



NEW ISSUE – BOOK-ENTRY ONLY

**RATING: S&P: “AA” (stable outlook)
(See “RATING” herein)**

In the opinion of Bond Counsel, under existing law, interest on the Series 2025 Warrants (i) will be excludable from gross income for federal income tax purposes if the Issuer complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2025 Warrants in order that interest thereon be and remain excludable from gross income, and (ii) will not be an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025 Warrants will be exempt from State of Alabama income taxation. See “TAX MATTERS” herein for further information and certain other tax consequences arising with respect to the Series 2025 Warrants.

**\$34,925,000
MARSHALL COUNTY (ALABAMA)
General Obligation Warrants, Series 2025**

Dated: Date of issuance

**Due: November 1, as shown on the
inside cover page**

The Series 2025 Warrants are issuable as fully registered warrants and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, as described more particularly herein. Interest will be payable on the Series 2025 Warrants each May 1 and November 1, beginning November 1, 2025.

The Series 2025 Warrants will constitute general obligations of the Issuer for the payment of which its full faith and credit are irrevocably pledged. For a description of certain risk factors and other considerations involved in an investment in the Series 2025 Warrants, see “RISK FACTORS” and “DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS”.

The Series 2025 Warrants will be subject to redemption prior to their respective maturities as described herein.

FOR MATURITIES, AMOUNTS, RATES, PRICES, YIELDS, AND CUSIP NUMBERS, SEE INSIDE COVER.

The Series 2025 Warrants are offered when, as and if issued, subject to approval of validity by Bond Counsel, Maynard Nexsen PC, Birmingham, Alabama. Certain legal matters will be passed on for the Issuer by its counsel, Wilmer & Lee, P.A., Arab, Alabama. It is expected that the Series 2025 Warrants in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about September 18, 2025.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

RAYMOND JAMES®

The date of this Official Statement is August 27, 2025.

\$34,925,000

**MARSHALL COUNTY (ALABAMA)
General Obligation Warrants, Series 2025**

MATURITIES, AMOUNTS, RATES, PRICES, YIELDS, AND CUSIP NUMBERS

Maturity	Principal Amount	Interest Rate	Yield	CUSIP**	Maturity	Principal Amount	Interest Rate	Yield	CUSIP**
2026	\$195,000	5.000%	2.400%	572002 GK3	2036	\$995,000	5.000%	3.830%*	572002 GV9
2027	205,000	5.000	2.440	572002 GL1	2037	1,045,000	5.000	3.970*	572002 GW7
2028	220,000	5.000	2.470	572002 GM9	2038	1,100,000	5.000	4.080*	572002 GX5
2029	230,000	5.000	2.540	572002 GN7	2039	1,155,000	5.000	4.190*	572002 GY3
2030	240,000	5.000	2.680	572002 GP2	2040	1,210,000	4.250	4.450	572002 GZ0
2031	255,000	5.000	2.880	572002 GQ0	2041	1,265,000	4.375	4.570	572002 HA4
2032	815,000	5.000	3.080	572002 GR8	2042	1,320,000	4.500	4.690	572002 HB2
2033	855,000	5.000	3.230	572002 GS6	2043	1,385,000	4.500	4.770	572002 HC0
2034	900,000	5.000	3.450	572002 GT4	2044	1,450,000	4.750	4.840	572002 HD8
2035	945,000	5.000	3.640*	572002 GU1	2045	1,520,000	4.750	4.900	572002 HE6

\$6,870,000 4.875% Term Warrants maturing on November 1, 2049 (Yield: 5.010%), CUSIP No. 572002 HF3

\$10,750,000 5.000% Term Warrants maturing on November 1, 2054 (Yield: 5.016%), CUSIP No. 572002 HG1

* The yield on these Series 2025 Warrants was computed to the May 1, 2035 optional redemption date.

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MARSHALL COUNTY (ALABAMA)

MARSHALL COUNTY COMMISSION

John Young, Chairman
Joey Baker
Ronny Shumate
James R. Watson
Lee Sims

COUNTY ADMINISTRATOR

Ashleigh Bubbett

COUNSEL FOR THE COUNTY

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Birmingham, Alabama

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OFFICIAL STATEMENT

Regarding
\$34,925,000
GENERAL OBLIGATION WARRANTS, SERIES 2025
of
MARSHALL COUNTY (ALABAMA)

INTRODUCTION

General

This Official Statement is furnished in connection with the issuance of the Series 2025 Warrants referred to above (the “Series 2025 Warrants”) by Marshall County (the “Issuer”).

The Issuer is a political subdivision of the State of Alabama. The Series 2025 Warrants will be issued pursuant to a resolution (the “Warrant Resolution”) adopted by the governing body of the Issuer.

The Series 2025 Warrants will constitute general obligations of the Issuer for the payment of which its full faith and credit are irrevocably pledged. See “SECURITY AND SOURCE OF PAYMENT”.

For information regarding the tax treatment of the Series 2025 Warrants, see “TAX MATTERS”.

The Series 2025 Warrants are being issued for the purpose of (i) financing various capital improvements to the jail facilities of the Issuer and (ii) paying the costs of issuing the Series 2025 Warrants. See “THE PLAN OF FINANCING”.

The Series 2025 Warrants are subject to optional and mandatory redemption at the times and under the circumstances set forth herein. See “DESCRIPTION OF THE SERIES 2025 WARRANTS - Redemption Prior to Maturity”. The Series 2025 Warrants are being offered in the denomination of \$5,000 or any multiple thereof and may be transferred and exchanged subject to certain terms and conditions set forth herein. See “DESCRIPTION OF THE SERIES 2025 WARRANTS”.

For a description of certain risk factors and other considerations involved in an investment in the Series 2025 Warrants, see “RISK FACTORS” and “DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS”.

The Issuer has covenanted to undertake certain continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE”.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This introduction contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Changes to the Preliminary Official Statement

The Issuer previously distributed a Preliminary Official Statement dated August 13, 2025. The Preliminary Official Statement omitted selling compensation, delivery dates, and certain other information dependent on pricing of the Series 2025 Warrants. Further, for purposes of the Preliminary Official Statement, offering prices, interest rates, aggregate principal amount, principal amount per maturity, and certain other information dependent on pricing of the Series 2025 Warrants was estimated. Actual information dependent on pricing is reflected in this final Official Statement. Other than information dependent on pricing, no information in this final Official Statement differs from the information contained in the Preliminary Official Statement.

GLOSSARY OF TERMS USED IN OFFICIAL STATEMENT

Certain capitalized terms used frequently in this Official Statement are defined in this section of the Official Statement.

“**Improvements**” means the municipal capital improvements being financed with proceeds of the Series 2025 Warrants.

“**Internal Revenue Code**” means the Internal Revenue Code of 1986, as amended.

“**Issuer**” means Marshall County, a political subdivision of the State of Alabama.

“**Paying Agent**” means Regions Bank, which is the paying agent and registrar for the Series 2025 Warrants.

“**Series 2025 Warrants**” means the Issuer’s General Obligation Warrants, Series 2025, which are being offered by this Official Statement.

“**Warrant Resolution**” means the resolution and order adopted by the governing body of the Issuer authorizing the issuance of the Series 2025 Warrants.

DESCRIPTION OF THE SERIES 2025 WARRANTS

General Provisions

The Series 2025 Warrants will be fully registered warrants in the denomination of \$5,000 or any multiple thereof, will be dated the date of their issuance and will be numbered separately from 1 upward.

The Series 2025 Warrants will mature on November 1 in the amounts and years set forth on the inside cover page hereof. The Series 2025 Warrants will bear interest at the applicable per annum rates set forth on the inside cover page hereof. All Series 2025 Warrants with the same maturity will bear interest at the same rate. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest on the Series 2025 Warrants will be payable on each May 1 and November 1, beginning November 1, 2025.

Method and Place of Payment

The Series 2025 Warrants will be issued in book-entry only form, as described below under “Book-Entry Only System”, and the method and place of payment will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the book-entry only system for the Series 2025 Warrants is discontinued.

Payment of interest due on each interest payment date will be made by check or draft mailed on such interest payment date to the persons who were registered holders of the Series 2025 Warrants on the regular record date for such interest payment date, which will be the 15th day of the month preceding such interest payment date. Payment of the principal of (and premium, if any, on) the Series 2025 Warrants and payment of accrued interest due upon redemption on any date other than an interest payment date will be made only upon surrender of the Series 2025 Warrants at the principal office of the Paying Agent (Regions Bank) in Birmingham, Alabama.

The holder of Series 2025 Warrants in an aggregate principal amount of \$100,000 or more may, upon the terms and conditions of the Warrant Resolution, request payment of debt service by wire transfer to an account of such holder maintained at a bank in the continental United States or by any other method providing for payment in same-day funds that is acceptable to the Paying Agent.

Redemption Prior to Maturity

Optional Redemption. Series 2025 Warrants maturing on November 1, 2035 or thereafter, or any smaller principal amount of such Series 2025 Warrants that is a multiple of the smallest authorized denomination, may be

redeemed at the option of the County on May 1, 2035 or any date thereafter at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

Mandatory Redemption of 2049 Term Warrants. The Series 2025 Warrants maturing on November 1, 2049 (the “2049 Term Warrants”) are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date, on November 1, in years and amounts (after credits as provided below) as follows:

Year	Amount
2046	\$1,595,000
2047	1,675,000
2048	1,755,000

\$1,845,000 of the 2049 Term Warrants
will be retired at maturity

Not less than 45 or more than 60 days prior to each mandatory redemption date with respect to 2049 Term Warrants, the Paying Agent shall proceed to select for redemption, by lot, 2049 Term Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2049 Term Warrants or portions thereof for redemption on such mandatory redemption date. The Issuer may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the 2049 Term Warrants scheduled for redemption on such date: (i) the principal amount of 2049 Term Warrants delivered by the Issuer to the Paying Agent for cancellation and not previously claimed as a credit; (ii) the principal amount of 2049 Term Warrants previously redeemed (other than 2049 Term Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit; and (iii) the principal amount of 2049 Term Warrants otherwise deemed paid in full and not previously claimed as a credit.

Mandatory Redemption of 2054 Term Warrants. The Series 2025 Warrants maturing on November 1, 2054 (the “2054 Term Warrants”) are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date, on November 1, in years and amounts (after credits as provided below) as follows:

Year	Amount
2050	\$1,940,000
2051	2,040,000
2052	2,145,000
2053	2,255,000

\$2,370,000 of the 2054 Term Warrants
will be retired at maturity

Not less than 45 or more than 60 days prior to each mandatory redemption date with respect to 2054 Term Warrants, the Paying Agent shall proceed to select for redemption, by lot, 2054 Term Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2054 Term Warrants or portions thereof for redemption on such mandatory redemption date. The Issuer may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the 2054 Term Warrants scheduled for redemption on such date: (i) the principal amount of 2054 Term Warrants delivered by the Issuer to the Paying Agent for cancellation and not previously claimed as a credit; (ii) the principal amount of 2054 Term Warrants previously redeemed (other than 2054 Term Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit; and (iii) the principal amount of 2054 Term Warrants otherwise deemed paid in full and not previously claimed as a credit.

Other Matters Related to Redemption Prior to Maturity. Except in the case of mandatory redemption of Term Warrants, if less than all Series 2025 Warrants outstanding are to be redeemed, the particular Series 2025 Warrants to be redeemed may be specified by the Issuer by written notice to the Paying Agent, or, in the absence of timely receipt by the Paying Agent of such notice, shall be selected by the Paying Agent by lot or by such other method as the Paying Agent shall deem fair and appropriate; provided, however, that (i) the principal amount of Series 2025 Warrants of each maturity to be redeemed must be a multiple of the smallest authorized denomination of Series 2025 Warrants, and (ii) if less than all Series 2025 Warrants with the same stated maturity are to be redeemed, the Series 2025 Warrants of such maturity to be redeemed shall be selected by lot by the Paying Agent.

Any redemption will be made upon at least 30 days' notice by first-class mail to the holders of Series 2025 Warrants to be redeemed. A notice of optional redemption may state that the redemption of Series 2025 Warrants is contingent upon specified conditions such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem Series 2025 Warrants (or portions thereof) identified in such notice.

If a trust is established for payment of less than all Series 2025 Warrants of a particular maturity, the Series 2025 Warrants of such maturity to be paid from the trust shall be selected by the Paying Agent within 7 days after such trust is established and shall be identified by a separate CUSIP number or other designation satisfactory to the Paying Agent. The Paying Agent shall notify holders whose Series 2025 Warrants (or portions thereof) have been selected for payment from such trust and shall direct such holders to surrender their Series 2025 Warrants to the Paying Agent in exchange for Series 2025 Warrants with the appropriate designation.

Upon any partial redemption of a Series 2025 Warrant, such Series 2025 Warrant shall be surrendered to the Paying Agent in exchange for one or more new Series 2025 Warrants in authorized form for the unredeemed portion of principal.

Any Series 2025 Warrant (or portion thereof) which is to be redeemed must be surrendered to the Paying Agent for payment of the redemption price. Series 2025 Warrants (or portions thereof) duly called for redemption will cease to bear interest after the redemption date, unless the Issuer defaults in payment of the redemption price.

Registration and Exchange

The Series 2025 Warrants will be issued in book-entry only form, as described below under "Book-Entry Only System", and the method for registration and exchange of the Series 2025 Warrants will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the book-entry only system for the Series 2025 Warrants is discontinued.

The Series 2025 Warrants are transferable only on the warrant register maintained at the principal office of the Paying Agent. Upon surrender of a Series 2025 Warrant to be transferred, properly endorsed, a new Series 2025 Warrant will be issued to the designated transferee.

The Series 2025 Warrants will be issued in denominations of \$5,000 or any multiple thereof and, subject to the provisions of the Warrant Resolution, may be exchanged for a like aggregate principal amount of Series 2025 Warrants, of any authorized denominations and of the same maturity, as requested by the holder surrendering the same.

No service charge shall be made for any transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Provision for Payment

The Series 2025 Warrants shall, prior to the maturity or redemption date thereof, be deemed to have been paid if the Paying Agent is provided with, among other things, (1) a trust agreement between the Issuer and any bank or other financial institution having corporate trust powers making provision for the retirement of such Series 2025 Warrants by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of such Series 2025 Warrants, which said trust fund shall consist of federal securities, cash, or both federal securities and cash and (2) evidence satisfactory to the Paying Agent that, if the principal of and the interest on the investments

(if any) forming part of the trust fund provided for in the trust agreement are paid on the respective due dates of such principal and interest, said trust fund will produce funds sufficient to provide for the full payment and retirement of such Series 2025 Warrants. At such time as the Series 2025 Warrants shall be deemed paid as aforesaid, they shall no longer be secured by or entitled to the benefits of the Warrant Resolution, except for the purpose of any payment from such cash and/or federal securities deposited with the Paying Agent and for the purpose of transfer and exchange as provided in the Warrant Resolution.

Book-Entry Only System

The Series 2025 Warrants are issuable as fully registered warrants and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, to which debt service payments on the Series 2025 Warrants will be made so long as Cede & Co. is the registered owner of the Series 2025 Warrants. Individual purchases of the Series 2025 Warrants will be made in book-entry only form, and individual purchasers (“Beneficial Owners”) of the Series 2025 Warrants will not receive physical delivery of bond certificates.

So long as DTC or its nominee is the registered owner of the Series 2025 Warrants, disbursement of debt service payments to DTC is the responsibility of the Paying Agent, disbursement of debt service payments to DTC Participants is the responsibility of DTC, and disbursement of debt service payments to the Beneficial Owners is the responsibility of DTC Participants or Indirect Participants as more fully described herein.

For more details on DTC and the book-entry only system, see Appendix C to this Official Statement.

Authority for Issuance

The Series 2025 Warrants are being issued under the authority of the constitution and laws of the State of Alabama, including particularly Chapter 28 of Title 11 of the Code of Alabama (1975).

SECURITY AND SOURCE OF PAYMENT

General

The Series 2025 Warrants will be general obligations of the Issuer, for the payment of which the full faith and credit of the Issuer will be irrevocably pledged on an equal and proportionate basis of payment with all present and future general obligation indebtedness of the Issuer and subject to the prior payment of the necessary and reasonable expenses of operating the Issuer. Revenues available to the Issuer for payment of debt service on the Series 2025 Warrants include ad valorem taxes, sales and business license taxes and other general fund revenues. **None of such legally available revenues are, however, specially pledged for payment of debt service on the Series 2025 Warrants. Information describing certain taxes and other revenues of the Issuer is set forth in Appendix A to this Official Statement under the caption “FINANCIAL SYSTEM - Description of Major Sources of General Fund Revenues”.**

Limited Taxing Authority of Issuer

The Issuer does not have general taxing authority.

The Issuer may, only upon authorization by and compliance with a general or local act of the Legislature of Alabama, levy a new ad valorem, privilege license, or other, tax for the general purposes of the Issuer.

The Issuer may increase the rate of an existing ad valorem tax only upon authorization by local act of the Legislature of Alabama and the vote in favor thereof of a majority of the qualified electors of the Issuer voting at an election therefor.

Law-Imposed Requirement on Use of General Fund Revenues of Issuer

Pursuant to Alabama common law, all revenues of the Issuer available for general public purposes (and not dedicated by law to a specific purpose) are subject to the law-imposed requirement that, if necessary, there must first

be paid from such revenues the legitimate and necessary governmental expenses of operating the Issuer, prior to the payment of principal of or interest on contractual agreements or obligations of the Issuer, including without limitation the Series 2025 Warrants.

Remedies

The County Administrator and Treasurer of the Issuer are, under existing law, subject to mandamus in the event that such officer(s) has money available for payment of debt service on the Series 2025 Warrants and does not apply such money as and to the extent provided in the Warrant Resolution. Rights of the holders of the Series 2025 Warrants and the enforceability thereof may also be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases, including the law-imposed requirement that the Issuer may first use its taxes and other revenues to pay the expenses of providing necessary governmental services before paying debt service on the Series 2025 Warrants.

The United States Bankruptcy Code

The rights and remedies of the registered owners of the Series 2025 Warrants are subject to the provisions of Title 11 of the United States Code (Bankruptcy) (the "Federal Bankruptcy Code").

Alabama law currently authorizes the Issuer to file a petition for relief under the Federal Bankruptcy Code in the United States District Court for the district in which the Issuer is located, if it is insolvent or unable to meet its debts as they mature and it desires to effect a plan to adjust its debts (provided, a District Court may refer the bankruptcy to the United States Bankruptcy Court within such district).

Under the Federal Bankruptcy Code, the filing of such a petition operates as an "automatic" stay of the commencement or the continuation of any judicial or other proceeding against the petitioner, its property or any officer or inhabitant of the petitioner. Bankruptcy proceedings by the Issuer could have material adverse effects on registered owners of the Series 2025 Warrants, including (i) delay in the enforcement of remedies; (ii) subordination of claims to claims of those supplying goods and services to the Issuer after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings or to other claims of creditors of the Issuer; (iii) subordination of liens; (iv) avoidance of liens or preferential transfers; (v) the issuance, with the approval of the Court, of certificates of indebtedness having priority over pre-existing obligations; and (vi) imposition without their consent of a reorganization plan reducing or delaying or extinguishing payment on the Series 2025 Warrants.

Investment Risks

The purchase of the Series 2025 Warrants involves certain risks. See "RISK FACTORS" hereinafter.

THE PLAN OF FINANCING

The Series 2025 Warrants are being issued for the purpose of (i) financing the acquisition and construction of a new jail facility of the Issuer and (ii) paying the costs of issuing the Series 2025 Warrants. The Issuer, however, has reserved the right under the Warrant Resolution to use the proceeds of the Series 2025 Warrants for other legally permissible purposes.

SOURCES AND USES OF FUNDS

The expected sources and uses of funds for the plan of financing are as follows:

Sources of Funds

Principal amount of Series 2025 Warrants	\$34,925,000.00
Plus: net original issue premium	<u>530,797.60</u>
Total	<u>\$35,455,797.60</u>

Uses of Funds

Improvements.....	35,238,322.60
Expenses of issuance (including underwriter's discount, legal, accounting and other issuance expenses)	<u>217,475.00</u>
Total	<u>\$35,455,797.60</u>

DEBT SERVICE REQUIREMENTS

The following table contains debt service requirements on the Series 2025 Warrants. For a description of the debt service requirements on all general obligation indebtedness of the Issuer, see “DEBT MANAGEMENT—Debt Service Requirements on General Obligation Debt” in Appendix A.

Fiscal Year Ending September 30	Principal⁽¹⁾	Interest	Total
2026	-	\$1,052,889	\$1,052,889
2027	\$195,000	1,694,856	1,889,856
2028	205,000	1,684,856	1,889,856
2029	220,000	1,674,231	1,894,231
2030	230,000	1,662,981	1,892,981
2031	240,000	1,651,231	1,891,231
2032	255,000	1,638,856	1,893,856
2033	815,000	1,612,106	2,427,106
2034	855,000	1,570,356	2,425,356
2035	900,000	1,526,481	2,426,481
2036	945,000	1,480,356	2,425,356
2037	995,000	1,431,856	2,426,856
2038	1,045,000	1,380,856	2,425,856
2039	1,100,000	1,327,231	2,427,231
2040	1,155,000	1,270,856	2,425,856
2041	1,210,000	1,216,269	2,426,269
2042	1,265,000	1,162,884	2,427,884
2043	1,320,000	1,105,513	2,425,513
2044	1,385,000	1,044,650	2,429,650
2045	1,450,000	979,050	2,429,050
2046	1,520,000	908,513	2,428,513
2047	1,595,000	833,534	2,428,534
2048	1,675,000	753,828	2,428,828
2049	1,755,000	670,222	2,425,222
2050	1,845,000	582,472	2,427,472
2051	1,940,000	489,000	2,429,000
2052	2,040,000	389,500	2,429,500
2053	2,145,000	284,875	2,429,875
2054	2,255,000	174,875	2,429,875
2055	2,370,000	59,250	2,429,250
TOTAL:	\$34,925,000	\$33,314,436	\$68,239,436

(1) For purposes of this table the principal amount of Series 2025 Warrants to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year.

THE ISSUER

Marshall County is a political subdivision of the State of Alabama. For information on Marshall County, see “Appendix A – Information on Marshall County”.

LITIGATION RELATING TO THE SERIES 2025 WARRANTS

There is no litigation pending or, to the knowledge of the Issuer, threatened questioning the validity of the Series 2025 Warrants, the proceedings under which they are to be issued, the security for the Series 2025 Warrants provided by the Warrant Resolution, the consummation of the transactions contemplated by the Warrant Resolution, the organization of the Issuer, or the election or qualification of the Issuer's officers. For certain additional information concerning litigation relating to the Issuer, see Appendix A.

RISK FACTORS

General

An investment in the Series 2025 Warrants involves certain risks which should be carefully considered by investors. The sufficiency of revenues to pay debt service on the Series 2025 Warrants may be affected by events and conditions relating to, among other things, population and employment trends and economic conditions in the Issuer, the nature and extent of which are not presently determinable.

Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Series 2025 Warrants are an appropriate investment for them.

The risk factors discussed herein should be considered in evaluating the Issuer's ability to make payments of the principal of and interest due on the Series 2025 Warrants. This discussion of risk factors is not intended to be exhaustive and should be read in conjunction with all other parts of this Official Statement, including Appendix A hereto.

Financial Ability of Issuer to Pay Warrants

The sufficiency of funds of the Issuer to pay the principal of and interest on the Series 2025 Warrants when due may be affected by events and conditions relating generally to, among other things, population trends and economic developments in and around the Issuer and the overriding and prior expenses of operating the Issuer and providing governmental services by the Issuer, the exact nature and extent of all of which are not presently determinable.

Prospective purchasers of the Series 2025 Warrants must read and understand the information set forth hereinbefore under "SECURITY AND SOURCE OF PAYMENT."

Limitations on Rights of Holders of the Series 2025 Warrants/Limitations on Issuer Revenue Increases

Holders of the Series 2025 Warrants should be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

Pursuant to Alabama law, all revenues of the Issuer available for general purposes (and not dedicated or levied pursuant to law for a specific purpose) are subject to the law-imposed requirement that, if necessary, there must first be paid from such revenues the legitimate and necessary governmental expenses of operating the Issuer, prior to the payment therefrom of the principal of or interest on contractual obligations of the Issuer, including without limitation payment of debt service on the Series 2025 Warrants.

Holders of the Series 2025 Warrants also should be aware that, under present law, the rates at which Alabama property taxes are levied may be increased only after approval by the legislature and a majority vote of the qualified electors of the affected jurisdiction, and that, under applicable judicial precedents, neither Alabama general sales and use taxes nor Alabama business license taxes may be levied at rates that are confiscatory or unreasonable. Additional information on these limitations on the Issuer's power to increase its revenues is set forth in Appendix A of this Official Statement under the captions "FINANCIAL SYSTEM OF THE ISSUER" and "AD VALOREM TAXATION".

Remedies

The Warrant Resolution authorizes and directs the County Administrator and Treasurer to (i) deposit into the warrant fund for the Series 2025 Warrants in each fiscal year revenues of the Issuer in amounts sufficient to pay the principal of and interest on the Series 2025 Warrants becoming due and payable in such fiscal year and (ii) apply the amounts in the warrant fund to the payment in full when due of the principal of and interest on the Series 2025 Warrants. The County Administrator and Treasurer are, under existing law and as provided in the Warrant Resolution, subject to mandamus, in the discretion of a court of competent jurisdiction and upon compliance with statutory requirements therefor, in the event that such officer has money available for payment of principal of and interest on the Series 2025 Warrants and does not apply such money as and to the extent provided in the Warrant Resolution.

Prospective purchasers of the Series 2025 Warrants should assume (i) that the Series 2025 Warrants (like most securities that are issued as a medium for investment) are not considered “negotiable instruments” within the meaning of Article 3 of the Alabama Uniform Commercial Code or “financial assets” or “securities” within the meaning of Article 8 of the Alabama Uniform Commercial Code, and (ii) that a purchaser, transferee and other registered owner of a Series 2025 Warrant therefore may not be able to acquire the rights and remedies provided by Article 3 to a “holder in due course” to the extent provided by Article 3 or the rights and remedies provided by Article 8 to a “purchaser” or “bona fide purchaser” to the extent provided by Article 8.

The extent of the remedies available to the Holders of the Series 2025 Warrants for the enforcement of the obligations of the Issuer under the Warrant Resolution are subject to, and may be limited or substantially delayed by, (i) the provisions of Alabama law which exempt public property from levy and sale; (ii) the exercise of judicial discretion in appropriate cases, including without limitation with respect to the availability and application of equitable remedies; (iii) the enforcement of the law-imposed requirement that the Issuer pay the necessary operating expenses of the Issuer prior to the payment of indebtedness, as described under “SECURITY AND SOURCE OF PAYMENT” hereinbefore; (iv) the valid exercise of the constitutional powers of the United States of America and the sovereign and police powers of the State of Alabama; (v) the application of bankruptcy, insolvency and similar laws affecting creditors’ rights (see “The United States Bankruptcy Code” hereinafter); and (vi) litigation and statutory remedy procedures.

The United States Bankruptcy Code

Information describing the applicability of the United States Bankruptcy Code to the Issuer and the Series 2025 Warrants is set forth in this Official Statement under the caption “SECURITY AND SOURCE OF PAYMENT”.

Cybersecurity

Despite the implementation of network security measures by the Issuer, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins, and other similar events or issues. State and local governments have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the Issuer’s ability to provide a continuity of services. Any breach or cyberattack that compromises data could result in negative press and substantial fines or penalties for violation of privacy laws. Despite efforts of the Issuer, no assurances can be given that the Issuer’s measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the Issuer.

Qualification of Legal Opinions

The various legal opinions to be delivered concurrently with delivery of the Series 2025 Warrants (1) will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally and (2) will express the professional judgment of the attorneys rendering the opinions as

to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

Public Health Epidemics or Outbreaks

The outbreak of COVID-19, a respiratory disease caused by a novel strain of coronavirus, has been declared a pandemic by the World Health Organization. Since its discovery in late 2019, it has spread globally, including throughout the United States. In the United States, there has been a focus on containing COVID-19 by prohibiting non-essential travel and limiting person-to-person contact. Throughout 2020 and 2021, states and local governments issued “stay at home” and “shelter in place” orders, which limited businesses and activities to essential functions.

The extent to which the coronavirus or other public health epidemics or outbreaks impact the Issuer’s operations and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, the extent of future outbreaks, and the actions to contain the outbreaks. Such public health epidemics or outbreaks in the United States could have a material adverse effect on the Issuer’s operations and its financial condition, including a negative impact on the revenues available to the Issuer to pay debt service on the Series 2025 Warrants.

Inclement Weather

The geographical location of the Issuer within the Southeastern United States and the seasonal climate thereof makes the properties within the Issuer, and in the surrounding trade area of the Issuer, vulnerable to extreme damage from wind, storms, and flooding as a result of tornadoes and other weather-related events. The Issuer understands that property and flood insurance is increasingly expensive and difficult to obtain and that state and federal financial assistance with respect to economic recovery efforts after a major storm may not be provided or may not be provided in the amounts provided heretofore. The reduction or absence of sufficient private and public funds for disaster relief and recovery and reconstruction of property and re-establishment of businesses following a major storm could result in permanent reductions in levels of population, and economic activity, and thus would have a direct, material, adverse and permanent effect upon the ability of the Issuer to make due and punctual payment of the principal of and interest on general obligation indebtedness of the Issuer, including without limitation the Series 2025 Warrants.

Tax-Exempt Status of Series 2025 Warrants

It is expected that the Series 2025 Warrants will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance. See “TAX MATTERS”. It is anticipated that Bond Counsel will render an opinion substantially in the form attached hereto as Appendix D, which should be read in its entirety for a complete understanding of the scope of the opinions and the conclusions expressed therein. A legal opinion expresses the professional judgment of the attorney rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The tax status of the Series 2025 Warrants could be affected by post-issuance events. There are various requirements of the Internal Revenue Code of 1986, as amended, that must be observed or satisfied after the issuance of the Series 2025 Warrants in order for the Series 2025 Warrants to qualify for, and retain, tax-exempt status. These requirements include appropriate use of the proceeds of the Series 2025 Warrants, use of the facilities financed by the Series 2025 Warrants, investment of warrant proceeds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of the Issuer.

The Internal Revenue Service conducts an audit program to examine compliance with the requirements regarding tax-exempt status. Under current IRS procedures, in the initial stages of an audit with respect to the Series 2025 Warrants, the Issuer would be treated as the taxpayer, and the owners of the Series 2025 Warrants may have

limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2025 Warrants could adversely affect the market value and liquidity of the Series 2025 Warrants, even though no final determination about the tax-exempt status has been made. If an audit results in a final determination that the Series 2025 Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2025 Warrants.

In addition to post-issuance compliance, a change in law after the date of issuance of the Series 2025 Warrants could affect the tax-exempt status of the Series 2025 Warrants or the effect of investing in the Series 2025 Warrants. For example, the United States Congress could eliminate or limit the exemption for interest on the Series 2025 Warrants, or it could reduce or eliminate the federal income tax, or it could adopt a so-called flat tax. It cannot be predicted whether or in what form any such change in law may be enacted or whether, if enacted, any such change in law would apply to the Series 2025 Warrants.

The Warrant Resolution does not require the Issuer to redeem the Series 2025 Warrants and does not provide for the payment of any additional interest or penalty if a determination is made that the Series 2025 Warrants do not comply with the existing requirements of the Internal Revenue Code of 1986, as amended, or if a subsequent change in law adversely affects the tax-exempt status of the Series 2025 Warrants or the effect of investing in the Series 2025 Warrants.

Legislative Changes Affecting Tax Status of the Series 2025-A Warrants

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, to alter certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2025 Warrants. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2025 Warrants. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2025 Warrants and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2025 Warrants. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2025 Warrants. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2025 Warrants. Prospective purchasers of the Series 2025 Warrants should consult their own tax advisors as to the tax consequences of owning the Series 2025 Warrants in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Communication with, and Payments to, the Beneficial Owners under Book-Entry System

The Issuer, the Paying Agent and the Underwriter cannot and do not give any assurances that any Direct or Indirect Participant will distribute to the Beneficial Owners of the Series 2025 Warrants (1) payments of principal or redemption price, premium, if any, or interest on, the Series 2025 Warrants, (2) certificates representing an ownership interest or other confirmation of beneficial ownership interests in Series 2025 Warrants, or (3) redemption or other notices sent to the Securities Depository or Cede & Co., as the registered owner of the Series 2025 Warrants, or that they will do so on a timely basis or that the Securities Depository or Cede & Co., any Direct or Indirect Participant will serve and act in the manner described in this Official Statement. All such payments to the Securities Depository or Cede & Co. of principal, interest, or redemption price on behalf of the Issuer and the Paying Agent shall be valid and effectual to satisfy and discharge the liability of the Issuer and the Paying Agent to the extent of the amounts so paid, and the Issuer and the Paying Agent shall not be responsible or liable for payment to any Beneficial Owner by the Securities Depository or any Direct or Indirect Participant.

The Issuer, the Paying Agent and the Underwriter will not have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by the Securities Depository or any Direct Participant or Indirect Participant; (2) the payment by the Securities Depository, any Direct Participant or Indirect Participant, of any amount due to any Beneficial Owner in respect of the principal or redemption price, premium, if any, and interest on the Series 2025

Warrants; (3) the delivery or timeliness of delivery by the Securities Depository, any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Warrant Resolution to be given to Beneficial Owners; or (4) any consent given or other action taken by the Securities Depository or Cede & Co., as owner.

Tort Liability

Municipalities and counties in Alabama may be liable for damages for injuries to persons and property resulting from their negligence in the performance of governmental functions.

Court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama. However, Chapter 93 of Title 11 of the Code of Alabama 1975, as amended, now prescribes certain maximum limits on the liability of local governmental units (such as the Issuer) for bodily injury, sickness, disease or death sustained by a person and for injury or destruction of tangible property. These limits are presently \$100,000 in the case of bodily injury or death of one person in any single occurrence, \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and \$100,000 in the case of property damage arising out of a single occurrence. The Supreme Court of Alabama in 1993 affirmed the constitutionality of Chapter 93, as applied to municipalities and counties, in a case involving a claim that Chapter 93 violates the “right to trial by jury” guaranteed by the Alabama Constitution. (The Court had previously indicated that there is no statutory “aggregate limit,” under Chapter 93, with respect to causes of action for property damage arising out of a single occurrence comparable to that specified for personal injury or death claims.)

Prospective purchasers of the Series 2025 Warrants should assume that the liability limitations of Chapter 93 are not applicable to causes of action under Section 1983 of Title 42 of the United States Code. Counties, municipalities and other local governmental units throughout the country have been increasingly subjected to lawsuits - many of which claim damages in large amounts - for alleged denials of civil rights under the provisions of Section 1983. In 1998 the United States Supreme Court held that local legislators (such as the members of the Issuer Commission) are absolutely immune from liability under Section 1983 for their legislative activities. Although applicable Federal statutes (specifically, Section 1988 of Title 42 of the United States Code) generally permit the prevailing party in any Section 1983 action to receive, in the court’s discretion, an award of attorney’s fees and expenses in addition to monetary damages and other relief, the United States Supreme Court, in 1995, held that Section 1988 does not authorize the award of attorney’s fees and expenses in a Section 1983 case if no relief under Section 1983 is granted.

As a result of certain decisions of the Supreme Court of the United States, counties, municipalities and other local governmental units in the United States have also been subjected to litigation alleging violations of Federal antitrust laws, to which (prior to such decisions) it was not considered that local governments were generally subject. However, currently effective Federal law generally provides that no damages, interest on damages, costs or attorney’s fees - i.e., no monetary relief - may be recovered from any local government, or any official or employee thereof acting in an official capacity, in any action arising under the antitrust laws.

The United States Supreme Court has held that compensation must be paid for the time during which a regulatory measure, held to be a “taking” of private property, is in effect - even though the regulatory measure is invalidated by a court and subsequently repealed by the enacting authority. The United States Supreme Court has also held that a dedication of private property for public use, required by a city as a condition to the grant of a building permit to the owner of the private property in question, was an uncompensated “taking” of private property (in violation of the Fifth Amendment to the United States Constitution) where the condition imposed by the city was not “roughly proportional,” in nature and extent, to the projected impact of the proposed development. The United States Supreme Court has also recently held that an owner of real property may challenge the validity of an alleged “taking” of his property pursuant to a regulatory measure that was enacted before the owner acquired such property. The full scope and implications of these rulings cannot now be accurately predicted or determined.

Secondary Market

If and when a Warrantholder elects to sell a Series 2025 Warrant prior to its maturity, there is no assurance that a market shall have been established, maintained and be in existence for the sale of such Series 2025 Warrant subsequent to its issuance.

Downgrade or Withdrawal of Rating

The downgrade or withdrawal of the rating of the Series 2025 Warrants may have an adverse effect on the market value of the Series 2025 Warrants.

LEGAL MATTERS

The legality and validity of the Series 2025 Warrants will be approved by Bond Counsel, Maynard Nexsen PC, Birmingham, Alabama. Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Series 2025 Warrants have been authorized to be issued, and rendering an opinion in conventional form as to the validity and legality of the Series 2025 Warrants and the exemption of interest thereon from federal and State of Alabama income taxes.

It is anticipated that Bond Counsel will render an opinion substantially in the form attached hereto as Appendix D. In connection with the rendering of such opinion, Bond Counsel is serving as counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by its counsel, Wilmer & Lee, P.A.

The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Warrants express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

General

In the opinion of Bond Counsel, under existing law, interest on the Series 2025 Warrants will be excludable from gross income for federal income tax purposes if the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), that must be satisfied subsequent to the issuance of the Series 2025 Warrants in order that interest thereon be and remain excludable from gross income. Failure to comply with certain of such requirements could cause the interest on the Series 2025 Warrants to be included in gross income, retroactive to the date of issuance of the Series 2025 Warrants. The Issuer has covenanted to comply with all such requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025 Warrants will not be an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Series 2025 Warrants may be taken into account for purposes of the alternative minimum tax imposed on applicable corporations pursuant to Section 55(b)(2) of the Internal Revenue Code, as amended by the Inflation Reduction Act of 2022.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 2025 Warrants other than the opinions expressed in the two preceding paragraphs. The form of Bond Counsel's opinion is expected to be substantially as set forth in Appendix D to this Official Statement.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025 Warrants will be exempt from State of Alabama income taxation.

Original Issue Discount

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of a Series 2025 Warrant, to the extent properly allocable to each owner of such Series 2025 Warrant, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2025 Warrant over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2025 Warrants of such maturity were sold.

Under Section 1288 of the Internal Revenue Code of 1986, as amended, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2025 Warrant during any accrual period generally equals (i) the issue price of such Series 2025 Warrant plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2025 Warrant (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2025 Warrant during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Series 2025 Warrant. Any gain realized by an owner from a sale, exchange, payment or redemption of a Series 2025 Warrant will be treated as gain from the sale or exchange of such Series 2025 Warrant.

Premium

An amount equal to the excess of the purchase price of a Series 2025 Warrant over its stated redemption price at maturity constitutes premium on such Series 2025 Warrant. A purchaser of a Series 2025 Warrant must amortize any premium over such Series 2025 Warrant's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Series 2025 Warrant is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2025 Warrant prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2025 Warrants at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2025 Warrants.

Collateral Tax Consequences

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state tax consequences of acquiring, carrying, owning, or disposing of the Series 2025 Warrants. Prospective purchasers of the Series 2025 Warrants should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2025 Warrants, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

NO BANK QUALIFICATION

The Series 2025 Warrants will not be designated by the Issuer as "qualified tax-exempt obligations" for purposes of paragraph (3) of subsection (b) of Section 265 of the Internal Revenue Code.

UNDERWRITING

The Series 2025 Warrants are being purchased from the Issuer by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Series 2025 Warrants for an aggregate purchase price of \$35,351,022.60 (which represents the face amount of the Series 2025 Warrants less underwriter's discount of \$104,775.00 and plus net original issue premium of \$530,797.60). The initial public offering price set forth on the

inside cover page may be changed by the Underwriter, and the Underwriter may offer and sell the Series 2025 Warrants to certain dealers (including dealers depositing the Series 2025 Warrants into investment trusts) and others at prices lower than the offering price set forth on the inside cover page. The Underwriter will purchase all the Series 2025 Warrants if any are purchased.

CONTINUING DISCLOSURE

General

The Issuer has covenanted for the benefit of the holders of the Series 2025 Warrants to provide the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") with (i) certain financial information and operating data relating to the Issuer on an annual basis (the "Annual Financial Information") within 270 days following the end of its fiscal year and (ii) notices ("Material Event Notices") of the occurrence of the following events in a timely manner not in excess of 10 business days after the occurrence of the event:

1. A delinquency in payment of principal of or interest on the Series 2025 Warrants.
2. Non-payment related defaults under the proceedings of the Issuer authorizing the Series 2025 Warrants, whether or not such defaults constitute an event of default thereunder, if material.
3. Unscheduled draws on any debt service reserve fund reflecting financial difficulties of the Issuer.
4. Unscheduled draws on any credit enhancement or liquidity facility with respect to the Series 2025 Warrants reflecting financial difficulties of the Issuer.
5. Substitution of a credit enhancer for the one originally described in the Official Statement (if any), or the failure of any credit enhancer respecting the Series 2025 Warrants to perform its obligations under the agreement between the Issuer and such credit enhancer.
6. The existence of any adverse tax opinion with respect to the Series 2025 Warrants, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Series 2025 Warrants, or other material events affecting the tax status of the Series 2025 Warrants.
7. Any modification of the rights of the registered owners of the Series 2025 Warrants, if material.
8. Redemption of any of the Series 2025 Warrants prior to the stated maturity or mandatory redemption date thereof, if material, and tender offers with respect to the Series 2025 Warrants.
9. Defeasance of the Series 2025 Warrants or the occurrence of circumstances which, pursuant to such authorizing proceedings, would cause the Series 2025 Warrants, or any of them, to be no longer regarded as outstanding thereunder.
10. The release, substitution or sale of the property securing repayment of the Series 2025 Warrants, if material.
11. Any changes in published ratings affecting the Series 2025 Warrants.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the

entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

In addition, the Issuer has covenanted to provide in a timely manner to EMMA notice of the Issuer's failure to provide the Annual Financial Information on or before the date specified herein.

As used above in paragraphs (15) and (16), the term "financial obligation" means a: (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of a debt obligation or such a derivative instrument; the term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12 of the Securities and Exchange Commission.

The Annual Financial Information will include financial information and operating data relating to the Issuer of the type found in the section of this Official Statement called "RESULTS OF OPERATIONS - Comparative Statement of General Fund Revenues and Expenditures" in Appendix A. In addition, the Issuer will provide to EMMA, when and if available, audited financial statements prepared in accordance with accounting principles described in the audited financial statements included in this Official Statement as an appendix.

The Issuer shall never be subject to money damages for its failure to comply with its obligations to provide the required information. The only remedy available to the holders of the Series 2025 Warrants for breach by the Issuer of its obligations to provide the required information shall be the remedy of specific performance or mandamus against appropriate officials of the Issuer. The failure by the Issuer to provide the required information shall not be an event of default with respect to the Series 2025 Warrants under the Warrant Resolution. A failure by the Issuer to comply with its obligations to provide the required information must be reported as described above and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Series 2025 Warrants in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2025 Warrants and their market price.

No person other than the Issuer shall have any liability or responsibility for compliance by the Issuer with its obligations to provide information. The Paying Agent has not undertaken any responsibility with respect to any required reports, notices or disclosures.

The Issuer retains the right to modify its obligations described above as long as such modification is done in a manner consistent with Rule 15c2-12 of the Securities and Exchange Commission.

Compliance with Prior Undertakings

The Issuer has undertaken in continuing disclosure agreements delivered in connection with the issuance of certain of its existing indebtedness to provide to EMMA (i) certain annual financial information and (ii) the Issuer's audited financial statements. The Issuer, like all counties in Alabama, is required by law to be audited annually by the Alabama Department of Examiners of Public Accounts (the "Public Examiners"). The Public Examiners typically complete the Issuer's annual audit within 14 to 18 months after the completion of the Issuer's fiscal year.

The Issuer did not comply with its continuing disclosure agreements as follows:

- (a) Failure to post on EMMA the FY 2019 and 2020 Audited Financial Statements;
- (b) Failure to timely post on EMMA the FY 2021 and 2022 Audited Financial Statements;

- (c) Failure to post on EMMA the FY 2019 and 2020 Unaudited Financial Statements; and
- (d) Failure to post on EMMA the FY 2019 and 2020 Financial Information and Operating Data.

The Issuer also did not file a notice in accordance with Rule 15c2-12 with respect to its failure to post the information in items (a) and (d) above.

Engagement of Disclosure Dissemination Agent

The Issuer has engaged Digital Assurance Certification, LLC (“DAC”) as its disclosure dissemination agent for the purpose of assisting it with ongoing compliance with its continuing disclosure filing requirements.

RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, has assigned a rating to the Series 2025 Warrants as indicated on the cover page.

Any definitive explanation of the significance of such rating may be obtained only from the appropriate rating agency. The Issuer furnished to such rating agency the information contained in this Official Statement and certain other information respecting the Issuer and the Series 2025 Warrants. Generally, rating agencies base their ratings on such materials and information, as well as on their own investigations, studies and assumptions.

The above rating is not a recommendation to buy, sell or hold the Series 2025 Warrants, and such rating may be subject to revision or withdrawal at any time by such rating agency. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the affected Series 2025 Warrants. Except as may be required in connection with the obligations described under the heading “CONTINUING DISCLOSURE”, neither the Issuer nor the Underwriter has undertaken any responsibility either to bring to the attention of the Series 2025 Warrantholders any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

INDEPENDENT AUDITORS

The financial statements of the Issuer included in Appendix B to this Official Statement have been audited by the Department of Examiners of Public Accounts, Montgomery, Alabama, as stated in their report appearing herein as Appendix B to this Official Statement. Such financial statements speak only as of September 30, 2023 and have been included as a matter of public record. The Department of Examiners of Public Accounts (1) has not been engaged to perform, and has not performed, any procedures with respect to such financial statements since the date of its report on such financial statements and (2) has not performed any procedures relating to this Official Statement. The permission of the Department of Examiners of Public Accounts for the use herein of its report on such financial statements has not been sought.

DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS

This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Series 2025 Warrants.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The information in this Official Statement has been obtained from sources which are considered dependable and which are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to the date of this Official Statement.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer.

The Series 2025 Warrants will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement. Any representation to the contrary is a criminal offense. The Warrant Resolution has not been qualified under the Trust Indenture Act of 1939, as amended.

Any information or expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the Issuer since the date hereof.

This Official Statement may contain forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the Issuer's current beliefs, expectations, and assumptions regarding the future of the Issuer's operations, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Forward-looking statements can be identified by words such as: "anticipate", "intend", "plan", "goal", "seek", "believe", "project", "estimate", "expect", "strategy", "future", "likely", "may", "should", "will", and similar references to future periods. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of the Issuer's control. The Issuer's actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, prospective investors should not place undue reliance on these forward-looking statements. Important factors that could cause the Issuer's actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, population trends and political and economic developments that could adversely impact the collection of revenues and those factors described in this Official Statement under "RISK FACTORS". Any forward-looking statement made by the Issuer in this Official Statement is based only on information currently available to the Issuer and speaks only as of the date on which it is made. The Issuer undertakes no obligation to publicly update any forward-looking statement whether as a result of new information, future developments, or otherwise.

In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Series 2025 Warrants offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time. The prices and other terms of the offering and sale of the Series 2025 Warrants may be changed from time to time by the Underwriter after the Series 2025 Warrants are released for sale, and the Series 2025 Warrants may be offered and sold at prices other than the initial offering prices, including sales to dealers, without prior notice.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is being provided to prospective purchasers either in bound printed format or in electronic format. This Official Statement may be relied upon only if it is in its bound printed format or as printed in its entirety in such electronic format.

ADDITIONAL INFORMATION

For further information during the initial offering period with respect to the Series 2025 Warrants, contact Ashleigh Bubbett, County Administrator, Marshall County, 424 Blount Ave., Guntersville, Alabama 35976, telephone number (256) 571-7701.

CERTIFICATE

This Official Statement has been approved by the governing body of the Issuer and deemed “final” by the Issuer within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

MARSHALL COUNTY, ALABAMA

APPENDIX A

Information on Marshall County

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MARSHALL COUNTY

General

Marshall County (the “County” or the “Issuer”) is a political subdivision of the State of Alabama. The County is located in the northeast part of the State of Alabama. The City of Guntersville is the county seat of the County. The population of the County is 102,156 according to the estimated 2024 U.S. Census records. The County is located approximately 69 miles northeast of Birmingham, 38 miles southeast of Huntsville and 90 miles southwest of Chattanooga. It is bounded by Blount, Cullman, DeKalb, Etowah, Jackson, Madison and Morgan Counties. Marshall County covers approximately 623 square miles, of which 566 square miles is land and 57 square miles is water, including Lake Guntersville.

Governance and Administration

The County is governed by the Marshall County Commission. The Commission is composed of a five member Board, consisting of one Chairman, elected from the County at large, and four Commissioners that are elected by the voters in each of the geographic districts. The entire Commission serves a four-year term, which is staggered. The Marshall County Commission is responsible for the financial affairs of the County, the direction, control and maintenance of the property of the County, for setting policies of the County, including the preparation of the budget, the appropriation and expenditure of County funds and the settlement of claims against the County, the levy of certain taxes as provided by law, and the creation and investment of accounts for the payment of long-term indebtedness.

The current members of the Marshall County Commission and the expiration of their current term of office are as follows:

Name of Member	Date of Expiration of Current Term
John Young, Chairman	2026
Ronny Shumate	2026
James R. Watson	2028
Lee Sims	2028
Joey Baker	2026

On May 3, 2025, James Boyd Hutcheson, who served as Chairman of the County Commission, passed away. The Governor of the State of Alabama appointed David Reed to serve the remaining, unexpired term of Chairman Hutcheson. Mr. Reed was sworn into office as Chairman on June 9, 2025 but died unexpectedly on June 19, 2025. On August 7, 2025, the Governor appointed John Young to serve the remaining, unexpired term as Chairman of the Marshall County Commission.

The County Administrator is Ashleigh Bubbett, who was appointed in March 2021.

Among the governmental functions vested in counties under the laws of the State of Alabama are law enforcement; the direction, control and maintenance of County property; maintenance of real and personal property tax records; the assessment, levy and collection of taxes; setting policies of the County, including the appropriation and expenditure of County funds and the settlement of claims against the County; and the construction and maintenance of public buildings, bridges and roads.

Employee Relations

The County considers relations with its employees to be satisfactory. No employees of the County are represented by labor unions or similar employee organizations. The County does not bargain collectively with any labor union or employee organization.

Personnel, Retirement System and Other Post-Employment Benefits

The County employs approximately 249 full-time and part-time personnel in its several departments at the present time. The benefits and compensation for all employees of the County's several departments are established by the Marshall County Commission.

The employees of the County participate in a retirement system established by the Legislature of Alabama known as the Employees' Retirement System of Alabama (the "Retirement System"). Contributions to the Retirement System are made by both the employees and the County. The respective amounts of such contributions are established by the Legislature of Alabama. The County's obligations under the Retirement System are described more particularly in the audited financial statements of the County included in Appendix B to this Official Statement. According to the most recent actuarial valuation provided by the Retirement System, as of September 30, 2024, the County's total actuarial accrued liability was \$37,099,146, the actuarial value of assets was \$25,826,066, resulting in an unfunded actuarial accrued liability of \$11,273,080.

The County offers certain post-employment benefits other than pensions (OPEB) for eligible retirees. For further discussion of these OPEB obligations, see the notes to the financial statements included in Appendix B. According to the most recent GASB Statement No. 75 Report provided by Cavanaugh Macdonald Consulting, LLC, for the year ended September 30, 2023, the County's total OPEB liability was \$9,502,872 and the County recognized OPEB income of \$833,414.

As detailed in the audited financial statements, at present, the County has significant liabilities with respect to its pension and OPEB obligations.

FINANCIAL SYSTEM

General

The County maintains a financial reporting system which provides timely and accurate reports of receipts and expenditures. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (i) the safeguarding of assets against loss from unauthorized use or disposition, and (ii) the reliability of financial records for preparing financial statements and maintaining accountability for assets. Activities of the County are monitored internally on a monthly basis and are audited annually, as required by law, by the Alabama Department of Examiners of Public Accounts. The report of such examiners with respect to certain of the County's financial statements for the fiscal year ended September 30, 2023 is included as Appendix B to this Official Statement.

The County operates on a fiscal year basis beginning October 1 and ending September 30. The County prepares a budget for each fiscal year. The significant accounting practices for County finances are summarized in the audited financial statements of the County included in Appendix B to this Official Statement. All revenues and expenditures of the County are accounted for in a series of funds (including a General Fund), which are described in the County's financial statements.

Description of Major Sources of General Fund Revenues

The County's major sources of revenues for its General Fund are as follows:

Ad Valorem Taxes. Property or ad valorem taxes are levied under various provisions of the constitution and statutes of Alabama and may be used only for the purpose or purposes for which they are levied. The County levies a 6.0-mill tax for general purposes, proceeds of which are deposited in the General Fund. Under present law, the rates at which local ad valorem taxes are levied may be increased only after approval by the legislature and a majority vote of the qualified electors of the affected jurisdiction. See "AD VALOREM TAXATION".

T.V.A. Payments in Lieu of Taxes. Under federal law, the Tennessee Valley Authority is required to make payments in lieu of taxes to all states in which T.V.A. carries on power operations and has acquired property previously subject to state and local taxation. The aggregate amount of such payments equals 5% of T.V.A.'s gross

proceeds derived from its sale of power for the preceding fiscal year. One-half of such payment is apportioned among states based on the percentage of power sales within each state and one-half is apportioned based on the percentage of the book value of T.V.A.'s property located in the state. The State of Alabama is required by Alabama law to distribute 75% of the payments it receives from T.V.A. to counties served by T.V.A. according to a formula that takes into account power sales revenue generated in each T.V.A.-served county and the book value of T.V.A. property located in each such county.

Intergovernmental. The County receives funds from various local, state and federal governmental entities. The County’s General Fund primarily receives revenues from local taxes and revenues that the State of Alabama shares with the County.

Charges for Services. The Judge of Probate and the Revenue Commissioner of the County assess certain charges for services rendered by their respective offices. A portion of these charges for services is deposited in the General Fund.

The following table contains a summary of the major sources of revenue for the County’s general fund for fiscal years ending September 30, 2020 through 2024:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u> (unaudited)
Property Taxes – General Fund	\$6,109,907	\$6,345,831	\$7,189,522	\$7,996,579	\$8,378,866
Property Taxes – Buildings/Roads/Bridges	2,404,810	2,486,180	2,814,663	3,129,746	3,281,187
Property Taxes – Courthouse/Jail	601,202	621,546	703,666	782,437	820,354
Intergovernmental	5,666,016	5,989,349	5,592,611	7,372,489	5,927,758
Charges for Services	1,975,147	2,206,308	2,249,499	2,291,684	2,398,483
T.V.A. Payments in Lieu of Taxes	1,574,026	1,406,580	1,464,491	1,788,265	1,651,771

RESULTS OF OPERATIONS

General

This section of the Official Statement presents certain historical financial information concerning the County. The information in this section will be updated annually and such annual report will be filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System in accordance with the requirements of Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE”.

Comparative Statement of General Fund Revenues and Expenditures

The following table sets forth revenues, expenditures and changes in fund balance for the County’s General Fund for the five fiscal years ended September 30, 2020 through 2024. This information was extracted from the audited financial statements of the County for fiscal years ending September 30, 2020 through September 30, 2024. Information shown below with respect to fiscal year ended September 30, 2024 is unaudited. The audited financial statements for fiscal year 2023 are included in Appendix B to this Official Statement. Audited financial statements for prior fiscal years may be obtained from Ashleigh Bubbett, County Administrator, upon request or from the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System.

**Comparative Statement of General Fund
Revenues and Expenditures and
Changes in Fund Balance**

	Fiscal Year (Ended 9/30)				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u> (unaudited)
Revenues					
Taxes	\$10,709,621	\$11,332,265	\$12,896,552	\$13,648,979	\$14,033,936
Licenses and Permits	98,676	98,830	96,570	96,560	105,389
Intergovernmental	5,666,016	5,989,349	5,592,611	7,372,489	5,927,758
Charges for Services	1,975,147	2,206,308	2,249,499	2,291,684	2,398,483
Miscellaneous	<u>391,760</u>	<u>478,995</u>	<u>703,071</u>	<u>2,168,516</u>	<u>2,285,786</u>
Total Revenues	<u>18,841,221</u>	<u>20,105,746</u>	<u>21,538,303</u>	<u>25,578,228</u>	<u>24,751,352</u>
Expenditures					
Current:					
General Government	4,548,987	4,933,163	4,790,947	4,946,308	5,478,082
Public Safety	6,927,375	8,269,700	8,268,426	9,391,745	9,920,038
Highways and Roads	1,852,895	1,594,647	2,998,170	3,846,511	2,145,712
Health	130,967	161,232	252,700	371,715	327,110
Welfare	193,124	188,992	207,991	261,988	246,161
Culture and Recreation	107,238	110,172	130,438	136,245	147,474
Education	15,000	41,368	30,000	-	30,000
Capital Outlay	1,672,924	1,799,519	1,230,719	595,577	2,171,886
Debt Service:					
Principal Retirement	33,003	51,392	149,667	154,228	-
Interest and Fiscal Charges	3,063	4,223	3,263	1,683	4,774
Intergovernmental	<u>286,616</u>	<u>317,570</u>	<u>328,506</u>	<u>354,846</u>	<u>275,564</u>
Total Expenditures	<u>15,771,193</u>	<u>17,471,980</u>	<u>18,390,827</u>	<u>20,060,847</u>	<u>20,746,801</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,070,028</u>	<u>2,633,766</u>	<u>3,147,476</u>	<u>5,517,381</u>	<u>4,004,551</u>
Other Financing Sources (Uses)					
Transfers In	25,142	-	-	15,000	-
Sale of Capital Assets	141,071	280,078	505,003	68,652	63,300
Issuance of Long-Term Debt	-	-	130,810	-	-
Proceeds from Direct Note/Capital Leases	-	122,128	-	-	195,000
Transfers Out	<u>(643,462)</u>	<u>(693,308)</u>	<u>(109,826)</u>	<u>(120,563)</u>	<u>(1,535,933)</u>
Total Other Financing Sources (Uses)	<u>(477,249)</u>	<u>(291,103)</u>	<u>525,987</u>	<u>(36,911)</u>	<u>(1,277,633)</u>
Net Changes in Fund Balances	<u>2,592,779</u>	<u>2,342,663</u>	<u>3,673,463</u>	<u>5,480,470</u>	<u>2,726,918</u>
Fund Balances - Beginning of Year	<u>16,369,607</u>	<u>18,962,386</u>	<u>21,305,050</u>	<u>24,978,513</u>	<u>30,458,982</u>
Fund Balances - End of Year	<u>\$18,962,386</u>	<u>\$21,305,050</u>	<u>\$24,978,513</u>	<u>\$30,458,982</u>	<u>\$33,185,900</u>

Major Sources of General Fund Revenues

General. The principal General Fund revenue sources for the fiscal years ending September 30, 2023 and 2024 are summarized in the following table:

Principal General Fund Revenue Sources

	FY Ending 9/30/23		FY Ending 9/30/24 (unaudited)	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Taxes	\$13,648,979	53.36%	\$14,033,936	56.70%
Licenses and Permits	96,560	0.38	105,389	0.43
Intergovernmental	7,372,489	28.82	5,927,758	23.95
Charges for services	2,291,684	8.96	2,398,483	9.69
Miscellaneous	2,168,516	8.48	2,285,786	9.23

For a description of the major sources of General Fund revenues, see “FINANCIAL SYSTEM - Description of Major Sources of General Fund Revenues”.

GENERAL FUND BUDGET INFORMATION

The following tables set forth the following budget information for the County’s General Fund: (1) approved budget for the County’s General Fund for the fiscal years ending September 30, 2023 through 2025; and (2) final budget balance for the County’s General Fund for the fiscal years ending September 30, 2023 and 2024. The information for fiscal years ending September 30, 2024 and 2025 shown below is unaudited.

**Comparative General Fund Budgets
Fiscal Years Ended September 30**

	Budget 2023	Actual (Budget Basis) 2023	Budget 2024	Actual (Budget Basis) 2024	Budget 2025
Revenues					
Taxes	\$8,848,041	\$9,736,796	\$8,848,041	\$9,932,395	\$9,521,481
Licenses and Permits	95,000	39,789	95,000	44,239	95,000
Intergovernmental	3,620,600	6,973,661	3,620,600	5,474,291	4,566,600
Charges for Services	1,709,500	2,136,479	1,709,500	2,240,570	1,865,000
Miscellaneous	148,005	1,414,338	165,467	1,848,044	509,177
Total Revenues	<u>14,421,146</u>	<u>20,301,063</u>	<u>14,438,609</u>	<u>19,539,539</u>	<u>16,557,257</u>
Expenditures					
Current:					
General Government	4,963,744	4,727,632	4,984,812	5,182,791	5,045,287
Public Safety	9,004,944	8,672,751	9,014,594	9,386,116	9,181,784
Highways and Roads	1,838,899	1,795,651	1,552,093	1,825	-
Health	359,846	-	365,304	327,110	340,537
Welfare	218,593	371,715	218,593	246,161	289,681
Culture and Recreation	-	125,743	-	-	-
Education	50,000	136,245	50,000	30,000	50,000
Intergovernmental	272,500	354,846	272,500	275,564	287,500
Capital Outlay	546,675	182,817	915,341	950,228	326,369
Debt Service:					
Principal Retirement	13,800	13,800	13,800	-	-
Interest and Fiscal Charges	-	-	-	4,774	-
Total Expenditures	<u>17,269,001</u>	<u>16,381,200</u>	<u>17,387,037</u>	<u>16,404,570</u>	<u>15,521,159</u>
Other Financing Sources (Uses)					
Transfers In	1,599,563	769,189	1,642,195	878,905	400,000
Sale of Capital Assets	5,937	-	15,900	15,900	-
Proceeds from Capital Leases	-	-	-	195,000	-
Transfers Out	<u>(1,811,068)</u>	<u>(910,860)</u>	<u>(1,653,709)</u>	<u>(2,764,234)</u>	<u>(1,811,111)</u>
Total Other Financing Sources (Uses)	<u>(205,568)</u>	<u>(141,671)</u>	<u>4,386</u>	<u>(1,674,428)</u>	<u>(1,411,111)</u>
Net Change in Fund Balances	<u>(\$3,053,423)</u>	<u>\$3,778,192</u>	<u>(\$2,944,043)</u>	<u>\$1,460,541</u>	<u>(\$375,012)</u>

DEBT MANAGEMENT

General

The principal forms of indebtedness that the County is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, revenue anticipation notes, gasoline tax anticipation bonds, and various revenue anticipation bonds and warrants relating to enterprises. In addition, the County has the power to enter into certain leases which constitute a charge upon the general credit of the County and to guarantee obligations of certain public corporations affiliated with the County.

In general, the issuance of general obligation bonds requires voter approval. The following types of obligations may be issued or incurred without voter approval: (1) general obligation warrants; (2) general obligation refunding bonds; (3) certain revenue anticipation bonds, warrants and notes; (4) general and special obligation bonds financing street, sidewalk and sewer improvements supported, in whole or in part, by assessments; and (5) capitalized lease obligations that are funded on a “year-to-year basis”. The issuance of the County’s Tax-Exempt General Obligation Warrants, Series 2025 does not require voter approval.

The County has never defaulted in the payment of debt service on its bonds, warrants or other funded indebtedness, nor has the County ever refunded any funded indebtedness for the purpose of preventing or avoiding such a default

Outstanding Indebtedness

Long-Term Indebtedness. Following the issuance of the Series 2025 Warrants, the County will have the following long-term indebtedness outstanding:

Description of Indebtedness	Source of Payment	Principal Balance
General Obligation Warrants, Series 2025	general obligation	\$34,925,000
General Obligation Warrants, Series 2021	general obligation	\$3,275,000
Gasoline Tax Anticipation Warrants, Series 2013-A ⁽¹⁾	limited obligation; state gas tax	2,645,000
USDA Loan ⁽²⁾	general obligation	155,000
Bank Loans/Capital Leases ⁽³⁾	general obligation	297,040
Compensated absences	general obligation	718,496
TOTAL		<u>\$42,015,536</u>

-
- (1) The Gasoline Tax Anticipation Warrants, Series 2013-A are limited obligations payable solely from a portion of the State four cent gasoline tax required by law to be distributed to the County.
 - (2) The facility financed with the USDA Loan was leased by the County to Childcare Resource Network, Inc. to provide for the operation of a public daycare. The County expects that such lease payments will be sufficient to pay the debt service on the USDA Loan.
 - (3) This indebtedness includes capital leases, which are payable out of current revenues.

Short-Term Indebtedness. Other than portions of long-term indebtedness due in the current fiscal year, the County has no short-term indebtedness outstanding.

Anticipated Indebtedness

The County has no authorized but unissued debt outstanding, other than the Series 2025 Warrants offered by this Official Statement. The County does not expect to incur additional long-term indebtedness, other than the Series 2025 Warrants, within the next 12 months.

Constitutional Debt Limit

Constitutional Debt Limit-General. The County’s present constitutional debt limit is based on two provisions of the Alabama Constitution of 1901, namely, Section 224 of the Alabama Constitution of 1901 and Amendment No. 772 to the Alabama Constitution of 1901 (now recompiled as Section 94.01 of the Alabama Constitution of 1901). Obligations chargeable against debt limit for purposes of Section 224 of the Alabama Constitution of 1901 are not chargeable against debt limit for purposes of Amendment No. 772 to the Alabama Constitution of 1901, and obligations chargeable against debt limit for purposes of Amendment No. 772 to the Alabama Constitution of 1901 are not chargeable against debt limit for purposes of Section 224 of the Alabama Constitution of 1901.

Constitutional Debt Limit-Section 224. Under Section 224 of the Alabama Constitution of 1901, the County’s present constitutional debt limit is an amount equal to 5% of the assessed value of the taxable property located therein. The County’s lease/purchase obligations are not included in the calculation of debt limit because such payments are made solely out of current revenues during each fiscal year. In addition, a county’s revenue securities, issued for the purpose of extending, enlarging or improving a water, sewer, gas or electric system then owned by such county, are not included in the calculation of debt limit if such securities are not made a charge on the general credit or tax revenues of the issuing county and are made payable solely out of revenues derived from the operation of such system. No portion of the Series 2025 Warrants is exempt from the calculation of the County’s debt limit.

The following statement reflects the County’s legal debt margin after the issuance of the Series 2025 Warrants.

**Marshall County
Statement of Legal Debt Margin**

Assessed value of taxable property (as of September 30, 2024)		\$1,580,853,260
Basic debt limit (5% of assessed value)		\$79,042,663
Total indebtedness		
Series 2025 Warrants offered by this Official Statement	\$34,925,000	
Other long-term indebtedness ⁽¹⁾	\$7,090,536	
Less: exempt indebtedness ⁽²⁾	(\$2,645,000)	
Total indebtedness chargeable against debt limit		\$39,370,536
Legal debt margin		<u>\$39,672,127</u>

(1) Includes indebtedness, other than the Series 2025 Warrants, described more particularly under “Outstanding Indebtedness–Long-Term Indebtedness”.

(2) The following indebtedness (in the amounts noted in parentheses) is not chargeable against debt limit for purposes of Section 224 of the Alabama Constitution of 1901: Gasoline Tax Anticipation Warrants, Series 2013-A (\$2,645,000), which are limited obligations payable solely from a portion of the State four cent gasoline tax required by law to be distributed to the County.

Constitutional Debt Limit-Amendment 772. Under Amendment No. 772 to the Alabama Constitution of 1901, the County may become indebted and issue bonds, warrants which may be payable from funds to be realized in future years, notes, or other obligations, or evidences of indebtedness to a principal amount not exceeding 50% of the assessed value of the taxable property located within the County in order to secure funds for any of the economic and industrial development powers or authorities granted in such amendment.

The following statement reflects the County’s legal debt margin under Amendment No. 772 to the Alabama Constitution of 1901:

**Marshall County
Statement of Legal Debt Margin – Amendment 772**

Assessed value of taxable property (as of September 30, 2024)	\$1,580,853,260
Debt limit (50% of assessed value)	\$790,426,630
Total Indebtedness – Amendment No. 772 ⁽¹⁾ :	<u>(0)</u>
Legal debt margin – Amendment No. 772	<u>\$790,426,630</u>

⁽¹⁾ Obligations chargeable against debt limit for purposes of Section 224 of the Alabama Constitution of 1901 are not chargeable against debt limit for purposes of Amendment No. 772 to the Alabama Constitution of 1901. There is no outstanding indebtedness chargeable against the County’s Amendment No. 772 debt limit.

Debt Service Requirements on General Obligation Debt

Except for the USDA Loan, which the County expects to pay using lease payments from the facility financed thereby, the following table contains the debt service requirements on all long-term, general obligation debt of the County that will be outstanding after the issuance of the Series 2025 Warrants:

**Marshall County
Debt Service Requirements
on General Obligation Debt**

Fiscal Year Ended	Series 2025 Warrants ⁽¹⁾	Other General Obligation Indebtedness ⁽¹⁾⁽²⁾	Total Debt Service
2025	-	\$539,000	\$539,000
2026	\$1,052,889	537,700	1,590,589
2027	1,889,856	535,800	2,425,656
2028	1,889,856	538,200	2,428,056
2029	1,894,231	534,900	2,429,131
2030	1,892,981	535,900	2,428,881
2031	1,891,231	536,100	2,427,331
2032	1,893,856	535,500	2,429,356
2033	2,427,106	-	2,427,106
2034	2,425,356	-	2,425,356
2035	2,426,481	-	2,426,481
2036	2,425,356	-	2,425,356
2037	2,426,856	-	2,426,856
2038	2,425,856	-	2,425,856
2039	2,427,231	-	2,427,231
2040	2,425,856	-	2,425,856
2041	2,426,269	-	2,426,269
2042	2,427,884	-	2,427,884
2043	2,425,513	-	2,425,513
2044	2,429,650	-	2,429,650
2045	2,429,050	-	2,429,050
2046	2,428,513	-	2,428,513
2047	2,428,534	-	2,428,534
2048	2,428,828	-	2,428,828
2049	2,425,222	-	2,425,222
2050	2,427,472	-	2,427,472
2051	2,429,000	-	2,429,000
2052	2,429,500	-	2,429,500
2053	2,429,875	-	2,429,875
2054	2,429,875	-	2,429,875
2055	2,429,250	-	2,429,250
Total	\$68,239,436	\$4,293,100	\$72,532,533

(1) For purposes of this table the principal amount of indebtedness to be retired in a fiscal year pursuant to mandatory redemption provisions, if any, is shown as maturing in that fiscal year.

(2) Includes only the County’s General Obligation Warrants, Series 2021. See “DEBT MANAGEMENT – Outstanding Indebtedness – Long-Term Indebtedness”.

Debt Ratios

The following table sets forth certain debt ratios applicable to the County:

Marshall County Debt Ratios

Population (estimated) ⁽¹⁾	100,756
Assessed Value of Taxable Property ⁽²⁾	\$1,580,853,260
General Obligation Debt ⁽³⁾	\$39,370,536
General Obligation Debt Per Capita	\$391
Ratio of General Obligation Debt to Assessed Value	2.49%

(1) Source: 2023 U.S. Census Estimate.

(2) Source: Marshall County Revenue Commissioner and Judge of Probate.

(3) After giving effect to the issuance of the Series 2025 Warrants. Excludes Gasoline Tax Anticipation Warrants, Series 2013-A.

AD VALOREM TAXATION

General

The levy and collection of ad valorem taxes in Alabama are subject to the Alabama Constitution of 1901, which, among other things, fixes the percentage of market value at which property can be assessed for taxation, limits the tax rates that can be levied against property and places a ceiling on the aggregate ad valorem taxes that can be levied by all taxing authorities on any property in any tax year. The amount of an ad valorem tax in Alabama is computed by multiplying the applicable tax rate by the assessed value of the taxable property. The assessed value of taxable property is a specified percentage (the “assessment ratio”) of its fair and reasonable market value or, in certain circumstances, its current use value. Ad valorem tax rates are stated in terms of mills per dollar of assessed value. Each mill represents a tax equal to one-tenth of one percent of the assessed value of such property.

Classification of Taxable Property

Amendment No. 373 to the Alabama Constitution of 1901 divides all taxable property into the following four classes valued for taxation according to the assessment ratios shown below:

Class I	All property owned by utilities	30%
Class II	All property not otherwise classified	20%
Class III	All agricultural, forest and single-family, owner-occupied residential property and historic buildings and sites	10%
Class IV	Private passenger automobiles and pickup trucks owned and operated by an individual for personal or private use	15%

Amendment No. 373 permits the owner of Class III property to elect to have such property appraised at its “current use value” rather than its “fair and reasonable market value”. “Current use value” has been defined statutorily as the value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration the prospective value such property might have if it were put to some other possible use.

Assessment Ratio Adjustment

The Alabama Legislature has no power to adjust assessment ratios pertaining to local (as distinguished from state) taxes but does have the power to approve or disapprove an adjustment proposed by a local taxing authority. The governing body of any county, municipality or other local taxing authority may increase or decrease the assessment ratio with respect to any class of property subject to the following conditions: (i) the governing body of such county, municipality or other taxing authority must hold a public hearing on the proposed adjustment before authorizing the adjustment, (ii) the Legislature must adopt an act approving the adjustment and (iii) a majority of the electors of such county, municipality or other taxing authority must approve the adjustment in a special election. In addition, the Legislature has placed the following restrictions on the adjustment of assessment ratios:

(1) If the total assessed value of all property of a single class located within a taxing authority’s jurisdiction exceeds 50% of the total assessed value of all taxable property located within the jurisdiction of such authority, then the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class;

(2) If the total assessed value of all properties of a single class located within the jurisdiction of a local taxing authority is less than 20% of the total assessed value of all taxable property located within such jurisdiction,

then the assessment ratio with respect to that class of property may be increased by no more than 5% from the ratio otherwise prescribed for such class; and

(3) If the total assessed value of all property of a single class located within the jurisdiction of a local taxing authority exceeds 75% of the total assessed value of all taxable property located within such jurisdiction, then (i) the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class and (ii) the prospective assessment ratio for all other classes of property may be increased by no more than 5% from the ratio otherwise prescribed for such classes.

The governing body of the County has not sought to adjust the assessment ratio applicable to any class of taxable property nor does the County have any present plan for any such adjustment.

Rate Adjustments

Amendment No. 373 authorizes any county, municipality or other local taxing authority to decrease any ad valorem tax rate at any time, provided that such decrease does not jeopardize the payment of any bonded indebtedness secured by such tax. Amendment No. 373 also permits a county, municipality or other local taxing authority to increase the rate at which any ad valorem tax is levied, but only if (i) the governing body of such county, municipality or other taxing authority holds a public hearing on the proposed increase before authorizing the increase, (ii) the Legislature adopts an act approving the increase and (iii) a majority of the electors of such county, municipality or other taxing authority subsequently approves the increase in a special election.

Ceiling on Ad Valorem Taxes

Amendment No. 373 also limits the total amount of state, county, municipal and other ad valorem taxes that may be imposed on any class of property in any one tax year. This limitation is expressed in terms of a specified percentage of the fair and reasonable market value of such property. The applicable percentages to the four classes of property are as follows:

Class I -	2%
Class II -	1 1/2%
Class III -	1%
Class IV -	1 1/4%

If the total amount of tax otherwise payable with respect to a class of property would exceed the maximum tax limit, the millage rate of each separate tax to which such property is subject must be reduced in the same proportion that the millage levied by or for the benefit of each taxing authority bears to the total millage levied by or for the benefit of all applicable taxing authorities. This provision becomes operative as to the several classes of property only if the total tax rate exceeds the following:

Class I -	66 2/3 mills
Class II -	75 mills
Class III -	100 mills
Class IV -	83 1/3 mills

Ad Valorem Tax Rates

Ad valorem taxes on property in the jurisdiction of the County are currently levied at the rates listed in the below table.

<u>Taxing Authority</u>	<u>Mills</u>
State of Alabama	6.5
Marshall County:	
General Fund	6.0
Road & Bridge	2.4
Hospital	4.5
Courthouse & Jail	0.6
School - County Wide	4.5
School - District 3 - County	<u>13.0</u>
Total	<u>37.5</u>

Source: Alabama Department of Revenue.

Assessed Valuation of Taxable Property

The following table contains the assessed value of taxable property (including motor vehicles but excluding exempt property) in Marshall County for the tax years ended September 30 of the years indicated.

<u>Year</u>	<u>Assessed Value</u>
2024	\$1,580,853,260
2023	1,462,021,480
2022	1,365,224,440
2021	1,254,412,440
2020	1,095,813,140

Source: Marshall County Revenue Commissioner (real and personal property) and Judge of Probate (motor vehicles).

Largest Ad Valorem Taxpayers

Listed below are the ten largest ad valorem taxpayers in Marshall County and the total amount of ad valorem taxes paid by each for the tax year ended September 30, 2024. The amounts shown under the heading “Total Ad Valorem Taxes Paid” represent the collections for the tax year ended September 30, 2024 from the total state, county, municipal and school district levies on property in the County.

<u>Name of Taxpayer</u>	<u>Total Ad Valorem Taxes Paid</u>	<u>Assessed Value</u>
Pilgrim’s Pride Corporation	\$635,005	\$14,215,660
Marshall-DeKalb Electric Cooperative	554,575	13,324,800
Mueller Company, LLC	502,722	10,922,460
Progress Rail Services Corporation	493,647	11,235,700
Tyson Chicken, Inc.	390,251	8,399,380
Mitchell Grocery Corp.	314,208	6,758,300
Arab Electric Cooperative, Inc.	306,630	8,014,720
Newman Technology of Alabama, Inc.	298,384	10,012,640
Cargill, Incorporated	273,886	6,370,640
Circulus Arab, PBLLC	272,061	6,729,960

Source: Marshall County Revenue Commissioner.

LITIGATION RELATING TO THE COUNTY

The County is a defendant in several suits and has been notified of various claims against it arising from matters relating to normal operations of a local government unit. The County believes that any liability resulting from these suits and claims will be covered by the County’s liability insurance, which has customary deductible amounts, or by other funds of the County which will be available to discharge such liability without impairing its ability to perform any of its other obligations.

The Supreme Court of Alabama has held that counties, including the County, are agencies of the State and thus fully immune from all liability in both tort and contract, under the provisions of Section 14 of the Constitution of Alabama.

Chapter 93 of Title 11 of the Code of Alabama (1975) (the “Cap Statute”) governs when counties “do not operate as functions of the State of Alabama.” In the event a court were to determine a county acted outside of its capacity as an agency of the State, the Cap Statute may apply. The Cap Statute prescribes certain limits on the liability of local governmental units for bodily injury or death and for damage or loss of property. The limits are presently \$100,000 in the case of bodily injury or death of one person in any single occurrence, \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and \$100,000 for damage or loss of property arising out of any single occurrence. The Alabama Supreme Court has held that the limitations prescribed by the Cap Statute are constitutional.

Local governmental units throughout the country increasingly have been subjected to lawsuits - many of which claim damages in large amounts - for alleged denials of civil rights under the provisions of Section 1983 of Title 42 of the United States Code. While the question is not free from doubt, it should be assumed that existing Alabama statutory limitations on liability for personal injury would not serve to limit liability under Section 1983.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

Marshall County, which is located northeast of the geographical center of Alabama, was established by an act of the Alabama Legislature on January 9, 1836. The County is located in the northeast section of the State of Alabama and covers an area of approximately 623 square miles. The City of Guntersville is the county seat of the County, and is located approximately 69 miles northeast of Birmingham, 38 miles southeast of Huntsville and 90 miles southwest of Chattanooga. The County is bordered by Blount, Cullman, DeKalb, Etowah, Jackson, Madison and Morgan Counties.

The principal agricultural and forest products of the County include broilers, poultry and egg production, cattle and soybeans. Major manufactured products of the County include poultry and food processing, automotive parts, food packaging, fire hydrants, railcar components, and medical equipment and devices. Major mineral products of the County include common clay, galena, hematite (clinton, dyestone, fossil, oolitic, red iron ore) and limestone (building and crushed stone).

Population

The following table sets forth population statistics for Marshall County, the State of Alabama and the United States for the years indicated:

	1990	2000	2010	2020	2024*
Marshall County	70,832	82,231	93,019	97,612	102,156
State of Alabama	4,040,389	4,447,100	4,779,736	5,024,279	5,157,699
United States	248,718,302	281,421,906	308,745,538	331,449,281	340,110,988

Source: U.S. Census Bureau.

*Estimate

Employment

The following table sets forth estimated nonagricultural wage and salary employment statistics for Marshall County for the 2024 annual year:

Marshall County		
Nonagricultural Employment by Industry		
	Number Employed	%
Manufacturing	12,715	31.8
Public Administration	5,782	14.5
Retail Trade	5,428	13.6
Accommodation and Food Services	3,562	8.9
Health Care and Social Assistance	3,040	7.6
Administrative and Support and Waste Management Services	1,973	4.9
Construction	1,319	3.3
Transportation and Warehousing	1,190	3.0
Wholesale Trade	1,021	2.6
Finance and Insurance	847	2.1
Professional, Scientific, and Technical Services	678	1.7
Other Services, Ex. Public Admin.	602	1.5
Real Estate and Rental and Leasing	384	1.0
Arts, Entertainment, and Recreation	368	0.9
Agriculture, Forestry, Fishing and Hunting	300	0.8
Management of Companies and Enterprises	295	0.7
Information	284	0.7
Utilities	130	0.3
Educational Services	52	0.1
Mining	<u>11</u>	<u>0.0</u>
Total wage and salary employees	39,981	100%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table sets forth labor force data, estimates and employment rates for Marshall County for the dates indicated:

	2020	2021	2022	2023	2024	June 2025*
Civilian Labor Force	42,350	42,271	42,953	43,867	44,760	45,560
Employment	40,319	41,228	42,060	42,937	43,567	44,394
Unemployment	2,031	1,043	893	930	1,193	1,166
Unemployment Rate	4.8%	2.5%	2.1%	2.1%	2.7%	2.6%

Source: U.S. Department of Labor, Bureau of Labor Statistics.
*Preliminary, subject to change.

The following table sets forth comparative unemployment rates for Marshall County, the State of Alabama and the United States for the dates indicated:

	2020	2021	2022	2023	2024	June 2025*
Marshall County	4.8%	2.5%	2.1%	2.1%	2.7%	2.6%
State of Alabama	6.4	3.3	2.5	2.5	3.1	3.0
United States	8.1	5.3	3.6	3.6	4.0	4.4

Source: U.S. Department of Labor, Bureau of Labor Statistics.
*Preliminary, subject to change.

Major Employers

The major governmental and nongovernmental employers in Marshall County, their principal activity and the number of employees of each are as follows:

Company	Principal Activity	Approximate # Employees
Marshall Medical Centers	Healthcare, Hospitals & Cancer Center	1,800
Pilgrim's Pride	Poultry Processing	1,614
Farm Fresh Foods	Poultry Processing	1,613
Marshall County Schools	Education	1,200
AlaTrade Foods	Poultry Processing	1,094
Wayne Farms	Poultry Processing	950
Tyson Foods, Inc.	Poultry Processing	927
Colormasters	Food Packaging	832
Wal-Mart	Discount Retail Stores	750
TS Tech Alabama	Automotive Supplier	615
Albertville City Schools	Education/City Public Schools	602
Emmaus Foods	Poultry Processing	529

Source: Marshall County Economic Development Council and Economic Development Partnership of Alabama.

Income Levels

There are two basic methods of measuring annual income: per capita income, which is the total income of all families and individuals in a given area divided by the total population of the area, and median family income above and below which there are an equal number of family incomes.

The following tables present comparative information regarding income levels in Marshall County, the State of Alabama and the United States:

Per Capita Income

Year	Marshall County	State of Alabama	United States
2023*	\$31,025	\$34,835	\$43,289
2019	25,861	28,934	35,384
2009	19,875	22,984	27,334
1999	17,089	18,189	21,587
1989	10,793	11,486	14,420

Source: 1990, 2000, 2010 and 2020 U.S. Census Bureau; 2023 American Community Survey.
*Five-year Estimates (2019-2023)

Median Family Income

Year	Marshall County	State of Alabama	United States
2023*	\$76,314	\$80,385	\$96,922
2019	61,200	66,772	80,069
2009	47,440	52,863	62,982
1999	38,788	41,657	50,046
1989	26,135	28,688	35,225

Source: 1990, 2000, 2010 and 2020 U.S. Census Bureau; 2023 American Community Survey.
*Five-year Estimates (2019-2023)

General Housing Characteristics

The following table presents general housing characteristics for housing units in Marshall County:

	<u>2023*</u>	<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>
Total Housing Units	41,531	40,661	39,839	36,331	30,225
Total Occupied Units	35,963	35,115	34,433	32,547	27,761
Total Owner Occupied Units	27,144	25,598	24,955	24,319	20,587
Median Value of Owner Occupied Units	\$183,400	\$141,300	\$101,300	\$80,900	\$48,100

Source: 1990, 2000, 2010 and 2020 U.S. Census of Population and Housing; 2023 American Community Survey.
*Five-year Estimates (2019-2023)

Industrial and Business Parks and Industrial Port

The County has five industrial and business parks, Albertville Airport Tech Park, Albertville Industrial Park - Site A, Arab Industrial Park, Boaz Industrial Park and Conners Island Business Park, and one industrial port, Port of Guntersville Terminal (Watco Guntersville Terminal). The parks are fully served by electric, natural gas, water, sewer and telecommunication utilities. Highway, rail, waterways and general aviation transportation are all convenient to the parks.

Albertville Airport Tech Park is a fully served 55.0-acre site, located in the City of Albertville, and zoned light industry. Albertville Industrial Park - Site A is a fully served 20.0-acre site, located in the City of Albertville, and zoned heavy industry. Arab Industrial Park is a fully served 90.0-acre site, located in the City of Arab, and zoned light industry. Boaz Industrial Park is a fully served 68.2-acre site, located in the City of Boaz, and zoned light industry. Conners Island Business Park is a fully served 428.0-acre site, located within the City of Guntersville, and zoned light industry. The Port of Guntersville Terminal (Watco Guntersville Terminal) is a fully served site, located within the City of Guntersville, but not zoned.

Education

The Marshall County School System operates 13 schools, consisting of 2 primary schools, 4 elementary schools, 2 middle schools, 1 junior high school, 3 high schools and 1 career/technical school. Enrollment in the system is approximately 6,298 students. The Albertville City School System operates 7 schools, consisting of 1 kindergarten and pre-k school, 1 primary school, 1 elementary school, 1 intermediate school, 1 middle school, 1 high school and 1 innovation academy. Enrollment in the system is approximately 5,766 students. The Arab City School System operates 4 schools, consisting of 1 primary school, 1 elementary school, 1 junior high school and 1 high school. Enrollment in the system is approximately 2,489 students. The Boaz City School System operates 5 schools, consisting of 2 elementary schools, 1 intermediate school, 1 middle school and 1 high school. Enrollment in the system is approximately 2,505 students. The Guntersville City School System operates 4 schools, consisting of 2 elementary schools, 1 middle school and 1 high school. Enrollment in the system is approximately 1,740 students. In addition, the County has 3 private and denominational schools (Grades PK-12), with an enrollment of approximately 295 students.

There is 1 post-secondary school located in Marshall County. Snead State Community College offers academic and technical education programs. In addition, the Aviation College at Snead State offers two Associate in Applied Science degree programs: Airframe Technology, which focuses on maintenance of aircraft frames, and PowerPlant Technology, which focuses on aircraft engine maintenance.

Health Care Services

Marshall County is the site of Marshall Health System, created in 1997. The creation of the system combined two regional medical centers in the County: Marshall Medical Center North located in the City of Guntersville and Marshall Medical Center South located in the City of Boaz. The system also includes nine outpatient locations, and a highly trained team of physicians practicing 27 specialties. Marshall North is a 90-bed acute-care hospital. Services provided there include family and internal medicine, general surgery, gynecology, neurology, gastroenterology, plastic and reconstructive surgery, and emergency and intensive care services. Marshall South is a 150-bed acute-care hospital. Services provided there include laparoscopic surgery, family-centered maternal and child health, general and vascular surgery, orthopedics, general medicine, emergency and intensive care, advanced diagnostic, and extensive outpatient services, including same-day surgery, diagnostic and lab, radiation and medical cancer care, physical therapy services, and a fitness and rehab center. There are also 12 nursing homes and assisted living facilities located in the County, with a combined total of 776 licensed beds.

Utilities

Electricity is supplied to the residents of the County by the North Alabama Electric Cooperative, the Marshall-DeKalb Electric Cooperative, and the Tennessee Valley Authority and distributed by various municipalities throughout the County. Natural gas service is supplied by Southern Natural Gas and distributed by the Marshall County Gas District. Water and sewer service is distributed by various municipalities throughout the County.

Recreation

Marshall County has numerous outdoor recreation areas including Lake Guntersville State Park, Cathedral Caverns State Park and Buck's Pocket State Park. Some of the activities available in Marshall County include camping, boating, fishing, hunting, swimming, birding, hiking, biking and off-road vehicle trails, tennis courts, ziplines, and 11 public and private golf courses.

Transportation

The County is served by U.S. Highways 231 and 431, Alabama State Highways 68, 69, 75, 79, 168, 179, 205 and 227, and Interstate 59 approximately 30 miles from the City of Guntersville. There are 4 local motor freight carrier and parcel services, which include UPS, FedEx, RPS and DHL. Rail service is available through the Alabama and Tennessee River Railway (via lease) over trackage formerly operated by CSX Transportation. Waterways include Lake Guntersville, with the nearest port within the City limits, and the Tennessee River, with a navigable depth of 9 feet, which connects to the Tennessee-Tombigbee Waterway and the Mississippi River. There are two public-use airports in the County. The Albertville Regional Airport (Thomas J. Brumlik Field) is a city-owned, public-use airport located three miles southwest of the City of Albertville. The airport contributes greatly to the economic growth and stability of northeast Alabama. The airport covers an area of 77 acres and has one 6,114 foot asphalt runway that accommodates all sizes and types of corporate aircraft. The airport averages approximately 70 aircraft operations per day with 78% of those operations being itinerant general aviation and 22% being local general aviation in nature. There are approximately 46 aircraft based at the airport. The airport is home to Alabama Aviation College, BAE Systems, RainAir Aviation and Mid-South Aviation, along with 6 corporate hangers and 36 T-hangers with additional construction imminent. In addition, a 20-acre Technology Park is adjacent to the airport. The Guntersville Municipal Airport (Joe Starnes Field) is a city-owned, public-use airport located three miles northeast of the City. The airport covers an area of 55 acres and has one 5,005 foot paved and lighted runway, as well as a 5,500 foot seaplane runway and dock area located just north of the airport. The airport houses approximately 41 aircraft. Scheduled commercial airline service is available in Birmingham and Huntsville.

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APPENDIX B

**Audited Financial Statements of Marshall County
for the fiscal year ended September 30, 2023**



Alabama Department of Examiners of Public Accounts

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

October 1, 2022 through September 30, 2023

Filed: September 6, 2024

AUDEMUS JURA NOSTRA DEFENDERE
ALABAMA STATE HOUSE

Rachel Laurie Riddle, Chief Examiner



Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
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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, 2022 through September 30, 2023, by Examiners Cade Burk and Allie Dollar. I, Cade Burk, 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 'Cade Burk'. The signature is written in a cursive style.

Cade Burk
Examiner of Public Accounts

rb

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Exhibit #16 Commission Members and Administrative Personnel – a listing of the Commission members and administrative personnel.	59
Exhibit #17 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> – a report on internal controls related to the financial statements and on whether the Commission complied with laws and regulations which could have a direct and material effect on the Commission’s financial statements.	60
Exhibit #18 Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the <i>Uniform Guidance</i> – a report on internal controls over compliance with requirements of federal statutes, regulations, and the terms and conditions of federal awards applicable to major federal programs and an opinion on whether the Commission complied with federal statutes, regulations, and terms and conditions of its federal awards which could have a direct and material effect on each major program.	62
Exhibit #19 Schedule of Findings and Questioned Costs – a schedule summarizing the results of audit findings relating to the financial statements as required by <i>Government Auditing Standards</i> and findings and questioned costs for federal awards as required by the <i>Uniform Guidance</i> .	66
Exhibit #20 Auditee Response – a response by the Commission on the results of the audit.	68



Department of
Examiners of Public Accounts

SUMMARY

**Marshall County Commission
October 1, 2022 through September 30, 2023**

The Marshall County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Marshall County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 16. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Marshall County.

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

An unmodified opinion was issued on the basic financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2023.

AUDIT FINDING

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

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

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 16, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Ashleigh Bubbett, County Administrator and Commissioners James Hutcheson, James R. Watson, Joey Baker and Ronny Shumate. Also in attendance were the following representatives from the Department of Examiners of Public Accounts: Adam Vann, Audit Manager; Cade Burk, Examiner; and Allie Dollar, Examiner.

*Schedule of State and Local
Compliance and Other Findings*

Schedule of State and Local Compliance and Other Findings
October 1, 2022 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-001	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Section 41-16-50, commonly known as the “Alabama Competitive Bid Law”, states that all expenditure of funds for labor, services, work, or for the purchase of materials, equipment, supplies, or other personal property involving thirty thousand dollars (\$30,000) or more shall be made under contractual agreement entered into by free and open competitive bidding, on sealed bids, to the lowest responsible and responsive bidder. During the audit period, the Marshall County Commission (the “Commission”) expended \$80,424.77 for mailing and printing services without the benefit of free and open competitive bidding. The Commission did not have procedures in place to ensure expenditures exceeding the competitive bid threshold requirements were properly bid. As a result, the Commission could not ensure a fair and competitive purchasing process was followed in the use of public funds. This was previously reported as Finding 2022-001.</p> <p><u>Recommendation:</u> The Commission should ensure compliance with the <i>Code of Alabama 1975</i>, Section 41-16-50, relating to the Alabama Competitive Bid Law.</p>

Independent Auditor's Report

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Marshall County Commission as listed in the table of contents as Exhibits 1 through 8.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 Marshall County Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

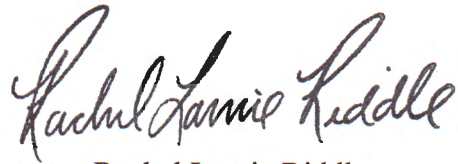
Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marshall County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 15), as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated August 8, 2024, 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.

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

Rachel Laurie Riddle
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

August 8, 2024

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Basic Financial Statements

Statement of Net Position
September 30, 2023

	Governmental Activities
<u>Assets</u>	
Cash and Cash Equivalents	\$ 52,462,208.91
Cash with Fiscal Agent	272,672.79
Receivables (Note 4)	4,901,364.25
Ad Valorem Taxes Receivable	12,598,350.04
Note Receivable	230,323.84
Inventories	16,717.43
Prepaid Items	12,551.21
Capital Assets (Note 5):	
Nondepreciable	12,796,856.90
Depreciable, Net	18,525,144.23
Total Assets	<u>101,816,189.60</u>
<u>Deferred Outflows of Resources</u>	
Employer Pension Contributions	793,366.33
Deferred Outflows Related to Net Pension Liability	4,016,174.00
Employer Other Postemployment Benefits (OPEB) Contributions	457,559.32
Deferred Outflows Related to OPEB Liability	56,313.00
Total Deferred Outflows of Resources	<u>5,323,412.65</u>
<u>Liabilities</u>	
Payables	4,176,024.77
Unearned Revenues	9,203,597.68
Accrued Interest Payable	115,134.90
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Notes from Direct Borrowing	26,339.70
Warrants Payable	640,000.00
Unamortized Premium	67,929.60
Estimated Liability for Compensated Absences	61,283.25
Portion Due or Payable After One Year:	
Notes from Direct Borrowing	104,489.32
Warrants Payable	6,720,000.00
Unamortized Premium	481,168.00
Estimated Liability for Compensated Absences	551,549.29
Net Pension Liability	11,583,672.00
Total OPEB Liability	10,128,062.00
Total Liabilities	<u>\$ 43,859,250.51</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	\$ 12,598,350.04
Deferred Inflows Related to Net Pension Liability	51,422.00
Deferred Inflows Related to OPEB Liability	1,368,183.00
Total Deferred Inflows of Resources	<u>14,017,955.04</u>
<u>Net Position</u>	
Net Investment in Capital Assets	25,692,174.51
Restricted for:	
Capital Projects	5,497,370.40
Road Projects	7,772,965.84
Debt Service	165,477.30
Other Purposes	506,285.16
Unrestricted	<u>9,628,123.49</u>
Total Net Position	<u>\$ 49,262,396.70</u>

Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General Government	\$ 6,926,777.32	\$ 2,258,349.41	\$ 196,408.64	\$ (4,472,019.27)
Public Safety	11,757,714.52	1,237,570.05	3,850,303.23	(6,669,841.24)
Highways and Roads	10,558,919.41		9,891,708.15	(667,211.26)
Sanitation	1,593,754.24		1,593,754.24	
Health	398,051.23		380,966.60	(17,084.63)
Welfare	562,586.89		181,514.25	(381,072.64)
Culture and Recreation	527,527.99	157,254.70		(370,273.29)
Education				
Interest and Fiscal Charges	232,696.84			(232,696.84)
Intergovernmental	354,846.36			(354,846.36)
Total Governmental Activities	<u>\$ 32,912,874.80</u>	<u>\$ 3,653,174.16</u>	<u>\$ 16,094,655.11</u>	<u>\$ (13,165,045.53)</u>

General Revenues:

Taxes:	
Property Taxes for General Purposes	12,368,338.92
Property Taxes for Specific Purposes	1,224,761.49
County Gasoline Sales Tax	608,480.74
Miscellaneous Taxes	5,762,572.04
TVA in Lieu of Taxes	1,788,264.76
Interest Earned	1,780,941.77
Gain on Disposition of Capital Assets	60,377.39
Miscellaneous	775,265.95
Total General Revenues	<u>24,369,003.06</u>
Change in Net Position	11,203,957.53
Net Position - Beginning of Year	<u>38,058,439.17</u>
Net Position - End of Year	<u>\$ 49,262,396.70</u>

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

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 30,158,596.65	\$ 8,173,431.24	\$ 14,130,181.02	\$ 52,462,208.91
Cash with Fiscal Agent			272,672.79	272,672.79
Receivables (Note 4)	3,851,043.41		1,050,320.84	4,901,364.25
Ad Valorem Taxes Receivable	10,390,651.66		2,207,698.38	12,598,350.04
Interfund Receivables	425,101.45			425,101.45
Note Receivable			230,323.84	230,323.84
Inventories	16,717.43			16,717.43
Prepaid Items	12,551.21			12,551.21
Total Assets	<u>44,854,661.81</u>	<u>8,173,431.24</u>	<u>17,891,196.87</u>	<u>70,919,289.92</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Payables	4,005,027.77	493.34	170,503.66	4,176,024.77
Unearned Revenues		8,172,937.90	1,030,659.78	9,203,597.68
Interfund Payables			425,101.45	425,101.45
Total Liabilities	<u>4,005,027.77</u>	<u>8,173,431.24</u>	<u>1,626,264.89</u>	<u>13,804,723.90</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	10,390,651.66		2,207,698.38	12,598,350.04
Total Deferred Inflows of Resources	<u>10,390,651.66</u>		<u>2,207,698.38</u>	<u>12,598,350.04</u>
Fund Balances				
Nonspendable:				
Prepaid Items	12,551.21			12,551.21
Inventories	16,717.43			16,717.43
Restricted for:				
Road Surface Repairs			7,772,965.84	7,772,965.84
Capital Projects			5,497,370.40	5,497,370.40
Debt Service			280,612.20	280,612.20
Local Officials			358,797.80	358,797.80
Other Purposes			147,487.36	147,487.36
Assigned				
Unassigned	30,429,713.74			30,429,713.74
Total Fund Balances	<u>30,458,982.38</u>		<u>14,057,233.60</u>	<u>44,516,215.98</u>
Total Liabilities and Fund Balances	<u>\$ 44,854,661.81</u>	<u>\$ 8,173,431.24</u>	<u>\$ 17,891,196.87</u>	<u>\$ 70,919,289.92</u>

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

***Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
September 30, 2023***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 44,516,215.98

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

Capital assets used in Governmental Activities are not financial resources and, therefore,
are not reported as assets in Governmental Funds. (See Note 5)

Nondepreciable	\$ 12,796,856.90	
Depreciable, Net	<u>18,525,144.23</u>	31,322,001.13

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

Deferred Outflows Related to Defined Benefit Pension Plan	\$ 4,809,540.33	
Deferred Inflows Related to Defined Benefit Pension Plan	<u>(51,422.00)</u>	4,758,118.33

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

Deferred Outflows Related to OPEB Liability	\$ 513,872.32	
Deferred Inflows Related to OPEB Liability	<u>(1,368,183.00)</u>	(854,310.68)

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

	Due or Payable Within One Year	Due or Payable After One Year	
Warrants Payable	\$ 640,000.00	\$ 6,720,000.00	
Unamortized Premium	67,929.60	481,168.00	
Interest Payable	115,134.90		
Notes from Direct Borrowing	26,339.70	104,489.32	
Estimated Liability for Compensated Absences	61,283.25	551,549.29	
Net Pension Liability		11,583,672.00	
Other Postemployment Benefit Obligation		<u>10,128,062.00</u>	
Total Long-Term Liabilities	<u>\$ 910,687.45</u>	<u>\$ 29,568,940.61</u>	<u>(30,479,628.06)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 49,262,396.70

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, 2023

	General Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 13,648,978.54	\$	\$ 2,754,656.95	\$ 16,403,635.49
Licenses and Permits	96,560.06			96,560.06
Intergovernmental	7,372,489.04	6,846,549.79	7,475,570.66	21,694,609.49
Charges for Services	2,291,684.01		728,367.93	3,020,051.94
Miscellaneous	2,168,516.46		673,081.50	2,841,597.96
Total Revenues	25,578,228.11	6,846,549.79	11,631,677.04	44,056,454.94
Expenditures				
Current:				
General Government	4,946,307.99	1,413.30	1,600,142.74	6,547,864.03
Public Safety	9,391,745.26	88,620.88	1,593,869.16	11,074,235.30
Highways and Roads	3,846,511.04	1,281,859.61	4,488,386.55	9,616,757.20
Sanitation		1,593,754.24		1,593,754.24
Health	371,714.81	2,208.55	22,027.48	395,950.84
Welfare	261,987.93		249,189.98	511,177.91
Culture and Recreation	136,244.67		389,644.85	525,889.52
Capital Outlay	595,577.44	3,878,693.21	1,294,183.76	5,768,454.41
Debt Service:				
Principal Retirement	154,228.13		644,473.54	798,701.67
Interest and Fiscal Charges	1,683.34		299,788.85	301,472.19
Other Debt Service			2,029.25	2,029.25
Intergovernmental	354,846.36			354,846.36
Total Expenditures	20,060,846.97	6,846,549.79	10,583,736.16	37,491,132.92
Excess (Deficiency) of Revenues Over Expenditures	5,517,381.14		1,047,940.88	6,565,322.02
Other Financing Sources (Uses)				
Transfers In	15,000.00		1,013,537.54	1,028,537.54
Sale of Capital Assets	68,652.00		40,385.00	109,037.00
Issuance of Long-Term Debt			151,678.77	151,678.77
Transfers Out	(120,563.30)		(907,974.24)	(1,028,537.54)
Total Other Financing Sources (Uses)	(36,911.30)		297,627.07	260,715.77
Net Changes in Fund Balances	5,480,469.84		1,345,567.95	6,826,037.79
Fund Balances - Beginning of Year	24,978,512.54		12,711,665.65	37,690,178.19
Fund Balances - End of Year	\$ 30,458,982.38	\$	\$ 14,057,233.60	\$ 44,516,215.98

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2023

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 6,826,037.79

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

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

Capital Outlays	\$ 5,768,454.41	
Depreciation Expense	<u>(1,869,280.63)</u>	
		3,899,173.78

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	\$ (109,037.00)	
Gain on Disposition of Capital Assets	<u>60,377.39</u>	
		(48,659.61)

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. 798,701.67

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

Amortization of Premium on Debt Issued 67,929.60

Proceeds from the issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. Issuance of long-term debt increases liabilities in the Statement of Net Position but does not affect the Statement of Activities. (151,678.77)

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:

Net Change in Estimated Liability for Compensated Absences	\$	(40,400.69)	
Net Change in OPEB Liability		822,324.92	
Pension Expense, Net Change		(972,346.16)	
Net Change in Accrued Interest Payable		<u>2,875.00</u>	
Total Additional Expenditures			<u>(187,546.93)</u>
Change in Net Position of Governmental Activities (Exhibit 2)			<u>\$ 11,203,957.53</u>

Statement of Fiduciary Net Position
September 30, 2023

	Custodial Funds
<u>Assets</u>	
Cash and Cash Equivalents	\$ 2,414,886.03
Receivables (Note 4)	3,740.78
Prepaid Items	350.00
Capital Assets - Depreciable, Net	42,616.00
Total Assets	<u>2,461,592.81</u>
<u>Liabilities</u>	
Payable to External Parties	<u>2,012,751.58</u>
Total Liabilities	<u>2,012,751.58</u>
<u>Net Position</u>	
Net Investment in Capital Assets	42,616.00
Held for Individuals, Organizations and Other Governments	406,225.23
Total Net Position	<u>\$ 448,841.23</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, 2023***

	Custodial Funds
<u>Additions</u>	
Contributions from:	
Taxes and Fees Collected from Tax Officials	\$ 54,408,795.06
Worthless Check Collection Service Charges	26,692.10
Inmate Money on Deposit	703,367.29
State Grants	114,597.68
Child Protection	26,190.04
Miscellaneous	40,168.03
Interest	2,657.37
Total Additions	<u>55,322,467.57</u>
<u>Deductions</u>	
Taxes and Fees Distributed by Tax Officials	54,408,795.06
Excess Land Sales	88,267.78
Inmate Money on Deposit	703,367.29
Administrative Expenses	209,244.82
Total Deductions	<u>55,409,674.95</u>
Change in Net Position	(87,207.38)
Net Position - Beginning of Year	<u>536,048.61</u>
Net Position - End of Year	<u><u>\$ 448,841.23</u></u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

The Commission is a general purpose local government governed by separately elected commissioners. Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based upon the application of these criteria, there are no component units which should be included as part of the financial reporting entity of the Commission.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Fund Financial Statements

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

The Commission reports the following major governmental funds:

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

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

Governmental Fund Types

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

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

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

Notes to the Financial Statements
For the Year Ended September 30, 2023

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit. Investments are reported at fair value, except for certificates of deposit, which are reported at cost.

2. Receivables

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

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects and amounts due from the state and local governments.

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

3. Inventories

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

4. Prepaid Items

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

5. Restricted Assets

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

6. Capital Assets

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

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

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

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

7. Deferred Outflows of Resources

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

8. Long-Term Obligations

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

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

9. Compensated Absences

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

Annual Leave

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

Sick Leave

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Compensatory Leave

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Generally, employees in public safety activity, emergency response activity, or seasonal activity may accumulate 480 hours, all other employees 240 hours maximum. According to the Fair Labor Standards Act, employees should be paid for compensatory leave in excess of the maximum hours stipulated. Compensatory leave is calculated at one and one-half times the regular hours. Upon termination of employment in good standing, the employees are paid for all unused compensatory leave accumulated to the date of termination.

10. Deferred Inflows of Resources

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

11. Net Position/Fund Balances

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

E. Pensions

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

F. Postemployment Benefits Other Than Pensions (OPEB)

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

Note 2 – Stewardship, Compliance, and Accountability

Budgets

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

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

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

Notes to the Financial Statements
For the Year Ended September 30, 2023

Note 3 – Deposits and Investments

A. Deposits

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

B. Cash with Fiscal Agent

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

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

Notes to the Financial Statements
For the Year Ended September 30, 2023

As of September 30, 2023, the Commission had the following cash held fiscal agents:

Type	Amount	Maturity
Fidelity Investments Money Market Treasury Only – Class III	\$ 93.71	Less than 90 days
Morgan Stanley Institutional Liquidity Money Market Funds	272,579.08	Less than 90 days
Total	\$272,672.79	

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

Credit Risk – State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor’s Corporation and Moody’s Investors Service, Inc. The Commission does not have a formal investment policy that limits the amount of exposure to credit risk. As of September 30, 2023, the Commission’s investments in money market funds were rated AAAM by Standard & Poor’s and AAA-mf by Moody’s Investors Service, Inc.

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

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

Notes to the Financial Statements
For the Year Ended September 30, 2023

Note 4 – Receivables

On September 30, 2023, receivables for the Commission’s individual major funds and other governmental funds and fiduciary funds in the aggregate are as follows

	General Fund	Other Governmental Funds	Total
Governmental Funds:			
Accounts Receivable	\$ 5,244.12	\$ 3,292.75	\$ 8,536.87
Due from Other Governments	3,845,799.29	1,047,028.09	4,892,827.38
Total	\$3,851,043.41	\$1,050,320.84	\$4,901,364.25

	Custodial Funds	Total
Fiduciary Funds:		
Due from Other Governments	\$3,740.78	\$3,740.78
Total	\$3,740.78	\$3,740.78

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2023, the various components of unearned revenues reported in the governmental funds were as follows:

Unexpended Reappraisal Funds	\$ 352,082.54
Unexpended Revenue Office Funds	321,406.99
Grant Funds Received Prior to Meeting Eligibility Requirements	8,530,108.15
Total Unearned Revenues for Governmental Funds	\$9,203,597.68

Notes to the Financial Statements
For the Year Ended September 30, 2023

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance 10/01/2022	Additions	Deletions	Balance 09/30/2023
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land and Improvements	\$ 1,806,626.55	\$ 161,636.53	\$	\$ 1,968,263.08
Construction in Progress	7,468,870.73	3,359,723.09		10,828,593.82
Total Capital Assets, Not Being Depreciated	<u>9,275,497.28</u>	<u>3,521,359.62</u>		<u>12,796,856.90</u>
Capital Assets Being Depreciated:				
Infrastructure – Bridges	11,733,916.31			11,733,916.31
Infrastructure – Roads	2,320,231.00			2,320,231.00
Buildings and Improvements	14,485,300.67	527,530.86		15,012,831.53
Motor Vehicles, Furniture and Equipment	15,288,736.13	1,719,563.93	(582,345.29)	16,425,954.77
Total Capital Assets Being Depreciated	<u>43,828,184.11</u>	<u>2,247,094.79</u>	<u>(582,345.29)</u>	<u>45,492,933.61</u>
Less: Accumulated Depreciation for:				
Infrastructure – Bridges	(4,049,230.68)	(293,347.92)		(4,342,578.60)
Infrastructure – Roads	(783,840.83)			(783,840.83)
Buildings and Improvements	(9,875,459.33)	(340,544.49)		(10,216,003.82)
Motor Vehicles, Furniture and Equipment	(10,923,663.59)	(1,235,388.22)	533,685.68	(11,625,366.13)
Total Accumulated Depreciation	<u>(25,632,194.43)</u>	<u>(1,869,280.63)</u>	<u>533,685.68</u>	<u>(26,967,789.38)</u>
Total Capital Assets Being Depreciated, Net	18,195,989.68	377,814.16	(48,659.61)	18,525,144.23
Total Governmental Activities Capital Assets, Net	<u>\$ 27,471,486.96</u>	<u>\$ 3,899,173.78</u>	<u>\$ (48,659.61)</u>	<u>\$ 31,322,001.13</u>

	Balance 10/01/2022	Additions	Deletions	Balance 09/30/2023
<u>Fiduciary Activities:</u>				
Motor Vehicles, Furniture and Equipment	\$ 85,232.00	\$	\$	\$ 85,232.00
Total Capital Assets Being Depreciated	<u>85,232.00</u>			<u>85,232.00</u>
Less: Accumulated Depreciation for:				
Motor Vehicles, Furniture, and Equipment	(25,569.60)	(17,046.40)		(42,616.00)
Total Accumulated Depreciation	<u>(25,569.60)</u>	<u>(17,046.40)</u>		<u>(42,616.00)</u>
Total Capital Assets Being Depreciated, Net	59,662.40	(17,046.40)		42,616.00
Total Fiduciary Activities Capital Assets, Net	<u>\$ 59,662.40</u>	<u>\$(17,046.40)</u>	<u>\$</u>	<u>\$ 42,616.00</u>

Notes to the Financial Statements
For the Year Ended September 30, 2023

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 313,274.26
Public Safety	589,681.26
Highways and Roads	924,701.12
Welfare	40,582.40
Culture and Recreation	1,041.59
Total Depreciation Expense – Governmental Activities	<u>1,869,280.63</u>
<u>Fiduciary Activities:</u>	
Administrative Expenses	17,046.40
Total Depreciation Expense – Fiduciary Activities	<u>\$ 17,046.40</u>

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Employees’ Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan (the “Plan”), was established October 1, 1945, pursuant to the ***Code of Alabama 1975***, Section 36-27 (Act Number 515, Acts of Alabama 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Effective October 1, 2021, Act Number 2021-390, Acts of Alabama, created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The ***Code of Alabama 1975***, Section 36-27-2, grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

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 up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30th are paid to the beneficiary.

Act Number 2019-132, Acts of Alabama, allowed employers who participate in the ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6, to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act Number 2019-132, Acts of Alabama, will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 608 employers adopted Act Number 2019-132, Acts of Alabama as of September 30, 2022.

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, membership consisted of:

Retirees and beneficiaries currently receiving benefits	30,598
Terminated employees entitled to but not yet receiving benefits	2,286
Terminated employees not entitled to a benefit	18,689
Active Members	57,278
Post-DROP participants who are still active service	39
Total	108,890

Contributions

Tier 1 covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6, were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676, Acts of Alabama. By adopting Act 2011-676, Acts of Alabama, Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers, and firefighters increased from 6% to 8.5% of earnable compensation.

Notes to the Financial Statements
For the Year Ended September 30, 2023

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, 2023, the Commission's active employee contribution rate was 7.50% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 8.38% of pensionable payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2023, was 8.66% of pensionable pay for Tier 1 employees, and 8.86% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$793,366.33 for the year ended September 30, 2023.

Notes to the Financial Statements
For the Year Ended September 30, 2023

B. Net Pension Liability

The 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 of September 30, 2021, rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	\$31,001,955	\$31,728,400	\$31,748,337
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2021 through September 30, 2022	811,749	811,749	812,525
(d) Transfers Among Employers		130,367	130,367
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 through September 30, 2022	(2,165,800)	(2,165,800)	(2,165,800)
(f) Total Pension Liability as of September 30, 2022 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$31,876,874</u>	<u>\$32,787,806</u>	<u>\$32,810,004</u>
(g) Difference between Expected and Actual		\$ 910,932	
(h) Less Liability Transferred for Immediate Recognition		<u>130,367</u>	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		<u>\$ 780,565</u>	
(j) Difference between Actual Total Pension Liability Before and After Plan Changes – Benefit Change (Gain)/Loss			<u>\$ 22,198</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

Actuarial Assumptions

The total pension liability as of September 30, 2022, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

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

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

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

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

Notes to the Financial Statements
For the Year Ended September 30, 2023

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, 2023

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, 2021	\$31,001,955	\$25,012,273	\$ 5,989,682
Changes for the Year:			
Service cost	811,749		811,749
Interest	2,228,970		2,228,970
Changed in benefit terms	22,198		22,198
Difference between expected and actual experience	780,565		780,565
Contributions – employer		760,910	(760,910)
Contributions – employee		647,276	(647,276)
Net investment income		(3,158,694)	3,158,694
Benefit payments, including refunds of employee contributions	(2,165,800)	(2,165,800)	
Transfers among employers	130,367	130,367	
Net Changes	1,808,049	(3,785,941)	5,593,990
Balances at September 30, 2022	\$32,810,004	\$21,226,332	\$11,583,672

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Commission’s Net Pension Liability	\$15,189,995	\$11,583,672	\$8,533,611

Notes to the Financial Statements
For the Year Ended September 30, 2023

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the Commission recognized pension expense of \$1,740,533. At September 30, 2023, 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	\$ 789,255.00	\$51,422.00
Changes of assumptions	658,223.00	
Net difference between projected and actual earnings on pension plan investments	2,568,696.00	
Employer contributions subsequent to the measurement date	793,366.33	
Total	\$4,809,540.33	\$51,422.00

The \$793,366.33 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, 2024. 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, 2024	\$1,258,395
2025	\$ 934,792
2026	\$ 700,857
2027	\$1,070,708
2028	\$ 0
Thereafter	\$ 0

Notes to the Financial Statements
For the Year Ended September 30, 2023

Note 7 – Other Postemployment Benefits (OPEB)

A. General Information about the OPEB Plan

Plan Description

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

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

Benefits Provided

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

Employees Covered by Benefit Terms

At September 30, 2021, the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	107
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	51
Total	<u>158</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

B. Total OPEB Liability

The Commission's total OPEB liability of \$10,128,062 as of reporting date September 30, 2023, was measured as of September 30, 2022, and was determined by an actuarial valuation as of that date based on the census information, benefit schedules and costs from the September 30, 2021, actuarial evaluation.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary Increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate:	
Prior Measurement Date	2.26%
Measurement Date	4.02%
Health Care Cost Trends:	
Pre-Medicare and Prescription Drug	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Medicare Medical and Prescription Drug	5.125% for 2021 decreasing to an ultimate rate of 4.50% by 2024

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

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2021, valuation were based on a review of recent plan experience performed concurrently with the September 30, 2021 valuation.

Notes to the Financial Statements
For the Year Ended September 30, 2023

Discount Rate

The discount rate used to measure the total OPEB liability was 4.02 percent. The projection of cash flows used to determine the discount rate assumed that Commission contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Total OPEB Liability (TOL)

Total OPEB Liability as of September 30, 2021	\$12,458,182
Changes for the Year:	
Service Cost at the End of the Year (*)	217,436
Interest on TOL and Cash Flows	276,193
Difference Between Expected and Actual Experience	(80,464)
Changes of Assumptions or Other Inputs	(2,266,127)
Net Benefit Payments	(477,158)
Net Changes	<u>(2,330,120)</u>
Total OPEB Liability as of September 30, 2022	<u>\$10,128,062</u>
(*) The service cost includes interest for the year.	

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

The following presents the total OPEB liability of the Commission, determined using the discount rate of 4.02% as well as what the total OPEB liability would be if it were determined using a discount rate that is 1-percentage point lower (3.02%) or 1-percentage point higher (5.02%) than the current discount rate:

	1% Decrease (3.02%)	Current Discount Rate (4.02%)	1% Increase (5.02%)
Total OPEB Liability	\$11,326,018	\$10,128,062	\$9,121,140

Notes to the Financial Statements
For the Year Ended September 30, 2023

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

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

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$9,024,963	\$10,128,062	\$11,453,413

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

For the year ended September 30, 2023, the Commission recognized OPEB income of \$370,821. 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
Differences between expected and actual experience	\$	\$ 95,971
Changes of assumptions or other inputs	56,313.00	1,272,212
OPEB contributions after the measurement date	457,559.32	
Total	\$513,872.32	\$1,368,183

The \$457,559.32 shown as deferred outflows of resources related to OPEB contributions after the measurement date will be recognized in OPEB expenses in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources to OPEB benefits will be recognized in OPEB expense as follows:

Year Ending:	
September 30, 2023	\$(1,023,691)
2024	\$ (288,179)
2025	\$ 0
2026	\$ 0
2027	\$ 0
Thereafter	\$ 0

Notes to the Financial Statements

For the Year Ended September 30, 2023

E. OPEB Expense

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

COMPONENTS OF OPEB EXPENSE / (INCOME)
<p>+ Service Cost (SC) This is equal to the Normal Cost determined using the Entry Age Normal (Level Percentage of Pay) actuarial cost method.</p> <p>– Active Member Contributions The total amount of active employee payroll deductions for OPEB benefits, if applicable.</p> <p>+ Administrative Expenses The amount, if any, paid during the measurement period for OPEB costs not directly related to the payment of benefits. This amount would include costs such as actuarial fees, audit fees, trust fees, salaries associated with staff time spent on OPEB related tasks, etc.</p> <p>+ Interest on the TOL (IOT) IOT is determined based on the Discount Rate that was used to measure the Plan's TOL as of the Prior Measurement Date. Please note that the SC component may include interest to the end of the measurement period, or this interest adjustment may be included with IOT.</p> <p>+ / – Changes of Benefit Terms Benefit changes during the period are recognized immediately. Plan amendments increase OE if the change improves benefits for existing Plan members. Likewise, changes that reduce benefits for existing Plan members lower OE.</p> <p>– Projected Earnings on Plan Investments (XR) If the Plan has a financial accounting asset, XR is determined based on the long-term expected rate of return assumption at the end of the prior measurement period.</p> <p>+ / – Other Miscellaneous and non-standard expense items are included in this component.</p> <p>+ / – Recognition of Current Period Deferred Outflows / Inflows of Resources for: — Differences Between Expected and Actual Experience — Changes of Assumptions or Other Inputs — Differences Between Actual and Projected Earnings on Plan Investments Please note that the results provided in this report reflect the following conventions: Experience losses (“positive amounts”) increase the balances of Deferred Outflows of Resources and amounts recognized increase OPEB expense. Experience gains (“negative amounts”) decrease the balances of Deferred Inflows of Resources, and amounts recognized decrease OPEB expense. For differences between expected and actual experience and changes of assumptions or other inputs, the amounts that must be recognized during the current period are determined by spreading the total changes over the average expected remaining service lives (AERSL) of the entire Plan membership at the beginning of the measurement period. The active member AERSL is the average number of years that the active members are expected to remain in covered employment. AERSL is equal to zero for inactive members. The AERSL of the entire Plan membership is the weighted average of these two values, but cannot be less than one year (*). The current recognition period is 2.28 years. For differences between actual and projected earnings on plan investments, if any, the amount that must be recognized during the current period is determined by amortizing the total change over five (5) years.</p> <p>+ Recognition of Prior Period Deferred Outflows of Resources The amounts that must be recognized during the current year for those Deferred Outflows of Resources established before the current measurement period. The prior recognition periods are shown in Schedule E.</p> <p>– Recognition of Prior Period Deferred Inflows of Resources The amounts that must be recognized during the current year for those Deferred Inflows of Resources established before the current measurement period. The prior recognition periods are shown in Schedule E.</p>
<p>(*) Based on the guidance in GASB Implementation Guide 2017-3, paragraph 4.129.</p>

Notes to the Financial Statements
For the Year Ended September 30, 2023

The calculation of the OPEB Expense (OE) for the year ended September 30, 2023, is shown in the following table:

Service Cost at End of Year (*)	\$ 217,436.00
Interest on the Total OPEB Liability	276,193.00
Expensed portion of current period difference between expected and actual experience in the Total OPEB Liability	(35,291.00)
Expensed portion of current period changes or assumptions or other inputs (**)	(993,915.00)
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	356,830.00
Recognition of beginning Deferred Inflows of Resources as OPEB Expense (**)	(192,074.00)
OPEB Expense	<u>\$(370,821.00)</u>
<p>(*) The service cost includes interest for the year. (**) Deferred Inflows are negative as it is a reduction to the OPEB expense.</p>	

Note 8 – Contingent Liabilities

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

Note 9 – Long-Term Debt

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

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

The following is a summary of long-term debt obligations for the Commission for the year ended September 30, 2023:

	Debt Outstanding 10/01/2022	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Warrants Payable:					
General Obligation Warrants, Series 2021	\$ 4,430,000.00	\$	\$ (370,000.00)	\$ 4,060,000.00	\$385,000.00
Gasoline Tax Anticipation Warrants, Series 2013-A	3,360,000.00		(230,000.00)	3,130,000.00	240,000.00
U.S.D.A. Warrant/Loan	185,000.00		(15,000.00)	170,000.00	15,000.00
Sub-Total	7,975,000.00		(615,000.00)	7,360,000.00	640,000.00
Unamortized Premium	617,027.20		(67,929.60)	549,097.60	67,929.60
Total Warrants Payable	8,592,027.20		(682,929.60)	7,909,097.60	707,929.60
Other Liabilities:					
Notes from Direct Borrowing	162,851.92	151,678.77	(183,701.67)	130,829.02	26,339.70
Estimated Liability for Compensated Absences	572,431.85	40,400.69		612,832.54	61,283.25
Total OPEB Obligation	12,458,182.00		(2,330,120.00)	10,128,062.00	
Net Pension Liability	5,989,682.00	5,593,990.00		11,583,672.00	
Total Governmental Activities Long-Term Liabilities	\$27,775,174.97	\$5,786,069.46	\$(3,196,751.27)	\$30,364,493.16	\$795,552.55

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

The compensated absences liability will be liquidated by several of the Commission's governmental funds. In the past, approximately 67.02% has been paid by the General Fund, 23.46% by the Gasoline Tax Special Revenue Fund, and the remainder by the other governmental funds.

Notes to the Financial Statements
For the Year Ended September 30, 2023

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

Fiscal Year Ending	General Obligation Warrants, Series 2013-A		General Obligation Warrants, Series 2021		General Obligation Warrants/U.S.D.A. Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
September 30, 2024	\$ 240,000.00	\$110,323.76	\$ 385,000.00	\$154,700.00	\$ 15,000.00	\$ 7,650.00
2025	245,000.00	103,048.76	400,000.00	139,000.00	15,000.00	6,975.00
2026	255,000.00	95,389.38	415,000.00	122,700.00	15,000.00	6,300.00
2027	260,000.00	87,180.00	430,000.00	105,800.00	15,000.00	5,625.00
2028	270,000.00	78,365.00	450,000.00	88,200.00	15,000.00	4,950.00
2029-2033	1,520,000.00	226,600.00	1,980,000.00	162,400.00	95,000.00	13,275.00
2034	340,000.00	7,012.50				
Total	<u>\$3,130,000.00</u>	<u>\$707,919.40</u>	<u>\$4,060,000.00</u>	<u>\$772,800.00</u>	<u>\$170,000.00</u>	<u>\$44,775.00</u>

Premium

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

	Premiums
Balance Premium	\$617,027.20
Current Amount Amortized	(67,929.60)
Balance Premium	<u>\$549,097.60</u>

Notes to the Financial Statements
For the Year Ended September 30, 2023

Notes from Direct Borrowing		Total Principal	Total Interest	Total Principal and Interest Requirements to Maturity
Principal	Interest			
\$ 26,339.70	\$ 4,417.51	\$ 666,339.70	\$ 277,091.27	\$ 943,430.97
29,887.31	3,666.01	689,887.31	252,689.77	942,577.08
31,115.91	2,437.41	716,115.91	226,826.79	942,942.70
32,395.01	1,158.31	737,395.01	199,763.31	937,158.32
11,091.09	93.34	746,091.09	171,608.34	917,699.43
		3,595,000.00	402,275.00	3,997,275.00
		340,000.00	7,012.50	347,012.50
\$130,829.02	\$11,772.58	\$7,490,829.02	\$1,537,266.98	\$9,028,096.00

Pledged Revenues

The Commission issued Series 2013-A State Gasoline Tax Anticipation Warrants which are pledged to be repaid from State four cents gasoline taxes levied on the sale, use, consumption, distribution, storage and withdrawal from storage of gasoline, as defined in the *Code of Alabama 1975*, Section 40-17-322, and levied by Act Number 2011-565, Acts of Alabama. The warrant proceeds were used to help fund road rehabilitation with the Alabama Transportation Rehabilitation and Improvement Program (ATRIP). Future revenues in the amount of \$3,837,919.40 are pledged to repay the principal and interest on the warrants as of September 30, 2023. Proceeds of the State four cent gasoline tax in the amount of \$916,041.05 were received by the Commission during the fiscal year ended September 30, 2023, of which \$347,373.76 were used to pay principal and interest on the warrants. The Series 2013-A State Gasoline Tax Anticipation Warrants will mature in fiscal year 2034.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 10 – Risk Management

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

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

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

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

Notes to the Financial Statements
For the Year Ended September 30, 2023

Note 11 – Interfund Transactions

Interfund Receivables/Payables

The amounts due to/from other funds at September 30, 2023, were as follows:

	Interfund Receivables General Fund	Total
Interfund Payables:		
Other Governmental Funds	\$425,101.45	\$425,101.45
Total	\$425,101.45	\$425,101.45

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2023, were as follows:

	Transfers In		Total
	General Fund	Other Governmental Funds	Governmental Funds
Transfers Out:			
General Fund	\$	\$ 120,563.30	\$ 120,563.30
Other Governmental Funds	15,000.00	892,974.24	907,974.24
Total	\$15,000.00	\$1,013,537.54	\$1,028,537.54

Note 12 – Related Organizations

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

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Required Supplementary Information

***Schedule of Changes in the Employer's Net Pension Liability
For the Year Ended September 30, 2023***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 811,749	\$ 675,535	\$ 610,099	\$ 601,300	\$ 542,500	\$ 575,778	\$ 571,931	\$ 585,255	\$ 629,339
Interest	2,228,970	2,142,246	2,016,496	1,950,155	1,912,191	1,898,348	1,850,963	1,843,476	1,781,498
Changes of Assumptions	22,198	1,184,801	224,097		126,677		791,993		
Differences between expected and actual experience	780,565	(77,012)	651,319	(51,838)	(177,051)	(678,559)	(156,860)	(575,119)	
Benefit payments, including refunds of employee contributions	(2,165,800)	(1,881,077)	(1,716,248)	(1,877,554)	(1,699,534)	(1,600,174)	(1,655,588)	(1,864,460)	(1,407,771)
Transfers among employers	130,367	195,550	(70,231)	158,848	37,491	32,899	(72,363)		
Net change in total pension liability	1,808,049	2,240,043	1,715,532	780,911	742,274	228,292	1,330,076	(10,848)	1,003,066
Total pension liability - beginning	31,001,955	28,761,912	27,046,380	26,265,469	25,523,195	25,294,903	23,964,827	23,975,675	22,972,609
Total pension liability - ending (a)	\$ 32,810,004	\$ 31,001,955	\$ 28,761,912	\$ 27,046,380	\$ 26,265,469	\$ 25,523,195	\$ 25,294,903	\$ 23,964,827	\$ 23,975,675
Plan fiduciary net position									
Contributions - employer	\$ 760,910	\$ 598,977	\$ 554,063	\$ 517,321	\$ 536,927	\$ 474,411	\$ 490,008	\$ 455,227	\$ 461,057
Contributions - employee	647,276	617,828	517,676	515,099	488,345	458,633	472,044	477,875	485,592
Net investment income	(3,158,694)	4,587,648	1,148,687	520,796	1,774,058	2,247,975	1,687,444	204,139	1,942,087
Benefit payments, including refunds of employee contributions	(2,165,800)	(1,881,077)	(1,716,248)	(1,877,554)	(1,699,534)	(1,600,174)	(1,655,588)	(1,864,460)	(1,407,771)
Other (Transfers among employers)	130,367	195,550	(70,231)	158,848	37,491	32,899	(72,363)	13,816	(463,625)
Net change in plan fiduciary net position	(3,785,941)	4,118,926	433,947	(165,490)	1,137,287	1,613,744	921,545	(713,403)	1,017,340
Plan fiduciary net position - beginning	25,012,273	20,893,347	20,459,400	20,624,890	19,487,603	17,873,859	16,952,314	17,665,717	16,648,377
Plan fiduciary net position - ending (b)	\$ 21,226,332	\$ 25,012,273	\$ 20,893,347	\$ 20,459,400	\$ 20,624,890	\$ 19,487,603	\$ 17,873,859	\$ 16,952,314	\$ 17,665,717
Commission's net pension liability - ending (a) - (b)	\$ 11,583,672	\$ 5,989,682	\$ 7,868,565	\$ 6,586,980	\$ 5,640,579	\$ 6,035,592	\$ 7,421,044	\$ 7,012,513	\$ 6,309,958
Plan fiduciary net position as a percentage of the total pension liability	64.69%	80.68%	72.64%	75.65%	78.52%	76.35%	70.66%	70.74%	73.68%
Covered payroll (*)	\$ 8,925,277	\$ 8,587,403	\$ 7,346,069	\$ 6,527,320	\$ 6,300,941	\$ 6,287,957	\$ 6,468,075	\$ 7,070,841	\$ 6,486,284
Commission's net pension liability as a percentage of covered payroll	129.79%	69.75%	107.11%	100.91%	89.52%	95.99%	114.73%	99.18%	97.28%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2023, the measurement period is October 1, 2021 through September 30, 2022. 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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 793,366	\$ 760,910	\$ 598,977	\$ 554,063	\$ 517,321	\$ 536,927	\$ 474,411	\$ 490,008	\$ 455,227	\$ 461,057
Contributions in relation to the actuarially determined contribution (*)	\$ 793,366	\$ 760,910	\$ 598,977	\$ 554,063	\$ 517,321	\$ 536,927	\$ 474,411	\$ 490,008	\$ 455,227	\$ 461,057
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 9,461,884	\$ 8,925,277	\$ 8,587,403	\$ 7,346,069	\$ 6,527,320	\$ 6,300,941	\$ 6,287,957	\$ 6,468,075	\$ 7,070,841	\$ 6,486,284
Contributions as a percentage of covered payroll	8.38%	8.53%	6.98%	7.54%	7.93%	8.52%	7.54%	7.58%	6.44%	7.11%

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

(**) Employer's covered payroll for fiscal year 2023 is the total covered payroll for the 12 month period of the underlying financial statements.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2023 were based on the September 30, 2020, actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2022 through September 30, 2023:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	24.8 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, 2023***

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 217,436	\$ 229,255	\$ 199,660	\$ 178,631	\$ 202,026	\$ 228,356
Interest	276,193	268,183	305,183	400,344	361,769	316,555
Differences between expected and actual experience	(80,464)	(413,638)	(44,474)	190,540	2,475	42,786
Changes of assumptions or other inputs	(2,266,127)	458,549	650,038	1,571,814	(722,760)	(880,112)
Benefit payments	(477,158)	(435,941)	(460,299)	(430,116)	(370,022)	(386,325)
Net change in total OPEB liability	(2,330,120)	106,408	650,108	1,911,213	(526,512)	(678,740)
Total OPEB Liability - Beginning	12,458,182	12,351,774	11,701,666	9,790,453	10,316,965	10,995,705
Total OPEB Liability - Ending	\$ 10,128,062	\$ 12,458,182	\$ 12,351,774	\$ 11,701,666	\$ 9,790,453	\$ 10,316,965
Covered-employee payroll	\$ 2,683,037	\$ 2,683,037	\$ 2,845,036	\$ 2,845,036	\$ 3,071,588	\$ 3,071,588
Net OPEB liability as a percentage of covered-employee payroll	377.48%	464.33%	434.15%	411.30%	318.74%	335.88%

Notes to Schedule:

Benefit Changes: There were no changes of benefit terms for the year ended September 30, 2022.

Changes in Assumptions: The discount rate as of September 30, 2021, was 2.26% and it changed to 4.02% as of September 30, 2022.

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, 2023

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 457,559	\$ 477,158	\$ 435,941	\$ 460,299	\$ 430,116	\$ 370,022	\$ 386,325
Contributions in relation to the contractually required contributions	\$ 457,559	\$ 477,158	\$ 435,941	\$ 460,299	\$ 430,116	\$ 370,022	\$ 386,325
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$
Covered-employee payroll	\$ 2,096,444	\$ 2,683,037	\$ 2,683,037	\$ 2,845,036	\$ 2,845,036	\$ 3,071,588	\$ 3,071,588
Contributions as a percentage of covered-employee payroll	21.83%	17.78%	16.25%	16.18%	15.12%	12.05%	12.58%

Notes to Schedule

Valuation date: September 30, 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 basis
Asset valuation method	Market Value
Inflation	2.50% annually
Real Wage Growth	0.25%
Wage inflation	2.75%
Healthcare Cost Trends:	
Pre-Medicare	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Medicare	5.125% for 2021 decreasing to an ultimate rate of 4.50% by 2024
Salary increases	3.25% - 6.00%, including wage inflation
Discount Rate	4.02% per annum, compounded annually
Retirement age	Employees hired prior to January 1, 2008, 25 years of creditable service regardless of age or 10 years of creditable service and over the age of 60 or is determined disabled by the Social Security Administration or the Retirement Systems of Alabama.
Mortality Turnover	Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Taxes	\$ 8,848,041.22	\$ 8,848,041.22	\$ 9,736,795.97 (1)	\$ 3,912,182.57	\$ 13,648,978.54
Licenses and Permits	95,000.00	95,000.00	39,788.76 (1)	56,771.30	96,560.06
Intergovernmental	3,620,600.00	3,620,000.00	6,973,661.00 (1)	398,828.04	7,372,489.04
Charges for Services	1,709,500.00	1,709,500.00	2,136,479.31 (1)	155,204.70	2,291,684.01
Miscellaneous	58,600.00	148,004.76	1,414,337.82 (1)	754,178.64	2,168,516.46
Total Revenues	14,331,741.22	14,421,145.98	20,301,062.86	5,277,165.25	25,578,228.11
Expenditures					
Current:					
General Government	4,785,859.24	4,963,744.36	4,727,631.64 (2)	(218,676.35)	4,946,307.99
Public Safety	8,648,132.39	9,004,944.18	8,672,751.31 (2)	(718,993.95)	9,391,745.26
Highways and Roads		1,838,899.02	1,795,651.35 (2)	(2,050,859.69)	3,846,511.04
Health	272,264.54	359,846.20			
Welfare	213,592.91	218,592.91	371,714.81		371,714.81
Culture and Recreation			125,743.26 (2)	(136,244.67)	261,987.93
Education	50,000.00	50,000.00	136,244.67		136,244.67
Capital Outlay	265,000.00	546,674.70	182,816.63 (2)	(412,760.81)	595,577.44
Debt Service:					
Principal	13,800.00	13,800.00	13,800.00 (2)	(140,428.13)	154,228.13
Interest and Fiscal Charges				(1,683.34)	1,683.34
Intergovernmental	272,500.00	272,500.00	354,846.36		354,846.36
Total Expenditures	14,521,149.08	17,269,001.37	16,381,200.03	(3,679,646.94)	20,060,846.97
Excess (Deficiency) of Revenues Over Expenditures	(189,407.86)	(2,847,855.39)	3,919,862.83	1,597,518.31	5,517,381.14
Other Financing Sources (Uses)					
Transfers In	1,477,539.22	1,599,563.03	769,189.30 (3)	(754,189.30)	15,000.00
Sale of Capital Assets		5,937.39		68,652.00 (3)	68,652.00
Transfers Out	(1,628,708.81)	(1,811,068.38)	(910,860.03) (3)	790,296.73	(120,563.30)
Total Other Financing Sources (Uses)	(151,169.59)	(205,567.96)	(141,670.73)	104,759.43	(36,911.30)
Net Change in Fund Balances	(340,577.45)	(3,053,423.35)	3,778,192.10	1,702,277.74	5,480,469.84
Fund Balances - Beginning of Year	340,577.45	3,053,423.35	20,085,541.35 (4)	4,892,971.19	24,978,512.54
Fund Balances - End of Year	\$	\$	\$ 23,863,733.45	\$ 6,595,248.93	\$ 30,458,982.38

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2023***

Explanation of differences:

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

(1) Revenues			
Park Fund	\$	155,204.70	
Pistol Permit		56,939.93	
Opioid Settlement		523,319.28	
Public Buildings, Roads and Bridges Fund		3,674,392.45	
Courthouse and Jail Fund		831,738.89	
Emergency Management Fund		<u>35,570.00</u>	\$ 5,277,165.25
(2) Expenditures			
Park Fund	\$	(136,244.67)	
Pistol Permit		(33,513.63)	
Public Buildings, Roads and Bridges Fund		(2,774,974.03)	
Courthouse and Jail Fund		(348,995.82)	
Emergency Management Fund		<u>(385,918.79)</u>	(3,679,646.94)
(3) Other Financing Sources/(Uses), Net			
Public Buildings, Roads and Bridges Fund	\$	168,828.80	
Courthouse and Jail Fund		(400,000.00)	
Emergency Management Fund		<u>335,930.63</u>	<u>104,759.43</u>
Net Change in Fund Balance - Budget to GAAP			<u>\$ 1,702,277.74</u>

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

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Coronavirus State and Local Fiscal Recovery Fund
For the Year Ended September 30, 2023***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Intergovernmental	\$ 6,881,973.60	\$ 13,796,725.58	\$ 6,846,549.79	\$	\$ 6,846,549.79
Total Revenues	6,881,973.60	13,796,725.58	6,846,549.79		6,846,549.79
Expenditures					
Current:					
General Government	79,742.55	79,117.55	1,413.30		1,413.30
Public Safety	24,435.96	96,386.34	88,620.88		88,620.88
Highways and Roads	3,197,787.97	3,237,636.97	1,281,859.61		1,281,859.61
Sanitation		6,071,801.60	1,593,754.24		1,593,754.24
Health		2,833.55	2,208.55		2,208.55
Capital Outlay	3,580,007.12	4,308,949.57	3,878,693.21		3,878,693.21
Total Expenditures	6,881,973.60	13,796,725.58	6,846,549.79		6,846,549.79
Excess (Deficiency) of Revenues Over Expenditures					
Net Change in Fund Balances					
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$	\$	\$

Supplementary Information

**Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Housing and Urban Development</u>				
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CV-NC-20-050	\$	\$ 112,658.47
Total U. S. Department of Housing and Urban Development				112,658.47
<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	2022-WF-PR-178-RQF-2451		12,983.41
Violence Against Women Formula Grants	16.588	2023-WF-PR-132-RQF-1728		39,120.06
Total U. S. Department of Justice				52,103.47
<u>U. S. Department of Treasury</u>				
<u>Direct Program</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,593,754.24	6,846,549.79
<u>General Services Administration</u>				
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
Donation of Federal Surplus Personal Property (N)	39.003	N/A		158.44
<u>U. S. Department of Health and Human Services</u>				
<u>Passed Through Top of Alabama Regional Council of Governments</u>				
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A		111,810.00
COVID-19 - Special Programs for Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	FAIN-2001ALSSC6		8,577.00
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	N/A		17,719.00
COVID-19 - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	N/A		14,482.00
Sub-Total Aging Cluster				152,588.00
State Health Insurance Assistance Program	93.324	23-SHIP-Mar-5		2,500.00
State Health Insurance Assistance Program	93.324	24-SHIP-Mar-5		2,500.00
Sub-Total - State Health Insurance Assistance Program				5,000.00
Total U. S. Department of Health and Human Services				157,588.00
Sub-Total Forward			\$ 1,593,754.24	\$ 7,169,058.17

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient	Total Federal Expenditures
Sub-Total Brought Forward			\$ 1,593,754.24	\$ 7,169,058.17
<u>U. S. Department of Homeland Security</u>				
<u>Passed Through Alabama Emergency Management Agency</u>				
Emergency Management Performance Grants	97.042	23EMF		87,972.00
<u>Passed Through Alabama Law Enforcement Agency</u>				
Homeland Security Grant Program	97.067	2021-FIL-014		10,841.90
Homeland Security Grant Program	97.067	2022-FIL-44		9,324.33
Sub-Total Homeland Security Grant Program				<u>20,166.23</u>
Total U. S. Department of Homeland Security				<u>108,138.23</u>
Total Expenditures of Federal Awards			<u>\$ 1,593,754.24</u>	<u>\$ 7,277,196.40</u>

(N) = Noncash Assistance

N/A = Not Available or Not Applicable

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

***Notes to the Schedule of Expenditures
of Federal Awards
For the Year Ended September 30, 2023***

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Marshall County Commission (the “Commission”) under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)***. Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position or changes in net position of the Commission.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

Additional Information

Commission Members and Administrative Personnel
October 1, 2022 through September 30, 2023

Commission Members		Term Expires
Hon. James Hutcheson	Chairman	2026
Hon. Lee Sims	Commissioner	2024
Hon. James R. Watson	Commissioner	2024
Hon. Joey Baker	Commissioner	2026
Hon. Ronny Shumate	Commissioner	2026
<u>Administrative Personnel</u>		
Ashleigh Bubbett	County Administrator	Indefinite

***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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall County Commission (the "Commission"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated August 8, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

***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

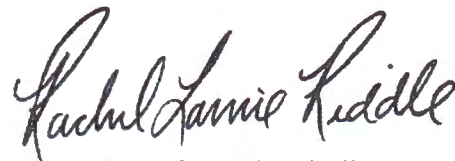
As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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***. We noted a matter that we reported to the management of the Commission in the Schedule of State and Local Compliance and Other Findings.

Commission's Response to Finding

The Commission's response to the finding identified in our audit on the Schedule of State and Local Compliance and Other Findings is described in the accompanying Auditee Response. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Commission'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 Commission'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

August 8, 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 Marshall County Commission and County Administrator
Guntersville, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Marshall County Commission's compliance with the types of compliance requirements identified as subject to audit in the ***OMB Compliance Supplement*** that could have a direct and material effect on each of the Marshall County Commission's major federal program for the year ended September 30, 2023. The Marshall County Commission's major federal program is identified in the Summary of Examiner's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Marshall County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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 Marshall County Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

***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

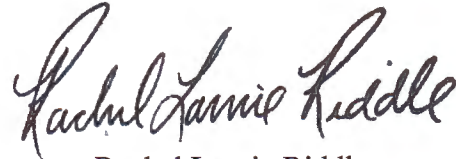
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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

August 8, 2024

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section I – Summary of Examiner's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with

2 CFR 200.516(a) of the *Uniform Guidance*?

_____ Yes X No

Identification of major federal programs:

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

Dollar threshold used to distinguish between

Type A and Type B programs:

\$750,000.00

Auditee qualified as low-risk auditee?

_____ Yes X No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.

Auditee Response

MARSHALL COUNTY COMMISSION

CHAIRMAN
JAMES HUTCHESON

COUNTY ADMINISTRATOR
ASHLEIGH BUBBETT

COUNTY ENGINEER
MICHAEL D. KNOP



DISTRICT 1
RONNY SHUMATE

DISTRICT 2
JAMES R. WATSON

DISTRICT 3
LEE SIMS

DISTRICT 4
JOEY BAKER

Auditee Response
For the Year Ended September 30, 2023

The Marshall County Commission has prepared and hereby submits the following Auditee Response for the finding (other matter) which is included in the Schedule of State and Local Compliance and Other Findings for the year ended September 30, 2023.

Finding
Ref.
No.

Corrective Action Plan Details

2023-001

Finding:

The *Code of Alabama 1975*, Section 41-16-50, commonly known as the “Alabama Competitive Bid Law”, states that all expenditure of funds for labor, services, work, or for the purchase of materials, equipment, supplies, or other personal property involving thirty thousand dollars (\$30,000) or more shall be made under contractual agreement entered into by free and open competitive bidding, on sealed bids, to the lowest responsible and responsive bidder. During the audit period, the Commission expended \$80,424.77 for mailing and printing services without the benefit of free and open competitive bidding. The Commission did not have procedures in place to ensure expenditures exceeding the competitive bid threshold requirements were properly bid. As a result, the Commission could not ensure a fair and competitive purchasing process was followed in the use of public funds. This was previously reported as Finding 2022-001.

Recommendation:

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

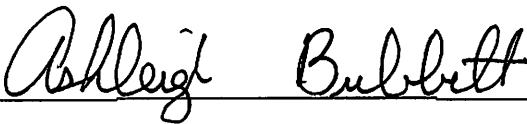
Response/Views: We agree with the finding.

Corrective Action Planned: The Commission approved to go out for bid for mail and printing services on February 14, 2024. Offices are currently working together to obtain bid specifications. Once the bid request packets are developed, an open competitive bid will be performed.

Reason for the Recurrence: The FY2022 audit was not published and made public until May 3, 2024. The Commission has not had adequate time to take corrective action since the FY2022 audit was completed and the FY2023 audit field work began.

Anticipated Completion Date: September 30, 2024

Contact Person(s): Ashleigh Bubbett, County Administrator



Administrator, Marshall County Commission

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APPENDIX C

Book-Entry Only System

The information contained in this section concerning The Depository Trust Company and its book-entry only system has been obtained from materials furnished by The Depository Trust Company to the Issuer. The Issuer and the Underwriter do not make any representation or warranty as to the accuracy or completeness of such information.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2025 Warrants. The Series 2025 Warrants will be issued as fully-registered securities registered in the name of Cede & Co., DTC’s partnership nominee or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025 Warrant certificate will be issued for each maturity of the Series 2025 Warrants, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2025 Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Warrants on DTC’s records. The ownership interest of each actual purchaser of each Series 2025 Warrant (a “Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Warrants are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Warrants, except in the event that use of the book-entry system for the Series 2025 Warrants is discontinued.

To facilitate subsequent transfers, all Series 2025 Warrants deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Warrants with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Warrants. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Warrants are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Warrants may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Warrants, such as redemptions, tenders, defaults, and proposed amendments to the documents governing the

terms of the Series 2025 Warrants. For example, Beneficial Owners of Series 2025 Warrants may wish to ascertain that the nominee holding the Series 2025 Warrants for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided to them directly.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Warrants are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the Issuer as soon as possible after the record date. The "Omnibus Proxy" assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Warrants are credited on the record date (identified in a listing attached to the "Omnibus Proxy").

Principal, premium and interest payments on the Series 2025 Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon receipt of funds and corresponding detail information, in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of Direct Participants and Indirect Participants and not of DTC, the Paying Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium (if any) and interest to Cede & Co. (or such other DTC nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025 Warrants at any time by giving reasonable notice to the Issuer and the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2025 Warrants are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2025 Warrants will be printed and delivered to DTC.

The Issuer, the Paying Agent and the Underwriter cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2025 Warrants (1) payments of principal, redemption price or interest on the Series 2025 Warrants; (2) certificates representing an ownership interest or other confirmation of beneficial ownership interests in Series 2025 Warrants; or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2025 Warrants, or that they will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the United States Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with DTC participants are on file with DTC.

Neither the Issuer, the Paying Agent nor the Underwriter will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Series 2025 Warrants; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series 2025 Warrants; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Warrant Resolution to be given to holders of the Series 2025 Warrants; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2025 Warrants; or (6) any consent given or other action taken by DTC as a holder of the Series 2025 Warrants.

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APPENDIX D

Proposed Opinion of Bond Counsel

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(Form of Opinion of Bond Counsel)

[Closing Date]

Holders of the Series 2025 Warrants
referred to below

Re: \$34,925,000 General Obligation Warrants, Series 2025, issued by Marshall County

We have acted as bond counsel to Marshall County, an Alabama political subdivision (the “Issuer”), in connection with the issuance by the Issuer of the above-referenced warrants (the “Warrants”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Series 2025 Warrants are being issued under and pursuant to a resolution and order duly adopted by the governing body of the Issuer on August 27, 2025 (the “Warrant Resolution”) and the constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama (1975), as amended.

As to various questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

In connection with the rendering of this opinion, we have served as counsel to the City.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Warrant Resolution has been duly adopted by the governing body of the Issuer and constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with the terms thereof.
2. The Warrants are valid and binding orders upon the County Administrator and Treasurer of the Issuer for the payment of the principal thereof and interest thereon and evidence and order paid the valid general obligation indebtedness of the Issuer on an equal and proportionate basis of payment with all present and future general obligation indebtedness of the Issuer and subject to the prior payment of the necessary and reasonable expenses of operating the Issuer.
3. Interest on the Series 2025 Warrants is excludable from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2025 Warrants in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2025 Warrants to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Warrants.
4. Interest on the Series 2025 Warrants is not an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Series 2025 Warrants may be taken into account for purposes of the alternative minimum tax imposed on applicable corporations pursuant to Section 55(b)(2) of the Internal Revenue Code, as amended by the Inflation Reduction Act of 2022.
5. Interest on the Series 2025 Warrants is exempt from State of Alabama income taxation.

We express no opinion regarding any federal or state tax consequences of acquiring, carrying, owning, or disposing of the Series 2025 Warrants, other than the opinions expressed in paragraphs 3, 4 and 5 above. Owners of the Series 2025 Warrants should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2025 Warrants, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

We have not been engaged, and therefore have not undertaken, to review or determine, and consequently provide no assurance, and express no opinion, as to: (a) the tax treatment of interest on the Warrants under (i) any provision or section of the Internal Revenue Code of 1986, as amended, other than Section 103 thereof, or any other law of the United States of America, or (ii) any law of the State of Alabama enacted subsequently to the date hereof, or (iii) the laws of any state other than the State of Alabama; (b) the validity of the Warrants or the Warrant Resolution under the laws of any state other than State of Alabama; (c) the title of the Issuer to any property or revenues; (d) the adequacy of the sources of payment of the Warrants; or (e) the adequacy, completeness, sufficiency or veracity of any statement or information in any official statement or other offering document, or other information regarding the Issuer and the Warrants, with respect to the offering or sale of the Warrants.

The rights of the holders of the Series 2025 Warrants and the enforceability of the Series 2025 Warrants and the Indenture may be limited by (1) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2025 Warrants.

This opinion is rendered solely for your benefit. It is not to be relied upon by any other person or for any other purpose. This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,