

Report on the

# Lauderdale County Agriculture Center Authority

Lauderdale County, Alabama

January 1, 2018 through December 31, 2018

Filed: June 26, 2020



## Department of Examiners of Public Accounts

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*Rachel Laurie Riddle, Chief Examiner*





Rachel Laurie Riddle  
*Chief Examiner*

**State of Alabama**  
Department of  
**Examiners of Public Accounts**

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

Dear Madam:

An audit was conducted on the Lauderdale County Agriculture Center Authority, Lauderdale County, Alabama, for the period January 1, 2018 through December 31, 2018. 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 'Briana Hannah'. The signature is written in a cursive style and is placed on a light blue rectangular background.

Briana Hannah  
Examiner of Public Accounts

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Lauderdale County Agriculture Center Authority  
January 1, 2018 through December 31, 2018**

The Lauderdale County Agriculture Center Authority (the “Authority”) is governed by a seven-member body appointed by a combination of the county commission and the legislative delegation, with the legislative delegation appointing the majority. The members in charge of governance of the Authority are listed on Exhibit 7. The Authority is a governmental entity that provides the construction and operation of facilities to promote agricultural businesses, operations, commodities, workforce development, and economic development to the citizens of Lauderdale County. The Authority was established in 2017 and operates under the provisions of the *Code of Alabama 1975*, Section 11-20-70. Revenue sources for the Authority are provided by the *Code of Alabama 1975*, Sections 45-39-90, 45-39-92.53 and 45-39-246.

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 Authority complied with applicable laws and regulations. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

An unmodified opinion was issued on the financial statements, which means that the Authority’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the year ended December 31, 2018.

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

Authority members, as reflected on Exhibit 7, were invited to discuss the results of this report at an exit conference. Individuals in attendance were: Tim Melson, Chairman; and Authority Member: William Roger Garner. Also, in attendance were representatives of the Department of Examiners of Public Accounts: April Purser, Audit Manager; and Briana Hannah, Examiner of Public Accounts.

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*Independent Auditor's Report*

## **Independent Auditor's Report**

Members of the Lauderdale County Agriculture Center Authority  
Florence, Alabama

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Lauderdale County Agriculture Center Authority, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Lauderdale County Agriculture Center Authority's basic financial statements as listed in the table of contents as Exhibits 1 through 6.

### **Management's Responsibility for the Financial Statements**

The management of the Lauderdale County Agriculture Center Authority is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Lauderdale County Agriculture Center Authority, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

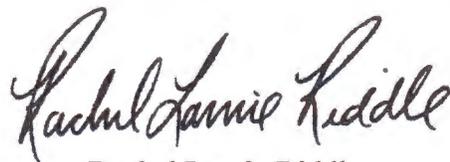
As indicated in Note 1 to the financial statements, the Lauderdale County Agriculture Center Authority was formed based upon enabling legislation in June 2017. This is the first year financial statements were issued on the Authority.

### **Other Matters**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2020, on our consideration of the Lauderdale County Agriculture Center Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lauderdale County Agriculture Center Authority'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 Lauderdale County Agriculture Center Authority's internal control over financial reporting and compliance.



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

June 11, 2020

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# *Basic Financial Statements*

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***Statement of Net Position***  
***December 31, 2018***

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Cash	\$ 1,106,699.00
Taxes Receivables	176,834.00
Prepaid Assets	35,000.00
Capital Assets (Note 4):	
Nondepreciable	2,923,294.00
Total Assets	<u>4,241,827.00</u>
<b><u>Liabilities</u></b>	
Account Payable	1,950.00
Long-Term Liabilities:	
Portion Due and Payable Within One Year:	
Note Payable	300,000.00
Portion Due and Payable After One Year:	
Note Payable	2,300,000.00
Total Liabilities	<u>2,601,950.00</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	323,294.00
Unrestricted	<u>1,316,583.00</u>
Total Net Position	<u>\$ 1,639,877.00</u>

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

**Statement of Activities**  
**For the Year Ended December 31, 2018**

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
<b><u>Governmental Activities</u></b>			
General Government	\$ 124,175.00	\$	\$
Interest on Long-Term Debt	81,318.00		
Total Governmental Activities	\$ 205,493.00	\$	\$

**General Revenues:**

Taxes:

County Gasoline Sales Tax  
TVA in Lieu of Tax Receipts  
Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities</u>
\$	\$ (124,175.00)
	(81,318.00)
<u>\$</u>	<u>(205,493.00)</u>

151,305.00
<u>1,200,000.00</u>
<u>1,351,305.00</u>
1,145,812.00
<u>494,065.00</u>
<u>\$ 1,639,877.00</u>

***Balance Sheet***  
***Governmental Fund***  
***December 31, 2018***

	<b>General Fund</b>
<hr/>	
<b><u>Assets</u></b>	
Cash	\$ 1,106,699.00
Taxes Receivables	176,834.00
Prepaid Asset	35,000.00
Total Assets	<u>1,318,533.00</u>
<b><u>Liability and Fund Balance</u></b>	
<b><u>Liability</u></b>	
Account Payable	1,950.00
Total Liability	<u>1,950.00</u>
<b><u>Fund Balance</u></b>	
Nonspendable:	
Prepaid Expense	35,000.00
Unassigned	1,281,583.00
Total Fund Balance	<u>1,316,583.00</u>
Total Liability and Fund Balance	<u>\$ 1,318,533.00</u>

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

***Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position  
December 31, 2018***

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Total Fund Balance - Governmental Fund (Exhibit 3) \$ 1,316,583.00

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund. These assets consist of:

Land	\$ 2,843,694.00	
Construction in Progress	79,600.00	
		2,923,294.00

A certain liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental fund.

	Current Liabilities	Noncurrent Liabilities	
Note Payable	\$ 300,000.00	\$ 2,300,000.00	
Total Liabilities			(2,600,000.00)

Total Net Position - Governmental Activities (Exhibit 1) \$ 1,639,877.00

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

***Statement of Revenues, Expenditures and Changes in Fund Balance***  
***Governmental Fund***  
***For the Year Ended December 31, 2018***

	<b>General Fund</b>
<b><u>Revenues</u></b>	
Taxes	\$ 151,305.00
Intergovernmental	1,200,000.00
Total Revenues	<u>1,351,305.00</u>
<b><u>Expenditures</u></b>	
Current:	
General Government	124,175.00
Capital Outlay	2,923,294.00
Debt Service:	
Principal Retirement	225,000.00
Interest and Fiscal Charges	81,318.00
Total Expenditures	<u>3,353,787.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,002,482.00)</u>
<b><u>Other Financing Sources (Uses)</u></b>	
Proceeds from Issuance of Debt	2,825,000.00
Total Other Financing Sources (Uses)	<u>2,825,000.00</u>
Net Change in Fund Balance	822,518.00
Fund Balance - Beginning of Year	<u>494,065.00</u>
Fund Balance - End of Year	<u>\$ 1,316,583.00</u>

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

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***Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of the Governmental Fund to the Statement of Activities  
For the Year Ended December 31, 2018***

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Net Change in Fund Balance - Total Governmental Fund (Exhibit 5)	\$ 822,518.00
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
The governmental fund reports capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.	2,923,294.00
Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position.	225,000.00
Proceeds from the issuance of debt are reported as financing sources in the governmental fund and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Position.	<u>(2,825,000.00)</u>
Change in Net Position of Governmental Activities (Exhibit 2)	<u><u>\$ 1,145,812.00</u></u>

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

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## *Notes to the Financial Statements*

### *For the Year Ended December 31, 2018*

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

The financial statements of the Lauderdale County Agriculture Center Authority (the “Authority”) 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 Authority is a specific purpose local government entity governed by separately appointed members. Generally accepted accounting principles (GAAP) require that the financial statements present the funds of the Authority. The accompanying financial statements reflect the activity of the Authority only. There were no component units which would be included as part of the financial reporting entity. The Authority was formed based upon enabling legislation on June 17, 2017. The financial statements for the period ending December 31, 2018 are the first financial statements issued by the Authority.

#### **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 Authority. These statements include the financial activities of the Authority. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

##### **Fund Financial Statements**

The fund financial statements provide information about the Authority’s fund. Statements for governmental activities are presented. The emphasis of fund financial statements is on the major governmental fund.

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***Notes to the Financial Statements***  
***For the Year Ended December 31, 2018***

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The Authority reports the following major governmental fund:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Authority. It is used to account for all financial resources. The Authority primarily received revenues from collections of TVA in lieu of taxes and special gasoline tax revenues.

**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. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Authority will give (or receive) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations.

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 Authority considers revenues to be available if they are collected within sixty (60) days of the end of the current year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund. General long-term debt issued is reported as other financing sources.

**D. Assets, Liabilities, and Net Position/Fund Balances**

**1. Deposits**

Cash includes cash on hand and demand deposits.

**2. Receivables**

Receivables are based on the amounts collected within 60 days after year-end.

Receivables consist of taxes that have been paid in December but are remitted in the subsequent month. This tax is normally remitted to the Authority within the next 60 days.

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## *Notes to the Financial Statements*

### *For the Year Ended December 31, 2018*

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#### **3. 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.

#### **4. Capital Assets**

Capital assets, which include property, equipment, and other assets, are reported in the governmental activities column 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 capital assets will be valued at their acquisition value on the date of acquisition. Additions, improvements and other capital outlays that significantly extend the useful life of an asset will be 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.

#### **5. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

#### **6. 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, reduced by the outstanding balances of debt related to the acquisition, construction, or improvements of those assets.
- ◆ **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. They are reduced by liabilities related to those assets.
- ◆ **Unrestricted** – Is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted portion of net position. Assignments and commitments of unrestricted net position should not be reported on the face of the Statement of Net Position.

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*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

- A. 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 and prepaid items.
- B. 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.
- C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Authority, which is the highest level of decision-making authority, before the end of the year and that require the same level of formal action to remove or modify the constraint.
- D. Assigned fund balances consist of amounts that are intended to be used by the Authority for specific purposes. The Authority authorized the Chairman to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. The portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

The Authority has not established a minimum fund balance policy which recognizes that the establishment and maintenance of adequate fund reserves is necessary to avoid disruption in the operation of the Authority.

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## *Notes to the Financial Statements*

### *For the Year Ended December 31, 2018*

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

##### Budgets

Annual budgets should be adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental fund. All annual appropriations lapse at year-end. A budget was not prepared for year ended December 31, 2018; however, budgets were prepared for subsequent years.

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

#### Note 3 – Deposits

##### Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority 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 Authority'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.

#### Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 01/01/2018	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 12/31/2018
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$	\$2,843,694.00	\$	\$2,843,694.00
Construction in Progress		79,600.00		79,600.00
Total Capital Assets, Not Being Depreciated		2,923,294.00		2,923,294.00
Total Governmental Activities Capital Assets	\$	\$2,923,294.00	\$	\$2,923,294.00

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## *Notes to the Financial Statements*

### *For the Year Ended December 31, 2018*

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#### Note 5 – Construction and Other Significant Commitments

The Authority is in the beginning stages of the construction of an event center. The projected completion date for Phase 1 is the fourth quarter of 2022. The completion date is subject to change depending on the projected schedule to be developed by the construction manager. The amount is unknown at this time.

#### Note 6 – Long-Term Debt

In March 2018, a Tax and Revenue Anticipation Note, Series 2018, with an interest rate of 3.96 percent, was issued to provide funds for the financing of the acquisition of certain real property on which to construct facilities.

The following is a summary of general long-term debt transactions for the Authority for the year ended December 31, 2018:

	Debt Outstanding 01/01/2018	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 12/31/2018	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Tax and Revenue Anticipation Note, Series 2018	\$	\$2,825,000.00	\$(225,000.00)	\$2,600,000.00	\$300,000.00
Total Governmental Activities Long-Term Liabilities	\$	\$2,825,000.00	\$(225,000.00)	\$2,600,000.00	\$300,000.00

Payments on the note are made by the General Fund.

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

Year Ending	2018 Tax and Revenue Anticipation Note		Total Principal and Interest Requirements
	Principal	Interest	
December 31, 2019	\$ 300,000.00	\$ 97,514.00	\$ 397,514.00
2020	2,300,000.00	33,950.00	2,333,950.00
Total	\$2,600,000.00	\$131,464.00	\$2,731,464.00

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## *Notes to the Financial Statements*

### *For the Year Ended December 31, 2018*

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#### **Note 7 – Risk Management**

The Authority has Employment Practices Liability Insurance through Johnson and Johnson Insurance Brokers. The Authority pays an annual premium of \$2,426. Coverage is provided up to \$5,000,000 per policy year for all claims other than claims for employment practices wrongful acts, up to \$10,000 per policy year for donor data loss crisis fund sublimit of liability, up to \$5,000,000 per policy year for all claims for employment practices wrongful acts, and up to \$500,000 per policy year for FLSA defense sublimit of liability. The policy runs from September 5, 2017 through September 5, 2019.

#### **Note 8 – Subsequent Events**

On March 19, 2019, the Authority entered into a Tax and Revenue Anticipation Note, Series 2019, in the amount of \$3,000,000. The proceeds are to be used for financing the acquisition of certain real property on which to construct capital facilities.

On September 1, 2019, the Authority issued Special Tax Revenue Bonds, Series 2019, in the amount of \$39,195,000. These warrants bear interest rates of 2.00% to 5.00% and will be paid in full in 2059. The proceeds will be use for the construction of the event center.

On May 1, 2020, the Authority entered into a Tax and Revenue Anticipation Note, Series 2020, in the amount of \$4,400,000. Interest on the Note shall accrue at the per annum rate of 3.99%. The proceeds are to be used to currently refund the Tax and Revenue Anticipation Note, Series 2018, and the Tax and Revenue Anticipation Note, Series 2019.

Recently, the United States has encountered a COVID-19 pandemic which is adversely affecting the nation. On March 13, 2020, the President of the United States declared a state of emergency in response to the COVID-19 pandemic. Subsequently, on the same day, the Governor of Alabama declared a state of emergency. As a result, the operations of federal, state, and local governments including educational institutions have been modified to ensure the safety of its citizenry as well as its employees. It is highly anticipated that revenues from all sources, including taxes that are received by the Authority could be impacted by this pandemic. Additionally, it is anticipated that there could be a significant increase in costs associated with the aftermath of COVID-19. Because so much is unknown at this time, it will be extremely difficult for the Authority to prepare budgets for the upcoming year to anticipate the impact of the pandemic. The Authority anticipates that its financial operations could be adversely impacted by this pandemic; however, the duration and severity of its effects is indeterminable at this time.

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## *Additional Information*

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***Authority Members***  
***January 1, 2018 through December 31, 2018***

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<b>Authority Members</b>		<b>Term Expires</b>
Tim Melson	Chairman	2023
Lynn Greer	Vice-Chairman	2023
J. Edward Tease	Secretary/Treasurer	2023
Joseph Hackworth	Member	2023
Phillip Pettus	Member	2023
William Roger Garner	Member	2023
Ronald Lane	Member	2023

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

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**Independent Auditor's Report**

Members of the Lauderdale County Agriculture Center Authority  
Florence, 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, the financial statements of the governmental activities and the major fund of the Lauderdale County Agriculture Center Authority, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Lauderdale County Agriculture Center Authority's basic financial statements, and have issued our report thereon dated June 11, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Lauderdale County Agriculture Center Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lauderdale County Agriculture Center Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lauderdale County Agriculture Center Authority's internal control.

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

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

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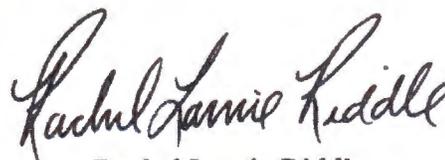
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**Compliance and Other Matters**

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

**Purpose of this Report**

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



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

June 11, 2020