.66	33,383.66
Total Current Liabilities	<u>122,486.35</u>	<u>122,486.35</u>
<u>Noncurrent Liabilities</u>		
Estimated Liability for Landfill Postclosure Care Costs	703,324.13	703,324.13
Estimated Liability for Compensated Absences	24,927.53	24,927.53
Pension Liability	127,962.55	127,962.55
OPEB Liability	680,877.30	680,877.30
Total Noncurrent Liabilities	<u>1,537,091.51</u>	<u>1,537,091.51</u>
Total Liabilities	<u>\$ 1,659,577.86</u>	<u>\$ 1,659,577.86</u>

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

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
<u>Deferred Inflows of Resources</u>		
Deferred Inflows Related to Net Pension Liability	\$ 234,093.41	\$ 234,093.41
Deferred Inflows Related to Other Postemployment Benefits (OPEB) Liability	107,542.77	107,542.77
Total Deferred Inflows of Resources	<u>341,636.18</u>	<u>341,636.18</u>
<u>Net Position</u>		
Net Investment in Capital Assets	2,258,609.78	2,258,609.78
Unrestricted	1,401,482.46	1,401,482.46
Total Net Position	<u>\$ 3,660,092.24</u>	<u>\$ 3,660,092.24</u>

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Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended September 30, 2022

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
<u>Operating Revenues</u>		
Commercial Dumpsters	\$ 185,321.22	\$ 185,321.22
Commercial Roll-Offs	207,404.15	207,404.15
Revenue from Recycling	775.00	775.00
Landfill Host Fees	324,701.52	324,701.52
Landfill Fees	2,103,626.03	2,103,626.03
Total Operating Revenues	<u>2,821,827.92</u>	<u>2,821,827.92</u>
<u>Operating Expenses</u>		
Salaries and Benefits	1,135,424.60	1,135,424.60
Contractual and Professional Services	408,002.66	408,002.66
Materials and Supplies	387,315.11	387,315.11
Repairs and Maintenance	182,999.49	182,999.49
Utilities	25,328.44	25,328.44
Communications	9,055.64	9,055.64
Travel	1,316.64	1,316.64
Depreciation	356,968.74	356,968.74
Insurance	166,930.44	166,930.44
Miscellaneous	16,211.00	16,211.00
Total Operating Expenses	<u>2,689,552.76</u>	<u>2,689,552.76</u>
Operating Income (Loss)	<u>132,275.16</u>	<u>132,275.16</u>
<u>Nonoperating Revenues (Expenses)</u>		
Interest Revenue	1,141.05	1,141.05
Rental of Buildings and Land	17,457.00	17,457.00
Insurance Refunds	6,649.96	6,649.96
Other Revenue	5,000.00	5,000.00
Gain (Loss) on the Disposal of Capital Assets	(25,727.82)	(25,727.82)
Interest Expense	(30.00)	(30.00)
Total Nonoperating Revenues (Expenses)	<u>4,490.19</u>	<u>4,490.19</u>
Changes in Net Position	136,765.35	136,765.35
Total Net Position - Beginning of Year	<u>3,523,326.89</u>	<u>3,523,326.89</u>
Total Net Position - End of Year	<u>\$ 3,660,092.24</u>	<u>\$ 3,660,092.24</u>

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

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2022

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
<u>Cash Flows from Operating Activities</u>		
Receipts from Customers	\$ 2,789,074.56	\$ 2,789,074.56
Payments to Suppliers	(1,214,607.53)	(1,214,607.53)
Payments to Employees	(1,105,350.78)	(1,105,350.78)
Net Cash Provided (Used) by Operating Activities	<u>469,116.25</u>	<u>469,116.25</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Rental of Buildings and Land	17,457.00	17,457.00
Insurance Refunds	6,649.96	6,649.96
Other Expenses	(138,891.66)	(138,891.66)
Other Revenue	5,000.00	5,000.00
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(109,784.70)</u>	<u>(109,784.70)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition of Capital Assets	(301,814.00)	(301,814.00)
Proceeds from Sale of Asset	89,853.18	89,853.18
Interest Paid on Capital Debt	(30.00)	(30.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(211,990.82)</u>	<u>(211,990.82)</u>
<u>Cash Flows from Investing Activities</u>		
Interest Received	469.46	469.46
Net Cash Provided (Used) by Investing Activities	<u>469.46</u>	<u>469.46</u>
Net Increase (Decrease) in Cash	147,810.19	147,810.19
Cash - Beginning of Year	<u>2,147,752.80</u>	<u>2,147,752.80</u>
Cash - End of Year	<u>\$ 2,295,562.99</u>	<u>\$ 2,295,562.99</u>

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

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
<u>Reconciliation of Operating Income (Loss) to</u>		
<u>Net Cash Provided (Used) by Operating Activities</u>		
Operating Income (Loss)	\$ 132,275.16	\$ 132,275.16
<u>Adjustments to Reconcile Operating Income/(Loss)</u>		
<u>to Net Cash Provided (Used) for Operating Activities</u>		
Change in Assets and Liabilities:		
Receivables	(32,753.36)	(32,753.36)
Accrued Wages Payable	(4,389.95)	(4,389.95)
Compensated Absences	(195.93)	(195.93)
Depreciation Expense	356,968.74	356,968.74
Landfill Postclosure	(31,825.59)	(31,825.59)
Pension Expense	11,239.87	11,239.87
OPEB Expense	23,419.83	23,419.83
Payables	14,377.48	14,377.48
Total Adjustments	<u>336,841.09</u>	<u>336,841.09</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 469,116.25</u>	<u>\$ 469,116.25</u>

Statement of Fiduciary Net Position
September 30, 2022

	Custodial Funds
<u>Assets</u>	
Cash	\$ 2,513,515.42
Investments	21,018.26
Due from External Parties	13,467.47
Due from Other Governments	139,725.03
Total Assets	<u>2,687,726.18</u>
<u>Liabilities</u>	
Due to External Parties	543,593.64
Due to Other Governments	417,516.01
Total Liabilities	<u>961,109.65</u>
<u>Net Position</u>	
Held for Individuals, Organizations and Other Governments	1,726,616.53
Total Net Position	<u>\$ 1,726,616.53</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, 2022***

	Custodial Funds
<u>Additions</u>	
Contributions from:	
Taxes	\$ 18,236,988.21
Intergovernmental	289,238.03
Charges for Services	544,851.77
Miscellaneous	2,663.24
Total Additions	<u>19,073,741.25</u>
<u>Deductions</u>	
Administrative Expenses:	
General Government	293,317.90
Public Safety	286,176.98
Education	16,185.00
Taxes and Fees Paid to Other Governments	18,074,603.38
Total Deductions	<u>18,670,283.26</u>
Changes in Net Position	403,457.99
Net Position - Beginning of Year	<u>1,323,158.54</u>
Net Position - End of Year	<u>\$ 1,726,616.53</u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. The fund is used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges. Also, accounted for in the General Fund are the flex spending fund and payroll clearing fund.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditures of seven-cent State gasoline revenues for construction, improvement, maintenance and supervision of highways, bridges and streets.
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditures of property taxes related to the county's reappraisal program.
- ◆ **American Rescue Plan Act Fund** – This fund is used to account for federal grant appropriations and expenditures of the American Rescue Plan Act.

Notes to the Financial Statements
For the Year Ended September 30, 2022

The Commission reports the following major enterprise fund:

- ◆ **Solid Waste Fund** – This fund is used to account for the cost of providing solid waste service to county residents.

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

Governmental Fund Types

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

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

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

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

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

Notes to the Financial Statements
For the Year Ended September 30, 2022

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

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

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

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

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

1. Deposits and Investments

Cash includes cash on hand and demand deposits.

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

Investments consist of certificates of deposit and are reported at cost. Cash with fiscal agents is invested in money market accounts that are valued at amortized cost.

Notes to the Financial Statements
For the Year Ended September 30, 2022

2. Receivables

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects, reimbursements from other agencies and taxes and fees from the State of Alabama.

Accounts receivable from customers are reflected in the Enterprise Fund along with an allowance for doubtful accounts that was calculated based upon past experience with collections.

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

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

3. Inventories

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

4. Restricted Assets

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

Notes to the Financial Statements
For the Year Ended September 30, 2022

5. Capital Assets

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

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 and proprietary funds are as follows:

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

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

6. Deferred Outflows of Resources

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

7. Long-Term Obligations

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

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

8. Compensated Absences

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

Annual Leave

Employees with one through fifteen years of service earn thirteen (13) days of annual leave per year. Employees with over fifteen years of service earn eighteen (18) days per year. Employees can carry forward no more than 80 hours of annual leave per year. Any accumulated leave exceeding 80 hours at the end of the fiscal year is forfeited.

Sick Leave

Sick leave benefits with pay are provided for permanent full-time employees in the amount of 8 workdays per fiscal year. Sick leave benefits are accrued by all non-probationary permanent full-time employees at a rate of 2.5 hours per pay period. Unused sick leave credits may be accumulated and carried over into successive fiscal years by employees. Employees may accumulate up to 90 days of sick leave. All unused sick leave is forfeited upon separation and is not compensated to the employee. At September 30, 2022, liability for unpaid sick leave is not accrued in the financial statements since employees do not receive termination payments for sick leave balances.

Compensatory Leave

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Generally, employees in public safety activity, emergency response activity, or seasonal activity may accumulate 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.

Notes to the Financial Statements

For the Year Ended September 30, 2022

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

9. Deferred Inflows of Resources

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

10. Net Position/Fund Balances

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

- ◆ **Net Investment in Capital Assets** – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.
- ◆ **Restricted** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- ◆ **Unrestricted** – The net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

Notes to the Financial Statements

For the Year Ended September 30, 2022

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

- ◆ **Nonspendable** – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, and long-term receivables.
- ◆ **Restricted** – Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- ◆ **Committed** – Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- ◆ **Assigned** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Chairman of the Commission or the County Administrator is authorized by the Commission to make 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** – 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.

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

Notes to the Financial Statements
For the Year Ended September 30, 2022

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 the 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

Annual 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. All appropriations lapse at fiscal year-end.

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

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

Notes to the Financial Statements
For the Year Ended September 30, 2022

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.

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

B. Cash with Fiscal Agent

The Commission has deposits totaling \$174,210.46 in the debt service funds, which is shown as cash with fiscal agents on the fund financial statements and on the government-wide financial statements. These funds are invested in the Dreyfus Government Cash Management Fund. This money market fund invests primarily in U. S. Treasury obligations. The Dreyfus Government Cash Management Fund is rated AAAM by Standard & Poor’s and has a weighted average maturity of 43 days or less.

As of September 30, 2022, the Commission had the following cash held by fiscal agents:

Investments	Maturities	Amortized Cost
Dreyfus Government Cash Management	Less Than One Year	\$174,210.46
Total		<u>\$174,210.46</u>

Notes to the Financial Statements
For the Year Ended September 30, 2022

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

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

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have an investment policy that limits the amount of securities that can be held by counterparties. The funds transferred to meet the Commission's annual debt service 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, 2022

Note 4 – Receivables

On September 30, 2022, receivables for the Commission’s individual major funds and other governmental funds and fiduciary funds in the aggregate are as follows:

	General Fund	Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
<u>Governmental Funds</u>				
<u>Receivables:</u>				
Accounts Receivable	\$ 29,291.65	\$	\$125,836.86	\$ 155,128.51
Due from Other Governments	514,377.64	247,964.16	65,975.61	828,317.41
Due from External Parties	543,593.64			543,593.64
Total Receivables	<u>\$1,087,262.93</u>	<u>\$247,964.16</u>	<u>\$191,812.47</u>	<u>\$1,527,039.56</u>

	Solid Waste Fund	Total Enterprise Fund
<u>Enterprise Funds</u>		
<u>Receivables:</u>		
Accounts Receivable	\$244,182.57	\$244,182.57
Total Receivables	<u>\$244,182.57</u>	<u>\$244,182.57</u>

	Custodial Funds	Total Fiduciary Funds
<u>Fiduciary Funds</u>		
<u>Receivables:</u>		
Due from Other Governments	\$139,725.03	\$139,725.03
Due from External Parties	13,467.47	13,467.47
Total Receivables	<u>\$153,192.50</u>	<u>\$153,192.50</u>

Notes to the Financial Statements
For the Year Ended September 30, 2022

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2022, the following unearned revenues were reported in the governmental funds.

Unexpended Forestry Receipts	\$ 39,868.64
Unexpended Reappraisal Funds	46,452.98
Unexpended Coronavirus Rescue Act Funds	5,936,703.72
Total Unearned Revenues	\$6,023,025.34

Note 5 – Capital Assets

Capital asset activity for governmental activities for the year ended September 30, 2022, was as follows:

	Balance 10/01/2021 (*)	Additions/ Reclassifications	Retirements/ Reclassifications	Balance 09/30/2022
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,208,789.11	\$	\$	\$ 1,208,789.11
Construction in Progress	57,519.00	532,580.11		590,099.11
Total Capital Assets Not Being Depreciated	1,266,308.11	532,580.11		1,798,888.22
Capital Assets Being Depreciated:				
Infrastructure	26,188,232.84			26,188,232.84
Land Improvements	188,998.19			188,998.19
Buildings	16,540,560.14			16,540,560.14
Equipment and Vehicles	6,346,276.66	362,860.29	(129,969.45)	6,579,167.50
Total Capital Assets Being Depreciated	49,264,067.83	362,860.29	(129,969.45)	49,496,958.67
Less Accumulated Depreciation for:				
Infrastructure	(9,468,187.74)	(654,570.31)		(10,122,758.05)
Land Improvements	(150,929.77)	(9,449.92)		(160,379.69)
Buildings	(6,770,010.43)	(390,452.41)		(7,160,462.84)
Equipment and Vehicles	(4,702,295.37)	(404,214.34)	113,082.56	(4,993,427.15)
Total Accumulated Depreciation	(21,091,423.31)	(1,458,686.98)	113,082.56	(22,437,027.73)
Total Capital Assets, Being Depreciated, Net	28,172,644.52	(1,095,826.69)	(16,886.89)	27,059,930.94
Total Governmental Activities Capital Assets, Net	\$ 29,438,952.63	\$ (563,246.58)	\$ (16,886.89)	\$ 28,858,819.16
(*) Amounts previously shown as Buildings under Capital Lease were reclassified due to the implementation of GASB Statement Number 87, Leases.				

Notes to the Financial Statements
For the Year Ended September 30, 2022

Capital asset activity for business-type activities for the year ended September 30, 2022, was as follows:

	Balance 10/01/2021	Additions	Retirements	Balance 09/30/2022
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 93,172.00	\$	\$	\$ 93,172.00
Total Capital Assets, Not Being Depreciated	93,172.00			93,172.00
Capital Assets Being Depreciated:				
Buildings	362,828.00			362,828.00
Equipment and Furniture	3,264,591.78	301,814.00	(231,162.00)	3,335,243.78
Total Capital Assets Being Depreciated	3,627,419.78	301,814.00	(231,162.00)	3,698,071.78
Less: Accumulated Depreciation for:				
Buildings	(68,030.25)	(9,070.70)		(77,100.95)
Equipment and Furniture	(1,223,216.01)	(347,898.04)	115,581.00	(1,455,533.05)
Total Accumulated Depreciation	(1,291,246.26)	(356,968.74)	115,581.00	(1,532,634.00)
Total Capital Assets Being Depreciated, Net	2,336,173.52	(55,154.74)	(115,581.00)	2,165,437.78
Total Business-Type Activities Capital Assets, Net	\$ 2,429,345.52	\$ (55,154.74)	\$(115,581.00)	\$ 2,258,609.78

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	\$ 614,396.90
Public Safety	170,056.75
Highway and Roads	664,091.53
Health	8,601.80
Culture and Recreation	1,540.00
Total Depreciation Expense – Governmental Activities	\$1,458,686.98

	Current Year Depreciation Expense
Business-Type Activities:	
Solid Waste	\$356,968.74
Total Depreciation Expense – Business-Type Activities	\$356,968.74

Notes to the Financial Statements

For the Year Ended September 30, 2022

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 plan (the "Plan"), was established October 1, 1945, under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing 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.

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 full-time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6.
 - d. One full time employee of a participating county in ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6.
 - e. One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6.
 - f. One full time employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6.

Notes to the Financial Statements

For the Year Ended September 30, 2022

Benefits Provided

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

Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a 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. 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 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 590 employers adopted Act Number 2019-132, Acts of Alabama.

Notes to the Financial Statements
For the Year Ended September 30, 2022

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 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	29,727
Terminated employees entitled to but not yet receiving benefits	2,130
Terminated employees not entitled to a benefit	16,415
Active Members	56,184
Post-DROP participants who are still in active service	54
Total	104,510

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 *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 firefighters and law enforcement officers increased from 6% to 8.5% of earnable compensation.

Notes to the Financial Statements
For the Year Ended September 30, 2022

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, 2022, the Commission's active employee contribution rate was 7.63% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 5.14% of pensionable payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2022, was 5.03% of pensionable pay for Tier 1 employees, and 5.24% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, 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 for governmental and business-type activities were \$246,703.79 and \$35,954.08 respectively, for the year ended September 30, 2022.

Notes to the Financial Statements

For the Year Ended September 30, 2022

B. Net Pension Liability

The Lawrence County Commission's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward			Actual After 2020 Experience Study
	Expected	Actual Before Act 2019-132	Actual After Act 2019-132	
(a) Total Pension Liability as of September 30, 2020	\$21,163,687	\$21,356,593	\$21,356,593	\$22,054,655
(b) Discount Rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 through September 30, 2021	430,696	430,696	430,696	469,941
(d) Transfers Among Employers		694,431	694,431	694,431
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 through September 30, 2021	<u>(1,484,773)</u>	<u>(1,484,773)</u>	<u>(1,484,773)</u>	<u>(1,484,773)</u>
(f) Total Pension Liability as of September 30, 2021 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$21,682,050</u>	<u>\$22,584,241</u>	<u>\$22,584,241</u>	<u>\$23,322,018</u>
(g) Difference between Expected and Actual		\$ 902,191		
(h) Less Liability Transferred for Immediate Recognition		<u>694,431</u>		
(i) Difference between Expected and Actual – Experience (Gain)/Loss		<u>\$ 207,760</u>		
(j) Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss			<u>\$</u>	
(k) Difference between Actual TPL Before and After 2020 Experience Study – Assumption Change (Gain)/Loss				<u>\$ 737,777</u>

Notes to the Financial Statements

For the Year Ended September 30, 2022

Actuarial Assumptions

The total pension liability as of September 30, 2021, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. 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 (*)	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, 2020, valuation were based on the results of an actuarial experience study for the period October 1, 2015 through September 30, 2020.

Notes to the Financial Statements
For the Year Ended September 30, 2022

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, 2022

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, 2020	\$21,163,687	\$18,416,104	\$ 2,747,583
Changes for the Year:			
Service cost	430,696		430,696
Interest	1,572,440		1,572,440
Changes in assumptions	737,777		737,777
Differences between Expected and Actual Experience	207,760		207,760
Contributions – employer		230,485	(230,485)
Contributions – employee		399,702	(399,702)
Net investment income		4,071,799	(4,071,799)
Benefit payments, including refunds of employee contributions	(1,484,773)	(1,484,773)	
Administrative expense			
Transfers among employers	694,431	694,431	
Net Changes	2,158,331	3,911,644	(1,753,313)
Balances at September 30, 2021	\$23,332,018	\$22,327,748	\$ 994,270

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 Rate (7.45%)	1% Increase (8.45%)
Commission's Net Pension Liability	\$3,564,768	\$994,270	\$(1,162,246)

Notes to the Financial Statements
For the Year Ended September 30, 2022

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2021. The auditor's report dated August 19, 2022 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended September 30, 2022, the Commission recognized pension income of \$190,529.00. At September 30, 2022, 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	\$ 361,944.00	\$ 237,557.00
Changes of assumptions	617,421.00	
Net difference between projected and actual earnings on pension plan investments		1,602,800.00
Employer contributions subsequent to the measurement date	282,657.87	
Total	<u>\$1,262,022.87</u>	<u>\$1,840,357.00</u>

The \$282,657.87 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 ending September 30, 2023. 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, 2023	\$(183,519)
2024	\$(110,205)
2025	\$(256,825)
2026	\$(328,985)
2027	\$ 18,542
Thereafter	\$ 0

Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 7 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description

The Commission provides certain continuing health care insurance benefits for its retired employees. The Commission’s OPEB Plan (the “OPEB Plan”) is a single-employer defined benefit OPEB plan administered by the Commission. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Commission. 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 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 and completion of 10 years of service.

Employees Covered by Benefit Terms

At September 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active Employees	135
Total	<u>146</u>

Total OPEB Liability

The Commission’s total OPEB liability of \$5,352,809.00 as of the reporting date September 30, 2022, was measured as of September 30, 2021, and was determined by an actuarial valuation as of September 30, 2020.

Notes to the Financial Statements

For the Year Ended September 30, 2022

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary Increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate	
Prior Measurement Date	2.21%
Measurement Date	2.26%
Healthcare Cost Trend Rates:	
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030

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

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 increases used in the September 30, 2020, valuation were based on the results of an 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, 2020 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2020 valuation.

Notes to the Financial Statements

For the Year Ended September 30, 2022

Discount Rate

The discount rate used to measure the total OPEB liability was 2.26 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.

Changes in the Total OPEB Liability

Total OPEB Liability as of September 30, 2020	\$5,500,696
Changes for the Year:	
Service Cost at the End of the Year (*)	336,821
Interest on Total OPEB Liability and Cash Flows	120,023
Difference between expected and actual experience	9,514
Changes of Assumptions or Other Inputs	(473,924)
Net Benefit Payments	(140,321)
Net Changes	(147,887)
Total OPEB Liability as of September 30, 2021	\$5,352,809
(*) 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 2.26%, as well as what the Commission's total OPEB liability would be if it were determined using a discount rate that is 1-percentage point lower (1.26%) or 1-percentage point higher (3.26%) than the current discount rate:

	1.0% Decrease (1.26%)	Current Discount Rate (2.26%)	1.0% Increase (3.26%)
Total OPEB Liability	\$5,844,091	\$5,352,809	\$4,898,269

Notes to the Financial Statements
For the Year Ended September 30, 2022

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 current health care cost trend rates, as well as what the Commission's total OPEB liability would be if it were determined using healthcare cost trend rates that are 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current healthcare trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$4,660,257	\$5,352,809	\$6,185,047

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

For the year ended September 30, 2022, the Commission recognized OPEB expense of \$408,263.00. At September 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,182.00	\$379,409.00
Employer Contributions	140,321.00	
Changes in assumptions or other inputs	568,635.00	466,053.00
Total	<u>\$717,138.00</u>	<u>\$845,462.00</u>

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

Years Ending	
September 30, 2022	\$(56,555)
2023	\$(36,851)
2024	\$(17,142)
2025	\$ 1,831
2026	\$(85,782)
Thereafter	\$(74,146)

Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 8 – Long-Term Debt

During fiscal year 2010, the Commission issued Series 2009-A General Obligation Refunding Warrants for the purpose of refinancing the Series 2002-A General Obligation Refunding Warrants and for financing certain capital improvements in the county and 2009-B General Obligation Recovery Zone Warrants for the purpose of financing certain capital improvements in the County.

The Commission's outstanding note from direct borrowing, originally issued at \$2,020,000.00, was used for the purpose of constructing a jail. The outstanding note contains a provision that in the event of default the bank may declare the entire principal balance and all accrued unpaid interest due immediately without notice.

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

Notes to the Financial Statements
For the Year Ended September 30, 2022

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2022:

	Debt Outstanding 10/01/2021 (*)	Issued/ Increased	Repaid/ (Decreased)	Debt Outstanding 09/30/2022	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
General Obligation Warrants, 2009-A	\$ 8,360,000.00	\$	\$ (295,000.00)	\$ 8,065,000.00	\$305,000.00
General Obligation Warrants, 2009-B	1,545,000.00		(55,000.00)	1,490,000.00	60,000.00
Total Warrants Payable	9,905,000.00		(350,000.00)	9,555,000.00	365,000.00
Other Liabilities:					
Notes from Direct Borrowing	1,687,904.05		(283,144.58)	1,404,759.47	296,403.09
Other Postemployment Benefits	4,792,756.42		(120,824.72)	4,671,931.70	
Net Pension Liability	2,464,521.20		(1,598,213.75)	866,307.45	
Estimated Liability for Compensated Absences	160,815.89	31,665.23		192,481.12	
Total Other Liabilities	9,105,997.56	31,665.23	(2,002,183.02)	7,135,479.74	296,403.09
Total Governmental Activities Long-Term Liabilities	19,010,997.56	31,665.23	(2,352,183.05)	16,690,479.74	661,403.09
Business-Type Activities:					
Other Liabilities:					
Other Postemployment Benefits	707,939.58		(27,062.28)	680,877.30	
Net Pension Liability	283,061.80		(155,099.25)	127,962.55	
Estimated Liability for Landfill Postclosure Costs	735,149.72		(31,825.59)	703,324.13	
Estimated Liability for Compensated Absences	25,123.46		(195.93)	24,927.53	
Total Other Liabilities	1,751,274.56		(214,183.05)	1,537,091.51	
Total Business-Type Activities Long-Term Liabilities	\$ 1,751,274.56	\$	\$ (214,183.05)	\$ 1,537,091.51	\$
(*) Debt Previously classified as a capital lease was reclassified to Notes from Direct Borrowing during fiscal year 2022 due to implementation of GASB Statement Number 87, Leases.					

Payments on the general obligation refunding warrants are made by the Debt Service Fund. The notes payable liabilities are paid by the Gasoline Tax Fund and the Jail Fund.

Notes to the Financial Statements
For the Year Ended September 30, 2022

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

Fiscal Year Ending	Governmental Activities				Total Principal and Interest Requirements
	2009 General Obligation Refunding Warrants		Notes from Direct Borrowing		
	Principal	Interest	Principal	Interest	
September 30, 2023	\$ 365,000.00	\$ 447,656.25	\$ 296,403.09	\$ 59,013.47	\$ 1,168,072.81
2024	380,000.00	431,968.75	309,743.00	46,923.56	1,168,635.31
2025	395,000.00	415,237.50	323,196.35	34,220.21	1,167,654.06
2026	410,000.00	397,512.50	265,417.03	21,166.25	1,094,095.78
2027	425,000.00	378,903.13	210,000.00	10,500.00	1,024,403.13
2028-2032	2,415,000.00	1,574,309.40			3,989,309.40
2033-2037	3,005,000.00	925,593.75			3,930,593.75
2038-2040	2,160,000.00	165,887.50			2,325,887.50
Total	\$9,555,000.00	\$4,737,068.78	\$1,404,759.47	\$171,823.49	\$15,868,651.74

Pledged Revenues

The Commission's note from direct borrowing for the jail construction is pledged to be repaid from the Pledged Court Fees Proceeds. Future revenues of \$1,114,000.00 are pledged to repay the principal and interest on the warrants as of September 30, 2022. Proceeds from jail fees in the amount of \$276,771.42 were received by the Commission during the fiscal year ended September 30, 2022. From that amount principal and interest were paid on the warrants of \$221,500.00. The 1997 Warrants will mature in fiscal year 2027.

The Commission issued Series 2009-A and 2009-B General Obligation Refunding Warrants for the purpose of refunding the Series 2002-A General Obligation Refunding Warrants, and for financing certain capital improvements in the county including the construction of a new courthouse facility. The Commission pledged to repay the warrants from the County's portion of the sales tax proceeds. Future revenues of \$14,292,068.78 are pledged to repay the principal and interest on the warrants as of September 30, 2022. Sales tax proceeds in the amount of \$748,308.72 were received by the Commission during the fiscal year ended September 30, 2022. This amount along with additional funds received from the General Fund was used to pay principal and interest of \$797,952.26. The 2009-A and 2009-B General Obligation Warrants will mature in fiscal year 2040.

Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 9 – Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the Commission place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated liability for landfill closure and postclosure care costs has a balance of \$703,324.13, as of September 30, 2022, which is based on an engineer's estimate of closure and postclosure care costs since the closing of the site in 1996. The original liability was based on what it would cost to perform all closure and postclosure costs in 1996. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Note 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 class, which is adjusted by an experience modifier for the individual county. The Commission may qualify for additional discounts based on losses and premium size. Pool participants are eligible to receive refunds of unused premiums and the related investment earnings.

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

Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 11 – Interfund Transactions

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2022, were as follows:

	Transfers Out		Total
	General Fund	Other Governmental Funds	
Transfers Out:			
General Fund	\$	\$655,341.59	\$655,341.59
Gasoline Tax Fund		100.00	100.00
Other Governmental Funds	179,192.39	71,313.52	250,505.91
Totals	<u>\$179,192.39</u>	<u>\$726,755.11</u>	<u>\$905,947.50</u>

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

Note 12 – Related Organizations

A majority of the Boards of the organizations listed below are appointed by the Lawrence County Commission. The County, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship, and these organizations are not considered part of the Commission’s financial reporting entity. The organizations listed below are considered related organizations of the County Commission.

Related Organizations
Industrial Development Board of Lawrence County
Lawrence County Healthcare Authority
Lawrence County Department of Human Resources
Board of Trustees of the Lawrence County Public Library
Lawrence County Farmer’s Market

Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 13 – Subsequent Events

On July 26, 2023, the Commission approved the issuance of \$962,794.84 of Notes from Direct Borrowing at 5.9% interest to purchase dump trucks.

On September 21, 2023, the Commission issued \$15,835,000.00 in General Obligation Refunding Warrants, Series 2023. The Warrants are being issued for the purpose of (a) refunding, on a current basis, the County's General Obligation Warrants (Federal Tax-Exempt), Series 2009-A, dated December 30, 2009 (the "Series 2009-A Warrants"), presently outstanding in the aggregate principal amount of \$7,760,000; (b) refunding, on a current basis, the County's General Obligation Recovery Zone Economic Development Warrants (Federal Taxable-Direct Payment), Series 2009-B, dated December 30, 2009 (the "Series 2009-B Warrants"), presently outstanding in the aggregate principal amount of \$1,430,000; (c) refunding, on a current basis, the Revenue Warrants (County Jail Project), Series 1997, of the Lawrence County Public Building Authority (the "Series 1997 PBA Warrants"), presently outstanding in the aggregate principal amount of \$790,000; (d) providing funds for various public capital improvements in the County, which improvements are expected to include, without limitation, renovations to the historic county courthouse building in the City of Moulton; (e) providing a municipal bond insurance policy for the Warrants; and (f) paying the costs of issuing the Warrants.

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Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability
For the Year Ended September 30, 2022

	2021	2020	2019	2018	2017	2016
Total pension liability						
Service cost	\$ 430,696	\$ 422,207	\$ 443,647	\$ 419,854	\$ 417,102	\$ 417,102
Interest	1,572,440	1,470,695	1,465,672	1,431,574	1,373,310	1,373,310
Change in benefit terms		260,892				
Changes of assumptions	737,777			99,094		
Difference between expected and actual experience	207,760	310,916	(363,559)	(280,341)	67,756	
Benefit payments, including refunds of employee contributions	(1,484,773)	(1,357,872)	(1,285,109)	(1,167,821)	(1,167,422)	
Transfers among employers	694,431	277,974	(159,037)	119,066	61,250	
Net change in total pension liability	2,158,331	1,384,812	101,614	621,426	751,996	
Total pension liability - beginning	21,163,687	19,778,875	19,677,261	19,055,835	18,303,839	17,986,843
Total pension liability - ending (a)	\$ 23,322,018	\$ 21,163,687	\$ 19,778,875	\$ 19,677,261	\$ 19,055,835	\$ 18,303,839
Plan fiduciary net position						
Contributions - employer	\$ 230,485	\$ 233,115	\$ 255,578	\$ 231,286	\$ 267,796	\$ 267,796
Contributions - employee	399,702	386,186	383,948	433,131	333,940	333,940
Net investment income	4,071,799	1,007,912	457,419	1,559,314	1,962,904	1,962,904
Benefit payments, including refunds of employee contributions	(1,484,773)	(1,357,872)	(1,285,109)	(1,167,821)	(1,167,422)	
Other (Transfers among employers)	694,431	277,974	(159,037)	119,066	61,250	
Net change in plan fiduciary net position	3,911,644	547,315	(347,201)	1,174,976	1,458,468	1,458,468
Plan fiduciary net position - beginning	18,416,104	17,868,789	18,215,990	17,041,014	15,582,546	14,867,378
Plan fiduciary net position - ending (b)	\$ 22,327,748	\$ 18,416,104	\$ 17,868,789	\$ 18,215,990	\$ 17,041,014	\$ 15,582,546
Commission's net pension liability - ending (a) - (b)	\$ 994,270	\$ 2,747,583	\$ 1,910,086	\$ 1,461,271	\$ 2,014,821	\$ 2,721,293
Plan fiduciary net position as a percentage of the total pension liability	95.74%	87.02%	90.34%	92.57%	89.43%	89.43%
Covered payroll (*)	\$ 5,154,740	\$ 4,930,401	\$ 5,103,799	\$ 4,839,158	\$ 4,564,499	\$ 4,839,158
Commission's net pension liability as a percentage of covered payroll	19.29%	55.73%	37.42%	30.20%	44.14%	56.25%

(*) Employer's covered payroll during the measurement period is the total covered payroll.
For fiscal year 2022, the measurement period is October 1, 2020 through September 30, 2021.
GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll for fiscal year 2017.

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 - Pension
For the Year Ended September 30, 2022

	2022	2021	2020	2019	2018	2017	20
Actuarially determined contribution (*)	\$ 282,658	\$ 230,485	\$ 233,115	\$ 255,578	\$ 231,286	\$ 267,796	\$
Contributions in relation to the actuarially determined contribution (*)	\$ 282,658	\$ 230,485	\$ 233,115	\$ 255,578	\$ 231,286	\$ 267,796	\$
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 5,500,571	\$ 5,154,740	\$ 4,930,401	\$ 5,103,799	\$ 4,839,158	\$ 4,564,499	\$ 4,
Contributions as a percentage of covered payroll	5.14%	4.47%	4.73%	5.01%	4.78%	5.87%	

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

(**) Employer's covered payroll for fiscal year 2022 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2019 actuarial valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	18.9 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

**Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2022**

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 336,821	\$ 256,739	\$ 189,615	\$ 179,745	\$ 196,311
Interest	120,023	135,782	174,847	146,694	122,111
Changes in benefit terms		251,465			
Differences between expected and actual experience	9,514	(423,659)	(15,565)	(158,969)	(2,111)
Changes of assumptions	(473,924)	239,282	679,503	19,838	(253,111)
Benefit payments (*)	(140,321)	(126,208)	(87,185)	(139,375)	(137,111)
Net change in total OPEB liability	(147,887)	333,401	941,215	47,933	(75,111)
Total OPEB Liability - Beginning	5,500,696	5,167,295	4,226,080	4,178,147	4,253,111
Total OPEB Liability - Ending	\$ 5,352,809	\$ 5,500,696	\$ 5,167,295	\$ 4,226,080	\$ 4,178,111
Covered-employee payroll	\$ 4,651,278	\$ 4,651,278	\$ 4,983,396	\$ 4,983,396	\$ 4,822,111
Net pension liability as a percentage of covered-employee payroll	115.08%	118.26%	103.69%	84.80%	86.111%

Notes to Schedule:

Benefit Changes . There were no changes of benefit terms for the year ended September 30, 2020.

Changes in Assumptions . The discount rate as of September 30, 2020, was 2.21% and it changed to 2.26% as of September 30, 2021.

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, 2022

	2022	2021	2020	2019	2018
Actuarially determined contribution (*)	\$ 140,321	\$ 126,208	\$ 87,185	\$ 139,375	\$ 13
Contributions in relation to the actuarially determined contribution	\$ 140,321	\$ 126,208	\$ 87,185	\$ 139,375	\$ 13
Contribution deficiency (excess)	\$	\$	\$	\$	\$
Covered-employee payroll	\$ 4,651,278	\$ 4,651,278	\$ 4,651,278	\$ 4,983,396	\$ 4,98
Contributions as a percentage of covered-employee payroll	3.02%	2.71%	1.87%	2.80%	

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

Notes to Schedule

Valuation date: October 1, 2021

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Asset valuation method	Market Value
Inflation	2.75%

Healthcare cost trend rates:

Pre-Medicare Medical and Prescription Drug	7.00% for 2020, decreasing to an ultimate rate of 4.50% by 2030
Salary increases	3.25%-6.00%, including wage inflation

Municipal Bond Index Rate:

Prior Measurement Date	2.21%
Measurement Date	2.26%
Retirement age	

25 years of service at any age or attainment of age 60 and 10 years of service; employees hired on and after January 1, 2013 are not eligible to retire until age 62 with 10 years of service.

Mortality:

Deaths before retirement	Pub-2010 Employee base rates are projected from 2010 using generational improvements with the adjusted Scale MP-2020. Rates are set back 1 year for all males and females.
Deaths after retirement	Pub-2010 Healthy Annuitant base rates are projected from 2010 using generational improvements with the adjusted Scale MP-2020. Rates are set back 2 years for non-FLC males and females and set forward 1 year for FLC males. Rates are adjusted by 90% for males prior to age 65, 96% for females of all ages.
Deaths after retirement (beneficiary)	Pub-2010 Contingent Survivors base rates are projected from 2010 using generational improvements with the adjusted Scale MP-2020. Rates are set forward 2 years for all males and females.
Deaths after retirement (disabled)	Pub-2010 Contingent Survivors base rates are projected from 2010 using generational improvements with the adjusted Scale MP-2020. Rates are set forward 7 years for all males and set forward 3 years for non-FLC females.

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Bu I
	Original	Final		
Revenues				
Taxes	\$ 3,429,474.04	\$ 3,429,474.04	\$ 3,893,700.78	(1) \$
Licenses and Permits	48,000.00	48,000.00	50,401.46	(1)
Intergovernmental	1,702,903.00	1,702,903.00	2,951,193.99	(1)
Charges for Services	581,100.00	581,100.00	754,877.24	
Miscellaneous	435,300.00	435,300.00	513,719.50	(1)
Total Revenues	<u>6,196,777.04</u>	<u>6,196,777.04</u>	<u>8,163,892.97</u>	
Expenditures				
Current:				
General Government	2,424,653.27	2,424,653.27	2,579,517.58	(2)
Public Safety	3,824,416.30	3,824,416.30	4,163,018.48	
Health	71,269.00	71,269.00	68,986.59	
Welfare	100,756.00	100,756.00	125,631.11	(2)
Culture and Recreation	185,729.65	185,729.65	255,950.33	
Education	28,500.00	28,500.00	34,636.86	
Capital Outlay			219,596.28	(2)
Total Expenditures	<u>6,635,324.22</u>	<u>6,635,324.22</u>	<u>7,447,337.23</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>(438,547.18)</u>	<u>(438,547.18)</u>	<u>716,555.74</u>	
Other Financing Sources (Uses)				
Transfers In	171,951.00	171,951.00	179,192.39	
Transfers Out	(220,000.00)	(220,000.00)	(146,959.35)	(3)
Total Other Financing Sources (Uses)	<u>(48,049.00)</u>	<u>(48,049.00)</u>	<u>32,233.04</u>	
Net Changes in Fund Balances	(486,596.18)	(486,596.18)	748,788.78	
Fund Balances - Beginning of Year	<u>2,148,361.89</u>	<u>2,148,361.89</u>	<u>2,088,367.18</u>	(4)
Fund Balances - End of Year	<u>\$ 1,661,765.71</u>	<u>\$ 1,661,765.71</u>	<u>\$ 2,837,155.96</u>	\$

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2022

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

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

(1) Revenues			
Sales Tax Admin Fund	\$	748,571.99	
Public Roads, Buildings and Bridges Fund		634,454.93	
Reappraisal (Before 1975)		77.48	
Program on Aging Fund		75,685.96	
Fuel System Fund		<u>666,715.53</u>	\$
(2) Expenditures	\$	(5,334.24)	
Sales Tax Administration Fund		(363,136.45)	
Public Roads, Buildings and Bridges Fund		(246,370.97)	
Program on Aging Fund		<u>(682,255.59)</u>	
(3) Other Financing Sources/(Uses), Net			
Sales Tax Administration Fund	\$	<u>(508,382.24)</u>	<u> </u>
Net Increase in Fund Balance - Budget to GAAP			<u><u>\$</u></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 - Gasoline Tax Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Bu I
	Original	Final		
Revenues				
Intergovernmental	\$ 1,380,383.78	\$ 1,380,383.78	\$ 3,050,800.42	(1) \$
Miscellaneous	106,354.40	106,354.40	144,984.65	(1)
Total Revenues	<u>1,486,738.18</u>	<u>1,486,738.18</u>	<u>3,195,785.07</u>	
Expenditures				
Current:				
Highways and Roads	2,948,512.10	2,948,512.10	2,844,134.31	(2)
Capital Outlay	236,666.56	236,666.56	115,554.92	
Debt Service:				
Principal			118,144.58	
Interest			14,021.98	
Total Expenditures	<u>3,185,178.66</u>	<u>3,185,178.66</u>	<u>3,091,855.79</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,698,440.48)</u>	<u>(1,698,440.48)</u>	<u>103,929.28</u>	
Other Financing Sources (Uses)				
Transfers In	1,172,913.24	1,172,913.24		
Transfers Out			(100.00)	
Total Other Financing Sources (Uses)	<u>1,172,913.24</u>	<u>1,172,913.24</u>	<u>(100.00)</u>	
Net Changes in Fund Balances	(525,527.24)	(525,527.24)	103,829.28	(3)
Fund Balances - Beginning of Year	<u>1,172,913.24</u>	<u>1,172,913.24</u>	<u>355,455.33</u>	
Fund Balances - End of Year	<u>\$ 647,386.00</u>	<u>\$ 647,386.00</u>	<u>\$ 459,284.61</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2022

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

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

(1) Revenues			
Public Highway and Traffic Fund	\$	190,699.09	
RRR Gasoline Tax Fund		837,541.02	
Secondary Road Fund		292,235.89	
Rebuild Alabama		<u>866,153.00</u>	\$
(2) Expenditures			
RRR Gasoline Tax Fund	\$	(1,801,480.18)	
Rebuild Alabama		<u>(838,821.17)</u>	
Net Decrease in Fund Balance - Budget to GAAP			<u>\$</u>

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Buc I
	Original	Final		
Revenues				
Taxes	\$ 774,250.00	\$ 774,250.00	\$ 671,508.98	\$
State Grants			8,000.00	
Total Revenues	774,250.00	774,250.00	679,508.98	
Expenditures				
Current:				
General Government	754,250.00	754,250.00	679,508.98	
Capital Outlay	20,000.00	20,000.00		
Total Expenditures	774,250.00	774,250.00	679,508.98	
Excess (Deficiency) of Revenues Over Expenditures				
Net Change in Fund Balances				
Fund Balances - Beginning of Year				
Fund Balances - End of Year	\$	\$	\$	\$

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - American Rescue Plan Act Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budgetary Basis
	Original	Final		
Revenues				
Intergovernmental	\$ 458,397.28	\$ 458,397.28	\$ 458,397.28	\$
Miscellaneous			1,941.66	
Total Revenues	<u>458,397.28</u>	<u>458,397.28</u>	<u>460,338.94</u>	
Expenditures				
Current:				
General Government	248,432.41	248,432.41	248,432.41	
Public Safety	112,108.56	112,108.56	112,108.56	
Highways and Roads	44,533.85	44,533.85	44,533.85	
Sanitation	39,064.64	39,064.64	39,064.64	
Health	2,257.80	2,257.80	2,257.80	
Welfare	9,742.22	9,742.22	9,742.22	
Culture and Recreation	2,257.80	2,257.80	2,257.80	
Total Expenditures	<u>458,397.28</u>	<u>458,397.28</u>	<u>458,397.28</u>	
Excess (Deficiency) of Revenues Over Expenditures			1,941.66	
Net Change in Fund Balances			1,941.66	
Fund Balances - Beginning of Year			105.12	
Fund Balances - End of Year	\$	\$	\$ 2,046.78	\$

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Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient
<u>U. S. Department of Agriculture</u>			
<u>Passed Through the Alabama Department of Finance</u>			
Schools and Roads - Grants to States	10.665	N/A	\$ 90,956.05
<u>Passed Through National Forests in Alabama</u>			
Law Enforcement Agreements	10.704	N/A	
Total U. S. Department of Agriculture			<u>90,956.05</u>
<u>U. S. Department of Interior</u>			
<u>Direct Program</u>			
Payments in Lieu of Taxes	15.226	N/A	
<u>U. S. Department of Justice</u>			
<u>Passed Through Alabama Department of Economic and Community Affairs</u>			
Violence Against Women Formula Grants	16.588	N/A	
<u>U. S. Department of Transportation</u>			
<u>Passed Through Alabama Department of Transportation</u>			
Airport Improvement Program, COVID-19 Airports Programs and Infrastructure Investment and Jobs Act Programs	20.106	3-01-0108-014-2021	
<u>Passed Through Franklin County Commission</u>			
State and Community Highway Safety	20.600	N/A	
Total U. S. Department of Transportation			
<u>U. S. Department of Health and Human Services</u>			
<u>Passed Through North Alabama Regional Council of Local Governments</u>			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	N/A	
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	
Total U. S. Department of Health and Human Services			
Sub-Total Forward			\$ 90,956.05

**Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient
Sub-Total Brought Forward			\$ 90,956.05
<u>U. S. Department of Homeland Security</u>			
<u>Passed Through Alabama Department of Emergency Management</u>			
Hazard Mitigation Grant	97.039	HMGP-1971-0714	
Emergency Management Performance Grants	97.042	22 EMPG-42	
Total Department of Homeland Security			
<u>U. S. General Services Administration</u>			
<u>Passed Through Alabama Department of Economic and Community Affairs</u>			
Donation of Federal Surplus Personal Property	39.003	N/A	
<u>U. S. Department of Housing and Urban Development</u>			
<u>Passed Through Alabama Department of Economic and Community Affairs</u>			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	CV-NC-20-009	
<u>U. S. Department of the Treasury</u>			
<u>Passed Through Alabama Department of Finance</u>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	
<u>Direct Program</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	
<u>Other Federal Assistance</u>			
<u>Tennessee Valley Authority</u>			
<u>Passed Through Alabama Department of Emergency Management</u>			
Radiological Emergency Plans	62.unknown	N/A	
Total Expenditures of Federal Awards			\$ 90,956.05

(N) = Non-Cash Assistance
N/A = Not Available or Not Applicable

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

***Notes to the Schedule of Expenditures
of Federal Awards
For the Year Ended September 30, 2022***

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Lawrence County Commission under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Lawrence County Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Lawrence County Commission.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

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

Additional Information

Commission Members and Administrative Personnel
October 1, 2021 through September 30, 2022

<u>Commission Members</u>		<u>Term Expires</u>
Hon. Jesse Byrd (**)	Member	November 2022
Hon. Norman Pool (*)	Member	November 2022
Hon. Kyle Pankey	Member	November 2022
Hon. Bobby Burch	Member	November 2022
Hon. Sonia Hargrove	Member	November 2022

Administrative Personnel

Heather Rose	County Administrator	Indefinite
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(*) Mr. Norman Pool served as Chairman from June 2021 through March 11, 2022.

(**) Mr. Jesse Byrd served as Chairman from March 12, 2022 through November 4, 2022.

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

Independent Auditor's Report

Members of the Lawrence County Commission and County Administrator
Moulton, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lawrence County Commission, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Lawrence County Commission's basic financial statements, and have issued our report thereon dated January 30, 2024.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

January 30, 2024

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

Independent Auditor's Report

Members of the Lawrence Commission and County Administrator
Moulton, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lawrence County Commission's compliance with the types of compliance requirements identified as subject to audit in the ***OMB Compliance Supplement*** that could have a direct and material effect on each of the Lawrence County Commission's major federal program for the year ended September 30, 2022. The Lawrence 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 Lawrence County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

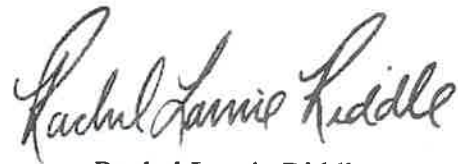
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

January 30, 2024

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

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?
 Noncompliance material to financial statements noted?

_____ Yes X None reported

_____ Yes X No

Federal Awards

Internal control over major federal programs:
 Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

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

_____ Yes X No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.228	Community Development Block Grants/ State's Program an Non-Entitlement Grants in Hawaii

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

\$750,000.00

Auditee qualified as low-risk auditee?

_____ Yes X No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.