



Tuscaloosa County Commission

Tuscaloosa County, Alabama

October 1, 2022 through September 30, 2023

Filed: January 2, 2026

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

Rachel Laurie Riddle, *Chief Examiner* | 334-777-0500 | www.aalexaminers.gov



Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 777-0500
FAX (334) 242-1775

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

Dear Madam:

An audit was conducted on the Tuscaloosa County Commission, Tuscaloosa County, Alabama, for the period October 1, 2022 through September 30, 2023, by Examiners Taylor Carter and Ryan Perry. I, Taylor Carter, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Taylor Carter".

Taylor Carter
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

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

The Tuscaloosa County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Tuscaloosa County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 17. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Tuscaloosa County.

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

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

Financial statements for the fiscal year ending September 30, 2023 were not prepared by management until August 12, 2025. The Commission’s failure to prepare timely financial statements may impact the relevance of the financial information presented to users of the financial statements. In addition, the Commission’s Single Audit was not submitted to the Federal Audit Clearinghouse timely, as required by Title 2 U. S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

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

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 17, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Chief Financial Officer April Hoffman; Commission Chairman Ward D. Robertson, III; and County Commissioners Stan Acker, Reginald Murray, Mark C. Nelson and Jerry Tingle. Representing the Department of Examiners of Public Accounts were Stephanie Jenkins, Audit Manager; Taylor Carter, Examiner; and Ryan Perry, Examiner.

Independent Auditor's Report

Independent Auditor's Report

Members of the Tuscaloosa County Commission,
County Administrator and Chief Financial Officer
Tuscaloosa, Alabama

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 Tuscaloosa County Commission's internal control. Accordingly, no such opinion is expressed.
- ◆ evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tuscaloosa County Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of Changes in the Employer's Net Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 15), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tuscaloosa County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 16), as required by Title 2 U. S. *Code of Federal Regulations* Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of the Tuscaloosa County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tuscaloosa County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tuscaloosa County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 15, 2025

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

Management's Discussion and Analysis

Tuscaloosa County Commission

As management of the Tuscaloosa County Commission, we offer readers of the Tuscaloosa County Commission's financial statements this narrative overview and analysis of the financial activities of the Tuscaloosa County Commission for the fiscal year ended September 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

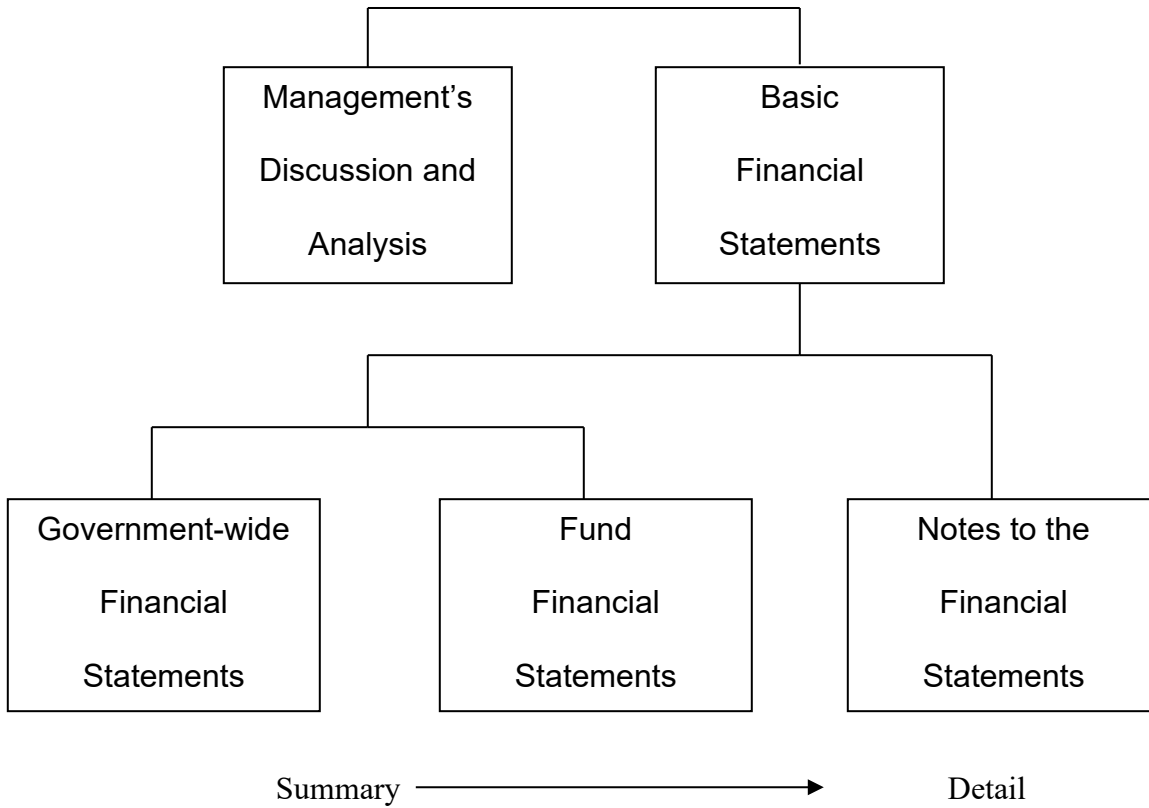
Financial Highlights

- The liabilities and deferred inflows of resources of the Tuscaloosa County Commission were exceeded by its assets and deferred outflows of resources at the close of the fiscal year by \$4,061,135.55 (*net position*) as a result of the reporting requirements of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).
- As of the close of the current fiscal year, the Tuscaloosa County Commission's governmental funds reported combined ending fund balances of \$68,772,766.92. Of this amount \$42,251,198.50 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$42,251,198.50.
- Tuscaloosa County Commission currently has no long-term debt.
- Tuscaloosa County Commission maintained its AA+ (Standard & Poor's - upgraded), Aa2 (Moody's) bond rating for the 22nd consecutive year.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Tuscaloosa County Commission's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the Tuscaloosa County Commission.

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 8) are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements and 2) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

Required supplementary information is provided to show details about the County's major governmental funds' budget information as required by the General Statutes and by the Governmental Accounting Standards Board.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide financial statements are in Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Tuscaloosa County Commission, like all other governmental entities in Alabama, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget resolution. All the funds of the Tuscaloosa County Commission can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations that are a part of the financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Tuscaloosa County Commission has thirteen fiduciary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources were exceeded by the assets and deferred outflows of resources of the Tuscaloosa County Commission by \$4,061,135.55 as of September 30, 2023. This is the result of a decrease in liabilities.

For the year ending September 30, 2023, Tuscaloosa County's net position is presented in Figure 2 as follows:

Tuscaloosa County's Net Position
Figure 2

	Governmental Activities 2023	Governmental Activities 2022
Current and other assets	\$ 135,491,785	\$ 138,402,068
Capital Assets, net	79,630,265	69,915,253
Total Assets	<u>215,122,050</u>	<u>208,317,321</u>
Deferred Outflows of Resources		
Employer Pension Contribution	4,897,789	4,827,046
Proportionate Share of Collective Outflows-Defined Pension Plans	13,404,903	5,500,015
Proportionate Share of Collective Outflows Related to OPEB Liability	17,382,453	20,462,878
Total Deferred Outflows	<u>35,685,145</u>	<u>30,789,939</u>
	148,158,317	125,397,897
Long-term liabilities outstanding		
Other liabilities	25,348,507	39,826,339
Total liabilities	<u>173,506,824</u>	<u>165,224,236</u>
Deferred Inflows of Resources		
Unavailable Revenue - Property Tax	39,570,887	37,282,188
Revenue Received in Advance-Motor Vehicles Taxes	1,799,624	1,580,866
Proportionate Share of Collective Deferred Inflows-Defined pension plans	770,088	7,886,448
Proportionate Share of Collective Deferred Inflows-OPEB Liability	31,098,636	40,142,559
Total Deferred Inflows of Resources	<u>73,239,235</u>	<u>86,892,061</u>
Net position:		
Net investment in capital assets	79,630,265	69,915,253
Restricted	12,895,233	7,448,651
Unrestricted	(88,464,363)	(90,372,941)
Total net position	<u>\$ 4,061,135</u>	<u>\$ (13,009,037)</u>

Tuscaloosa County’s change in net position is presented in figure 3 as follows:

**Tuscaloosa County Changes in Net Position
Figure 3**

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 13,413,288	\$ 12,700,346
Operating grants and contributions	23,691,249	23,853,967
Capital grants and contributions	5,232,522	8,082,402
General revenues:		
Property taxes	40,770,114	40,199,212
Other taxes	31,784,107	30,568,744
Grants and contributions not restricted to specific programs	10,064,714	8,907,796
Other	17,821,904	13,442,803
Total revenues	142,777,898	137,755,270
Expenses:		
General government	41,092,126	35,978,224
Public safety	38,455,724	35,259,864
Highways and roads	32,169,424	30,968,469
Sanitation	3,418,810	1,494,020
Health	2,960,853	838,747
Welfare	1,141,696	9,332,149
Culture and recreation	6,370,107	5,383,207
Education	98,986	188,986
Miscellaneous	-	-
Interest on long-term debt	-	-
Total expenses	125,707,726	119,443,666
Increase in net position		18,311,604
Net position, October 1	(13,009,037)	(31,320,641)
Net position, September 30	\$ 4,061,135	\$ (13,009,037)

Financial Analysis of the County’s Funds

As noted earlier, Tuscaloosa County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Tuscaloosa County’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Tuscaloosa County’s financing requirements. Specifically, unrestricted fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Tuscaloosa County. At the end of the current fiscal year, total fund balance of the General Fund was \$54,528,612, an increase of \$4,881,401.

Other major funds of the County are the Road and Bridge Fund, and the Coronavirus State and Local Fiscal Recovery Fund. The Road and Bridge Fund’s purpose is to account for the expenditures of funds earmarked for the building and maintenance of the County’s roads and bridges. The fund balance of the Road and Bridge Fund increased \$1,947,782 during the year. The Coronavirus State and Local Fiscal Recovery Fund accounts for expenditures related to the funds received as part of the American Rescue Plan Act, for response to and recovery from the COVID-19 public health emergency. The Coronavirus State and Local Fiscal Recovery Fund expenditures equals its revenues.

On September 30, 2023, the governmental funds of Tuscaloosa County reported a combined fund balance of \$68,772,766.

Capital Asset and Debt Administration

Capital Assets. Tuscaloosa County’s capital assets for its governmental activities as of September 30, 2023, totals \$79,630,265 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Purchased new vehicles in the County Motor Pool
- Purchased new vehicles in the Public Safety Department
- Purchased new vehicles and equipment in the Road & Bridge Department
- Disposed of old equipment in the County Commission Department
- Disposed of old vehicles and equipment in the Public Safety Department

A breakdown of Tuscaloosa County Capital Assets is presented in figure 4 as follows:

**Tuscaloosa County’s Capital Assets
Figure 4**

	Governmental Activities	
	2023	2022
Land	\$ 4,812,341	\$ 4,412,341
Buildings and improvements	52,005,373	52,519,556
Improvements other than buildings	6,255,131	6,255,131
Equipment and furniture	21,978,903	19,616,485
Infrastructure	176,262,540	176,262,539
Data processing equipment	1,201,595	1,076,343
Vehicles and motorized equipment	16,830,607	15,938,759
Construction in progress	15,816,269	5,291,343
Less: accumulated depreciation	(215,532,494)	(211,457,244)
Total	\$ 79,630,265	\$ 69,915,253

Additional information on the County’s capital assets can be found in note 5 of the Basic Financial Statements.

Long-term Debt. As of September 30, 2023, Tuscaloosa County had no bonded debt outstanding.

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The County had new jobs and capital invested this year.
- The private sector had new capital invested along with providing additional jobs.

Budget Information

The Tuscaloosa County Commission adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the management of the County, and the decisions of the County Commission about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget resolution and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the legal budget document. The statements show three columns: 1) the original budget as adopted by the Commission; 2) the final budget as amended by the Commission; and 3) the actual resources, charges to appropriations, and ending balances in each fund on a budgetary basis of accounting. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of each budgetary statement.

Governmental Activities: Taxes (benefiting from economic growth) are expected to lead the increase in revenue projections. The County will use these increases in revenues to finance programs currently in place.

Requests for Information

This report is designed to provide an overview of the County’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to April L. Hoffman, the Chief Financial Officer of Tuscaloosa County Commission, P.O. Box 20113, Tuscaloosa, AL 35402.

Basic Financial Statements

Statement of Net Position
September 30, 2023

	Governmental Activities
<u>Assets</u>	
Cash and Cash Equivalents	\$ 88,064,563.06
Investments	2,931,996.24
Receivables (Note 4)	3,759,990.71
Ad Valorem Taxes Receivable	39,570,887.40
Prepaid Items	914,801.38
Inventories	249,546.59
Capital Assets (Note 5):	
Nondepreciable	20,628,610.49
Depreciable, Net	59,001,654.79
Total Assets	<u>215,122,050.66</u>
<u>Deferred Outflows of Resources</u>	
Employer Pension Contributions	4,897,789.00
Deferred Outflows Related to Defined Benefit Pension Plan	13,404,903.00
Deferred Outflows Related to Other Postemployment Benefit Liability	17,382,453.00
Total Deferred Outflows of Resources	<u>35,685,145.00</u>
<u>Liabilities</u>	
Payables (Note 10)	3,473,060.36
Accrued Wages Payable	1,112,328.46
Unearned Revenue	19,955,484.45
Health Claims Payable	204,961.02
Worker's Compensation Claims Payable	602,673.00
Long-Term Liabilities (Note 11):	
Portion Due or Payable Within One Year:	
Compensated Absences	577,271.07
Portion Due or Payable After One Year:	
Compensated Absences	5,195,439.58
Total Other Postemployment Benefit (OPEB) Liability	89,229,763.00
Net Pension Liability	53,155,844.00
Total Liabilities	<u>173,506,824.94</u>
<u>Deferred Inflows of Resources</u>	
Unavailable Revenue - Property Tax	39,570,887.40
Revenue Received in Advance - Motor Vehicle Tax	1,799,623.77
Deferred Inflows Related to Defined Benefit Pension Plan	770,088.00
Deferred Inflows Related to OPEB Liability	31,098,636.00
Total Deferred Inflows of Resources	<u>\$ 73,239,235.17</u>

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

	Governmental Activities
<hr/>	
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 79,630,265.28
Restricted for:	
Highways and Roads	4,421,493.84
Public Safety	1,916,103.77
Other Purposes	6,557,635.67
Unrestricted	<u>(88,464,363.01)</u>
Total Net Position	<u>\$ 4,061,135.55</u>

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Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	and Changes in Net Position Total Governmental Activities
Primary Government					
Governmental Activities:					
General Government	\$ 41,092,126.42	\$ 8,082,087.25	\$ 1,635,874.98	\$ 100,000.00	\$ (31,274,164.19)
Public Safety	38,455,723.57	4,683,993.51	2,005,447.07	5,132,522.14	(26,633,760.85)
Highways and Roads	32,169,424.35	107,445.62	12,909,116.79		(19,152,861.94)
Sanitation	3,418,810.31	539,761.15	2,485,981.59		(393,067.57)
Health	2,960,852.76		166,092.45		(2,794,760.31)
Welfare	1,141,696.47		2,759,896.58		1,618,200.11
Culture and Recreation	6,370,107.10		1,728,839.85		(4,641,267.25)
Education	98,985.96				(98,985.96)
Total Governmental Activities	<u>\$ 125,707,726.94</u>	<u>\$ 13,413,287.53</u>	<u>\$ 23,691,249.31</u>	<u>\$ 5,232,522.14</u>	<u>(83,370,667.96)</u>

General Revenues:

Taxes:		
Property Taxes for General Purposes		25,262,371.41
Property Taxes for Specific Purposes		15,507,743.00
General Sales Tax		26,767,034.41
County Gasoline Sales Tax		973,788.48
Miscellaneous Taxes		4,043,284.95
Grants and Contributions Not Restricted for Specific Programs		10,064,713.77
Interest Earned		2,480,455.91
Gain on Sales of Capital Assets		921,981.19
Miscellaneous		14,419,467.04
Total General Revenues		<u>100,440,840.16</u>
Change in Net Position		17,070,172.20
Net Position - Beginning of Year		<u>(13,009,036.65)</u>
Net Position - End of Year		<u>\$ 4,061,135.55</u>

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

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Road and Bridge Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 52,519,754.10	\$ 6,532,895.00	\$ 20,233,744.19	\$ 8,778,169.77	\$ 88,064,563.06
Investments	2,931,996.24				2,931,996.24
Receivables (Note 4)	3,255,336.73	504,653.98			3,759,990.71
Ad Valorem Taxes Receivable	24,014,548.20	11,762,957.20		3,793,382.00	39,570,887.40
Prepaid Items	5,126.46	909,674.92			914,801.38
Inventories		249,546.59			249,546.59
Total Assets	82,726,761.73	19,959,727.69	20,233,744.19	12,571,551.77	135,491,785.38
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Payables (Note 10)	1,343,219.32	713,392.16	282,338.64	1,134,110.24	3,473,060.36
Accrued Wages Payable	824,781.44	235,877.71		51,669.31	1,112,328.46
Unearned Revenue			19,951,356.92	4,127.53	19,955,484.45
Health Claims Payable	204,961.02				204,961.02
Worker's Compensation Claims Payable	602,673.00				602,673.00
Total Liabilities	2,975,634.78	949,269.87	20,233,695.56	1,189,907.08	25,348,507.29
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	24,014,548.20	11,762,957.20		3,793,382.00	39,570,887.40
Revenue Received in Advance - Motor Vehicle Taxes	1,207,966.68	591,657.09			1,799,623.77
Total Deferred Inflows of Resources	\$ 25,222,514.88	\$ 12,354,614.29	\$	\$ 3,793,382.00	\$ 41,370,511.17

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Road and Bridge Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances					
Nonspendable:					
Prepaid Items	\$ 5,126.46				\$ 914,801.38
Inventories		\$ 909,674.92			\$ 249,546.59
Inventories		249,546.59			249,546.59
Restricted for:					
Public Safety	173,403.18			1,742,700.59	1,916,103.77
Highways and Roads		4,421,493.84			4,421,493.84
Other Purposes	712,024.94		48.63	5,845,562.10	6,557,635.67
Committed for:					
Infrastructure Improvements		201,812.14			201,812.14
Assigned to:					
Worker's Compensation Insurance	1,194,760.74				1,194,760.74
Employees' Health Insurance	3,812,716.74				3,812,716.74
General Liability Insurance	3,165,578.51				3,165,578.51
Capital Projects	3,213,803.00				3,213,803.00
Highways and Roads		873,316.04			873,316.04
Unassigned	42,251,198.50				42,251,198.50
Total Fund Balances	54,528,612.07	6,655,843.53	48.63	7,588,262.69	68,772,766.92
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 82,726,761.73	\$ 19,959,727.69	\$ 20,233,744.19	\$ 12,571,551.77	\$ 135,491,785.38

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

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

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 68,772,766.92

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

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported as assets in governmental funds. 79,630,265.28

Deferred Outflows and Inflows of Resources related to pensions are applicable to future
periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pension Plan	\$ 18,302,692.00	
Deferred Inflows Related to Pension Plan	<u>(770,088.00)</u>	
		17,532,604.00

Deferred Outflows and Inflows of Resources related to Other Postemployment
Benefits (OPEB) are applicable for future periods and, therefore, are not
reported in the governmental funds.

Deferred Outflows Related to OPEB	\$ 17,382,453.00	
Deferred Inflows Related to OPEB	<u>(31,098,636.00)</u>	
		(13,716,183.00)

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

	Amounts Due or Payable Within One Year (Current)	Amounts Due or Payable After One Year (Noncurrent)	
	<u> </u>	<u> </u>	
Compensated Absences	\$ 577,271.07	\$ 5,195,439.58	
Net Pension Liability		53,155,844.00	
Total OPEB Liability		89,229,763.00	
Total Long-Term Liabilities	<u>\$ 577,271.07</u>	<u>\$ 147,581,046.58</u>	<u>(148,158,317.65)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 4,061,135.55

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

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

	General Fund	Road and Bridge Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 56,674,614.84	\$ 13,347,275.44	\$	\$ 2,532,331.97	\$ 72,554,222.25
Licenses and Permits	832,825.30	282,558.29		320,151.00	1,435,534.59
Intergovernmental	5,594,352.04	19,555,873.04	11,133,119.21	2,788,340.93	39,071,685.22
Charges for Services	9,153,427.15	107,445.62		2,625,083.17	11,885,955.94
Miscellaneous	16,368,413.65	292,331.53		247,774.77	16,908,519.95
Total Revenues	88,623,632.98	33,585,483.92	11,133,119.21	8,513,681.84	141,855,917.95
Expenditures					
Current:					
General Government	35,961,522.59		770,738.58	2,813,181.35	39,545,442.52
Public Safety	33,810,437.76		190,530.00	1,915,795.61	35,916,763.37
Highways and Roads		29,240,442.62			29,240,442.62
Sanitation	872,356.07		2,479,247.37		3,351,603.44
Health	928,006.62		50,000.00	1,978,655.31	2,956,661.93
Welfare	360,455.20		781,241.27		1,141,696.47
Culture and Recreation	4,641,267.25		1,728,839.85		6,370,107.10
Education	98,985.96				98,985.96
Capital Outlay	7,197,673.04	2,838,463.06	5,132,522.14	192,336.00	15,360,994.24
Total Expenditures	83,870,704.49	32,078,905.68	11,133,119.21	6,899,968.27	133,982,697.65
Excess (Deficiency) of Revenues Over Expenditures	4,752,928.49	1,506,578.24		1,613,713.57	7,873,220.30
Other Financing Sources (Uses)					
Transfers In	478,473.41	350,000.00			828,473.41
Sale of Capital Assets		91,203.99		1,095,667.00	1,186,870.99
Transfers Out	(350,000.00)			(478,473.41)	(828,473.41)
Total Other Financing Sources (Uses)	128,473.41	441,203.99		617,193.59	1,186,870.99
Net Changes in Fund Balances	4,881,401.90	1,947,782.23		2,230,907.16	9,060,091.29
Fund Balances - Beginning of Year, as Restated (Note 16)	49,647,210.17	4,708,061.30	48.63	5,357,355.53	59,712,675.63
Fund Balances - End of Year	\$ 54,528,612.07	\$ 6,655,843.53	\$ 48.63	\$ 7,588,262.69	\$ 68,772,766.92

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

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 9,060,091.29

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

Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differed from capital outlay in the current period.

Capital Outlay Expenditures	\$ 15,360,994.24	
Depreciation Expense	<u>(5,381,092.20)</u>	9,979,902.04

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balances by the book value of the assets sold.

Proceeds from the Sale of Capital Assets	\$ (1,186,870.99)	
Gain on the Sale of Capital Assets	<u>921,981.19</u>	(264,889.80)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These items consist of:

Net Increase in Compensated Absences	\$ (418,360.33)	
Net Change in Other Postemployment Benefit Obligation	313,849.00	
Net Change in Pension Expense	<u>(1,600,420.00)</u>	
Total Additional Expenses		<u>(1,704,931.33)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 17,070,172.20

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

Statement of Fiduciary Net Position
September 30, 2023

	Custodial Funds
<u>Assets</u>	
Cash and Cash Equivalents	\$ 11,467,315.32
Total Assets	<u>11,467,315.32</u>
<u>Liabilities</u>	
Accounts Payable	<u>3,590,754.37</u>
Total Liabilities	<u>3,590,754.37</u>
<u>Net Position</u>	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>7,876,560.95</u>
Total Net Position	<u>\$ 7,876,560.95</u>

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

***Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2023***

	Custodial Funds
<u>Additions</u>	
Contributions from:	
Property Tax Collections for Other Governments	\$ 65,450.65
Other Taxes and Fees for Other Parties	93,035,332.79
Fiduciary Fund Receipts	27,745,437.81
Interest	5,023,737.05
Total Additions	<u>125,869,958.30</u>
<u>Deductions</u>	
Payment of Property Tax to Other Governments	93,035,332.79
Payment of Other Taxes and Fees to Other Parties	27,745,437.81
Payments to Beneficiaries	5,263,601.11
Land Redemption	1,599.03
Total Deductions	<u>126,045,970.74</u>
Change in Net Position	(176,012.44)
Total Net Position - Beginning of Year	<u>8,052,573.39</u>
Total Net Position - End of Year	<u>\$ 7,876,560.95</u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Fund Financial Statements

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also, accounted for in the General Fund are workers' compensation benefits and employee health self-insurance expenditures.
- ◆ **Road and Bridge Fund** – This fund is used to account for the Commission's share of the following taxes, licenses and fees: 7-cent per gallon gasoline tax, motor vehicle and truck licenses and fees and drivers' license revenue. This fund also accounts for the Commission's Road and Bridge ad valorem tax. These revenues are expended for building and maintaining public buildings, roads and bridges. The Commission's share of the additional gas tax authorized by Act Number 2019-2, Acts of Alabama, is also accounted for in this fund and is to be used for transportation infrastructure improvement, preservation and maintenance.
- ◆ **Coronavirus State and Local Fiscal Recovery Fund** – This fund is used to account for the revenues and expenditures of the Coronavirus State and Local Fiscal Recovery Funds, which is part of the American Rescue Plan Act, for response to and recovery from the COVID-19 public health emergency.

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

Governmental Fund Type

- ◆ **Special Revenue Funds** – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Notes to the Financial Statements

For the Year Ended September 30, 2023

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

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

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

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

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

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

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

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

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

1. Deposits and Investments

Cash and cash equivalents include cash on hand and demand deposits.

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

2. Receivables

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

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

Receivables due from other governments include amounts due from local governments and amounts due from the State for taxes and cost sharing.

3. Inventories

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

4. Prepaid Items

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

5. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 50,000.00	40 years
Equipment and Furniture	\$ 5,000.00	5 – 10 years
Vehicles	\$ 5,000.00	10 years
Infrastructure – Roads and Bridges	\$250,000.00	40 years
Data Processing Equipment	\$ 5,000.00	10 years
Improvements Other Than Buildings	None	15 years

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

6. Deferred Outflows of Resources

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

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

7. Long-Term Obligations

In the government-wide financial statements, other long-term obligations are reported as liabilities.

8. Compensated Absences

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

Annual Leave

Annual leave is accrued according to an employee's length of service. Annual leave earned but not used during the year may be accumulated or sold back to the Commission at their regular rate of pay up to a maximum of two (2) weeks per year of leave time. There is no limit on the number of hours an employee may accrue. Accumulated leave is payable to the employee upon retirement with pay or, in the case of death, while actively employed, to the employee's estate.

An employee earns 10 days of leave in the first year. In years two through five, an employee earns 15 days per year. In years six through nine, an employee earns 16 days per year. Beginning in year ten, an employee's annual leave earned increases by one day per year to a maximum of 30 days earned per year. Accrued annual leave at September 30, 2023, is reported in the governmental activities.

9. Deferred Inflows of Resources

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

10. Net Position/Fund Balances

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

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

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

- ◆ **Nonspendable** – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items, and long-term receivables.
- ◆ **Restricted** – Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Notes to the Financial Statements

For the Year Ended September 30, 2023

- ◆ **Committed** – Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal resolution to remove or modify the restraint.

- ◆ **Assigned** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.

- ◆ **Unassigned** – Unassigned fund balances include all spendable amounts not contained in one of the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

E. Pensions

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

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

F. Postemployment Benefits Other Than Pensions (OPEB)

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

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund and Road and Bridge Fund, with the exception of certain ad valorem taxes that are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting, and for salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. The budget for the Reappraisal Fund is adopted on a basis of accounting consistent with GAAP with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. All other governmental funds budget on a basis consistent with GAAP. All annual appropriations lapse at fiscal year-end.

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

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

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

Note 3 – Deposits and Investments

A. Deposits

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

Note 4 – Receivables

On September 30, 2023, receivables for the Commission’s individual major funds are as follows:

	Sales Tax	Tobacco Tax	Accounts	Intergovernmental	Total Receivables
Governmental Activities:					
General Fund	\$2,252,118.03	\$70,676.62	\$29,760.00	\$ 902,782.08	\$3,255,336.73
Road and Bridge Fund				504,653.98	504,653.98
Total Governmental Activities	<u>\$2,252,118.03</u>	<u>\$70,676.62</u>	<u>\$29,760.00</u>	<u>\$1,407,436.06</u>	<u>\$3,759,990.71</u>

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At September 30, 2023, the unearned revenue reported in the governmental funds was as follows:

Grant Funds Received Prior to Meeting Eligibility Requirements	<u>\$19,955,484.45</u>
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Notes to the Financial Statements
For the Year Ended September 30, 2023

Note 5 – Capital Assets

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

	Balance 10/01/2022	Additions	Retirements	Balance 09/30/2023
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,412,341.23	\$ 400,000.00	\$	\$ 4,812,341.23
Construction in Progress	5,291,343.30	10,524,925.96		15,816,269.26
Total Capital Assets, Not Being Depreciated	<u>9,703,684.53</u>	<u>10,924,925.96</u>		<u>20,628,610.49</u>
Capital Assets Being Depreciated:				
Infrastructure	176,262,539.48			176,262,539.48
Buildings	52,519,556.12		(514,182.75)	52,005,373.37
Improvements	6,255,131.32			6,255,131.32
Equipment and Furniture	19,616,484.58	2,362,418.00		21,978,902.58
Data Processing Equipment	1,076,342.68	147,503.38	(22,251.00)	1,201,595.06
Vehicles	15,938,758.51	1,926,146.90	(1,034,297.96)	16,830,607.45
Total Capital Assets Being Depreciated	<u>271,668,812.69</u>	<u>4,436,068.28</u>	<u>(1,570,731.71)</u>	<u>274,534,149.26</u>
Less Accumulated Depreciation for:				
Infrastructure	(149,943,472.52)	(1,321,544.82)		(151,265,017.34)
Buildings	(33,434,233.06)	(1,307,408.21)	304,182.75	(34,437,458.52)
Improvements	(5,053,191.67)	(381,829.15)		(5,435,020.82)
Equipment and Furniture	(12,301,175.64)	(1,199,241.05)		(13,500,416.69)
Data Processing Equipment	(937,309.34)	(90,535.36)	22,251.00	(1,005,593.70)
Vehicles	(9,787,861.95)	(1,080,533.61)	979,408.16	(9,888,987.40)
Total Accumulated Depreciation	<u>(211,457,244.18)</u>	<u>(5,381,092.20)</u>	<u>1,305,841.91</u>	<u>(215,532,494.47)</u>
Total Capital Assets Being Depreciated, Net	<u>60,211,568.51</u>	<u>(945,023.92)</u>	<u>(264,889.80)</u>	<u>59,001,654.79</u>
Governmental Activities Capital Assets, Net	<u>\$ 69,915,253.04</u>	<u>\$ 9,979,902.04</u>	<u>\$ (264,889.80)</u>	<u>\$ 79,630,265.28</u>

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$1,035,109.68
Public Safety	1,636,480.53
Highway and Roads	2,655,686.66
Sanitation	53,815.33
Total Depreciation Expense – Governmental Activities	<u>\$5,381,092.20</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Benefits Provided

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

Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

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

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

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

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

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

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

Contributions

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2023, the Commission's active employee contribution rate was 6.95% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 16.07% of pensionable payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2023, was 14.02% of pensionable pay for Tier 1 employees, and 12.41% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$4,897,789 for the year ended September 30, 2023.

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

B. Net Pension Liability

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

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	\$124,924,659	\$125,410,611	\$125,479,860
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2021 through September 30, 2022	2,504,460	2,504,460	2,506,690
(d) Transfers Among Employers		151,790	151,790
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 through September 30, 2022	(7,779,724)	(7,779,724)	(7,779,724)
(f) Total Pension Liability as of September 30, 2022 =[(a) x (1+(b))] + (c) + (d) +[(e) x (1+.05 * (b))]	<u>\$128,666,487</u>	<u>\$129,340,433</u>	<u>\$129,417,071</u>
(g) Difference between Expected and Actual		673,946	
(h) Less Liability Transferred for Immediate Recognition		<u>151,790</u>	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		<u>\$ 522,156</u>	
(j) Difference between Actual Total Pension Liability Before and After Plan Changes – Benefit Change (Gain)/Loss			<u>\$ 76,638</u>

Actuarial Assumptions

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

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

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	15.00%	2.80%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

(*) Includes assumed rate of inflation of 2.00%.

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

C. Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at September 30, 2021	\$124,924,659	\$ 88,461,226	\$36,463,433
Changes for the year:			
Service cost	2,504,460		2,504,460
Interest	9,017,092		9,017,092
Changes of benefit terms	76,638		76,638
Difference between expected and actual experience	522,156		522,156
Contributions – Employer		4,827,046	(4,827,046)
Contributions – Employee		1,831,860	(1,831,860)
Net investment income		(11,230,971)	11,230,971
Benefit payments, including refunds of employee contributions	(7,779,724)	(7,779,724)	
Transfers among employers	151,790	151,790	
Net changes	4,492,412	(12,199,999)	16,692,411
Balances at September 30, 2022	\$129,417,071	\$ 76,261,227	\$53,155,844

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

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

1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
\$68,310,874	\$53,155,844	\$40,445,228

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

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the Commission recognized pension expense of \$6,498,209. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,490,015.00	\$770,088.00
Changes of assumptions	2,784,155.00	
Net difference between projected and actual earnings on pension plan investments	9,130,733.00	
Employer contributions subsequent to the measurement date	4,897,789.00	
Total	\$18,302,692.00	\$770,088.00

The \$4,897,789.00 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending	
September 30, 2024	\$3,064,864.00
2025	\$2,798,660.00
2026	\$2,555,665.00
2027	\$4,186,070.00
2028	\$ 29,556.00
Thereafter	\$ 0.00

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

Note 7 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description

The Commission provides certain continuing health care benefits for its retired employees. The Commission’s OPEB Plan (the “OPEB Plan”) is a single-employer defined benefit OPEB plan administered by the Commission. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Commission. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 ***Postemployment Benefits Other Than Pensions – Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit.***

Benefits Provided

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

At the February 5, 2020, Commission meeting, the Commission approved a resolution to provide Tier 1 benefits to its Tier 2 employees, as allowed by the ***Code of Alabama 1975***, Section 36-27-6.5. The Commission later received a letter from RSA, dated March 24, 2020, approving the resolution.

Employees Covered by Benefit Terms

At September 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	282
Active Members	468
Total	<u>750</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

Total OPEB Liability

The Commission's total OPEB liability of \$89,229,763.00 as of September 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	4.02% annually (Beginning of Year to Determine ADC)
	4.09% annually (As of End of Year Measurement Date)
Healthcare Cost Trend Rates	5.50% annually for ten years, 4.50% thereafter
Mortality	SOA RP-2000 Table
ADC = Actuarially Determined Contributions	

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2023, the end of the applicable measurement period.

The actuarial assumptions used in the September 30, 2023, valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2023.

Changes in the Total OPEB Liability

Balances at September 30, 2022	\$83,580,114
Changes for the year:	
Service cost	2,573,029
Interest	3,306,801
Differences between expected and actual experience	3,340,288
Changes of assumptions	(927,723)
Benefit payments and net transfers	(2,642,746)
Net changes	5,649,649
Balances at September 30, 2023	\$89,229,763

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

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

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage point higher (5.09%) than the current discount rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	\$108,247,896	\$89,229,763	\$74,518,496

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

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4.50%) or 1-percentage point higher (6.50%) than the current healthcare trend rates:

	1% Decrease (4.50%)	Current Trend (5.50%)	1% Increase (6.50%)
Total OPEB Liability	\$76,191,829	\$89,229,763	\$106,205,355

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

For the year ended September 30, 2023, the Commission recognized OPEB expense of \$2,328,897.00. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,000,234	\$ 9,700,814
Changes of assumptions	12,382,219	21,397,822
Total	\$17,382,453	\$31,098,636

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

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

Year Ending	
September 30, 2024	\$(3,550,933.00)
2025	\$(6,317,730.00)
2026	\$(6,317,730.00)
2027	\$ 2,470,215.00
2028	\$ 0.00
Thereafter	\$ 0.00

Note 8 – Construction and Other Significant Commitments

As of September 30, 2023, the Commission was obligated under the following significant construction contract:

	Contract Amount	Remaining Balance
Jail Expansion	\$25,737,565.83	\$25,342,492.28
Patrol Division	\$11,119,512.71	\$ 514,875.78
Synergic Center – Improvements	\$ 1,946,574.00	\$ 1,946,574.00

Note 9 – Contingent Liabilities

The Commission is a defendant in various lawsuits. Uncertainty exists as to the number of plaintiffs and the size of any potential awards; therefore, the potential liability to the Commission cannot be reasonably estimated.

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

Note 10 – Payables

On September 30, 2023, payables for the Commission’s individual major funds and nonmajor governmental funds in the aggregate are as follows:

	Vendors	Due to Other Governments	Other Liabilities	Total Payables
<u>Governmental Activities:</u>				
General Fund	\$ 944,712.01	\$	\$398,507.31	\$1,343,219.32
Road and Bridge Fund	587,990.31		125,401.85	713,392.16
Coronavirus State and Local Fiscal Recovery Fund	282,338.64			282,338.64
Other Governmental Funds	14,859.80	1,119,250.44		1,134,110.24
Total Governmental Activities	\$1,829,900.76	\$1,119,250.44	\$523,909.16	\$3,473,060.36

Note 11 – Long-Term Liabilities

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

	Balance 10/01/2022	Issued/ Increased	Balance 09/30/2023	Amounts Due Within One Year
<u>Governmental Activities:</u>				
<u>Other Liabilities:</u>				
Compensated Absences	\$ 5,354,350.32	\$ 418,360.33	\$ 5,772,710.65	\$577,271.07
Other Postemployment Benefit Obligation	83,580,114.00	5,649,649.00	89,229,763.00	
Net Pension Liability	36,463,433.00	16,692,411.00	53,155,844.00	
Total Other Liabilities	125,397,897.32	22,760,420.33	148,158,317.65	577,271.07
Total Governmental Activities Long-Term Liabilities	\$125,397,897.32	\$22,760,420.33	\$148,158,317.65	\$577,271.07

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 12 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission is self-insured with regard to worker's compensation insurance, employees' health insurance, and general liability insurance coverage. The Commission purchases commercial insurance for its other risks of loss, including property, vehicle and casualty insurance. Settled claims resulting from these claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Worker's Compensation Insurance – The Commission is self-insured with regard to worker's compensation coverage. The Commission retains the risk of loss of \$1,000,000 per occurrence, has a specific limit of indemnity of \$1,000,000 per occurrence, and also has an aggregate limit of indemnity of \$2,000,000 for the liability period. The Commission purchases insurance for claims in excess of the specific and aggregate limits. An estimate of the claims liability is reported in the General Fund. These liabilities are based on estimates utilizing historical loss experience and current trends on a case-by-case review, as determined by an actuarial valuation. A liability analysis is performed every 3 years and was last performed at September 30, 2021. The estimated liability for claims lost as of September 30, 2023, was \$602,673.00 and was based upon the actuarial valuation performed at September 30, 2021.

Employees' Health Insurance – The Commission is self-insured with regard to employee health insurance. The Commission pays an agency to administer the plan. The Commission pays the administrator \$722.00 per employee with single coverage and \$1,443.00 per employee with family coverage each month. The Administrator was paid a total of \$12,844,563.14 during the 2023 fiscal year. The Commission purchases a stop loss insurance policy for claims in excess of \$150,000 per individual up to unlimited. The estimated liability for claims cost as of September 30, 2023, was \$204,961.02.

General Liability Insurance – The Commission is self-insured with regard to general liability insurance. The *Code of Alabama 1975*, Section 11-93-2, limits the Commission's liability for recovery of damages to \$100,000.00 per individual per incident and \$300,000.00 in the aggregate per incident. The Commission purchases an employment practices insurance policy for claims in excess of \$100,000.00 per individual per incident. At September 30, 2023, in the General Fund, the Commission had \$3,165,578.51 reserved for general liability.

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

The schedule below presents the changes in claims liabilities for the past two years for the three types of self-insured activities: workers' compensation, employee health insurance and general liability.

	Workmen's Compensation		Employees Health Insurance	
	2023	2022	2023	2022
Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	\$602,673.00	\$602,673.00	\$ 296,261.84	\$ 759,013.46
Incurring Claims and Claims Adjustment Expenses:				
Provision for Insured Events of Current Year	292,726.25	197,947.64	12,844,563.14	11,813,712.70
Total Insured Claims and Claim Adjustment Expense	292,726.25	197,947.64	12,844,563.14	11,813,712.70
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of Current Fiscal Year	284,324.44	189,082.48	12,639,602.12	11,517,450.86
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Year	8,401.81	8,865.16	296,261.84	759,013.46
Total Payments	292,726.25	197,947.64	12,935,863.96	12,276,464.32
Total Unpaid Claim and Claim Adjustment Expenses at End of the Fiscal Year	\$602,673.00	\$602,673.00	\$ 204,961.02	\$ 296,261.84

Note 13 – Interfund Transfers

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

	Transfers Out		Totals
	General Fund	Other Governmental Funds	
Transfers In:			
General Fund	\$	\$478,473.41	\$478,473.41
Road and Bridge Fund	350,000.00		350,000.00
Totals	\$350,000.00	\$478,473.41	\$828,473.41

The Commission typically used transfers to fund ongoing operating subsidies.

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

General Liability		Totals	
2023	2022	2023	2022
\$	\$	\$ 898,934.84	\$ 1,361,686.46
31,434.31	3,465.30	13,168,723.70	12,015,125.64
31,434.31	3,465.30	13,168,723.70	12,015,125.64
31,434.31	3,465.30	12,955,360.87	11,709,998.64
		304,663.65	767,878.62
31,434.31	3,465.30	13,260,024.52	12,477,877.26
\$	\$	\$ 807,634.02	\$ 898,934.84

Note 14 – Related Organizations

A majority of the members of the Board of the following organizations are appointed by the Commission: Fosters/Ralph Water Authority; Sand Springs Water Authority; Buhl, Elrod, and Holman Water Authority; Carroll’s Creek Water Authority; Coaling Water Authority; Coker Water Authority; and the Tuscaloosa E-911 Board. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship for the organizations and the organizations are not considered part of the Commission’s financial reporting entity. The organizations are considered related organizations of the County Commission.

Note 15 – Subsequent Event

On December 4, 2024, the Commission voted to award six total contracts to the lowest bidders for the Secure Behavioral and Medical Unit at the County Jail ARPA Project in the amount of \$6,962,815.00 from Countywide Restricted ARPA Funds, as well as the General Fund Jail Renovation project in the amount of \$14,446,245.50 for a total project cost of \$21,409,060.50.

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

Note 16 – Restatements

The Commission’s financial statements previously included several funds in the General Fund and Road and Bridge Fund; however, based on the reevaluation performed for fiscal year 2023 of these funds, some of the funds met the definition of a special revenue fund and are no longer included in these funds. The beginning fund balances have been restated to reflect these changes.

The impact of the restatements on the fund balances as previously reported is as follows:

	General Fund	Road and Bridge Fund	Coronavirus State and Local Recovery Fund	Other Governmental Funds	Total
Fund Balance, September 30, 2022, as Previously Reported	\$49,673,452.58	\$ 7,021,306.62	\$48.63	\$3,017,867.80	\$59,712,675.63
Fund Reclassifications:					
Prior Period Reclassification of Funds	(26,242.41)	(2,313,245.32)		2,339,487.73	
Fund Balance, September 30, 2022, as Restated	<u>\$49,647,210.17</u>	<u>\$ 4,708,061.30</u>	\$48.63	\$5,357,355.53	\$59,712,675.63

Note 17 – Tax Abatements

The Tuscaloosa County Industrial Development Authority enters into property tax abatement agreements with local businesses under the State Tax Incentive Reform Act of 1992, *Code of Alabama 1975*, Sections 40-9B-1 through 40-9B-13. Under the Act, localities may grant county non-educational property tax abatements of a business’ property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. Also, localities may grant sales and use tax abatements on all materials used in construction of property that would expand their business. The abatements may be granted to any business located within or promising to relocate to Tuscaloosa County.

For fiscal year ended September 30, 2023, total property taxes abated were \$1,431,732.75, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

Granting Jurisdiction	Type	Property Tax
Tuscaloosa County Industrial Development Authority	Automotive Manufacturing	\$144,352.95
Tuscaloosa County Industrial Development Authority	Automotive Parts Manufacturing	\$167,503.98
Tuscaloosa County Industrial Development Authority	Automotive Parts Manufacturing	\$265,131.30

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

The following tax abatements exceeded 10 percent of the total abated:

- ◆ A property tax abatement was granted to an automotive manufacturing business for a major plant expansion planned for production of electric vehicles. The abatement amounted to \$144,352.95.
- ◆ A property tax abatement was granted to an automotive parts manufacturing business for construction of a new plant. The abatement amounted to \$167,503.98.
- ◆ A property tax abatement was granted to an automotive parts manufacturing business for construction of a new plant. The abatement amounted to \$265,131.30.

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Required Supplementary Information

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 2,504,460	\$ 2,166,960	\$ 2,002,554	\$ 1,974,519	\$ 1,986,577	\$ 2,053,982	\$ 1,927,014	\$ 1,948,724	\$ 1,893,833
Interest	9,017,092	8,620,602	8,389,226	8,120,521	8,127,294	7,623,304	7,304,948	6,907,887	6,652,492
Changes in benefit terms	76,638		938,142						
Difference between expected and actual experience	522,156	1,596,331	(524,614)	162,824	(3,519,852)	3,043,721	(221,436)	1,760,015	
Changes of assumptions		4,239,166			567,068		3,995,682		
Benefit payments, including refunds of employee contribution	(7,779,724)	(7,361,271)	(6,978,158)	(6,544,876)	(6,468,059)	(6,133,625)	(5,691,633)	(5,615,091)	(5,092,669)
Transfers among employers	151,790	26,363	(630,711)	(6,675)	(61,607)	82,934	(40,228)		
Net Change in Total Pension Liability	4,492,412	9,288,151	3,196,439	3,706,313	631,421	6,670,316	7,274,347	5,001,535	3,453,656
Total Pension Liability - Beginning	124,924,659	115,636,508	112,440,069	108,733,756	108,102,335	101,432,019	94,157,672	89,156,137	85,702,481
Total Pension Liability - Ending (a)	\$ 129,417,071	\$ 124,924,659	\$ 115,636,508	\$ 112,440,069	\$ 108,733,756	\$ 108,102,335	\$ 101,432,019	\$ 94,157,672	\$ 89,156,137
Plan Fiduciary Net Position									
Contributions - employer	\$ 4,827,046	\$ 3,964,483	\$ 4,237,918	\$ 6,160,144	\$ 3,019,819	\$ 2,835,307	\$ 2,917,950	\$ 2,782,921	\$ 2,915,125
Contributions - employee	1,831,860	1,588,037	1,554,550	1,364,904	1,382,191	1,326,128	1,634,594	1,281,849	1,284,132
Net investment income	(11,230,971)	16,239,872	4,061,360	1,794,690	5,934,152	7,506,078	5,560,202	658,481	6,083,165
Benefit payments, including refunds of employee contributions	(7,779,724)	(7,361,271)	(6,978,158)	(6,544,876)	(6,468,059)	(6,133,625)	(5,691,633)	(5,615,091)	(5,092,669)
Other (Transfers among employers)	151,790	26,363	(630,711)	(6,675)	(61,607)	82,934	(40,228)	(400,893)	229,022
Net Change in Plan Fiduciary Net Position	(12,199,999)	14,457,484	2,244,959	2,768,187	3,806,496	5,616,822	4,380,885	(1,292,733)	5,418,775
Plan Fiduciary Net Position - Beginning	88,461,226	74,003,742	71,758,783	68,990,596	65,184,100	59,567,278	55,186,393	56,479,126	51,060,351
Plan Fiduciary Net Position - Ending (b)	\$ 76,261,227	\$ 88,461,226	\$ 74,003,742	\$ 71,758,783	\$ 68,990,596	\$ 65,184,100	\$ 59,567,278	\$ 55,186,393	\$ 56,479,126
Commission's Net Pension Liability - ending (a) - (b)	\$ 53,155,844	\$ 36,463,433	\$ 41,632,766	\$ 40,681,286	\$ 39,743,160	\$ 42,918,235	\$ 41,864,741	\$ 38,971,279	\$ 32,677,011
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.93%	70.81%	64.00%	63.82%	63.45%	60.30%	58.73%	58.61%	63.35%
Covered Payroll (*)	\$ 28,639,476	\$ 25,138,443	\$ 24,841,459	\$ 24,378,439	\$ 23,778,068	\$ 23,993,972	\$ 24,771,794	\$ 22,759,827	\$ 23,177,010
Commission's Net Pension Liability as a Percentage of Covered Payroll	185.60%	145.05%	167.59%	166.87%	167.14%	178.87%	169.00%	171.23%	140.99%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2023, the measurement period is October 1, 2021 through September 30, 2022. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

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

Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 3,897,789	\$ 3,654,502	\$ 3,464,483	\$ 3,237,918	\$ 3,160,144	\$ 3,019,819	\$ 2,835,307	\$ 2,917,950	\$ 2,782,921	\$ 2,915,125
Contributions in relation to the actuarially determined contribution (**)	\$ 4,897,789	\$ 4,827,046	\$ 3,964,483	\$ 4,237,918	\$ 6,160,144	\$ 3,019,819	\$ 2,835,307	\$ 2,917,950	\$ 2,782,921	\$ 2,915,125
Contribution deficiency (excess) (**)	\$ (1,000,000)	\$ (1,172,544)	\$ (500,000)	\$ (1,000,000)	\$ (3,000,000)	\$	\$	\$	\$	\$
Covered payroll (***)	\$ 30,486,433	\$ 28,639,476	\$ 25,138,443	\$ 24,841,459	\$ 24,378,439	\$ 23,778,068	\$ 23,993,972	\$ 24,771,794	\$ 22,759,827	\$ 23,177,010
Contributions as a percentage of covered payroll	16.07%	16.85%	15.77%	17.06%	25.27%	12.70%	11.82%	11.78%	12.23%	12.58%

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

(**) During fiscal years 2023, 2022, 2021, 2020 and 2019, the Tuscaloosa County Commission approved and paid additional employer contributions in the amounts of \$1,000,000; \$1,172,544; \$500,000; \$1,000,000 and \$3,000,000, respectively, in an effort to reduce its Net Pension Liability.

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

Notes to Schedule

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

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

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	25.9 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

***Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2023***

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 2,573,029	\$ 3,613,473	\$ 3,750,808	\$ 2,960,216	\$ 2,073,167	\$ 2,412,689
Interest	3,306,801	2,635,403	2,466,348	2,748,001	3,073,284	2,879,997
Difference between expected and actual experience	3,340,288	(14,747,507)	4,163,211	935,230	2,475,356	(2,130,777)
Changes of assumptions	(927,723)	(29,192,218)	3,050,099	3,882,116	24,397,361	(7,850,782)
Benefit payments	(2,642,746)	(2,611,828)	(2,294,222)	(2,174,616)	(2,294,220)	(2,174,616)
Net Change in Total OPEB liability	5,649,649	(40,302,677)	11,136,244	8,350,947	29,724,948	(6,863,489)
Total OPEB Liability - Beginning	83,580,114	123,882,791	112,746,547	104,395,600	74,670,652	81,534,141
Total OPEB Liability - Ending	\$ 89,229,763	\$ 83,580,114	\$ 123,882,791	\$ 112,746,547	\$ 104,395,600	\$ 74,670,652
Covered-employee payroll	\$ 28,993,983	\$ 28,149,498	\$ 25,918,495	\$ 25,163,588	\$ 25,071,163	\$ 24,106,887
Commission's Total OPEB Liability as a percentage of covered-employee payroll	307.75%	296.92%	477.97%	448.05%	416.40%	309.75%

Notes to Schedule

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

Changes in Assumptions: The discount rate as of September 30, 2022, was 4.02%, and it changed to 4.09% as of September 30, 2023.

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

Schedule of the Employer's Contributions - Other Postemployment Benefits (OPEB)
For the Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 7,418,219	\$ 9,259,566	\$ 8,931,454	\$ 8,055,006	\$ 6,486,248	\$ 6,890,354
Contributions in relation to the actuarially determined contribution	\$ 2,642,746	\$ 2,611,828	\$ 2,294,222	\$ 2,174,616	\$ 2,294,220	\$ 2,174,616
Contribution deficiency (excess)	\$ 4,775,473	\$ 6,647,738	\$ 6,637,232	\$ 5,880,390	\$ 4,192,028	\$ 4,715,738
Covered-employee payroll	\$ 28,993,983	\$ 28,149,498	\$ 25,918,495	\$ 25,163,588	\$ 25,071,163	\$ 24,106,887
Contributions as a percentage of covered-employee payroll	9.11%	9.28%	8.85%	8.64%	9.15%	9.02%

Notes to Schedule

Valuation Date: October 1, 2022

Actuarially determined contributions are calculated as of the last day of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market Value
Inflation	2.50% annually
Healthcare cost trend rates	5.50% annually for ten years, 4.50% thereafter
Salary increases	3.00% annually
Discount rate	4.02% annually (Beginning of Year to Determiner ADC) 4.09% annually (As of End of Year Measurement Date)
Retirement age	30 years of service at any age; or, attainment of age 60 and 10 years of service; employees hired on and after January 1, 2013, are not eligible to retire before age 62.
Mortality	RP-2000 without projection
Turnover	Age specific table with an average of 5% when applied to the active census.

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

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

	Budgeted Amounts		Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final				
Revenues						
Taxes	\$ 54,330,263.00	\$ 54,536,263.00	\$ 56,821,452.46	(1)	\$ (146,837.62)	\$ 56,674,614.84
Licenses and Permits	911,000.00	911,000.00	832,825.30			832,825.30
Intergovernmental	3,540,700.00	3,540,700.00	4,937,675.91	(3)	656,676.13	5,594,352.04
Charges for Services	7,967,641.00	7,967,641.00	9,153,427.15			9,153,427.15
Miscellaneous	3,833,476.00	3,833,476.00	2,811,209.31	(3)	13,557,204.34	16,368,413.65
Total Revenues	70,583,080.00	70,789,080.00	74,556,590.13		14,067,042.85	88,623,632.98
Expenditures						
Current:						
General Government	23,760,586.00	23,760,586.00	22,532,196.54	(2) (4)	13,429,326.05	35,961,522.59
Public Safety	33,219,743.00	33,219,743.00	33,121,972.53	(2) (4)	688,465.23	33,810,437.76
Sanitation	874,695.00	874,695.00	872,356.07			872,356.07
Health	935,672.00	935,672.00	928,006.62			928,006.62
Welfare	410,903.00	410,903.00	360,455.20			360,455.20
Culture and Recreation	4,667,345.00	4,667,345.00	4,641,267.25			4,641,267.25
Education	98,986.00	98,986.00	98,985.96			98,985.96
Capital Outlay	3,892,650.00	3,892,650.00	7,129,186.04	(4)	68,487.00	7,197,673.04
Total Expenditures	67,860,580.00	67,860,580.00	69,684,426.21		14,186,278.28	83,870,704.49
Excess (Deficiency) of Revenues Over Expenditures	2,722,500.00	2,928,500.00	4,872,163.92		(119,235.43)	4,752,928.49
Other Financing Sources (Uses)						
Transfers In	457,500.00	457,500.00	478,473.41			478,473.41
Transfers Out	(3,180,000.00)	(3,386,000.00)	(2,098,004.13)	(5)	1,748,004.13	(350,000.00)
Total Other Financing Sources (Uses)	(2,722,500.00)	(2,928,500.00)	(1,619,530.72)		1,748,004.13	128,473.41
Net Change in Fund Balances			3,252,633.20		1,628,768.70	4,881,401.90
Fund Balances - Beginning of Year			40,907,500.41	(6)	8,739,709.76	49,647,210.17
Fund Balances - End of Year	\$	\$	\$ 44,160,133.61		\$ 10,368,478.46	\$ 54,528,612.07

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

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

- | | | |
|--|----|--------------|
| (1) The Commission budgets some revenues only to the extent they are expected to be received in the current fiscal period, rather than on the modified accrual basis (GAAP). | \$ | (146,837.62) |
| (2) The Commission budgets salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis. | | (99,211.17) |

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

(3) Revenues			
Pistol Permit Revenue Replacement Fund	\$	130,802.37	
Opioid Settlement Fund		712,024.94	
EMA Fund		552,348.73	
Construction Projects Fund		41,458.76	
Insurance Fund - General Liability		102,522.13	
Insurance Fund - Health and Dental		12,595,676.52	
Insurance Fund - Worker's Compensation		79,047.02	14,213,880.47
(4) Expenditures			
EMA Fund	\$	(694,501.02)	
Enterprise Fund		(468,639.53)	
Insurance Fund - Health and Dental		(12,639,602.12)	
Insurance Fund - Worker's Compensation		(284,324.44)	(14,087,067.11)
(5) Other Financing Sources (Uses)			
EMA Fund	\$	184,753.10	
Construction Projects Fund		965,672.03	
Enterprise Fund		597,579.00	1,748,004.13
Net Increase in Fund Balance - Budget to GAAP			<u>\$ 1,628,768.70</u>

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

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

	Budgeted Amounts		Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final				
Revenues						
Taxes	\$ 12,939,000.00	\$ 12,939,000.00	\$ 13,419,195.81	(1)	\$ (71,920.37)	\$ 13,347,275.44
Licenses and Permits	290,000.00	290,000.00	282,558.29			282,558.29
Intergovernmental	8,846,000.00	8,846,000.00	12,495,103.77	(3) (4)	7,060,769.27	19,555,873.04
Charges for Services			107,445.62			107,445.62
Miscellaneous	29,235.00	29,235.00	153,673.91	(4)	138,657.62	292,331.53
Total Revenues	<u>22,104,235.00</u>	<u>22,104,235.00</u>	<u>26,457,977.40</u>		<u>7,127,506.52</u>	<u>33,585,483.92</u>
Expenditures						
Current:						
Highways and Roads	26,432,810.00	26,432,810.00	29,213,468.32	(2)	26,974.30	29,240,442.62
Capital Outlay	5,678,925.00	5,678,925.00	2,838,463.06			2,838,463.06
Total Expenditures	<u>32,111,735.00</u>	<u>32,111,735.00</u>	<u>32,051,931.38</u>		<u>26,974.30</u>	<u>32,078,905.68</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,007,500.00)</u>	<u>(10,007,500.00)</u>	<u>(5,593,953.98)</u>		<u>7,100,532.22</u>	<u>1,506,578.24</u>
Other Financing Sources (Uses)						
Transfers In	8,757,500.00	8,757,500.00	5,219,179.98	(3) (5)	(4,869,179.98)	350,000.00
Sale of Capital Assets	1,250,000.00	1,250,000.00	91,203.99			91,203.99
Total Other Financing Sources (Uses)	<u>10,007,500.00</u>	<u>10,007,500.00</u>	<u>5,310,383.97</u>		<u>(4,869,179.98)</u>	<u>441,203.99</u>
Net Change in Fund Balances			(283,570.01)		2,231,352.24	1,947,782.23
Fund Balances - Beginning of Year			3,345,454.50	(5)	1,362,606.80	4,708,061.30
Fund Balances - End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 3,061,884.49</u>		<u>\$ 3,593,959.04</u>	<u>\$ 6,655,843.53</u>

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

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

(1) The Commission budgets some revenues only to the extent they are expected to be received in the current fiscal period, rather than on the modified accrual basis (GAAP).	\$	(71,920.37)
(2) The Commission budgets salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis.		(26,974.30)
(3) The Commission transfers money among certain funds rather than recording the revenue in accordance with GASB Statement Number 54.		457,500.00
		<u>(457,500.00)</u>

Some amounts are combined with the Road and Bridge Fund for reporting purposes, but are budgeted separately.

(4) Revenues			
RRR Gasoline Tax Fund	\$	3,183,725.92	
County Rebuild Alabama Fund		2,653,642.75	
Federal Aid Exchange Fund		<u>904,558.22</u>	6,741,926.89
(5) Other Financing Sources (Uses)			
RRR Gasoline Tax Fund	\$	(3,000,000.00)	
County Rebuild Alabama Fund		<u>(1,411,679.98)</u>	<u>(4,411,679.98)</u>
Net Increase in Fund Balance - Budget to GAAP	\$		<u><u>2,231,352.24</u></u>

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

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Intergovernmental	\$ 19,045,777.99	\$ 30,178,896.99	\$ 11,133,119.21	\$	\$ 11,133,119.21
Total Revenues	19,045,777.99	30,178,896.99	11,133,119.21		11,133,119.21
Expenditures					
Current:					
General Government	19,045,777.99	30,178,896.99	770,738.58		770,738.58
Public Safety			190,530.00		190,530.00
Sanitation			2,479,247.37		2,479,247.37
Health			50,000.00		50,000.00
Welfare			781,241.27		781,241.27
Culture and Recreation			1,728,839.85		1,728,839.85
Capital Outlay			5,132,522.14		5,132,522.14
Total Expenditures	19,045,777.99	30,178,896.99	11,133,119.21		11,133,119.21
Excess (Deficiency) of Revenues Over Expenditures					
Net Change in Fund Balances					
Fund Balances - Beginning of Year			48.63		48.63
Fund Balances - End of Year	\$	\$	\$ 48.63	\$	\$ 48.63

Supplementary Information

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Agriculture</u>				
<u>Passed Through Alabama Department of Finance</u>				
Schools and Roads - Grants to States	10.665	N/A	\$ 10,844.97	\$ 21,689.95
<u>U. S. Department of Interior</u>				
<u>Direct Program</u>				
Payments in Lieu of Taxes	15.226	N/A	N/A	33,162.00
<u>U. S. Department of Justice</u>				
<u>Passed Through City of Tuscaloosa</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A21-0984	N/A	17,479.00
<u>U. S. Department of Transportation</u>				
<u>Passed Through North Central Alabama Highway Safety Office</u>				
State and Community Highway Safety	20.600	N/A	N/A	15,216.85
<u>Passed Through Alabama Department of Transportation</u>				
Highway Planning and Construction	20.205	ERPR-9070	N/A	851,202.80
Total U. S. Department of Transportation				866,419.65
<u>U. S. Department of Homeland Security</u>				
<u>Passed Through Alabama Department of Homeland Security</u>				
Homeland Security Grant Program	97.067	N/A	N/A	164,059.53
<u>Passed Through Alabama Emergency Management Agency</u>				
Emergency Management Performance Grants	97.042	N/A	N/A	66,904.00
Total U. S. Department of Homeland Security				230,963.53
<u>U. S. Department of Health and Human Services</u>				
<u>Passed Through Alabama Department of Public Health</u>				
Public Health Emergency Preparedness	93.069	5NU90TP922030	N/A	10,998.48
Total U. S. Department of Health and Human Services				10,998.48
<u>U. S. Department of Treasury</u>				
<u>Direct Programs</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	4,885,724.05	11,133,119.21
COVID-19 - Emergency Rental Assistance Program	21.023	N/A	N/A	1,978,655.31
Local Assistance and Tribal Consistency Fund	21.032	N/A	N/A	100,000.00
Total U. S. Department of Treasury			4,885,724.05	13,211,774.52
Total Expenditures of Federal Awards			\$ 4,896,569.02	\$ 14,392,487.13

N/A = Not Available or Not Applicable

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

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

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

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Additional Information

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

Commission Members		Term Expires
Hon. Ward D. Robertson, III	Chairman	2025
Hon. Stan Acker	Member	2024
Hon. Reginald Murray	Member	2024
Hon. Mark C. Nelson	Member	2024
Hon. Jerry Tingle	Member	2024

Administrative Personnel

April Hoffman	Chief Financial Officer
Melvin Vines	County Administrator

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

Independent Auditor's Report

Members of the Tuscaloosa County Commission,
County Administrator and Chief Financial Officer
Tuscaloosa, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tuscaloosa County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Tuscaloosa County Commission's basic financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 15, 2025

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

Independent Auditor's Report

Members of the Tuscaloosa County Commission,
County Administrator and Chief Financial Officer
Tuscaloosa, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 15, 2025

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

Section I – Summary of Examiner's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

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

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

_____ Yes X No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
21.023	COVID-19 – Emergency Rental Assistance Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
20.205	Highway Planning and Construction

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

\$750,000.00

Auditee qualified as low-risk auditee?

_____ Yes X No

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

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.