Alabama Water Pollution Control Authority

COMPONENT UNIT FINANCIAL STATEMENTS

September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alabama Water Pollution Control Authority
Montgomery, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the major funds of Alabama Water Pollution Control Authority (the "Authority"), a component unit of the State of Alabama, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major funds of the Authority, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Authority, 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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 on pages 4-8 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025, on our consideration of the 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 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 Authority's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
February 24, 2025

The Alabama Water Pollution Control Authority (the Authority) was established in 1987 to provide a self-perpetuating source of low interest loans for the construction of public wastewater treatment and transport facilities needed to meet water quality standards and provide capacity for future growth. The Authority is operated by the Alabama Department of Environmental Management (ADEM) who serves as agent for the Authority. The following discussion provides an overview of the financial position and results of operation for the Authority as of September 30, 2024. For more detailed information, please refer to the financial statements including the Notes to the Financial Statements.

Overview of the Financial Statements

The Authority operates as a Proprietary Fund and presents the following financial statements: Statement of Net Position, Statement of Activities, Statement of Net Position - Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds, and Statement of Cash Flows - Proprietary Funds. The statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or expended. Investments are reported at fair market value or amortized cost.

The Proprietary Fund statements provide financial information about the Authority which ADEM operates like a business.

Statement of Net Position - Proprietary Funds - Includes all assets, deferred outflows, and liabilities of the Authority and provides a snapshot of the financial position of the Authority at the end of the fiscal year. Assets plus deferred outflows less liabilities results in net position that are restricted and used in assuring the perpetuation of the Authority. Net position are comprised primarily of loans receivable that are not obligated to a bond issue and cash or short term investments pledged to loans that are in the process of closing.

Statement of Changes in Net Position - Proprietary Funds - Reports all additions and deductions for the fiscal year. Additions are primarily comprised of loan interest and investment income and federal awards. Deductions are mainly bond interest expense and administrative expenses. Additions minus deductions provide the change in restricted net position for the fiscal year. The change in restricted net position plus the beginning restricted net position results in the restricted net position available for the perpetuation of the Authority.

The Notes to Financial Statements include organizational description, a summary of significant accounting policies, information on cash and investments, loans receivable, payables to municipalities, long term debt, and related parties, among others.

COMPARATIVE SUMMARY STATEMENTS

Statement of Net Position

September 30,	**2024**	2023	Variance	% increase (decrease)
Assets				
Cash and cash equivalents	**$ 83,419,137**	$ 57,494,085	$ 25,925,052	45%
Receivables	**506,215,375**	518,864,252	(12,648,877)	-2%
Investments	**178,902,590**	174,228,290	4,674,300	3%
Unamortized items	**15,050,941**	14,781,767	269,174	2%
Capital assets	**7,543**	2,405	5,138	214%
Total assets	**783,595,586**	765,370,799	18,224,787	2%
Liabilities				
Accrued liabilities	**264,118**	215,917	48,201	22%
Payable to municipalities	**143,052,128**	151,258,908	(8,206,780)	-5%
Total liabilities	**143,316,246**	151,474,825	(8,158,579)	-5%
Net position, restricted	**$ 640,279,340**	$ 613,895,974	$ 26,383,366	4%

Summary *of Statement of Revenues, Expenses, and Changes in Net Position*

For the years ended September 30,	**2024**	2023	Variance	% increase (decrease)
Operating revenue	**$ 24,342,038**	$ 19,265,287	$ 5,076,751	26%
Operating expense	**10,984,765**	9,906,333	1,078,432	11%
Operating income	**13,357,273**	9,358,954	3,998,319	43%
Non-operating revenue	**13,026,093**	24,175,664	(11,149,571)	-46%
Change in net position	**$ 26,383,366**	$ 33,534,618	$ (7,151,252)	-21%

Statement of Cash Flows

For the years ended September 30,	**2024**	2023	Variance	% increase (decrease)
Net cash provided by (used in) operating activities	**$ 17,787,717**	$ (21,891,921)	$ 39,679,638	-181%
Net cash provided by (used in) non-capital and related financing activities	**8,144,922**	61,428,357	(53,283,435)	-87%
Cash flows from capital and related financing activities	**(7,587)**	(3,095)	(4,492)	145%
Net increase (decrease) in cash and cash equivalents	**$ 25,925,052**	$ 39,533,341	$ (13,608,289)	-34%

Financial Highlights

- The Authority closed 7 new loans totaling $19,493,333.
- Net position increased $26,383,366 mainly due to the utilization of $7,657,435 of State Revenue, $497,044 in federal funds transferred to loan recipients and the increase in the fair value of investments totaling $6,759,491.

September 30,	**2023**	2022	Variance	% increase (decrease)
Assets				
Cash and cash equivalents	**$ 57,494,085**	$ 17,960,744	$ 39,533,341	220%
Receivables	**518,864,252**	472,874,004	45,990,248	10%
Investments	**174,228,290**	218,520,669	(44,292,379)	-20%
Unamortized items	**14,781,767**	7,029,579	7,752,188	110%
Capital assets	**2,405**	835	1,570	188%
Total assets	**765,370,799**	716,385,831	48,984,968	7%
Liabilities				
Accrued liabilities	**215,917**	225,378	(9,461)	-4%
Payable to municipalities	**151,258,908**	135,799,097	15,459,811	11%
Total liabilities	**151,474,825**	136,024,475	15,450,350	11%
Net position, restricted	**$ 613,895,974**	$ 580,361,356	$ 33,534,618	6%

Summary of Statement of Revenues, Expenses, and Changes in Net Position

For the years ended September 30,	**2023**	2022	Variance	% increase (decrease)
Operating revenue	**$ 19,265,287**	$ 16,174,297	$ 3,090,990	19%
Operating expense	**9,906,333**	8,703,122	1,203,211	14%
Operating income	**9,358,954**	7,471,175	1,887,779	25%
Non-operating revenue	**24,175,664**	10,103,861	14,071,803	139%
Change in net position	**$ 33,534,618**	$ 17,575,036	$ 15,959,582	91%

Statement of Cash Flows

For the years ended September 30,	**2023**	2022	Variance	% increase (decrease)
Net cash provided by (used in) operating activities	**$ (21,891,921)**	$ (12,483,373)	$ (9,408,548)	75%
Net cash provided by (used in) non-capital and related financing activities	**61,428,357**	5,598,144	55,830,213	997%
Cash flows from capital and related financing activities	**(3,095)**	-	(3,095)	-100%
Net increase (decrease) in cash and cash equivalents	**$ 39,533,341**	$ (6,885,229)	$ 46,418,570	-674%

Financial Highlights

- The Authority closed 7 new loans totaling $81,067,425.
- Net position increased $33,534,618 mainly due to the utilization of $17,643,125 in federal funds transferred to loan recipients and the decrease in the fair value of investments totaling $6,103,611.

Alabama Water Pollution Control Authority
Statement of Net Position

September 30, 2024	Business-type Activities
Assets	
Current assets	
Cash and cash equivalents - restricted	$ 83,419,137
Accrued interest receivable on investments - restricted	791,956
Accrued interest on loans receivable	1,370,669
Current portion of loans receivable	30,011,177
Grants and other receivables	97
Prepaid rent	166,282
Total current assets	115,759,318
Noncurrent assets	
Investments - restricted	178,902,590
Loans receivable, less unamortized premium of $3,919,994	474,041,476
Principal forgiveness	11,346,546
Prepaid rent	3,538,113
Capital assets, net	7,543
Total noncurrent assets	667,836,268
Total assets	783,595,586
Liabilities	
Current liabilities	
Accounts payable	10,479
Escheated bonds	55,000
Due to Alabama Department of Environmental Management (ADEM)	197,819
Other payables	820
Total current liabilities	264,118
Noncurrent liabilities	
Payables to municipalities	143,052,128
Total liabilities	143,316,246
Net Position	
Net investment in capital assets	7,543
Restricted for loans and debt service	640,271,797
Total net position	$ 640,279,340

The accompanying notes are an integral part of these financial statements.

For the year ended September 30, 2024		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Business-type Activities
Business-type Activities				
Water Pollution loans	$ 12,872,642	$ 7,027,134	$ 8,154,479	$ 2,308,971

General Revenues	
Investment earnings	24,074,395
Change in net position	26,383,366
Net position, beginning of year	613,895,974
Net position, end of year	$ 640,279,340

The accompanying notes are an integral part of these financial statements.

Alabama Water Pollution Control Authority
Statement of Net Position - Proprietary Funds

September 30, 2024	Business-type Activities - Enterprise Funds		
	Loan Fund	Loan Fee Fund	Total
Assets			
Current assets			
Cash and cash equivalents - restricted	$ 82,620,859	$ 798,278	$ 83,419,137
Accrued interest receivable on investments - restricted	791,956	-	791,956
Accrued interest on loans receivable	1,370,669	-	1,370,669
Current portion of loans receivable	30,011,177	-	30,011,177
Grants and other receivables	97	-	97
Prepaid expense	-	166,282	166,282
Total current assets	114,794,758	964,560	115,759,318
Noncurrent assets			
Investments - restricted	178,902,590	-	178,902,590
Loans receivable, less unamortized premium of $3,919,994	474,041,476	-	474,041,476
Principal forgiveness	11,346,546	-	11,346,546
Prepaid expense	-	3,538,113	3,538,113
Capital assets, net	-	7,543	7,543
Total noncurrent assets	664,290,612	3,545,656	667,836,268
Total assets	779,085,370	4,510,216	783,595,586
Liabilities			
Current liabilities			
Accounts payable	-	10,479	10,479
Escheated bonds	55,000	-	55,000
Due to ADEM	-	197,819	197,819
Other Payables	820	-	820
Total current liabilities	55,820	208,298	264,118
Noncurrent liabilities			
Payables to municipalities	143,052,128	-	143,052,128
Total noncurrent liabilities	143,052,128	-	143,052,128
Total liabilities	143,107,948	208,298	143,316,246
Net Position			
Net investment in capital assets	-	7,543	7,543
Restricted for loans and debt service	635,977,422	4,294,375	640,271,797
Total net position	$ 635,977,422	$ 4,301,918	$ 640,279,340

The accompanying notes are an integral part of these financial statements.

	Business-type Activities - Enterprise Funds		
For the year ended September 30, 2024	Loan Fund	Loan Fee Fund	Total
Operating Revenues			
Investment earnings	$ 5,586,689	$ -	$ 5,586,689
Interest from loans receivable	11,728,215	-	11,728,215
Administrative fees	-	7,027,134	7,027,134
Total operating revenues	17,314,904	7,027,134	24,342,038
Operating Expenses			
Administration expenses	7,334,453	2,155,042	9,489,495
Rental expense	-	166,282	166,282
Depreciation	-	2,449	2,449
Office expense	-	28,261	28,261
Other expenses	-	1,293,657	1,293,657
Travel	-	4,621	4,621
Total operating expenses	7,334,453	3,650,312	10,984,765
Operating income	9,980,451	3,376,822	13,357,273
Nonoperating Revenues (Expenses)			
Federal grant revenue	497,044	-	497,044
Principal forgiveness expense	(1,887,877)	-	(1,887,877)
State revenue	7,657,435	-	7,657,435
Intra fund transfer	7,500,000	(7,500,000)	-
Net increase in the fair value of investments	6,759,491	-	6,759,491
Total nonoperating revenues (expenses)	20,526,093	(7,500,000)	13,026,093
Change in net position	30,506,544	(4,123,178)	26,383,366
Net position, beginning of year	605,470,878	8,425,096	613,895,974
Net position, end of year	$ 635,977,422	$ 4,301,918	$ 640,279,340

The accompanying notes are an integral part of these financial statements.

	Business-type Activities - Enterprise Funds		
For the year ended September 30, 2024	Loan Fund	Loan Fee Fund	Total
Operating Activities			
Investment earnings	$ 4,899,808	$ -	$ 4,899,808
Receipts of payments from municipalities	31,247,222	-	31,247,222
Payments to vendors	-	(3,277,526)	(3,277,526)
Interest received on loans receivable	10,987,571	-	10,987,571
Administration fees	(7,334,453)	7,027,134	(307,319)
Payments to municipalities	(25,605,365)	-	(25,605,365)
Payments paid to ADEM	-	(156,674)	(156,674)
Net cash provided by (used in) operating activities	14,194,783	3,592,934	17,787,717
Non-capital and Related Financing Activities			
Grant revenue received	497,044	-	497,044
Payments to municipalities - Principal forgiveness	(2,094,748)	-	(2,094,748)
State revenue	7,657,435	-	7,657,435
Proceeds from investment securities, net	2,085,191	-	2,085,191
Transfers in (out)	7,500,000	(7,500,000)	-
Net cash provided by (used in) non-capital and related financing activities	15,644,922	(7,500,000)	8,144,922
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	-	(7,587)	(7,587)
Net increase (decrease) in cash and cash equivalents - restricted	29,839,705	(3,914,653)	25,925,052
Cash and cash equivalents - restricted, beginning of year	52,781,154	4,712,931	57,494,085
Cash and cash equivalents - restricted, end of year	$ 82,620,859	$ 798,278	$ 83,419,137

(Continued)

The accompanying notes are an integral part of these financial statements.

	Business-type Activities - Enterprise Funds		
For the year ended September 30, 2024	Loan Fund	Loan Fee Fund	Total
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities			
Operating income	$ 9,980,451	$ 3,376,822	$ 13,357,273
Adjustments to reconcile operating income to cash provided by (used in) operating activities			
Loan premium amortization	(932,289)	-	(932,289)
Depreciation	-	2,449	2,449
(Increase) decrease in operating assets			
Due from municipality	35,225	-	35,225
Accrued interest receivable on investments - restricted	(686,881)	-	(686,881)
Accrued interest receivable on loans receivable	(36,940)	-	(36,940)
Loans receivable	14,041,177	-	14,041,177
Prepaid expense	-	166,282	166,282
Increase (decrease) in operating liabilities			
Payables to municipalities	(8,206,780)	-	(8,206,780)
Accounts payable	-	6,236	6,236
Due to Municipalities	820	-	820
Due to ADEM	-	41,145	41,145
Total adjustments	4,214,332	216,112	4,430,444
Net cash provided by (used in) operating activities	$ 14,194,783	$ 3,592,934	$ 17,787,717

The accompanying notes are an integral part of these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Alabama Water Pollution Control 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 following notes to the financial statements are an integral part of the Authority's financial statements.

Reporting Entity

The Authority, a component unit of the State of Alabama, was created by the State of Alabama's Legislature in 1989 to issue revolving loan bonds and lend the bond proceeds to eligible municipalities at below market interest rates to pay for the construction of wastewater treatment and collection facilities. The Water Quality Act of 1987 (Clean Water Act) requires the implementation of a State Revolving Fund (SRF) program to accept the federal capitalization grants and the required 20% state matching funds which are provided by the Federal and State governments. The Alabama Department of Environmental Management (ADEM) is the agency designated by the State of Alabama to administer the revolving loan program.

The Authority does not have any full-time employees. Instead, ADEM charges the Authority for time spent on revolving loan program activities by employees of ADEM, and the Authority reimburses ADEM for such costs. The charges include the salaries and benefits of the employees, as well as indirect costs allocated to the Authority based on direct salary costs. Employees charging time to the Authority are covered by the benefits of ADEM.

Authority-wide and Fund Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into two categories: charges for services and operating grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contribute to the change in the net position for the fiscal year. Revenues that are not classified as program revenues are presented as general revenues.

The fund financial statements follow and report additional and detailed information about operations for the proprietary funds individually.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Authority is reported as a proprietary fund. The Authority's proprietary fund 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 when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

principal ongoing operations. Operating revenues and expenses of the Authority general result from providing loans to Alabama municipalities to finance water and sewer system upgrades. The principal operating revenues of the Authority are comprised of investment earnings, administrative fees, and interest income from loans. Operating expenses consist primarily of administrative salaries, other expenses, and interest expense on bonds. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgetary Information

Under the Alabama Constitution, money may only be drawn from the Treasury by a legal appropriation. However, the Authority operates under a continuous appropriation because the funding of the matching funds approved by the voters contains its own appropriation authority. Therefore, the Authority's operations are not included in the State's annual budget.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered highly liquid investments with a maturity of 90 days or less when acquired. Included in the cash equivalents are money market funds held by the State Treasurer. Money market funds are held by a counterparty or by its trust department but not in the Authority's name

Investments

Investments are reported at fair value or amortized cost. All investment income, including changes in the fair value of investments, is recognized in the statement of revenues, expenses, and changes in net position. The Authority has adopted a formal written investment policy. However, as disclosed in Note 2, investments and underlying collateral are limited to U.S. Government Securities and AAA- rated investments.

Loans Receivable, Payables to Municipalities and Loan Premium

The Authority issues loans to eligible municipalities or their agencies through the purchase of the municipalities' revenue or general obligation bonds or warrants with the loan disbursements being made as the municipalities' construction expenditures are incurred. The loans to municipalities are in excess of the expenditures made by the Authority. The excess of these loans receivables over the payments to municipalities is classified as a loan premium. This loan premium, which allows the Authority to recover certain costs associated with the loan, is amortized into income on the interest method over the life of the loan. The stated interest rates for these loans range from 1.99% to 3.50% and the effective interest rates range from 1.99% to 4.52%. The loans are typically repaid over a twenty-year period. The stated interest rates for loans bound prior to October 1, 2018 include a 0.75% fee charged to municipalities for administrative costs. The stated interest rates for loans bound on or subsequent to October 1, 2018 include a 2.10% fee charged to municipalities for administrative costs with the exception of two municipality loans that closed on November 1, 2018, which were already being processed as of October 1, 2018.

Payables to municipalities represent amounts committed by the Authority to fund qualifying projects conducted by the municipalities.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)

Loans Receivable, Payables to Municipalities and Loan Premium (continued)

No provision for uncollectible accounts has been made, as all loans are current, and Management believes that all loans will be repaid according to the loan terms.

Restricted Assets

Under each bond indenture, certain funds and bank accounts are required to be established and controlled by a trustee. The accounts of the trust funds are maintained on the cash receipts and disbursements basis and are adjusted for financial statement purposes to reflect accrued receivables and payables. Additional restricted assets are held by the State of Alabama on behalf of the Authority until the disbursement of the assets to municipalities occurs.

Prepaid Rent

In 2008, the Authority paid $6,485,000 in prepaid rent to the State of Alabama for the use of newly renovated laboratory facilities. This amount is amortized to rental expense over a period of 39 years, the estimated life of the associated building, or $166,282, annually. Amortization expense recognized during the year ended September 30, 2024 was $166,282.

Capital Assets

Capital assets are recorded at cost and are being depreciated over their estimated useful lives. The estimated useful life of the Authority's capital assets is three years. Depreciation is calculated using the straight-line method. The Authority maintains a capitalization threshold of five hundred dollars. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Classification of Net Position

The Authority's net position is divided into two components:

- *Net investment in capital assets* – This component of net position consists of the historical cost of capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should also be included in this component of net position.

- *Restricted* – This component of net position consists of assets that are restricted by debt covenants, contributors, contractual provisions, or enabling legislation, reduced by liabilities related to those assets. The Authority's restricted net position as reported in the statement of net position consists of cash and investments which are restricted for loans and debt service.

Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are interest earnings on loans and investments. Due to the nature of the

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses (continued)

Authority's business, obtaining and making loans, interest which is typically nonoperating is deemed to be operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Administrative Fees

The sole source of administrative fees is a fee charged to municipalities on the principal amount of the loan made to the municipalities by the Authority, net of bank and trustee fees. The administrative fee is .75% for loans bound prior to October 1, 2018 and 2.10% for loans bound on or subsequent to October 1, 2018 with the exception of two municipality loans that closed on November 1, 2018 which were already being processed as of October 1, 2018. These two loans have an administrative fee of .75%.

Grant Revenue

Grants received are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable. The federal capitalization grant is awarded in the form of a letter of credit. Funds are drawn from the federal capitalization grant only after the originating expenditure to the municipality has been approved. Since expenditure is the primary factor for determining eligibility, revenue is recognized when the funds are expended.

The State appropriation is awarded to the Authority by the State legislature each year. In accordance with federal law, the appropriation must be at least 20% of the federal capitalization grant. The State's appropriation is not expended upon receipt; therefore, the State's appropriation is deferred upon receipt and recognized as revenue as a constant percentage of each federal grant draw. Such percentage is dependent on the actual appropriation (see Note 3).

Interfund Transfers

The Authority has the ability to transfer and receive funds from the Drinking Water State Revolving Fund and ADEM.

Concentration of Credit Risk

All of the loans to municipalities represent receivables from municipalities located in the State of Alabama.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 24, 2025, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement established accounting and financial reporting for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statement of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

The GASB has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 101, *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures.* The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. In addition to other items, the Statement:

- Addresses changes to information presented in the MD&A;
- Requires governments to display the inflows and outflows related to unusual or infrequent items separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows;

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements **(continued)**

- Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses;
- Requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements;
- Requires governments to present budgetary comparison information using a single method of communication (RSI).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale and that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The Authority is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES

Deposits and Investments

As of September 30, 2024, cash consisted of non-interest bearing deposits held by the State Treasurer and financial institutions in the name of the Authority. The Authority's deposits were entirely covered 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 Section 41-14A of the Code of Alabama 1975, as amended. 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 2: DETAILED NOTES (Continued)

Deposits and Investments (continued)

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Authority places its deposits are certified as "qualified public depositories," as required under the SAFE program. For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has U.S. Government securities (bills, bonds and notes) totaling $178,902,590 held in trust by either the Bank of New York or U.S. Bank in a fiduciary capacity. These securities are bond reserve funds and are held under a trust agreement between the Authority and the trustee bank for the benefit of the bondholder and are not deemed to have significant custodial credit risk. The securities are approved by bond insurers and are held in the name of the Trustee for the bond issue for the benefit of bondholder.

Interest Rate Risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The fair value of fixed-maturity investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods. However, the Authority's intent is to hold all securities to maturity, and as such, fixed maturity investments are classified as held to maturity. Investments are classified in the following table as if they were held to maturity.

Credit Risk – Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The bond indenture agreements authorize the Authority to invest in "eligible investments." "Eligible investments" are defined as (a) any debt securities that are direct, general obligations of the United States of America; (b) any debt securities where the payment of the principal and of interest on which is unconditionally guaranteed by the United States of America; and (c) repurchase agreements collateralized by securities of the type described in the preceding clauses (a) and (b) above with any commercial bank, of such broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated "Prime-1" or "A-3" or better by Moody's Investors Service, Inc. and "A-1" or "A-" or better by Standard & Poor's Corporation. All of the investments and cash equivalents held by the Authority for the year ended September 30, 2024 are collateralized by U.S. Government securities rated AAA.

Concentration Risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. As of September 30, 2024, the Authority did not hold investments with any issuers that comprised 5% or more of total investment holdings, other than the U.S. Treasury.

Note 2: DETAILED NOTES (Continued)

Deposits and Investments (continued)

The ratings of total holdings are as follows at September 30, 2024:

Moody's Ratings	Recorded Amount	Recorded Amount as a Percent of Total Holdings Value
Exempt from disclosure	$ 178,902,590	68.20%
Aaa	83,419,137	31.80%
	$ 262,321,727	100.00%

Investment holdings that are exempt from disclosure consist of U.S. Treasury bills, bonds and notes held by financial institutions.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 2: DETAILED NOTES (Continued)

Deposits and Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of September 30, 2024:

		Maturities (in years)			
	Fair Value	Less than 3	3-6	More than 6	Level
Investments:					
U.S. Treasury Bills	$ 14,707,950	$ 14,707,950	$ -	$ -	L2
U.S. Treasury Bonds/Notes	164,194,640	164,194,640	-	-	L2
Total investments	178,902,590	$ 178,902,590	$ -	$ -	
Cash equivalents:					
Money Market Funds	83,419,137	N/A	N/A	N/A	
Total holdings	$ 262,321,727				

Loans Receivable

Loans receivable at September 30, 2024, as discussed below, are as follows:

Completed projects	$ 486,555,294
Projects in progress	21,417,353
	507,972,647
Less:	
Current portion loans receivable	30,011,177
Unamortized Premium	3,919,994
Loans receivable, net	$ 474,041,476

Loans mature at various intervals. The schedule of principal payments on loans maturing in subsequent years as follows:

2025	$ 30,011,177
2026	30,746,177
2027	31,091,176
2028	31,696,176
2029	32,421,177
2030-2034	167,855,882
2035-2039	128,755,882
2040-2044	54,750,000
2045	645,000
	$ 507,972,647

Note 2: DETAILED NOTES (Continued)

Loans Receivable (continued)

As of September 30, 2024, the Authority's ten largest outstanding loans, in the aggregate, exceeded $244 million. The outstanding balances of these loans represent approximately 48% of the total loans receivable, as follows:

Loan Recipient	Outstanding Balance
Mobile CWSRF Master Plan Phase I (2019-2023) Supplemental	$37,670,000
Mobile W&SB Commissioner CWSRF Master Plan Phase 1 (SUPP) (MAWSS)	35,325,000
Mobile Master Plan CWSRF Wastewater Projects (Supplemental)	31,550,000
Mobile CWSRF Master Plan Phase I (2019-2023)	26,880,000
Dothan Omussee Creek WWTP Improvements	26,780,000
Mobile Upgrades and Various Sewer Rehabilitation	23,465,000
Calera Wastewater Treatment System Improvements	19,230,000
Anniston (SUPPL) Choccolocco Creek WWTP Biosolids Improvements and	15,850,000
Tuscaloosa Sanitary Sewer Improvements	15,155,000
Prattville Pine Creek and Autauga Creek WWTP Improvements	13,040,000
Total	$ 244,945,000

Capital Assets, Net

Capital assets, net consist of the following depreciable assets:

	Balance 9/30/23	Additions	Deletions	**Balance 9/30/24**
Data processing equipment	$ 34,138	$ 7,587	$ 11,690	**$ 30,035**
Scientific and technical equipment	560,079	-	72,420	**487,659**
Communication equipment	78,625	-	66,869	**11,756**
Other equipment	63,458	-	810	**62,648**
	736,300	7,587	151,789	**592,098**
Less: accumulated depreciation	733,895	2,449	151,789	**584,555**
Total capital assets, net	$ 2,405	$ 5,138	$ -	**$ 7,543**

Payables to Municipalities

As of September 30, 2024, the authority had $143,052,128 in payables to municipalities. These payables represent loans on projects in progress at year end. Loan funds are advanced as work is completed on each project.

Note 2: DETAILED NOTES (Continued)

Principal Forgiveness

Beginning in fiscal year 2009, the capitalization funds provided to ADEM from the EPA required the recipient (ADEM) to use a portion of the funds provided by the grant to provide additional subsidization in the form of principal forgiveness, negative interest rate loans, or grants.

The required principal forgiveness portions are set as a certain percent of total grant funds awarded and is outlined in the grant agreements and uniform guidance compliance supplements. Required percentages vary depending on the issuance year of the grant awards. The principal forgiveness amount was allocated amongst qualifying projects for the municipalities. This amount is recognized as a receivable on the statement of net assets at the time a loan is issued and is included in the total amount payable to municipalities. Principal forgiveness is stated separately from the associated loans receivable as it is not required to be repaid by the municipalities. As the work is completed on these projects and the loan funds are advanced to the municipalities, a percentage of the total principal forgiveness amount is expensed in relation to the total amount paid to the respective municipalities. Principal forgiveness expense recognized during the year ended September 30, 2024 totaled $1,887,877, leaving a remaining balance of $11,346,546 capitalized as principal forgiveness on the statement of net position as of September 30, 2024.

Note 3: APPROPRIATIONS

The U.S. Environmental Protection Agency (EPA) awards ADEM capitalization funds under its annual grant agreement. During the year ended September 30, 2024, the EPA awarded ADEM capitalization funds under its annual grant agreement in the amount of $8,388,000 with a budget and project period beginning October 1, 2023. The EPA also awarded ADEM two additional capitalization grants. The additional grants in the amount of $2,378,000 and $23,308,000 were awarded by the EPA and funded by the Infrastructure Investment and Jobs Act (“IIJA”). Both grants have a budget and project period beginning October 1, 2023. During the year ended September 30, 2024, the State of Alabama appropriated funds in the amount of $7,657,435 from the State General Fund to the Authority to use as state matching funds.

The federal capitalizing grants require a state appropriation of at least 20% of the awarded federal capitalization grant. In the absence of such an appropriation, the EPA allows the required match to be satisfied by using a portion of the proceeds from the revolving fund loan bonds. The Authority has chosen to use bond proceeds as the required match for the capitalizing grants. The Authority has also recognized as income only the percentage of State match actually received in relation to the federal grant drawn.

The amount of unused federal capitalization grants was approximately $50,371,795 at September 30, 2024. The Authority will apply for a federal capitalization grant in 2025. Any grants in 2025 and subsequent years are subject to approval on a yearly basis.

Note 3: APPROPRIATIONS (Continued)

The following summarizes the capitalization grant awarded, amounts drawn on each grant, and balances available for future loans as of September 30, 2024:

Grant	Grant Amount	Draws prior to 2024	**2024 Draws**	Total Draws	Amount Available for Future Draws
CS01000122	12,938,000	12,748,895	**189,105**	$ 12,938,000	$ -
4C02D36722	19,901,000	5,762,698	**497,044**	6,259,742	13,641,258
4X02D36622	1,045,000	-	**-**	-	1,045,000
SO02D44123	2,328,357	-	**-**	-	2,328,357
CS01000123	8,388,000		**-**	-	8,388,000
4X02D36623	2,378,000	-	**-**	-	2,378,000
4C02D36723	23,308,000	-	**716,820**	716,820	22,591,180
	$ 70,286,357	$ 18,511,593	**1,402,969**	$ 19,914,562	$ 50,371,795
Less:					
Administrative and set-aside expenses			**(905,925)**		
Total 2024 Draws			**$ 497,044**		

Note 4: ARBITRAGE REBATE CALCULATIONS

In accordance with Internal Revenue Code, Section 148, and related regulations as the issuer of tax-exempt debt, the Authority performed an arbitrage calculation during the year ended 2024 and determined there is no rebate due to the Internal Revenue Service at September 30, 2024.

Note 5: RELATED PARTIES

ADEM acts as an agent for the Authority and is authorized to administer the revolving loan fund program in accordance with applicable federal and state laws.

The Authority does not maintain any employees of their own. Salary expense on the Loan Fee Fund is related to services provided by the employees of ADEM, which is allocated to the Authority. As the Authority has no employees, no liability for pension costs or other post-employment benefits is recognized by the Authority.

The director of ADEM is the vice president of the Authority. ADEM receives a portion of the federal capitalization grants as reimbursement for administrative costs.

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INDEPENDENT AUDITOR'S 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*

Board of Directors
Alabama Water Pollution Control Authority
Montgomery, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Alabama Water Pollution Control Authority (the "Authority"), a component unit of the State of Alabama, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
February 24, 2025