

Report on the

Marshall County Commission

Marshall County, Alabama

October 1, 2017 through September 30, 2018

Filed: May 22, 2020



Department of Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner



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

Dear Madam:

An audit was conducted on the Marshall County Commission, Marshall County, Alabama, for the period October 1, 2017 through September 30, 2018, by Examiners Joseph White and Jared Boyd. I, Joseph White, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Joseph White'.

Joseph White
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**Marshall County Commission
October 1, 2017 through September 30, 2018**

The Marshall County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Marshall County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 18. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Marshall County.

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

An unmodified opinion was issued on the financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2018.

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

Commission members and administrative personnel, as reflected on Exhibit 18, were invited to discuss the results of this report at an exit conference. Individuals in attendance were: James Hutcheson, Chairman; Shelly Fleisher, County Administrator; and David Kelley, Commissioner. Representing the Department of Examiners of Public Accounts were: Gwyn M. Griggs, Audit Manager; Joseph White, Examiner; and Jared Boyd, Examiner. The results of this report were also discussed by telephone with Commissioners: Jessie Swords and William Strickland, III.

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Independent Auditor's Report

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Marshall County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 8.

Management's Responsibility for the Financial Statements

The management of the Marshall County Commission 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, in the fiscal year ended September 30, 2018, the Marshall County Commission adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement Number 75, ***Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***, as amended by GASB Statement Number 85, ***Omnibus 2017***. Our opinion is not modified with respect to this matter.

Other Matters

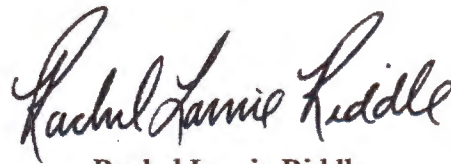
Required Supplementary Information

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 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 9 through 17), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated April 29, 2020, on our consideration of the Marshall County Commission's internal control over financial reporting and 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 on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marshall County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Marshall County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

April 29, 2020

Basic Financial Statements

Statement of Net Position
September 30, 2018

	Governmental Activities
<u>Assets</u>	
Cash and Cash Equivalents	\$ 26,862,929.41
Cash with Fiscal Agent	754,615.03
Receivables (Note 4)	1,474,117.94
Ad Valorem Taxes Receivable	8,606,958.36
Lease Receivable	315,015.72
Inventories	22,909.71
Prepaid Items	17,703.36
Capital Assets (Note 5):	
Nondepreciable	1,750,171.55
Depreciable, Net	19,373,162.73
Total Assets	<u>59,177,583.81</u>
<u>Deferred Outflows of Resources</u>	
Loss on Refunding	86,570.95
Employer Pension Contributions	507,751.40
Deferred Outflows Related to Net Pension Liability	481,407.00
Employer Other Postemployment Benefits (OPEB) Contributions	379,369.76
Deferred Outflows Related to Net OPEB Liability	30,165.00
Total Deferred Outflows of Resources	<u>1,485,264.11</u>
<u>Liabilities</u>	
Payables	736,404.14
Unearned Revenues	1,095,381.62
Accrued Interest Payable	94,634.90
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Capital Lease Contracts Payable	85,838.39
Warrants Payable	725,000.00
Unamortized Premium	23,218.05
Estimated Liability for Compensated Absences	41,994.47
Portion Due or Payable After One Year:	
Capital Lease Contracts Payable	276,277.68
Warrants Payable	5,865,000.00
Unamortized Premium	48,370.98
Estimated Liability for Compensated Absences	377,950.21
Net Pension Liability	6,035,592.00
Net OPEB Liability	10,316,965.11
Total Liabilities	<u>\$ 25,722,627.55</u>

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

	Governmental Activities
<u>Deferred Inflows of Resources</u>	
Unavailable Revenue - Property Taxes	\$ 8,606,958.36
Deferred Inflows Related to Net Pension Liability	1,467,699.00
Deferred Inflows Related to Net OPEB Liability	620,492.00
Total Deferred Inflows of Resources	<u>10,695,149.36</u>
<u>Net Position</u>	
Net Investment in Capital Assets	17,435,618.25
Restricted for:	
Capital Projects	5,923,345.09
Road Projects	2,922,088.63
Debt Service	667,152.66
Other Purposes	419,014.03
Unrestricted	<u>(3,122,147.65)</u>
Total Net Position	<u>\$ 24,245,071.01</u>

Statement of Activities
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General Government	\$ 5,368,951.69	\$ 1,921,636.90	\$ 642,770.05
Public Safety	7,447,603.22	285,675.92	799,482.10
Highways and Roads	7,033,824.77	8,831.39	3,924,999.39
Health	110,745.87		24,709.11
Welfare	396,285.55		172,378.00
Culture and Recreation	327,223.96	130,919.90	
Education	15,000.00		
Interest and Fiscal Charges	255,900.45		
Intergovernmental	245,138.48		
Total Governmental Activities	<u>\$ 21,200,673.99</u>	<u>\$ 2,347,064.11</u>	<u>\$ 5,564,338.65</u>

General Revenues:

Taxes:

- Property Taxes for General Purposes
- Property Taxes for Specific Purposes
- County Gasoline Sales Tax
- Miscellaneous Taxes
- TVA in Lieu of Taxes

Grants and Contributions Not Restricted for Specific Programs

Interest Earned

Gain on Disposition of Capital Assets

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning of Year, as Restated (Note 15)

Net Position - End of Year

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

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities</u>
\$	\$ (2,804,544.74)
	(6,362,445.20)
	(3,099,993.99)
	(86,036.76)
	(223,907.55)
	(196,304.06)
	(15,000.00)
	(255,900.45)
	(245,138.48)
<u>\$</u>	<u>(13,289,271.23)</u>

8,398,514.58
924,081.37
544,306.02
1,276,848.98
1,564,365.07
211,019.64
290,425.85
215,990.32
958,855.15
<u>14,384,406.98</u>
1,095,135.75
<u>23,149,935.26</u>
<u>\$ 24,245,071.01</u>

Balance Sheet
Governmental Funds
September 30, 2018

	General Fund	Gasoline Tax Fund
Assets		
Cash and Cash Equivalents	\$ 14,590,741.09	\$ 1,305,010.53
Cash with Fiscal Agent		
Receivables (Note 4)	1,012,208.42	144,952.83
Ad Valorem Taxes Receivable	7,517,988.06	
Interfund Receivables	33,599.42	
Lease Receivable		
Inventories	22,909.71	
Prepaid Items	17,703.36	
Total Assets	<u>23,195,150.06</u>	<u>1,449,963.36</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Payables	619,964.87	3,944.52
Unearned Revenues		
Interfund Payables		
Total Liabilities	<u>619,964.87</u>	<u>3,944.52</u>
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	7,517,988.06	
Total Deferred Inflows of Resources	<u>7,517,988.06</u>	
Fund Balances		
Nonspendable:		
Prepaid Items	22,909.71	
Inventories	17,703.36	
Restricted for:		
Road Surface Repairs		
Capital Projects		
Debt Service		
Local Officials		
Other Purposes		
Assigned:		
Road Surface Repairs		1,446,018.84
Capital Projects		
Other Purposes		
Unassigned	15,016,584.06	
Total Fund Balances	<u>15,057,197.13</u>	<u>1,446,018.84</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,195,150.06</u>	<u>\$ 1,449,963.36</u>

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

Capital Improvement Fund	RRR Gasoline Tax Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
\$ 6,039,342.09	\$ 1,907,577.00	\$ 707,599.37	\$ 2,312,659.33	\$ 26,862,929.41
			754,615.03	754,615.03
	130,591.82		186,364.87	1,474,117.94
		1,038,140.34	50,829.96	8,606,958.36
			315,015.72	33,599.42
				315,015.72
				22,909.71
				17,703.36
6,039,342.09	2,038,168.82	1,745,739.71	3,619,484.91	38,087,848.95
	5,869.70	4,281.85	102,343.20	736,404.14
		703,317.52	392,064.10	1,095,381.62
			33,599.42	33,599.42
	5,869.70	707,599.37	528,006.72	1,865,385.18
		1,038,140.34	50,829.96	8,606,958.36
		1,038,140.34	50,829.96	8,606,958.36
				22,909.71
				17,703.36
5,923,345.09	1,587,769.94		1,334,318.69	2,922,088.63
				5,923,345.09
			761,787.56	761,787.56
			393,636.58	393,636.58
			25,377.45	25,377.45
	444,529.18		489,030.30	2,379,578.32
115,997.00				115,997.00
			36,497.65	36,497.65
				15,016,584.06
6,039,342.09	2,032,299.12		3,040,648.23	27,615,505.41
\$ 6,039,342.09	\$ 2,038,168.82	\$ 1,745,739.71	\$ 3,619,484.91	\$ 38,087,848.95

***Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
September 30, 2018***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 27,615,505.41

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 the governmental funds (See Note 5).

Nondepreciable	\$ 1,750,171.55	
Depreciable, Net	<u>19,373,162.73</u>	21,123,334.28

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

Deferred Outflows Related to Defined Benefit Pension Plan	\$ 989,158.40	
Deferred Inflows Related to Defined Benefit Pension Plan	<u>(1,467,699.00)</u>	(478,540.60)

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

Deferred Outflows Related to Other Postemployment Benefits	\$ 409,534.76	
Deferred Inflows Related to Other Postemployment Benefits	<u>(620,492.00)</u>	(210,957.24)

Losses on refunding of debt are reported as deferred outflows of resources and are not
available to pay for current-period expenditures and, therefore, are deferred on the
Statement of Net Position. 86,570.95

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

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

	Due or Payable Within One Year	Due or Payable After One Year	
Warrants Payable	\$ 725,000.00	\$ 5,865,000.00	
Unamortized Premium	23,218.05	48,370.98	
Interest Payable	94,634.90		
Capital Lease Contracts Payable	85,838.39	276,277.68	
Estimated Liability for Compensated Absences	41,994.47	377,950.21	
Net Pension Liability		6,035,592.00	
Other Postemployment Benefit Obligation		10,316,965.11	
Total Long-Term Liabilities	<u>\$ 970,685.81</u>	<u>\$ 22,920,155.98</u>	<u>(23,890,841.79)</u>
Total Net Position - Governmental Activities (Exhibit 1)			<u><u>\$ 24,245,071.01</u></u>

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2018

	General Fund	Gasoline Tax Fund
<u>Revenues</u>		
Taxes	\$ 9,364,615.65	\$
Licenses and Permits	99,083.79	
Intergovernmental	2,329,454.92	1,686,133.94
Charges for Services	1,824,356.29	
Miscellaneous	730,966.68	12,419.85
Total Revenues	<u>14,348,477.33</u>	<u>1,698,553.79</u>
<u>Expenditures</u>		
Current:		
General Government	4,231,156.25	
Public Safety	5,649,841.79	
Highways and Roads	2,007,341.74	1,835,349.95
Health	108,531.64	
Welfare	189,532.97	
Culture and Recreation	117,706.89	
Education	15,000.00	
Capital Outlay	597,943.31	447,280.26
Debt Service:		
Principal Retirement	116,165.82	
Interest and Fiscal Charges	3,333.30	
Intergovernmental	245,138.48	
Total Expenditures	<u>13,281,692.19</u>	<u>2,282,630.21</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,066,785.14</u>	<u>(584,076.42)</u>
<u>Other Financing Sources (Uses)</u>		
Transfers In	20,015.60	366,979.12
Sale of Capital Assets	185,328.40	218,865.00
Proceeds from Capital Leases	100,017.00	
Transfers Out	(599,444.29)	(15.00)
Total Other Financing Sources (Uses)	<u>(294,083.29)</u>	<u>585,829.12</u>
Net Changes in Fund Balances	772,701.85	1,752.70
Fund Balances - Beginning of Year	<u>14,284,495.28</u>	<u>1,444,266.14</u>
Fund Balances - End of Year	<u>\$ 15,057,197.13</u>	<u>\$ 1,446,018.84</u>

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

Capital Improvement Fund	RRR Gasoline Tax Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$ 779,359.23	\$ 999,776.07	\$ 11,143,750.95
				99,083.79
440,638.72	1,766,846.84		1,370,599.86	7,593,674.28
			121,572.96	1,945,929.25
56,615.90	127,675.94	18,238.96	351,463.82	1,297,381.15
497,254.62	1,894,522.78	797,598.19	2,843,412.71	22,079,819.42
		779,009.90	185,154.17	5,195,320.32
			1,400,699.13	7,050,540.92
	1,725,473.89		641,370.96	6,209,536.54
				108,531.64
			193,740.62	383,273.59
			207,880.91	325,587.80
				15,000.00
	15,520.00	18,588.29	166,452.55	1,245,784.41
			740,617.36	856,783.18
			256,333.12	259,666.42
				245,138.48
	1,740,993.89	797,598.19	3,792,248.82	21,895,163.30
497,254.62	153,528.89		(948,836.11)	184,656.12
			952,763.88	1,339,758.60
			2,289.00	406,482.40
			118,985.00	219,002.00
	(353,319.59)		(386,979.72)	(1,339,758.60)
	(353,319.59)		687,058.16	625,484.40
497,254.62	(199,790.70)		(261,777.95)	810,140.52
5,542,087.47	2,232,089.82		3,302,426.18	26,805,364.89
\$ 6,039,342.09	\$ 2,032,299.12	\$	\$ 3,040,648.23	\$ 27,615,505.41

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, 2018

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 810,140.52

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

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

Capital Outlays	\$ 1,245,784.41	
Depreciation Expense	<u>(1,600,736.00)</u>	(354,951.59)

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

Proceeds from the Sale of Capital Assets	\$ (406,482.40)	
Gain on Disposition of Capital Assets	<u>215,990.32</u>	(190,492.08)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 856,783.18

Premiums and deferred amounts on refunding are reported in the governmental funds in the year the applicable debt is issued; however, these amounts are deferred and amortized over the life of the debt issued.

Amortization of Premium on Debt Issued	\$ 23,218.05	
Amortization of Deferred Loss on Refunding	<u>(28,077.08)</u>	(4,859.03)
Net Adjustment		

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

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:

Current Year Change in Estimated Liability for Compensated Absences	\$ 13,844.48	
Current Year Change in OPEB Obligation	81,457.76	
Current Year Change in Pension Expense	93,589.51	
Current Year Change in Accrued Interest Payable	<u>8,625.00</u>	197,516.75

Proceeds from capital leases are reported as other financing sources in the governmental funds and thus contribute to the changes in fund balance. However, in the Statement of Net Position, capital leases increase long-term liabilities and do not affect the Statement of Activities.

(219,002.00)

Change in Net Position of Governmental Activities (Exhibit 2)

\$ 1,095,135.75

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Statement of Fiduciary Net Position
September 30, 2018

	Private-Purpose Trust Funds	Agency Funds
<u>Assets</u>		
Cash and Cash Equivalents	\$ 699,725.16	\$ 172,289.49
Receivables (Note 4)	7,377.05	33,515.31
Prepaid Items	350.00	
Total Assets	<u>707,452.21</u>	<u>205,804.80</u>
<u>Liabilities</u>		
Payable to External Parties	<u>544,166.87</u>	<u>205,804.80</u>
Total Liabilities	<u>544,166.87</u>	<u>\$ 205,804.80</u>
<u>Net Position</u>		
Held in Trust for Other Purposes	<u>163,285.34</u>	
Total Net Position	<u>\$ 163,285.34</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, 2018***

	Private-Purpose Trust Funds
<u>Additions</u>	
Contributions from:	
Worthless Check Collection Service Charges	\$ 95,416.01
State Grants	86,145.64
Child Protection	20,910.97
Miscellaneous	12,153.94
Interest	1,339.19
Total Additions	<u>215,965.75</u>
<u>Deductions</u>	
Administrative Expenses	<u>211,434.38</u>
Total Deductions	<u>211,434.38</u>
Change in Net Position	4,531.37
Net Position - Beginning of Year	<u>158,753.97</u>
Net Position - End of Year	<u>\$ 163,285.34</u>

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

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Required Supplementary Information

Schedule of Changes in the Net Pension Liability
For the Year Ended September 30, 2018

	2017	2016
<u>Total pension liability</u>		
Service cost	\$ 575,778	\$ 571,931
Interest	1,898,348	1,850,963
Changes of assumptions		791,993
Differences between expected and actual experience	(678,559)	(156,860)
Benefit payments, including refunds of employee contributions	(1,600,174)	(1,655,588)
Transfers among employees	32,899	(72,363)
Net change in total pension liability	<u>228,292</u>	<u>1,330,076</u>
Total pension liability - beginning	<u>25,294,903</u>	<u>23,964,827</u>
Total pension liability - ending (a)	<u>\$ 25,523,195</u>	<u>\$ 25,294,903</u>
<u>Plan fiduciary net position</u>		
Contributions - employer	\$ 474,411	\$ 490,008
Contributions - employee	458,633	472,044
Net investment income	2,247,975	1,687,444
Benefit payments, including refunds of employee contributions	(1,600,174)	(1,655,588)
Other (Transfers among employers)	32,899	(72,363)
Net change in plan fiduciary net position	<u>1,613,744</u>	<u>921,545</u>
Plan fiduciary net position - beginning	<u>17,873,859</u>	<u>16,952,314</u>
Plan fiduciary net position - ending (b)	<u>\$ 19,487,603</u>	<u>\$ 17,873,859</u>
Commission's net pension liability - ending (a) - (b)	\$ 6,035,592	\$ 7,421,044
Plan fiduciary net position as a percentage of the total pension liability	76.35%	70.66%
Covered payroll (*)	\$ 6,287,957	\$ 6,468,075
Commission's net pension liability as a percentage of covered payroll	95.99%	114.73%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2018, the measurement period is October 1, 2016 through September 30, 2017. 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.

2015		2014	
\$	585,255	\$	629,339
	1,843,476		1,781,498
	(575,119)		
	(1,864,460)		(1,407,771)
	(10,848)		1,003,066
	23,975,675		22,972,609
\$	23,964,827	\$	23,975,675
\$	455,227	\$	461,057
	477,875		485,592
	204,139		1,942,087
	(1,864,460)		(1,407,771)
	13,816		(463,625)
	(713,403)		1,017,340
	17,665,717		16,648,377
\$	16,952,314	\$	17,665,717
\$	7,012,513	\$	6,309,958
	70.74%		73.68%
\$	7,070,841	\$	6,486,284
	99.18%		97.28%

***Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2018***

	2018	2017
Actuarially determined contribution	\$ 507,751	\$ 474,411
Contributions in relation to the actuarially determined contribution (*)	<u>\$ 507,751</u>	<u>\$ 474,411</u>
Contribution deficiency (excess)	\$	\$
Covered payroll (**)	\$ 6,300,941	\$ 6,287,957
Contributions as a percentage of covered payroll	8.06%	7.54%

(*) 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 2018 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2018 were based on the September 30, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	27.6 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8.00%, 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.

2016	2015	2014
\$ 490,008	\$ 455,227	\$ 461,057
\$ 490,008	\$ 455,227	\$ 461,057
\$	\$	\$
\$ 6,468,075	\$ 7,070,841	\$ 6,486,284
7.58%	6.44%	7.11%

***Schedule of Changes in the Employer's
Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2018***

	2018
<u>Total OPEB Liability</u>	
Service cost	\$ 228,356
Interest	316,555
Differences between expected and actual experience	42,786
Changes of assumptions or other inputs	(880,112)
Benefit payments	<u>(386,325)</u>
Net change in total OPEB liability	(678,740)
Total OPEB Liability - Beginning	<u>10,995,705</u>
Total OPEB Liability - Ending	<u><u>\$ 10,316,965</u></u>
Covered-employee payroll	\$ 3,071,588
Net OPEB liability as a percentage of covered-employee payroll	335.88%

Notes to Schedule

Benefit Changes: There were no changes of benefit terms for the year ended September 30, 2018.

Changes in Assumptions: The discount rate as of September 30, 2016, was 2.93% and it changed to 3.57% as of September 30, 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 -
Other Postemployment Benefits (OPEB)
For the Year Ended September 30, 2018***

	2018
Contractually required contribution (*)	\$ 379,370
Contributions in relation to the contractually required contributions	<u>\$ 379,370</u>
Contribution deficiency (excess)	\$
Covered-employee payroll	\$ 3,295,328
Contributions as a percentage of covered-employee payroll	11.51%

(*) Per Actuary Report, there were no actuarially determined contributions (ADC). However, premiums charged to the employer by the Plan are shown here.

Notes to Schedule

Valuation date: September 30,
Actuarially determined contribution
of the fiscal year in which contributions are reported.

Methods and assumptions used to

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Asset valuation method	Market Value
Inflation	2.75% annually
Healthcare Cost Trends:	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020
Salary increases	3.25% - 5.00%
Discount Rate	2.93% annually (Beginning of Year to Determine ADC) 3.57% annually (As of End of Year Measurement Date)
Retirement age	Employees hired prior to January 1, 2008, 25 years of creditable service regardless of age or 10 years of creditable service and over the age of 60 or is determined disabled by the Social Security Administration or the Retirement Systems of Alabama.
Mortality	RP-2000 projected with Scale BB to 2020 with an adjustment factor of 70% for males and 50% for 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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
<u>Revenues</u>			
Taxes	\$ 6,461,192.00	\$ 6,461,192.00	\$ 6,602,530.83
Licenses and Permits	101,000.00	101,000.00	99,083.79
Intergovernmental	1,931,998.04	1,931,998.04	1,941,660.26
Charges for Services	1,502,089.84	1,502,089.84	1,694,706.39
Miscellaneous	205,577.40	212,091.12	631,249.71
Total Revenues	10,201,857.28	10,208,371.00	10,969,230.98
<u>Expenditures</u>			
Current:			
General Government	4,341,902.88	4,398,243.96	4,072,141.47
Public Safety	5,594,503.21	5,919,331.51	5,297,834.25
Highways and Roads			
Health	99,324.15	113,824.15	108,531.64
Welfare	149,926.23	202,021.26	189,532.97
Culture and Recreation		4,000.00	15,228.00
Education		15,000.00	15,000.00
Capital Outlay			189,991.41
Debt Service:			
Principal			
Interest and Fiscal Charges			
Intergovernmental	210,000.00	210,000.00	245,138.48
Total Expenditures	10,395,656.47	10,862,420.88	10,133,398.22
Excess (Deficiency) of Revenues Over Expenditures	(193,799.19)	(654,049.88)	835,832.76
<u>Other Financing Sources (Uses)</u>			
Transfers In	1,061,006.84	1,218,881.84	1,212,919.25
Sale of Capital Assets		37,777.40	37,777.40
Proceeds from Capital Leases			
Transfers Out	(948,913.02)	(1,112,773.02)	(1,044,205.38)
Total Other Financing Sources (Uses)	112,093.82	143,886.22	206,491.27
Net Change in Fund Balances	(81,705.37)	(510,163.66)	1,042,324.03
Fund Balances - Beginning of Year	110,000.00	528,473.29	9,093,803.99
Fund Balances - End of Year	\$ 28,294.63	\$ 18,309.63	\$ 10,136,128.02

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	\$ 2,762,084.82	\$ 9,364,615.65
		99,083.79
(1)	387,794.66	2,329,454.92
(1)	129,649.90	1,824,356.29
(1)	99,716.97	730,966.68
	<u>3,379,246.35</u>	<u>14,348,477.33</u>
(2)	159,014.78	4,231,156.25
(2)	352,007.54	5,649,841.79
(2)	2,007,341.74	2,007,341.74
		108,531.64
		189,532.97
(2)	102,478.89	117,706.89
		15,000.00
(2)	407,951.90	597,943.31
(2)	116,165.82	116,165.82
(2)	3,333.30	3,333.30
		245,138.48
	<u>3,148,293.97</u>	<u>13,281,692.19</u>
	<u>230,952.38</u>	<u>1,066,785.14</u>
(3)	(1,192,903.65)	20,015.60
(3)	147,551.00	185,328.40
(3)	100,017.00	100,017.00
(3)	444,761.09	(599,444.29)
	<u>(500,574.56)</u>	<u>(294,083.29)</u>
	(269,622.18)	772,701.85
(4)	<u>5,190,691.29</u>	<u>14,284,495.28</u>
	<u>\$ 4,921,069.11</u>	<u>\$ 15,057,197.13</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2018***

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		
Park Fund	\$	129,649.90
Public Buildings, Roads, and Bridges Fund		2,610,584.57
Courthouse and Jail Fund		581,862.88
Emergency Management Fund		<u>57,149.00</u>
(2) Expenditures		
Park Fund	\$	(102,478.89)
Public Buildings, Roads, and Bridges Fund		(2,613,168.49)
Courthouse and Jail Fund		(106,446.05)
Emergency Management Fund		<u>(326,200.54)</u>
(3) Other Financing Sources/(Uses), Net		
Park Fund	\$	(27,171.01)
Public Buildings, Roads, and Bridges Fund		(342,455.09)
Courthouse and Jail Fund		(400,000.00)
Emergency Management Fund		<u>269,051.54</u>

Net Change in Fund Balance - Budget to GAAP

- (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.

\$ 3,379,246.35

(3,148,293.97)

(500,574.56)

\$ (269,622.18)

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2018***

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
Revenues			
Intergovernmental	\$ 1,548,913.44	\$ 1,549,612.52	\$ 1,686,133.94
Miscellaneous	500.00	861.35	12,419.85
Total Revenues	<u>1,549,413.44</u>	<u>1,550,473.87</u>	<u>1,698,553.79</u>
Expenditures			
Current:			
Highways and Roads	1,880,413.44	3,544,590.01	1,835,349.95
Capital Outlay			447,280.26
Total Expenditures	<u>1,880,413.44</u>	<u>3,544,590.01</u>	<u>2,282,630.21</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(331,000.00)</u>	<u>(1,994,116.14)</u>	<u>(584,076.42)</u>
Other Financing Sources (Uses)			
Transfers In	331,000.00	362,403.67	366,979.12
Sale of Capital Assets		218,865.00	218,865.00
Transfers Out		(15.00)	(15.00)
Total Other Financing Sources (Uses)	<u>331,000.00</u>	<u>581,253.67</u>	<u>585,829.12</u>
Net Change in Fund Balances		(1,412,862.47)	1,752.70
Fund Balances - Beginning of Year		<u>1,444,266.14</u>	<u>1,444,266.14</u>
Fund Balances - End of Year	<u>\$</u>	<u>\$ 31,403.67</u>	<u>\$ 1,446,018.84</u>

Budget to GAAP Differences	Actual Amounts GAAP Basis
\$	\$ 1,686,133.94
	12,419.85
	<u>1,698,553.79</u>
	1,835,349.95
	447,280.26
	<u>2,282,630.21</u>
	(584,076.42)
	366,979.12
	218,865.00
	(15.00)
	<u>585,829.12</u>
	1,752.70
	<u>1,444,266.14</u>
<u>\$</u>	<u>\$ 1,446,018.84</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Improvement Fund
For the Year Ended September 30, 2018***

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
Revenues			
Intergovernmental	\$ 400,000.00	\$ 400,000.00	\$ 440,638.72
Miscellaneous			56,615.90
Total Revenues	400,000.00	400,000.00	497,254.62
Expenditures			
Current:			
General Government			
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	400,000.00	400,000.00	497,254.62
Net Change in Fund Balances	400,000.00	400,000.00	497,254.62
Fund Balances - Beginning of Year			5,542,087.47
Fund Balances - End of Year	\$ 400,000.00	\$ 400,000.00	\$ 6,039,342.09

Budget to GAAP Differences	Actual Amounts GAAP Basis
\$	\$ 440,638.72
	56,615.90
	<u>497,254.62</u>
	<u>497,254.62</u>
	497,254.62
	<u>5,542,087.47</u>
<u>\$</u>	<u>\$ 6,039,342.09</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - RRR Gasoline Tax Fund
For the Year Ended September 30, 2018***

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
Revenues			
Intergovernmental	\$ 1,670,000.00	\$ 1,690,709.69	\$ 1,766,846.84
Miscellaneous	900.00	100,461.24	127,675.94
Total Revenues	<u>1,670,900.00</u>	<u>1,791,170.93</u>	<u>1,894,522.78</u>
Expenditures			
Current:			
Highways and Roads	1,317,580.41	3,669,941.16	1,725,473.89
Capital Outlay			15,520.00
Total Expenditures	<u>1,317,580.41</u>	<u>3,669,941.16</u>	<u>1,740,993.89</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>353,319.59</u>	<u>(1,878,770.23)</u>	<u>153,528.89</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(353,319.59)</u>	<u>(353,319.59)</u>	<u>(353,319.59)</u>
Total Other Financing Sources (Uses)	<u>(353,319.59)</u>	<u>(353,319.59)</u>	<u>(353,319.59)</u>
Net Change in Fund Balances		(2,232,089.82)	(199,790.70)
Fund Balances - Beginning of Year		<u>2,232,089.82</u>	<u>2,232,089.82</u>
Fund Balances - End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 2,032,299.12</u>

Budget to GAAP Differences	Actual Amounts GAAP Basis
\$	\$ 1,766,846.84
	127,675.94
	<u>1,894,522.78</u>
	1,725,473.89
	15,520.00
	<u>1,740,993.89</u>
	153,528.89
	<u>(353,319.59)</u>
	<u>(353,319.59)</u>
	(199,790.70)
	<u>2,232,089.82</u>
<u>\$</u>	<u>\$ 2,032,299.12</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal Fund
For the Year Ended September 30, 2018***

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
Revenues			
Taxes	\$ 1,026,858.98	\$ 1,026,858.98	\$ 779,359.23
Miscellaneous		4,664.12	18,238.96
Total Revenues	1,026,858.98	1,031,523.10	797,598.19
Expenditures			
Current:			
General Government	1,026,858.98	1,487,340.87	779,009.90
Capital Outlay			18,588.29
Total Expenditures	1,026,858.98	1,487,340.87	797,598.19
Excess (Deficiency) of Revenues Over Expenditures		(455,817.77)	
Net Change in Fund Balances		(455,817.77)	
Fund Balances - Beginning of Year		455,817.77	
Fund Balances - End of Year	\$	\$	\$

Budget to GAAP Differences	Actual Amounts GAAP Basis
-------------------------------	------------------------------

\$	\$ 779,359.23
	18,238.96
	<u>797,598.19</u>

	779,009.90
	18,588.29
	<u>797,598.19</u>

<u>\$</u>	<u>\$</u>
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Additional Information

Commission Members and Administrative Personnel
October 1, 2017 through September 30, 2018

Commission Members		Term Expires
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Hon. James Hutcheson	Chairman	2022
Hon. David Kelley	Commissioner	2020
Hon. R. E. Martin (*)	Commissioner	Deceased
Hon. William Stricklend, III	Commissioner	2018
Hon. Jessie Swords	Commissioner	2018

Administrative Personnel

Shelly Fleisher	County Administrator	Indefinite
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(*) Commissioner R. E. Martin passed away on November 14, 2018.

***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 Marshall County Commission and County Administrator
Guntersville, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Marshall County Commission's basic financial statements and have issued our report thereon dated April 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marshall County Commission's internal control over financial reporting (internal control) to determine the 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 Marshall County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marshall 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 may exist that have not been identified.

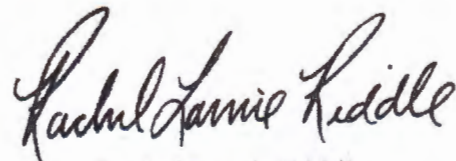
***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshall 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 determination of financial statement amounts. 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

April 29, 2020