



Alabama Department of Examiners of Public Accounts

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

October 1, 2022 through September 30, 2023

Filed: July 26, 2024

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ALABAMA STATE HOUSE

Rachel Laurie Riddle, Chief Examiner



Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

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

Dear Madam:

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Laura H. Madison". The signature is written in a cursive style.

Laura H. Madison
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

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

The Fayette County Commission (the “Commission”) is governed by a seven-member body elected by the citizens of Fayette County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 19. 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 Fayette County.

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

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

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

An Alternative Compliance Examination Engagement on the Commission’s Coronavirus State and Local Fiscal Recovery Fund Program for the year ended September 30, 2023, was issued by the Department on May 31, 2024.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 19, were invited to discuss the results of this report at an exit conference. Individuals in attendance were County Administrator Brooke Slatton, Chairman K. Michael Freeman and Commissioner David Hubbert. Representing the Department of Examiners of Public Accounts were Joshua D. Taylor, Audit Manager; Laura Madison, Examiner-in-Charge; and Harrison Whitley, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of Fayette County Commission and County Administrator
Fayette, 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 Fayette County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Fayette 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 Fayette 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 Fayette 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fayette 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 Fayette 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 Fayette 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.

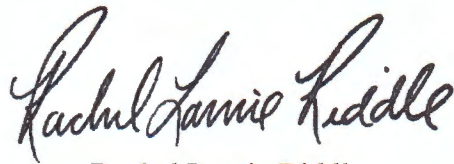
Required Supplementary Information

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 the Employer's Contributions – Pension, and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 18), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2024, on our consideration of the Fayette County Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fayette 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 Fayette County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

July 8, 2024

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Basic Financial Statements

Statement of Net Position
September 30, 2023

	Governmental Activities
<u>Assets</u>	
Cash	\$ 8,273,734.81
Receivables (Note 4)	589,147.80
Property Taxes Receivable	1,989,196.59
Capital Assets (Note 5):	
Nondepreciable	448,500.00
Depreciable, Net	15,838,645.29
Total Assets	<u>27,139,224.49</u>
<u>Deferred Outflows of Resources</u>	
Employer Pension Contributions	82,938.00
Deferred Outflows Related to Net Pension Liability	1,029,054.00
Total Deferred Outflows of Resources	<u>1,111,992.00</u>
<u>Liabilities</u>	
Payables (Note 8)	290,425.46
Unearned Revenue	522,740.20
Salaries Payable	56,196.59
Long-Term Liabilities (Note 10):	
Portion Due or Payable Within One Year:	
Compensated Absences	21,005.51
Portion Due or Payable After One Year:	
Net Pension Liability	1,468,488.00
Compensated Absences	189,049.55
Total Liabilities	<u>2,547,905.31</u>
<u>Deferred Inflows of Resources</u>	
Unavailable Revenue - Property Tax	1,989,196.59
Deferred Inflows Related to Net Pension Liability	180,318.00
Revenue Received in Advance - Motor Vehicle Taxes	160,722.88
Total Deferred Inflows of Resources	<u>2,330,237.47</u>
<u>Net Position</u>	
Net Investment in Capital Assets	16,287,145.29
Restricted for:	
Public Safety	112,288.19
Road Projects	2,429,960.06
Other Purposes	3,632,770.98
Unrestricted	910,909.19
Total Net Position	<u>\$ 23,373,073.71</u>

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

Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Total Governmental Activities
Primary Government				
Governmental Activities:				
General Government	\$ 2,425,117.03	\$ 538,467.75	\$ 1,153,555.81	\$ (733,093.47)
Public Safety	1,816,897.62	362,067.22	1,726,416.56	271,586.16
Highways and Roads	4,433,027.32		2,818,946.90	(1,614,080.42)
Sanitation	31,614.01			(31,614.01)
Health	197,841.27		78,758.15	(119,083.12)
Welfare	86,765.19			(86,765.19)
Total Governmental Activities	<u>\$ 8,991,262.44</u>	<u>\$ 900,534.97</u>	<u>\$ 5,777,677.42</u>	<u>\$ (2,313,050.05)</u>
General Revenues:				
Taxes:				
Property Taxes for General Purposes				1,183,978.56
Property Taxes for Specific Purposes				988,091.02
General Sales Tax				1,058,546.32
Miscellaneous Taxes				4,161.39
Grants and Contributions Not Restricted for Specific Programs				629,883.05
Interest Earned				6,868.08
Rental Income				65,799.96
Miscellaneous				238,067.09
Total General Revenues				<u>4,175,395.47</u>
Change in Net Position				1,862,345.42
Net Position - Beginning of Year				<u>21,510,728.29</u>
Net Position - End of Year				<u>\$ 23,373,073.71</u>

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

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Gasoline Tax Fund	Health Tax Fund	Capital Improvement Fund	RRR Gasoline Tax Fund
Assets					
Cash	\$ 1,739,940.22	\$ 1,020,991.65	\$ 974,320.68	\$ 1,233,027.22	\$ 170,614.02
Receivables (Note 4)	313,175.63	76,217.89	12,095.36		80,751.00
Property Tax Receivable	1,089,744.20		569,149.86		
Total Assets	<u>3,142,860.05</u>	<u>1,097,209.54</u>	<u>1,555,565.90</u>	<u>1,233,027.22</u>	<u>251,365.02</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Payables (Note 8)	165,339.34		3,714.08		
Unearned Revenue					
Salaries Payable	50,825.32		2,743.90		
Total Liabilities	<u>216,164.66</u>		<u>6,457.98</u>		
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	1,089,744.20		569,149.86		
Revenue Received in Advance - Motor Vehicle Taxes	105,320.88		55,402.00		
Total Deferred Inflows of Resources	<u>1,195,065.08</u>		<u>624,551.86</u>		
Fund Balances					
Restricted for:					
Public Safety					
Highways and Roads	37,625.12	1,097,209.54			251,365.02
Other Purposes	40,663.06		924,556.06	1,233,027.22	
Assigned:					
Other Purposes					
Unassigned	1,653,342.13				
Total Fund Balances	<u>1,731,630.31</u>	<u>1,097,209.54</u>	<u>924,556.06</u>	<u>1,233,027.22</u>	<u>251,365.02</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,142,860.05</u>	<u>\$ 1,097,209.54</u>	<u>\$ 1,555,565.90</u>	<u>\$ 1,233,027.22</u>	<u>\$ 251,365.02</u>

Balance Sheet
Governmental Funds
September 30, 2023

	Reappraisal Fund	Sales Tax Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 230,079.89	\$ 1,335,050.65	\$ 414,725.79	\$ 1,154,984.69	\$ 8,273,734.81
Receivables (Note 4)		40,999.42		65,908.50	589,147.80
Property Tax Receivable	330,302.53				1,989,196.59
Total Assets	560,382.42	1,376,050.07	414,725.79	1,220,893.19	10,852,079.20
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Payables (Note 8)	362.99		114,639.00	6,370.05	290,425.46
Unearned Revenue	227,089.53		295,650.67		522,740.20
Salaries Payable	2,627.37				56,196.59
Total Liabilities	230,079.89		410,289.67	6,370.05	869,362.25
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	330,302.53				1,989,196.59
Revenue Received in Advance - Motor Vehicle Taxes					160,722.88
Total Deferred Inflows of Resources	330,302.53				2,149,919.47
Fund Balances					
Restricted for:					
Public Safety				112,288.19	112,288.19
Highways and Roads				1,043,760.38	2,429,960.06
Other Purposes		1,376,050.07		58,474.57	3,632,770.98
Assigned:					
Other Purposes			4,436.12		4,436.12
Unassigned					1,653,342.13
Total Fund Balances		1,376,050.07	4,436.12	1,214,523.14	7,832,797.48
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 560,382.42	\$ 1,376,050.07	\$ 414,725.79	\$ 1,220,893.19	\$ 10,852,079.20

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

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

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 7,832,797.48

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. 16,287,145.29

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 Net Pension Liability	\$ 1,111,992.00	
Deferred Inflow Related to Net Pension Liability	<u>(180,318.00)</u>	931,674.00

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	\$ 21,005.51	\$ 189,049.55	
Net Pension Liability		1,468,488.00	
Total Long-Term Liabilities	<u>\$ 21,005.51</u>	<u>\$ 1,657,537.55</u>	<u>(1,678,543.06)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 23,373,073.71

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	Gasoline Tax Fund	Health Tax Fund	Capital Improvement Fund	RRR Gasoline Tax Fund
Revenues					
Taxes	\$ 954,054.57	\$	\$ 676,305.49	\$	\$
Intergovernmental	2,695,615.02	880,970.26	23,673.95	141,729.88	942,645.78
Charges for Services	540,111.15				
Miscellaneous	218,770.81	596.65	12,975.28	1,750.62	626.47
Total Revenues	4,408,551.55	881,566.91	712,954.72	143,480.50	943,272.25
Expenditures					
Current:					
General Government	1,266,821.47				
Public Safety	1,381,341.63		36,475.11		
Highways and Roads	1,736,008.59				1,723,576.54
Health			191,400.01		
Sanitation	31,614.01				
Welfare			75,503.53		
Capital Outlay	336,867.45			18,046.00	
Total Expenditures	4,752,653.15		313,578.91	18,046.00	1,723,576.54
Excess (Deficiency) of Revenues Over Expenditures	(344,101.60)	881,566.91	399,375.81	125,434.50	(780,304.29)
Other Financing Sources (Uses)					
Transfers In	335,378.57				
Transfers Out		(335,378.57)			
Total Other Financing Sources (Uses)	335,378.57	(335,378.57)			
Net Changes in Fund Balances	(8,723.03)	546,188.34	399,375.81	125,434.50	(780,304.29)
Fund Balances - Beginning of Year	1,740,353.34	551,021.20	525,180.25	1,107,592.72	1,031,669.31
Fund Balances - End of Year	\$ 1,731,630.31	\$ 1,097,209.54	\$ 924,556.06	\$ 1,233,027.22	\$ 251,365.02

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

	Reappraisal Fund	Sales Tax Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 419,636.62	\$ 386,099.36	\$	\$	\$ 2,436,096.04
Intergovernmental			1,657,528.39	935,120.56	7,277,283.84
Charges for Services				362,049.74	902,160.89
Miscellaneous	451.29	596.05	2,048.48	251.44	238,067.09
Total Revenues	420,087.91	386,695.41	1,659,576.87	1,297,421.74	10,853,607.86
Expenditures					
Current:					
General Government	420,087.91				1,686,909.38
Public Safety				384,968.06	1,802,784.80
Highways and Roads				777,959.24	4,237,544.37
Health					191,400.01
Sanitation					31,614.01
Welfare					75,503.53
Capital Outlay			1,657,528.39		2,022,642.10
Total Expenditures	420,087.91		1,657,528.39	1,162,927.30	10,048,398.20
Excess (Deficiency) of Revenues Over Expenditures		386,695.41	2,048.48	134,494.44	805,209.66
Other Financing Sources (Uses)					
Transfers In				428,076.92	763,455.49
Transfers Out				(428,076.92)	(763,455.49)
Total Other Financing Sources (Uses)					
Net Changes in Fund Balances		386,695.41	2,048.48	134,494.44	805,209.66
Fund Balances - Beginning of Year		989,354.66	2,387.64	1,080,028.70	7,027,587.82
Fund Balances - End of Year	\$	\$ 1,376,050.07	\$ 4,436.12	\$ 1,214,523.14	\$ 7,832,797.48

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

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 805,209.66

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 capital outlay (\$2,022,642.10)
differed from depreciation (\$677,577.40) in the current period. 1,345,064.70

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

Net Increase in Compensated Absences	\$	(103,464.94)	
Net Increase in Pension Expense		(184,464.00)	
Total Additional Expenses		(287,928.94)	(287,928.94)

Change in Net Position of Governmental Activities (Exhibit 2) \$ 1,862,345.42

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	\$ 373,403.59
Total Assets	<u>373,403.59</u>
<u>Liabilities</u>	
Payables (Note 8)	<u>49,126.52</u>
Total Liabilities	<u>49,126.52</u>
<u>Net Position</u>	
Held for Individuals and Other Governments	<u>324,277.07</u>
Total Net Position	<u>\$ 324,277.07</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:	
Collections for Other Governments	\$ 7,540,129.19
Collections Received for Prisoners	214,080.98
Interest and Miscellaneous Receipts	254.10
Total Additions	<u>7,754,464.27</u>
<u>Deductions</u>	
Payments to Other Governments	7,572,371.85
Inmate Withdrawals	204,580.04
Total Deductions	<u>7,776,951.89</u>
Change in Net Position	(22,487.62)
Net Position - Beginning of Year	<u>346,764.69</u>
Net Position - End of Year	<u>\$ 324,277.07</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 Fayette 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 the exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based on the application of the above criteria, there are no component units which should be included as a 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 non-exchange 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 non-major 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, this fund is used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the 7-cent State gasoline tax revenue and motor vehicle license taxes and fees and drivers' license revenues for construction, improvement, maintenance and supervision of highways, bridges and streets, and for the retirement of bonds for which gasoline tax revenues have been pledged. This fund is also used for the revenues and expenditures relating to the severed material tax.
- ◆ **Health Tax Fund** – This fund is used to account for the 4 mill property tax and other revenues required to be expended for health related activities in the county.
- ◆ **Capital Improvement Fund** – To account for the county's share of distribution from the Alabama Trust Fund revenues required to be expended in accordance with the *Code of Alabama 1975*, Section 11-29-6.
- ◆ **RRR Gasoline Tax Fund** – This fund is used to account for the State 4-cent gasoline tax for the repair, resurfacing and restoration of existing paved county roads and bridges and for bridge replacement.
- ◆ **Reappraisal Fund** – This fund is used to account for the property taxes and other revenues required to be expended for the cost of the property reappraisal program.

Notes to the Financial Statements

For the Year Ended September 30, 2023

- ◆ **Sales Tax Fund** – This fund accounts for the Commission’s portion of sales tax as provided for in the *Code of Alabama 1975*, Section 45-29-242.20. The Commission is authorized to expend these funds for debt reduction.
- ◆ **Coronavirus Rescue Act Fund** – This fund is used to account for appropriations received from the American Rescue Plan Act of 2021.

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

Governmental Fund Types

- ◆ **Special Revenue Funds** – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- ◆ **Capital Project Funds** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

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. Non-exchange 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 inter-fund activity has been eliminated from the government-wide financial statements.

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted components of 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.

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

1. Deposits and Investments

Cash includes cash on hand and demand deposits.

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 primarily include State shared revenues, amounts due from grantors for grants issued for specific programs and capital projects, and amounts due from municipalities.

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

3. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated 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
Land	\$ 1.00	
Buildings and Improvements	\$ 5,000.00	40 years
Equipment and Furniture	\$ 5,000.00	3 – 15 years
Infrastructure	\$100,000.00	40 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.

4. 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 Commission that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

5. Long-Term Obligations

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

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

6. Compensated Absences

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

Annual Leave

Employees with up to 5 years of service earn 6.67 hours of annual leave per month, with 5 – 10 years of service earning 8.34 hours per month, with 10-15 years of service earning 10 hours per month and with over 15 years of service earning 11.67 hours per month. The Commission must approve carrying forward from one calendar year to the next all accrued hours in excess of 60 hours. Upon separation or retirement, employees are paid for any accumulated annual leave up to 60 hours.

On January 11, 2021, the Commission amended its annual leave policy to increase the maximum allowable annual leave to 120 hours. Upon separation or retirement, unused annual leave can be paid to employee at his/her current rate of pay.

Sick Leave

Employees earn 8 hours of sick leave per complete month worked, beginning with the first day of the month following the employees' six month probationary period. Employees may accumulate up to 720 hours of sick leave. Upon separation from the County, employees receive payment for one-half of their sick leave, not to exceed 360 hours. Upon retirement from the County employees receive the full amount of their accrued sick hours, not to exceed 720 hours.

Upon retirement from County employment, with a minimum of 10 years of service, a salaried employee will be credited with 720 hours of sick time and shall receive 100% of their time.

The Commission uses the vesting method to accrue its sick leave liability. Under this method, an accrual for sick leave liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination benefits, as well as other employees who are expected to become eligible in the future to receive such payments.

On September 8, 2020, the Commission voted to increase the allowable number of sick days to 180 days (1,440 hours). At the time of retirement, unused sick leave can be used to convert to retirement credit. Due to this change, the Commission voted in the same meeting to no longer allow the payments of unused sick time for any type of employee separation.

Notes to the Financial Statements

For the Year Ended September 30, 2023

7. Deferred Inflows of Resources

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

8. Net Position/Fund Balances

Net position is reported on the government-wide financial statements and are required to be classified for accounting and reporting purposes into the following 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 components of net position may be designated for specific purposes by action of the Commission.

Fund balance is reported in 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.

Notes to the Financial Statements

For the Year Ended September 30, 2023

- ◆ **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.
- ◆ **Committed** – Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal resolution to remove or modify the constraint.
- ◆ **Assigned** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission or its designee makes the determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- ◆ **Unassigned** – Unassigned fund balances include all spendable amounts not contained in 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, the Commission considers restricted amounts to be reduced first. When an expenditure is incurred for the purposes 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

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 Health Tax Fund with the exception of ad valorem and sales taxes which are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting, as well as, salaries and benefits payable which are only budgeted to extent that they are expected to be paid, rather than on the modified basis of accounting. The Reappraisal Fund budgets on a basis of accounting consistent with GAAP with the exception of salaries and benefits payable which are only budgeted to extent that they are expected to be paid, rather than on the modified basis of accounting. All other governmental funds budget are adopted on a basis consistent with accounting principles generally accepted in the United States of America except the capital projects funds, which adopt project length budgets. All appropriations lapse at year-end.

The present statutory basis for county budgeting operation 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 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

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 and other governmental funds in the aggregate are as follows:

	Due from Other Governments	Sales Tax	Total Receivables
<u>Governmental Activities:</u>			
General Fund	\$176,510.91	\$136,664.72	\$313,175.63
Gasoline Tax Fund	76,217.89		76,217.89
Health Tax Fund	12,095.36		12,095.36
RRR Gasoline Tax Fund	80,751.00		80,751.00
Sales Tax Fund	40,999.42		40,999.42
Other Governmental Funds	65,908.50		65,908.50
Total Governmental Activities	\$452,483.08	\$136,664.72	\$589,147.80

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2023, the Commission had unexpended reappraisal funds of \$227,089.53 and Coronavirus Rescue Act grant funds received prior to meeting eligibility requirements of \$295,650.67 which were reported as unearned revenue.

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 and Improvements - Inexhaustible	\$ 448,500.00	\$	\$	\$ 448,500.00
Total Capital Assets, Not Being Depreciated	448,500.00			448,500.00
Capital Assets Being Depreciated:				
Infrastructure – Bridges	3,473,971.27			3,473,971.27
Infrastructure – Roads	325,127.11			325,127.11
Buildings and Improvements	17,971,139.37			17,971,139.37
Equipment and Furniture	5,747,122.68	2,022,642.10	(170,661.21)	7,599,103.57
Total Capital Assets Being Depreciated	27,517,360.43	2,022,642.10	(170,661.21)	29,369,341.32
Less Accumulated Depreciation for:				
Infrastructure – Bridges	(1,464,072.26)	(94,977.46)		(1,559,049.72)
Infrastructure – Roads	(96,491.50)			(96,491.50)
Buildings and Improvements	(6,817,988.41)	(389,998.49)		(7,207,986.90)
Equipment and Furniture	(4,645,227.67)	(192,601.45)	170,661.21	(4,667,167.91)
Total Accumulated Depreciation	(13,023,779.84)	(677,577.40)	170,661.21	(13,530,696.03)
Total Capital Assets Being Depreciated, Net	14,493,580.59	1,345,064.70		15,838,645.29
Total Governmental Activities Capital Assets, Net	\$ 14,942,080.59	\$ 1,345,064.70	\$	\$ 16,287,145.29

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$450,278.71
Public Safety	14,112.82
Highways and Roads	195,482.95
Health	6,441.26
Welfare	11,261.66
Total Depreciation Expense – Governmental Activities	<u>\$677,577.40</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	108,890

The Commission membership includes approximately 125 participants. As of September 30, 2022, membership consisted of:

Retirees and beneficiaries currently receiving benefits	36
Vested Inactive Members	5
Non-vested Inactive Members	17
Active Members	67
Post-DROP participants who are still in active service	0
Total	125

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 firefighters and law enforcement officers increased from 6% to 8.5% of earnable compensation.

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

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 contribution 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 6.77 percent of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 2.97 percent of pensionable payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2023, was 3.70% of pensionable pay for Tier 1 employees, and 4.72% 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 \$82,938.00 for the year ended September 30, 2023.

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

B. Net Pension Liability

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

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	\$8,184,046	\$7,966,873	\$7,971,498
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2021 through September 30, 2022	205,466	205,466	205,679
(d) Transfers Among Employers:		91,361	91,361
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 through September 30, 2022	(564,263)	(564,263)	(564,263)
(f) Total Pension Liability as of September 30, 2022 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$8,413,942</u>	<u>\$8,271,950</u>	<u>\$8,277,133</u>
(g) Difference between Expected and Actual:		\$ (141,992)	
(h) Less Liability Transferred for Immediate Recognition		<u>91,361</u>	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		<u>\$ (233,353)</u>	
(j) Difference between Actual TPL Before and After Plan Changes – Assumption Change (Gain)/Loss			<u>\$ 5,183</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 Beneficiaries	Public Safety Healthy Below Median Contingent Survivor Below Median	Male: +1, Female: none Male: +2, Female: +2	None None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

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

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	<u>100.00%</u>	

(*) Includes assumed rate of inflation of 2.00%

Notes to the Financial Statements

For the Year Ended September 30, 2023

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return of 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.

C. Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2021	\$8,184,046	\$8,002,004	\$ 182,042
Changes for the Year:			
Service Cost	205,466		205,466
Interest	588,693		588,693
Changes in benefit terms	5,183		5,183
Changes of assumptions			
Difference between expected and actual experience	(233,353)		(233,353)
Contributions – Employer		102,238	(102,238)
Contributions – Employee		189,064	(189,064)
Net Investment Income		(1,011,759)	1,011,759
Benefit Payments, Including Refunds of Employee Contributions	(564,263)	(564,263)	
Transfers Among Employers	91,361	91,361	
Net Changes	93,087	(1,193,359)	1,286,446
Balances at September 30, 2022	\$8,277,133	\$6,808,645	\$1,468,488

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Commission’s Net Pension Liability	\$2,320,139	\$1,468,488	\$761,210

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 \$246,725. 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	\$ 74,718	\$180,318
Changes of assumptions	138,722	
Net difference between projected and actual earnings on pension plan investments	815,614	
Employer contributions subsequent to the measurement date	82,938	
Total	\$1,111,992	\$180,318

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

The \$82,938.00 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	\$257,556
2025	\$186,202
2026	\$105,963
2027	\$299,015
2028	\$ 0
Thereafter	\$ 0

Note 7 – Contingent Liabilities

Under the provisions of Act Number 79-357, Acts of Alabama, a sheriff is eligible to become a supernumerary sheriff upon retirement after sixteen (16) years of service credit as a law enforcement officer, twelve (12) of which have been as a sheriff, and who has attained the age of fifty-five (55) years. The Fayette County Sheriff, who has elected to participate in this retirement plan, makes monthly contributions out of his salary as required by law. The Commission has a responsibility to properly manage these funds in order to provide the necessary monthly payments to the Sheriff when he retires. Should the Sheriff decide to withdraw from the plan for whatever reason, the Commission is obligated to refund the Sheriff's total contribution which at September 30, 2023 amounted to \$41,908.51.

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

Note 8 – Payables

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

	Vendors	Due to Other Governments	Total Payables
<u>Governmental Activities:</u>			
General Fund	\$ 66,104.56	\$99,234.78	\$165,339.34
Health Tax Fund	3,714.08		3,714.08
Reappraisal Fund	362.99		362.99
Coronavirus Rescue Act Fund	114,639.00		114,639.00
Other Governmental Funds	6,370.05		6,370.05
Total Governmental Activities	<u>191,190.68</u>	<u>99,234.78</u>	<u>290,425.46</u>
<u>Fiduciary Activities:</u>			
Custodial Funds		49,126.52	49,126.52
Total Fiduciary Activities	<u>\$</u>	<u>\$49,126.52</u>	<u>\$ 49,126.52</u>

Note 9 – Long-Term Debt

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

	Debt Outstanding 10/01/2022	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Amounts Due Within One Year
<u>Governmental Activities:</u>					
<u>Other Liabilities:</u>					
Compensated Absences	\$106,590.12	\$ 103,464.94	\$	\$ 210,055.06	\$21,005.51
Net Pension Liability	182,042.00	1,286,446.00		1,468,488.00	
Total Other Liabilities					
Long-Term Liabilities	<u>\$288,632.12</u>	<u>\$1,389,910.94</u>	<u>\$</u>	<u>\$1,678,543.06</u>	<u>\$21,005.51</u>

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission’s governmental funds. In the past, approximately 73% has been paid by the General Fund, 21% by the Health Tax Fund, 6% by the Reappraisal Fund and the remainder by the Other Governmental Funds.

During the audit period the County Commission entered into a line of credit with a financial institution. The County Commission did not have any drawdowns during the audit period.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 10 – Risk Management

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

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

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

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

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

Note 11 – Interfund Transactions

Interfund Transfers

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

	Transfers Out		Totals
	Gasoline Tax Fund	Other Governmental Funds	
Transfers In:			
General Fund	\$335,378.57	\$	\$335,378.57
Other Governmental Funds		428,076.92	428,076.92
Totals	\$335,378.57	\$428,076.92	\$763,455.49

The Commission typically used transfers to fund ongoing operating subsidies.

Note 12 – Related Organizations

A majority of the board members of the Fayette County Department of Human Resources, E-911 Board, the Fayette County Hospital Board and the Multi-Purpose Complex Board are appointed by the Fayette County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship for these agencies and these agencies are not considered part of the Commission’s financial reporting entity. These agencies are considered related organizations of the County Commission.

Note 13 – Subsequent Events

On October 23, 2023, the Commission approved to purchase a pavement management system that totaled \$162,095.

On March 25, 2024, the Commission approved to expend the remaining coronavirus relief funds by purchasing a skid steer, backhoe, bush hog, and trailer that totaled \$320,477.30.

On June 10, 2024, the Commission approved to purchase a 2025 International HX620 truck from the state bid list for an amount totaling \$225,794.00.

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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	\$ 205,466	\$ 190,764	\$ 173,832	\$ 176,996	\$ 159,005	\$ 171,135	\$ 177,349	\$ 166,886	\$ 166,667
Interest	588,693	569,065	536,007	494,181	468,052	498,949	495,159	481,259	456,410
Changes of benefit terms	5,183		89,128						
Difference between expected and actual experience	(233,353)	112,944	17,454	28,446	8,841	(516,337)	(181,713)	9,224	
Changes in assumptions		254,322			30,756		231,034		
Benefit payments, including refunds of employee contributions	(564,263)	(525,197)	(414,032)	(428,402)	(355,153)	(331,810)	(655,088)	(312,145)	(312,775)
Transfers among employers	91,361	(70,909)	82,527	264,785	103,682	(208,943)	20,183		
Net change in total pension liability	93,087	530,989	484,916	536,006	415,183	(387,006)	86,924	345,224	310,302
Total pension liability - beginning	8,184,046	7,653,057	7,168,141	6,632,135	6,216,952	6,603,958	6,517,034	6,171,810	5,861,508
Total pension liability - ending (a)	\$ 8,277,133	\$ 8,184,046	\$ 7,653,057	\$ 7,168,141	\$ 6,632,135	\$ 6,216,952	\$ 6,603,958	\$ 6,517,034	\$ 6,171,810
Plan fiduciary net position									
Contributions - employer	\$ 102,238	\$ 59,896	\$ 95,202	\$ 93,188	\$ 109,727	\$ 131,499	\$ 148,565	\$ 133,976	\$ 130,933
Contributions - employee	189,064	144,752	119,092	118,516	105,140	103,211	103,369	103,564	98,979
Net investment income	(1,011,759)	1,489,636	376,348	165,749	546,294	689,462	529,542	63,183	575,907
Benefit payments, including refunds of employee contributions	(564,263)	(525,197)	(414,032)	(428,402)	(355,153)	(331,810)	(655,088)	(312,145)	(312,775)
Other (Transfers among employers)	91,361	(70,909)	82,527	264,785	103,682	(208,943)	20,183	79,228	(21,777)
Net change in plan fiduciary net position	(1,193,359)	1,098,178	259,137	213,836	509,690	383,419	146,571	67,806	471,267
Plan fiduciary net positions - beginning	8,002,004	6,903,826	6,644,689	6,430,853	5,921,163	5,537,744	5,391,173	5,323,367	4,852,100
Plan fiduciary net positions - ending (b)	\$ 6,808,645	\$ 8,002,004	\$ 6,903,826	\$ 6,644,689	\$ 6,430,853	\$ 5,921,163	\$ 5,537,744	\$ 5,391,173	\$ 5,323,367
Commission's net pension liability - ending (a) - (b)	\$ 1,468,488	\$ 182,042	\$ 749,231	\$ 523,452	\$ 201,282	\$ 295,789	\$ 1,066,214	\$ 1,125,861	\$ 848,443
Plan fiduciary net position as a percentage of the total pension liability	82.26%	97.78%	90.21%	92.70%	96.97%	95.24%	83.85%	82.72%	86.25%
Covered payroll (*)	\$ 2,470,618	\$ 1,964,427	\$ 2,062,747	\$ 2,049,978	\$ 2,038,987	\$ 1,798,107	\$ 1,954,114	\$ 2,035,099	\$ 1,933,868
Commission's net pension liability as a percentage of covered payroll	59.44%	9.27%	36.32%	25.53%	9.87%	16.45%	54.56%	55.32%	43.87%

(*) 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 (*)	\$ 82,938	\$ 102,238	\$ 59,986	\$ 95,202	\$ 93,188	\$ 109,727	\$ 131,499	\$ 148,565	\$ 133,976	\$ 130,933
Contributions in relation to the actuarially determined contribution (*)	\$ 82,938	\$ 102,238	\$ 59,986	\$ 95,202	\$ 93,188	\$ 109,727	\$ 131,499	\$ 148,565	\$ 133,976	\$ 130,933
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 2,794,090	\$ 2,470,618	\$ 1,964,427	\$ 2,062,747	\$ 2,049,978	\$ 2,038,987	\$ 1,798,107	\$ 1,954,114	\$ 2,035,099	\$ 1,933,868
Contributions as a percentage of covered payroll	2.97%	4.14%	3.05%	4.62%	4.55%	5.38%	7.31%	7.60%	6.58%	6.77%

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

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

Notes to Schedule

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	20.6 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

Schedule of 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	\$ 627,000.00	\$ 627,000.00	\$ 631,540.04	(1) (2) (3)	\$ 322,514.53	\$ 954,054.57
Intergovernmental	793,379.20	801,700.00	1,024,027.99	(3)	1,671,587.03	2,695,615.02
Charges for Services	497,500.00	497,500.00	535,527.15	(3)	4,584.00	540,111.15
Miscellaneous	83,163.00	83,163.00	70,554.23	(3)	148,216.58	218,770.81
Total Revenues	2,001,042.20	2,009,363.00	2,261,649.41		2,146,902.14	4,408,551.55
Expenditures						
Current:						
General Government	1,201,229.16	1,260,932.77	1,216,847.14	(4) (5)	(49,974.33)	1,266,821.47
Public Safety	1,349,519.24	1,476,792.81	1,381,341.63	(4) (5)		1,381,341.63
Highways and Roads		36,000.00		(4) (5)	(1,736,008.59)	1,736,008.59
Sanitation			31,614.01			31,614.01
Capital Outlay					(336,867.45)	336,867.45
Total Expenditures	2,550,748.40	2,773,725.58	2,629,802.78		(2,122,850.37)	4,752,653.15
Excess (Deficiency) of Revenues Over Expenditures	(549,706.20)	(764,362.58)	(368,153.37)		24,051.77	(344,101.60)
Other Financing Sources (Uses)						
Transfers In	500,000.00	600,000.00	500,000.00		(164,621.43)	335,378.57
Total Other Financing Sources (Uses)	500,000.00	600,000.00	500,000.00	(6)	(164,621.43)	335,378.57
Net Change in Fund Balances	(49,706.20)	(164,362.58)	131,846.63		(140,569.66)	(8,723.03)
Fund Balances - Beginning of Year	2,566,179.20	370,025.77	(2,891.23)	(7)	1,743,244.57	1,740,353.34
Fund Balances - End of Year	\$ 2,516,473.00	\$ 205,663.19	\$ 128,955.40		\$ 1,602,674.91	\$ 1,731,630.31

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 for motor vehicle ad valorem tax as it is collected, rather than on the modified accrual basis (GAAP).		\$	(8,114.66)
(2) The Commission budgets for sales tax as it is received, rather than on the modified accrual basis (GAAP).			(12,286.44)
(3) Some revenues are combined with the General Fund for reporting purposes, but are budgeted separately.			
Pistol Permit Fund	\$	10,952.07	
Opioid Settlement Fund		89,407.79	
Sales Tax Fund		2,820.60	
Supernumerary Fund		21.00	
General Reserve Fund		519,268.19	
Industrial Development Fund		5.56	
Public Buildings, Roads and Bridges Fund		354,670.41	
Road Construction Fund		1,185,520.19	
Motor Vehicle Special Training Fund		1,191.67	
Revenue Commissioner Discretionary Fund		17.20	
Manufactured Homes Trust Fund		3,411.76	
Probate Judge Discretionary Fund		16.80	
			<u>2,167,303.24</u>
(4) The Commission budgets salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis.			(3,750.89)
(5) Some expenditures are combined with the General Fund for reporting purposes, but are budgeted separately.			
Sales Tax Fund	\$	(31,619.91)	
Public Buildings, Roads and Bridges Fund		(258,588.99)	
Road Construction Fund		(1,823,387.53)	
Motor Vehicle Special Training Fund		(3,103.05)	
Revenue Commissioner Discretionary Fund		(2,400.00)	
			<u>(2,119,099.48)</u>
(6) Other Financing Sources	\$	(164,621.43)	<u>(164,621.43)</u>
Net Change in Fund Balance - Budget to GAAP			<u>\$ (140,569.66)</u>
(7) 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.			

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Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax 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	\$ 795,000.00	\$ 795,000.00	\$ 759,749.77	(1) \$ 121,220.49	\$ 880,970.26
Miscellaneous			227.92	(1) 368.73	596.65
Total Revenues	<u>795,000.00</u>	<u>795,000.00</u>	<u>759,977.69</u>	<u>121,589.22</u>	<u>881,566.91</u>
Expenditures					
Current:					
Highways and Roads					
Total Expenditures					
Excess (Deficiency) of Revenues Over Expenditures	<u>795,000.00</u>	<u>795,000.00</u>	<u>759,977.69</u>	<u>121,589.22</u>	<u>881,566.91</u>
Other Financing Sources (Uses)					
Transfers Out	<u>756,000.00</u>	<u>756,000.00</u>	<u>(335,378.57)</u>		<u>(335,378.57)</u>
Total Other Financing Sources (Uses)	<u>756,000.00</u>	<u>756,000.00</u>	<u>(335,378.57)</u>		<u>(335,378.57)</u>
Net Change in Fund Balances	1,551,000.00	1,551,000.00	424,599.12	121,589.22	546,188.34
Fund Balances - Beginning of Year			<u>192,987.01</u>	(2) <u>358,034.19</u>	<u>551,021.20</u>
Fund Balances - End of Year	<u>\$ 1,551,000.00</u>	<u>\$ 1,551,000.00</u>	<u>\$ 617,586.13</u>	<u>\$ 479,623.41</u>	<u>\$ 1,097,209.54</u>

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

- (1) Some revenues are combined with the Gasoline Tax Fund for reporting purposes, but are budgeted separately.
- | | | |
|---|------------------|----------------------|
| Public Highway and Traffic Fund | \$ 103,331.02 | |
| Severed Materials Fund | <u>18,258.20</u> | \$ <u>121,589.22</u> |
| Net Change in Fund Balance - Budget to GAAP | | <u>\$ 121,589.22</u> |
- (2) 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 - Health Tax 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	\$ 550,000.00	\$ 550,000.00	\$ 682,533.13	(1)	\$ (6,227.64)	\$ 676,305.49
Intergovernmental	47,310.00	47,310.00	23,673.95			23,673.95
Miscellaneous	3,200.00	3,200.00	428.54	(2)	12,546.74	12,975.28
Total Revenues	600,510.00	600,510.00	706,635.62		6,319.10	712,954.72
Expenditures						
Current:						
Public Safety	25,435.00	34,500.00	36,475.11			36,475.11
Health	169,870.20	208,542.30	190,493.79	(3) (4)	(906.22)	191,400.01
Welfare	109,607.95	111,182.95	75,503.53			75,503.53
Capital Outlay			10,200.26			10,200.26
Total Expenditures	304,913.15	354,225.25	312,672.69		(906.22)	313,578.91
Excess (Deficiency) of Revenues Over Expenditures	295,596.85	295,596.85	393,962.93		5,412.88	399,375.81
Other Financing Sources (Uses)						
Transfers In						
Transfers Out						
Total Other Financing Sources (Uses)						
Net Change in Fund Balances	295,596.85	295,596.85	393,962.93		5,412.88	399,375.81
Fund Balances - Beginning of Year			561,791.86	(5)	(36,611.61)	525,180.25
Fund Balances - End of Year	\$ 295,596.85	\$ 295,596.85	\$ 955,754.79		\$ (31,198.73)	\$ 924,556.06

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Health Tax 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 for motor vehicle ad valorem tax revenue as they are received, rather than on the modified accrual basis (GAAP).	\$ (6,227.64)
(2) Some revenues are combined with the Health Tax Fund for reporting purposes, but are budgeted separately. Animal Shelter Fund	12,546.74
(3) The Commission budgets salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis.	344.60
(4) Some expenditures are combined with the Health Tax Fund for reporting purposes, but are budgeted separately. Animal Shelter Fund	<u>(1,250.82)</u>
Net Change in Fund Balance - Budget to GAAP	<u>\$ 5,412.88</u>
(5) 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 - Capital Improvement 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	\$ 270,000.00	\$ 270,000.00	\$ 141,729.88	\$	\$ 141,729.88
Miscellaneous			1,750.62		1,750.62
Total Revenues	270,000.00	270,000.00	143,480.50		143,480.50
Expenditures					
Current:					
Intergovernmental	900.00	18,068.00			
Capital Outlay			18,046.00		18,046.00
Total Expenditures	900.00	18,068.00	18,046.00		18,046.00
Excess (Deficiency) of Revenues Over Expenditures	269,100.00	251,932.00	125,434.50		125,434.50
Other Financing Sources (Uses)					
Transfers In					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	269,100.00	251,932.00	125,434.50		125,434.50
Fund Balances - Beginning of Year	272,002.59	272,002.59	1,107,592.72		1,107,592.72
Fund Balances - End of Year	\$ 541,102.59	\$ 523,934.59	\$ 1,233,027.22	\$	\$ 1,233,027.22

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - RRR Gasoline Tax 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	\$ 795,000.00	\$ 795,000.00	\$ 725,574.29	(1) \$ 217,071.49	\$ 942,645.78
Miscellaneous			583.57	(1) 42.90	626.47
Total Revenues	795,000.00	795,000.00	726,157.86	217,114.39	943,272.25
Expenditures					
Current:					
Highways and Roads	726,000.00	1,406,000.00	1,296,853.12	(2) (426,723.42)	1,723,576.54
Total Expenditures	726,000.00	1,406,000.00	1,296,853.12	(426,723.42)	1,723,576.54
Excess (Deficiency) of Revenues Over Expenditures	69,000.00	(611,000.00)	(570,695.26)	(209,609.03)	(780,304.29)
Other Financing Sources (Uses)					
Transfers Out					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	69,000.00	(611,000.00)	(570,695.26)	(209,609.03)	(780,304.29)
Fund Balances - Beginning of Year	708,457.55	708,457.55	767,994.74	(3) 263,674.57	1,031,669.31
Fund Balances - End of Year	\$ 777,457.55	\$ 97,457.55	\$ 197,299.48	\$ 54,065.54	\$ 251,365.02

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

- (1) Some revenues are combined with the RRR Gasoline Tax Fund for reporting purposes, but are budgeted separately.
Secondary Road Fund \$ 217,114.39
- (2) Some expenditures are combined with the RRR Gasoline Tax Fund for reporting purposes, but are budgeted separately.
Secondary Road Fund (426,723.42)
- Net Change in Fund Balance - Budget to GAAP \$ (209,609.03)
- (3) 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 - Reappraisal 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	\$ 476,522.24	\$ 476,522.24	\$ 419,636.62	\$	\$ 419,636.62
Miscellaneous			451.29		451.29
Total Revenues	476,522.24	476,522.24	420,087.91		420,087.91
Expenditures					
Current:					
General Government	476,522.24	476,522.24	419,910.04	(1) 177.87	420,087.91
Capital Outlay					
Total Expenditures	476,522.24	476,522.24	419,910.04	177.87	420,087.91
Excess (Deficiency) of Revenues Over Expenditures			177.87	(177.87)	
Other Financing Sources (Uses)					
Transfers In					
Transfers Out					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances			177.87	(177.87)	
Fund Balances - Beginning of Year			2,449.50	(2) (2,449.50)	
Fund Balances - End of Year	\$	\$	\$ 2,627.37	\$ (2,627.37)	\$

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

- (1) The Commission budgets salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis.
- \$ (177.87)
- Net Change in Fund Balance - Budget to GAAP
- \$ (177.87)
- (2) 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 - Sales Tax 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	\$ 203,500.00	\$ 203,500.00	\$ 386,099.36	\$	\$ 386,099.36
Miscellaneous			596.05		596.05
Total Revenues	203,500.00	203,500.00	386,695.41		386,695.41
Expenditures					
Current:					
Highways and Roads					
Total Expenditures					
Excess (Deficiency) of Revenues Over Expenditures	203,500.00	203,500.00	386,695.41		386,695.41
Other Financing Sources (Uses)					
Transfers In					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	203,500.00	203,500.00	386,695.41		386,695.41
Fund Balances - Beginning of Year	272,002.59	272,002.59	989,354.66		989,354.66
Fund Balances - End of Year	\$ 475,502.59	\$ 475,502.59	\$ 1,376,050.07	\$	\$ 1,376,050.07

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Coronavirus Rescue Act 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	\$ 2,000.00	\$ 2,000.00	\$ 1,657,528.39	\$	\$ 1,657,528.39
Miscellaneous			2,047.30	(1) 1.18	2,048.48
Total Revenues	2,000.00	2,000.00	1,659,575.69	1.18	1,659,576.87
Expenditures					
Current:					
Capital Outlay				(2) (1,657,528.39)	1,657,528.39
Total Expenditures				(1,657,528.39)	1,657,528.39
Excess (Deficiency) of Revenues Over Expenditures	2,000.00	2,000.00	1,659,575.69	(1,657,527.21)	2,048.48
Other Financing Sources (Uses)					
Transfers In	29,589.00	29,589.00	357,594.20	(3) (357,594.20)	
Transfers Out	(2,297,908.94)	(2,297,908.94)	(2,015,122.59)	(3) 2,015,122.59	
Total Other Financing Sources (Uses)	(2,268,319.94)	(2,268,319.94)	(1,657,528.39)	1,657,528.39	
Net Change in Fund Balances	(2,266,319.94)	(2,266,319.94)	2,047.30	1.18	2,048.48
Fund Balances - Beginning of Year	2,283,551.03	2,283,551.03	2,366.77	(4) 20.87	2,387.64
Fund Balances - End of Year	\$ 17,231.09	\$ 17,231.09	\$ 4,414.07	\$ 22.05	\$ 4,436.12

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

- (1) Some revenues are combined with the Coronavirus Rescue Act Fund for reporting purposes, but are budgeted separately.
ARPA Revenue Replacement Fund \$ 1.18
- (2) Some expenditures are combined with the Coronavirus Rescue Act Fund for reporting purposes, but are budgeted separately.
ARPA Revenue Replacement Fund (1,657,528.39)
- (3) Other Financing Sources
Net Change in Fund Balance - Budget to GAAP \$ 1.18
- (4) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

Additional Information

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

Commission Members		Term Expires
Hon. K. Michael Freeman	Chairman	2025
Hon. Bradley Cox	District 1	2026
Hon. Shane Hughes	District 2	2024
Hon. Barry Corkren	District 3	2022
Hon. David Hubbert	District 3	2026
Hon. Wesley Jacobs	District 4	2024
Hon. Robert Townley	District 5	2024
Hon. John Underwood	District 6	2024

Administrative Personnel

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

Independent Auditor's Report

Members of the Fayette County Commission and the County Administrator
Fayette, 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 Fayette County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Fayette County Commission's basic financial statements, and have issued our report thereon dated July 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fayette 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 Fayette County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fayette 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.

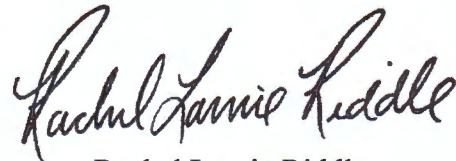
***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fayette 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

July 8, 2024