



# Alabama Department of Examiners of Public Accounts

## *Report on the* **Calhoun County Commission Calhoun County, Alabama**

October 1, 2022 through September 30, 2023

Filed: November 15, 2024

*Rachel Laurie Riddle, Chief Examiner*





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

P.O. Box 302251, Montgomery, AL 36130-2251  
401 Adams Avenue, Suite 280  
Montgomery, Alabama 36104-4338  
Telephone (334) 242-9200  
FAX (334) 242-1775

Rachel Laurie Riddle  
*Chief Examiner*

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

Dear Madam:

An audit was conducted on the Calhoun County Commission, Calhoun County, Alabama, for the period October 1, 2022 through September 30, 2023, by Examiners Allie Dollar and Samantha Pearson. I, Allie Dollar, 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,

Allie Dollar  
Examiner of Public Accounts

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## *Table of Contents*

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|   | <i>Page</i> |
|---|-------------|
| <b>Summary</b><br>Contains items pertaining to federal, state and local legal compliance, Commission operations and other matters.  | A           |
| <b>Independent Auditor's Report</b><br>Reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations in accordance with generally accepted accounting principles (GAAP).   | B           |
| <b>Management's Discussion and Analysis</b><br>Provides information required by the Governmental Accounting Standards Board (GASB) that is prepared by management of the Commission introducing the basic financial statements and providing an analytical overview of the Commission's financial activities for the year. This information has not been audited, and no opinion is provided about the information. | G           |
| <b><u>Basic Financial Statements</u></b><br>Provides the minimum combination of financial statements and notes to the financial statements that is required for the fair presentation of the Commission's financial position and results of operations in accordance with GAAP.   | 1           |
| Exhibit #1 Statement of Net Position  | 2           |
| Exhibit #2 Statement of Activities  | 4           |
| Exhibit #3 Balance Sheet – Governmental Funds   | 5           |
| Exhibit #4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position   | 7           |
| Exhibit #5 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  | 9           |
| Exhibit #6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities  | 10          |
| Exhibit #7 Statement of Net Position – Proprietary Fund   | 12          |



---

## *Table of Contents*

---

|   | <i>Page</i> |
|---|-------------|
| Exhibit #8 Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund  | 14          |
| Exhibit #9 Statement of Cash Flows – Proprietary Fund   | 15          |
| Exhibit #10 Statement of Fiduciary Net Position   | 17          |
| Exhibit #11 Statement of Changes in Fiduciary Net Position  | 18          |
| <b>Notes to the Financial Statements</b>  | <b>19</b>   |
| <b><u>Required Supplementary Information</u></b>  | <b>59</b>   |
| Provides information required by the Governmental Accounting Standards Board (GASB) to supplement the basic financial statements. This information has not been audited and no opinion is provided about the information. |             |
| Exhibit #12 Schedule of Changes in the Employer’s Net Pension Liability   | 60          |
| Exhibit #13 Schedule of the Employer’s Contributions – Pension  | 61          |
| Exhibit #14 Schedule of Changes in the Employer’s Other Postemployment Benefits (OPEB) Liability  | 62          |
| Exhibit #15 Schedule of the Employer’s Contributions Other Postemployment Benefits (OPEB)   | 63          |
| Exhibit #16 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund  | 64          |
| Exhibit #17 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Two-Cent Sales Tax Fund   | 66          |
| Exhibit #18 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Reappraisal Fund  | 68          |
| Exhibit #19 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – ARPA Revenue Reduction Fund   | 69          |
| Exhibit #20 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Coronavirus Rescue Act Fund   | 70          |



---

## *Table of Contents*

---

|  | <i>Page</i> |
|--|-------------|
| <b><u>Supplementary Information</u></b>  | 71          |
| Contains financial information and notes relative to federal financial assistance.   |             |
| Exhibit #21    Schedule of Expenditures of Federal Awards  | 72          |
| <b>Notes to the Schedule of Expenditures of Federal Awards</b>   | 74          |
| <b><u>Additional Information</u></b>   | 75          |
| Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards and/or Title 2 U. S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> ( <i>Uniform Guidance</i> ) for federal compliance audits.   |             |
| Exhibit #22 <b>Commission Members and Administrative Personnel</b> – a listing of the Commission members and administrative personnel.   | 76          |
| Exhibit #23 <b>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</b> – a report on internal controls related to the financial statements and whether the Commission complied with laws and regulations which could have a direct and material effect on the Commission’s financial statements.  | 77          |
| Exhibit #24 <b>Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance</b> – a report on internal controls over compliance with requirements of federal statutes, regulations, and the terms and conditions of federal awards applicable to major federal programs and an opinion on whether the Commission complied with federal statutes, regulations, and the terms and conditions of its federal awards which could have a direct and material effect on each major program. | 79          |
| Exhibit #25 <b>Schedule of Findings and Questioned Costs</b> – a schedule summarizing the results of audit findings relating to the financial statements as required by <i>Government Auditing Standards</i> and findings and questioned costs for federal awards as required by the <i>Uniform Guidance</i> .   | 83          |

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

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

The Calhoun County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Calhoun County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 22. 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 Calhoun County.

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

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

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

**EXIT CONFERENCE**

Commission members and administrative personnel, as reflected on Exhibit 22, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Commissioners Danny Shears, Fred Wilson, Carolyn Henderson, Lee Patterson and Terry Howell. Also in attendance were the following representatives from the Department of Examiners of Public Accounts: BriAnna Upchurch, Audit Manager; Allie Dollar, Examiner and Samantha Pearson, Examiner.

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*Independent Auditor's Report*

## **Independent Auditor's Report**

Members of the Calhoun County Commission and County Administrator  
Anniston, Alabama

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Calhoun County Commission as listed in the table of contents as Exhibits 1 through 11.

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

#### **Basis for Opinions**

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Calhoun 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 Calhoun County Commission's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 20), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calhoun County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 21), as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*), is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with ***Government Auditing Standards***, we have also issued our report dated October 10, 2024, on our consideration of the Calhoun County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Calhoun 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 Calhoun County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

October 10, 2024

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

## CALHOUN COUNTY COMMISSION

### COUNTY COMMISSIONERS

Fred Wilson, District 1  
Tim Hodges, District 2  
Carolyn Henderson, District 3  
Terry Howell, District 4  
J. D. Hess, District 4  
Lee Patterson, District 5

### ADMINISTRATION

Mark Tyner, Administrator/Treasurer  
Melissia Wood, Assistant Administrator

### MANAGEMENT'S DISCUSSION and ANALYSIS

The Calhoun County Commission's Management Discussion and Analysis report (MD&A) is a narrative overview that is designed to assist the reader in reviewing significant financial issues and activities of the County. The reader should also be able to identify the changes in the County's financial position and analyze the ability of the County to meet future challenges.

The Management's Discussion and Analysis focuses on the activities of the Calhoun County Commission for the fiscal year ended September 30, 2023. Please consider the information contained in this MD&A in conjunction with the County's financial statements for the same period.

### USING THE ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position (Exhibit 1) and the Statement of Activities (Exhibit 2) provide information about the activities of the County as a whole and present a longer-term view of Calhoun County's finances. Exhibits 3 through 11 report the financial activity of Calhoun County on a fund basis. Fund financial statements report how the services were financed in the short term as well as what remains for future spending. These exhibits report operations in more detail than the government-wide statements by providing information recapped by the County's most significant funds, the Governmental Funds, the Proprietary Funds, and the Fiduciary Funds.

### FINANCIAL HIGHLIGHTS

- The governmental fund type fund balances for Calhoun County had a net increase of \$11,311,416.84.
- Total net position for governmental activities increased by \$13,310,307.51.
- Total net position for the proprietary fund increased by \$369,349.69.
- Total revenues for governmental funds were \$56,943,320.16.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements, which are made up of the following components:

- Government-wide financial statements
- Governmental Fund financial statements
- Proprietary Fund Statements
- Fiduciary Funds statements
- Notes to the financial statements

This report also contains additional information that is relevant to the County's financial position.

### **Government-Wide Financial Statements**

*Government-wide financial statements* are designed to provide the reader with a broad overview of the financial position of the Calhoun County Commission and are similar to private-sector statements. They include a *Statement of Net Position* and *Statement of Activities*.

The *Statement of Net Position* shows the County's assets and deferred outflows of resources less its liabilities and deferred inflows of resources. The difference is reported as net position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. However, you will also need to consider other non-financial factors, such as changes in the tax base and the condition of the County's roads and bridges to assess the overall health of the County.

The *Statement of Activities* presents information showing how net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows. The Statement of Activities is also intended to simplify the analysis of the cost of various governmental services and the amount of taxes necessary to sustain each of these activities.

### **Governmental Fund Financial Statements**

The term fund refers to a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or by bond covenants. Calhoun County also establishes funds to help control and manage money for specific purposes and to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. The fund financial statements are found on Exhibits 3 through 11 and provide detailed information about the most significant funds, not the County as a whole. Calhoun County's activities are reported in Governmental Funds.

Governmental Funds focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information may be helpful in evaluating Calhoun County's near-term financing requirements and available resources. The relationship between government-wide activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is described in reconciliations following the fund financial statements.

Governmental funds presented individually in Calhoun County's statements include six major funds: General Fund, 2-Cent Sales Tax Fund, Reappraisal Fund, Capital Projects Fund, ARPA Revenue Reduction Fund, and the Coronavirus Rescue Act Fund. Data from remaining funds are combined into a single column termed "Other Governmental Funds."

### **Proprietary Fund Statements**

The County has one proprietary fund, the Solid Waste Fund. This fund maintains transactions related to the business-type operations of the County's landfill, the post-closure costs associated with the closed portions of the County's landfill, and the recycling and litter control programs. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission's proprietary fund is charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **Fiduciary Funds Statements**

The County is trustee, or fiduciary, for the Fiduciary Fund, the Law Library Fund, the Fiduciary Fund for Court Orders, and the Mental Health Advisory Board Fund. In this capacity, the County holds cash balances for unpaid checks that have not been claimed by payees in, amounts available for the Law Library, amounts the county is required to hold by court order and the account for the Mental Health Advisory Board. In fiscal year 2021, with the implementation of Government Accounting Standards Board (GASB) Statement 84, the County also added revenue receipt and disbursement accounts held by the Probate Judge, License Commissioner and Revenue Commissioner. All of the County's fiduciary activities are reported in a separate *Statement of Fiduciary Net Position* and the *Statement of Changes in Fiduciary Net Position*. These funds are excluded from the County's other financial statements because the County cannot use these assets to finance its operations.

### **Notes to the Financial Statements**

*Notes to the financial statements* offer additional essential information to achieve a full understanding of the data provided in the government-wide and fund financial statements. The notes follow the exhibits contained in this report.

### **Required Supplementary Information**

*Required supplementary information* is expressed in Exhibits 12 thru 20. This information includes Budget to Actual comparisons of the governmental funds of the County. Calhoun County adopts an annual appropriated budget for its major governmental funds and the comparison exhibits are presented to demonstrate compliance with the appropriated budget. Also included are schedules containing information related to the county's pension liability and OPEB Liability as well as the schedule of federal awards (SEFA).

## Infrastructure Assets

With the implementation of Government Accounting Standards Board (GASB) Statement 34, the County reports and depreciates general fixed assets. The County has elected to depreciate these assets using the straight-line method over the assets' useful lives. The infrastructure portion related to general governmental activities, as stated in GASB Statement 34, requires that these assets (infrastructure roads and bridges) be valued and reported within the Governmental column of the *Government-wide Statement of Net Position*.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's governmental net position increased by \$13,310,307.51 and the County proprietary net position increased by \$369,349.69 during fiscal year 2023. Management monitors net position because the variance is a useful indicator of the County's financial position. Calhoun County's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources for governmental activities by \$98,509,850.70 as of the fiscal year ended September 30, 2023.

The following table reflects the condensed Statement of Net Position compared to the prior year.

**Statement of Net Position  
as of September 30, 2023**

|  | <b>Governmental Activities</b> |                  |
|--|--------------------------------|------------------|
|  | <b>2023</b>                    | <b>2022</b>      |
| <b>Current assets</b>                                    | \$108,965,159.97               | \$102,378,497.19 |
| <b>Noncurrent assets</b>                                 | 409,750.00                     | 477,945.64       |
| <b>Capital assets (net), as restated</b>                 | 55,504,336.36                  | 53,936,508.93    |
| <b>Total assets</b>                                      | 164,879,246.33                 | 156,792,951.76   |
| <b>Deferred outflows of resources</b>                    | 8,046,681.93                   | 4,900,829.89     |
| <b>Total assets and deferred outflows of resources</b>   | 172,925,928.26                 | 161,693,781.65   |
| <b>Current liabilities</b>                               | 20,497,115.05                  | 26,283,771.52    |
| <b>Noncurrent liabilities</b>                            | 31,282,622.94                  | 26,948,440.07    |
| <b>Total liabilities</b>                                 | 51,779,737.99                  | 53,232,211.59    |
| <b>Deferred inflows of resources</b>                     | 22,636,339.57                  | 23,262,026.87    |
| <b>Total Liability and deferred inflows of resources</b> | 74,416,077.56                  | 76,494,238.46    |
| <b>NET POSITION</b>                                      |                                |                  |
| <b>Net investment in capital assets, as restated</b>     | 53,521,933.81                  | 51,550,837.23    |
| <b>Restricted</b>  | 16,399,978.48                  | 14,449,101.45    |
| <b>Unrestricted</b>                                      | 28,587,938.41                  | 19,199,604.51    |
| <b>Total net position, as restated</b>                   | \$ 98,509,850.70               | \$ 85,199,543.19 |

The largest portion of Calhoun County's net position, 54.3%, is in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. The County uses these capital assets to provide services to its citizens. While the County's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay for or liquidate these liabilities.

The unrestricted portion of net position increased 48.9% compared to fiscal year 2022

**Statement of Net Position  
as of September 30, 2023**

|  | <b>Business-type Activities</b> |                       |
|--|---------------------------------|-----------------------|
|  | <b>2023</b>                     | <b>2022</b>           |
| <b>Current assets</b>                                    | \$4,975,469.25                  | \$4,600,051.34        |
| <b>Capital assets(net)</b>                               | 1,585,181.34                    | 1,708,879.01          |
| <b>Total assets</b>                                      | <b>6,560,650.59</b>             | <b>6,308,930.35</b>   |
| <b>Deferred outflows of resources</b>                    | 293,410.96                      | 172,765.28            |
| <b>Total assets and deferred outflows of resources</b>   | <b>6,854,061.55</b>             | <b>6,481,695.63</b>   |
| <b>Current liabilities</b>                               | 217,663.38                      | 370,428.00            |
| <b>Noncurrent liabilities</b>                            | 1,557,071.39                    | 1,357,972.31          |
| <b>Total liabilities</b>                                 | <b>1,774,734.77</b>             | <b>1,728,400.31</b>   |
| <b>Deferred inflows of resources</b>                     | 259,636.44                      | 302,954.67            |
| <b>Total Liability and deferred inflows of resources</b> | <b>2,034,371.21</b>             | <b>2,031,354.98</b>   |
| <b>NET POSITION</b>                                      |                                 |                       |
| <b>Net investment in capital assets</b>                  | 1,585,181.34                    | 1,591,088.81          |
| <b>Restricted</b>  |                                 |                       |
| <b>Unrestricted</b>                                      | 3,234,509.00                    | 2,859,251.84          |
| <b>Total net position</b>                                | <b>\$4,819,690.34</b>           | <b>\$4,450,340.65</b> |

Capital assets make up 32.9% of the proprietary fund's net position. The unrestricted amount of \$3,234,509.00 is available to meet the obligations of the proprietary fund.

## STATEMENT OF ACTIVITIES

The following schedule compares the revenues and expenses for the current year to the prior year. Governmental activities increased the County's net position by \$13,310,307.51 in fiscal year 2023.

### Changes in Net Position As of September 30, 2023

|  | Governmental Activities |                 |
|--|-------------------------|-----------------|
|  | 2023                    | 2022            |
| <b>REVENUES</b>  |                         |                 |
| Program revenues:  |                         |                 |
| Charges for services   | \$ 5,817,142.37         | \$ 5,687,962.63 |
| Operating grants and contributions                           | 12,117,104.62           | 9,611,164.59    |
| Capital grants and contributions                             | 2,130,227.49            | 866,807.48      |
| General revenues:  |                         |                 |
| Property Taxes   | 15,292,450.56           | 13,553,631.12   |
| General Sales Tax  | 5,580,595.34            | 5,458,168.11    |
| Other County Sales and Use Taxes                             | 2,922,475.04            | 2,924,593.01    |
| Grants and Contributions not Restricted to Specific Programs | 5,314,846.04            | 4,820,923.93    |
| Gain on Disposal of Assets                                   | 226,854.91              | 2,079,368.17    |
| Donations of Capital Assets                                  | 181,307.51              | 34,800.00       |
| Investment Income  | 4,097,482.21            | 146,973.93      |
| Miscellaneous  | 3,604,996.49            | 3,120,059.98    |
| Total revenues   | 57,285,482.58           | 48,304,452.95   |
| <b>EXPENSES</b>  |                         |                 |
| Governmental activities:                                     |                         |                 |
| General Government   | 11,795,011.17           | 10,800,239.07   |
| Public Safety  | 17,919,557.61           | 15,173,941.44   |
| Highways and Roads   | 11,998,038.68           | 10,624,422.46   |
| Sanitation   | 138,825.59              | 155,087.80      |
| Health   | 574,857.59              | 480,087.75      |
| Welfare  | 126,284.84              | 124,021.54      |
| Culture and Recreation                                       | 974,907.75              | 1,085,132.56    |
| Education  | 164,372.95              | 226,163.36      |
| Interest on Long-Term Debt                                   | 139,996.89              | 182,743.33      |
| Issuance Cost  | -                       | -               |
| Total expenses   | 43,831,853.07           | 38,851,839.31   |
| <b>Transfers</b>   |                         |                 |
| Transfers Out  | (143,322.00)            | (75,345.00)     |
| Net Transfers  | (143,322.00)            | (75,345.00)     |
| Change in net position                                       | 13,310,307.51           | 9,377,268.64    |
| Net position - beginning. As restated                        | 85,199,543.19           | 75,822,274.55   |
| Net position - ending  | 98,509,850.70           | 85,199,543.19   |

Total revenues increased by \$ 8,981,029.63 from fiscal year 2022. This increase was due in part to the recognition of ARPA revenue as well as an increase in investment revenues and property taxes. Property taxes account for 26.7% of the total revenue of the County. Taxes as a whole represented 41.5% of the total revenue collected by the County for fiscal year ended September 30, 2023.

Expenses for all services of the County were \$43,831,853.07 which represented an increase of \$4,980,013.76 from the prior year. This increase was due in part to ARPA expenditures. The general government expenses were 26.9% of total expenses, with 40.9% being spent on public safety, and 27.4% on highways and roads.

**Changes in Net Position  
as of September 30, 2023**

|  | <b>Business-type Activities</b> |                        |
|--|---------------------------------|------------------------|
|  | <b>2023</b>                     | <b>2022</b>            |
| <b>OPERATING REVENUES</b>                          |                                 |                        |
| Charges for Services                               | \$ 3,431,654.31                 | \$ 3,284,805.31        |
| Operating Grants and Contributions                 | 118,647.00                      | -                      |
| Miscellaneous                                      | 3,153.70                        | 13,205.70              |
| <b>Total operating revenues</b>                    | <b>3,553,455.01</b>             | <b>3,298,011.01</b>    |
| <b>OPERATING EXPENSES</b>                          |                                 |                        |
| Salaries and Benefits                              | 822,982.01                      | 704,990.02             |
| Contractual and Professional Services              | 1,616,091.61                    | 1,588,739.43           |
| Other Operating Expense                            | 836,426.88                      | 732,003.24             |
| Depreciation                                       | 218,738.67                      | 232,829.05             |
| <b>Total operating expenses</b>                    | <b>3,494,239.17</b>             | <b>3,258,561.74</b>    |
| <b>Operating income (loss)</b>                     | <b>59,215.84</b>                | <b>39,449.27</b>       |
| <b>NONOPERATING REVENUES (EXPENSES)</b>            |                                 |                        |
| Interest Revenue                                   | 169,312.50                      | 12,526.49              |
| Interest Expense                                   | (514.94)                        | (4,536.65)             |
| Investment Expense                                 | (1,985.71)                      | (41,083.91)            |
| <b>Gain/(Loss) on Disposition of Capital Asset</b> | <b>-</b>                        | <b>40,985.00</b>       |
| <b>Total non-operating revenues (expenses)</b>     | <b>166,811.85</b>               | <b>7,890.93</b>        |
| <b>OPERATING TRANSFERS</b>                         |                                 |                        |
| Transfers In                                       | 143,322.00                      | 75,345.00              |
| <b>Total operating transfers</b>                   | <b>143,322.00</b>               | <b>75,345.00</b>       |
| <b>Change in net position</b>                      | <b>369,349.69</b>               | <b>122,685.20</b>      |
| <b>Total Net Position - Beginning of Year</b>      | <b>\$ 4,450,340.65</b>          | <b>\$ 4,327,655.45</b> |
| <b>Total Net Position - End of Year</b>            | <b>\$ 4,819,690.34</b>          | <b>\$ 4,450,340.65</b> |

Total revenues in the proprietary fund exceeded total expenses by \$226,027.69. Operating revenues increased by \$255,444.00, while operating expenses increased by \$235,677.43.

## NET COST OF SERVICES

The net cost of services is a comparison of the total cost for government functions and programs and the net cost remaining after reducing the total by the revenue generated from the specific function or program. For the current year total costs of services were \$43,831,853.07 and the combined charges for services plus operating and capital grants received were \$20,064,474.48, leaving a net cost to the County of \$23,767,378.59. The Net Cost represents an increase from fiscal year 2022 of \$1,081,473.98.

Charges for services are payments made by those who received the services while grants and contributions are monies that were received from other governments and organizations that subsidized the functions or programs.

| Function/Program                     | Total Cost of Services  | Net Cost of Services      |
|--------------------------------------|-------------------------|---------------------------|
| General Government                   | \$ 11,795,011.17        | \$ (5,268,836.87)         |
| Public Safety                        | 17,919,557.61           | (11,466,770.92)           |
| Highways and Roads                   | 11,998,038.68           | (5,123,652.13)            |
| Sanitation                           | 138,825.59              | 24.27                     |
| Health                               | 574,857.59              | (554,737.59)              |
| Welfare                              | 126,284.84              | (126,284.84)              |
| Culture and Recreation               | 974,907.75              | (929,951.75)              |
| Education                            | 164,372.95              | (157,171.87)              |
| Debt Service Interest                | 139,996.89              | (139,996.89)              |
| Debt Service Issuance Costs          | -                       | -                         |
| <b>Total governmental activities</b> | <b>\$ 43,831,853.07</b> | <b>\$ (23,767,378.59)</b> |

## FINANCIAL ANALYSIS OF FUND BALANCES

The financial performance of the County as a whole is reflected in its governmental funds. The total governmental fund balance increased by \$11,311,416.84 from fiscal year 2022 to fiscal year 2023. The Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit #5 of the Financial Statements) gives a full breakdown of revenues, expenditures, and changes in fund balances for all governmental funds.

The following table provides a summary of the changes in fund balances of the County's major funds as well as the combined Other Governmental Funds.

| Fund                          | Beginning Fund Balance | Net Increase or (Decrease) | Ending Fund Balances |
|-------------------------------|------------------------|----------------------------|----------------------|
| General Fund                  | 29,961,759.03          | 5,711,511.91               | 35,673,270.94        |
| 2-Cent Gasoline Tax           | 11,292,563.79          | 2,953,055.75               | 14,245,619.54        |
| Reappraisal Fund              | -                      | -                          | -                    |
| Capital Projects Fund         | 6,748,523.46           | 310,466.23                 | 7,058,989.69         |
| ARPA Revenue Replacement Fund | -                      | 276,728.81                 | 276,728.81           |
| Coronavirus Rescue Act Fund   | -                      | 458,594.55                 | 458,594.55           |
| Other Governmental Funds      | 14,464,534.22          | 1,601,059.59               | 16,065,593.81        |
| <b>Totals</b>                 | <b>62,467,380.50</b>   | <b>11,311,416.84</b>       | <b>73,778,797.34</b> |

## CAPITAL ASSET AND DEBT ADMINISTRATION

Depreciation of assets other than land and construction in progress projects is recorded on an annual basis on the straight-line method of depreciation. The following table shows a reconciliation of capital assets for the year ended September 30, 2023.

| <b>Capital Assets for Governmental Activities</b> |                        |
|---|------------------------|
| Total Capital Assets at October 1, 2022           | \$53,936,508.93        |
| Additions   | 4,834,791.46           |
| Deletions   | (901,404.09)           |
| Depreciation                                      | (2,365,559.94)         |
| <b>Total Capital Assets at September 30, 2023</b> | <b>\$55,504,336.36</b> |

The following table shows total assets before and after depreciation.

| <b>Values at 9/30/2023</b>     |                             |                           |
|--------------------------------|-----------------------------|---------------------------|
| <b>Governmental Activities</b> | <b>Assets Original Cost</b> | <b>After Depreciation</b> |
| Land & Land Improvements       | \$10,557,779.08             | \$9,414,270.69            |
| Infrastructure in Progress     | 612,528.93                  | 612,528.93                |
| Infrastructure                 | 35,580,595.87               | 20,957,325.36             |
| Construction In Progress       | 2,565,141.02                | 2,565,141.02              |
| Buildings                      | 29,389,783.95               | 11,215,199.64             |
| Equipment and Furniture        | 23,376,817.57               | 10,739,870.72             |
| Equipment Under Capital Leases | -                           | -                         |
| <b>Total Capital Assets</b>    | <b>\$102,082,646.42</b>     | <b>\$55,504,336.36</b>    |

| <b>Capital Assets for Business-type Activities</b> |                        |
|--|------------------------|
| Total Capital Assets at October 1, 2022            | \$ 1,708,879.01        |
| Additions  | 95,041.00              |
| Deletions  | -                      |
| Depreciation                                       | (218,738.67)           |
| <b>Total Capital Assets at September 30, 2023</b>  | <b>\$ 1,585,181.34</b> |

The following table shows total assets before and after depreciation.

| <b>Values at 9/30/2023</b>             |                                    |                                  |
|--|------------------------------------|----------------------------------|
| <b><u>Business-type Activities</u></b> | <b><u>Assets Original Cost</u></b> | <b><u>After Depreciation</u></b> |
| Land & Land Improvements               | \$518,167.35                       | \$461,263.76                     |
| Buildings                              | 601,261.63                         | 207,967.60                       |
| Equipment and Furniture                | 2,597,184.59                       | 915,949.98                       |
| Equipment Under Capital Leases         | 0.00                               | -                                |
| <b>Total Capital Assets</b>            | <b>\$3,716,613.57</b>              | <b>\$1,585,181.34</b>            |

See Note 5 of Notes to Financial Statements for more detailed information on capital assets.

### **Debt Outstanding**

Outstanding debt at September 30, 2023 is shown in the table below.

| <b>Debt Outstanding<br/>09/30/2023</b>  |                        |
|---|------------------------|
| <b><u>Governmental Activities:</u></b>  |                        |
| Warrants Payable:                       |                        |
| General Obligation Warrants             | \$ 3,915,000.00        |
| GOB Direct Placements                   | 1,310,000.00           |
| Add: Premium on Debt Issued             | 405,770.85             |
| Total Warrants Payable                  | <u>5,630,770.85</u>    |
| <b>Other Liabilities:</b>               |                        |
| JSU Contract Obligation                 | 40,000.00              |
| Compensated Absences                    | 2,627,086.54           |
| Pension Liability                       | 14,926,050.52          |
| Other Post-Employment Benefits          | 9,025,039.29           |
| Total Governmental Activities           |                        |
| Long-Term Debt                          | <u>32,248,947.20</u>   |
| <b><u>Business-Type Activities:</u></b> |                        |
| Other Liabilities:                      |                        |
| Compensated Absences                    | 127,463.00             |
| Landfill Post-closure Care Costs        | 608,778.30             |
| Pension Liability                       | 501,996.48             |
| Other Post-Employment Benefits          | 335,882.71             |
| Total Business-Type Activities          |                        |
| Long-Term Debt                          | <u>\$ 1,574,120.49</u> |

See Note 9 of the Notes to the Financial Statements for a full breakdown of outstanding long-term debt.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In fiscal year 2023, the County continued to plan projects and obligate funding from the American Rescue Plan Act. These funds must be fully obligated by December 31, 2024 and fully expended by December 31, 2026. The County continues to practice conservative spending measures along with an aggressive program to protect fund balances while striving to provide quality services to the citizens of Calhoun County.

## **CONTACTING THE COUNTY'S FINANCIAL DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the County's finances, and to demonstrate the County's accountability for the money it receives. If you have any questions about this report or require additional information, please contact Calhoun County Assistant County Administrator, Melissia Wood, at 1702 Noble Street Suite 103, Anniston, AL 36201, or call 256-241-2800.

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*Basic Financial Statements*

**Statement of Net Position**  
**September 30, 2023**

|   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>     |
|---|------------------------------------|-------------------------------------|------------------|
| <b>Assets</b>   |                                    |                                     |                  |
| <b>Current Assets</b>   |                                    |                                     |                  |
| Cash and Cash Equivalents   | \$ 70,608,730.84                   | \$ 3,020,889.99                     | \$ 73,629,620.83 |
| Investments   | 20,044,147.16                      | 1,530,392.95                        | 21,574,540.11    |
| Inventories   | 39,693.00                          |                                     | 39,693.00        |
| Prepaid Items   | 328,151.87                         | 12,659.61                           | 340,811.48       |
| Ad Valorem Taxes Receivable   | 13,749,082.70                      |                                     | 13,749,082.70    |
| Receivables (Note 4)  | 4,003,042.30                       | 537,838.80                          | 4,540,881.10     |
| Note Receivable   | 66,000.00                          |                                     | 66,000.00        |
| Internal Balances   | 126,312.10                         | (126,312.10)                        |                  |
| Total Current Assets  | 108,965,159.97                     | 4,975,469.25                        | 113,940,629.22   |
| <b>Noncurrent Assets</b>  |                                    |                                     |                  |
| Note Receivable   | 409,750.00                         |                                     | 409,750.00       |
| Capital Assets (Note 5):  |                                    |                                     |                  |
| Nondepreciable  | 13,265,896.61                      | 414,318.17                          | 13,680,214.78    |
| Depreciable, Net  | 42,238,439.75                      | 1,170,863.17                        | 43,409,302.92    |
| Total Noncurrent Assets   | 55,914,086.36                      | 1,585,181.34                        | 57,499,267.70    |
| Total Assets  | 164,879,246.33                     | 6,560,650.59                        | 171,439,896.92   |
| <b>Deferred Outflows of Resources</b>                                       |                                    |                                     |                  |
| Loss on Early Extinguishment of Debt  | 18,539.93                          |                                     | 18,539.93        |
| Employer Pension Contributions  | 1,037,842.76                       | 38,625.14                           | 1,076,467.90     |
| Employer Other Postemployment Benefits (OPEB) Contributions                 | 334,613.80                         | 12,453.26                           | 347,067.06       |
| Deferred Outflows Related to Net Pension Liability                          | 5,222,211.68                       | 188,983.32                          | 5,411,195.00     |
| Deferred Outflows Related to Other Postemployment Benefits (OPEB) Liability | 1,433,473.76                       | 53,349.24                           | 1,486,823.00     |
| Total Deferred Outflows of Resources  | 8,046,681.93                       | 293,410.96                          | 8,340,092.89     |
| <b>Liabilities</b>  |                                    |                                     |                  |
| <b>Current Liabilities</b>  |                                    |                                     |                  |
| Payables (Note 8)   | 2,067,792.67                       | 164,518.91                          | 2,232,311.58     |
| Estimated Liability for Claims Costs Payable                                | 8,000.00                           |                                     | 8,000.00         |
| Unearned Revenue  | 16,527,185.18                      |                                     | 16,527,185.18    |
| Accrued Wages Payable   | 898,784.93                         | 36,095.37                           | 934,880.30       |
| Accrued Interest Payable  | 29,028.01                          |                                     | 29,028.01        |
| Long-Term Liabilities (Note 9):   |                                    |                                     |                  |
| Portion Payable Within One Year:  |                                    |                                     |                  |
| JSU Contract Obligation   | 20,000.00                          |                                     | 20,000.00        |
| Warrants Payable  | 700,000.00                         |                                     | 700,000.00       |
| Unamortized Premium on Debt Issued  | 36,068.52                          |                                     | 36,068.52        |
| Estimated Liability for Landfill Postclosure Costs                          |                                    | 12,406.85                           | 12,406.85        |
| Estimated Liability for Compensated Absences                                | 210,255.74                         | 4,642.25                            | 214,897.99       |
| Total Current Liabilities   | \$ 20,497,115.05                   | \$ 217,663.38                       | \$ 20,714,778.43 |

**Statement of Net Position**  
**September 30, 2023**

|  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>      |
|--|------------------------------------|-------------------------------------|-------------------|
| <b>Noncurrent Liabilities</b>  |                                    |                                     |                   |
| Long-Term Liabilities:   |                                    |                                     |                   |
| Portion Payable Beyond One Year:   |                                    |                                     |                   |
| JSU Contract Obligation  | \$ 20,000.00                       | \$ 20,000.00                        |                   |
| Warrants Payable   | 4,525,000.00                       | 4,525,000.00                        |                   |
| Unamortized Premium on Debt Issued   | 369,702.33                         | 369,702.33                          |                   |
| Estimated Liability for Employee Pensions                                  | 14,926,050.52                      | 501,996.48                          | 15,428,047.00     |
| Estimated Liability for Other Postemployment Benefit Obligation            | 9,025,039.29                       | 335,882.71                          | 9,360,922.00      |
| Estimated Liability for Landfill Postclosure Costs                         |                                    | 596,371.45                          | 596,371.45        |
| Estimated Liability for Compensated Absences                               | 2,416,830.80                       | 122,820.75                          | 2,539,651.55      |
| Total Noncurrent Liabilities   | 31,282,622.94                      | 1,557,071.39                        | 32,839,694.33     |
| Total Liabilities  | 51,779,737.99                      | 1,774,734.77                        | 53,554,472.76     |
| <b>Deferred Inflows of Resources</b>                                       |                                    |                                     |                   |
| Gain on Early Extinguishment of Debt                                       | 12,152.83                          | 12,152.83                           |                   |
| Unavailable Revenue - Property Taxes                                       | 13,749,082.70                      | 13,749,082.70                       |                   |
| Unearned Revenue - Motor Vehicle Taxes                                     | 829,532.60                         | 829,532.60                          |                   |
| Unearned Revenue - Excess Land Sales                                       | 1,035,012.88                       | 1,035,012.88                        |                   |
| Deferred Inflows Related to Net Pension Liability                          | 740,296.38                         | 26,277.62                           | 766,574.00        |
| Deferred Inflows Related to Other Postemployment Benefits (OPEB) Liability | 6,270,262.18                       | 233,358.82                          | 6,503,621.00      |
| Total Deferred Inflows of Resources  | 22,636,339.57                      | 259,636.44                          | 22,895,976.01     |
| <b>Net Position</b>  |                                    |                                     |                   |
| Net Investment in Capital Assets   | 53,562,421.52                      | 1,585,181.34                        | 55,147,602.86     |
| Restricted for:  |                                    |                                     |                   |
| Road Projects  | 10,371,132.04                      | 10,371,132.04                       |                   |
| Other Purposes   | 6,028,846.44                       | 6,028,846.44                        |                   |
| Unrestricted   | 28,547,450.70                      | 3,234,509.00                        | 31,781,959.70     |
| Total Net Position   | \$ 98,509,850.70                   | \$ 4,819,690.34                     | \$ 103,329,541.04 |

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

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**Statement of Activities**  
**For the Year Ended September 30, 2023**

| Functions/Programs                      | Expenses         | Charges for Services | Program Revenues                   |                                  | Net (Expenses) Revenues and Changes in Net Position |                          |                   |  |  |
|---|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------|--|--|
|   |                  |                      | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                             | Business-Type Activities | Total             |  |  |
| <b>Primary Government</b>               |                  |                      |                                    |                                  |   |                          |                   |  |  |
| <b>Governmental Activities</b>          |                  |                      |                                    |                                  |   |                          |                   |  |  |
| General Government                      | \$ 11,795,011.17 | \$ 5,054,096.35      | \$ 1,472,077.95                    | \$ 1,730,755.30                  | \$ (5,268,836.87)                                   | \$ (11,466,770.92)       | \$ (5,268,836.87) |  |  |
| Public Safety                           | 17,919,557.61    | 605,096.15           | 4,116,935.24                       |                                  |   |                          | (11,466,770.92)   |  |  |
| Highways and Roads                      | 11,998,038.68    | 137,829.87           | 6,479,815.30                       | 256,741.38                       |   |                          | (5,123,652.13)    |  |  |
| Sanitation                              | 138,825.59       |                      | 2,119.05                           | 136,730.81                       |   | 24.27                    | 24.27             |  |  |
| Health                                  | 574,857.59       | 20,120.00            |                                    |                                  |   | (554,737.59)             | (554,737.59)      |  |  |
| Welfare                                 | 126,284.84       |                      |                                    |                                  |   | (126,284.84)             | (126,284.84)      |  |  |
| Culture and Recreation                  | 974,907.75       |                      | 38,956.00                          | 6,000.00                         |   | (929,951.75)             | (929,951.75)      |  |  |
| Education                               | 164,372.95       |                      | 7,201.08                           |                                  |   | (157,171.87)             | (157,171.87)      |  |  |
| Interest on Long-Term Debt              | 139,996.89       |                      |                                    |                                  |   | (139,996.89)             | (139,996.89)      |  |  |
| Total Governmental Activities           | 43,831,853.07    | 5,817,142.37         | 12,117,104.62                      | 2,130,227.49                     | (23,767,378.59)                                     |                          | (23,767,378.59)   |  |  |
| <b>Business-Type Activities</b>         |                  |                      |                                    |                                  |   |                          |                   |  |  |
| Solid Waste Fund                        | 3,496,739.82     | 3,431,654.31         | 118,647.00                         |                                  |   | 53,561.49                | 53,561.49         |  |  |
| Total Business-Type Activities          | 3,496,739.82     | 3,431,654.31         | 118,647.00                         |                                  |   | 53,561.49                | 53,561.49         |  |  |
| Total Primary Government                | \$ 47,328,592.89 | \$ 9,248,796.68      | \$ 12,235,751.62                   | \$ 2,130,227.49                  | (23,767,378.59)                                     | 53,561.49                | (23,713,817.10)   |  |  |
| <b>General Revenues and Transfers:</b>  |                  |                      |                                    |                                  |   |                          |                   |  |  |
| Taxes:                                  |                  |                      |                                    |                                  |   |                          |                   |  |  |
| Property Taxes for General Purposes     |                  |                      |                                    |                                  | 8,809,124.38  |                          | 8,809,124.38      |  |  |
| Property Taxes for Specific Purposes    |                  |                      |                                    |                                  | 6,483,326.18  |                          | 6,483,326.18      |  |  |
| General Sales Tax                       |                  |                      |                                    |                                  | 5,580,595.34  |                          | 5,580,595.34      |  |  |
| Other County Sales and Use Taxes        |                  |                      |                                    |                                  | 1,303,108.55  |                          | 1,303,108.55      |  |  |
| Miscellaneous Taxes                     |                  |                      |                                    |                                  | 1,619,366.49  |                          | 1,619,366.49      |  |  |
| Grants and Contributions Not Restricted |                  |                      |                                    |                                  | 5,314,846.04  |                          | 5,314,846.04      |  |  |
| Gain on Sale of Capital Assets          |                  |                      |                                    |                                  | 226,854.91  |                          | 226,854.91        |  |  |
| Donations of Capital Assets             |                  |                      |                                    |                                  | 181,307.51  |                          | 181,307.51        |  |  |
| Investment Income                       |                  |                      |                                    |                                  | 4,097,482.21  | 169,312.50               | 4,266,794.71      |  |  |
| Miscellaneous                           |                  |                      |                                    |                                  | 3,604,996.49  | 3,153.70                 | 3,608,150.19      |  |  |
| Transfers                               |                  |                      |                                    |                                  | (143,322.00)  | 143,322.00               |                   |  |  |
| Total General Revenues and Transfers    |                  |                      |                                    |                                  | 37,077,686.10                                       | 315,788.20               | 37,393,474.30     |  |  |
| Change in Net Position                  |                  |                      |                                    |                                  | 13,310,307.51                                       | 369,349.69               | 13,679,657.20     |  |  |
| Net Position - Beginning of Year        |                  |                      |                                    |                                  | 85,199,543.19                                       | 4,450,340.65             | 89,649,883.84     |  |  |
| Net Position - End of Year              |                  |                      |                                    |                                  | \$ 98,509,850.70                                    | \$ 4,819,690.34          | \$ 103,329,541.04 |  |  |

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

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2023**

|   | General Fund            | Two-Cent Sales Tax Fund | Reappraisal Fund       | Capital Projects Fund | ARPA Revenue Reduction Fund | Coronavirus Rescue Act Fund | Other Governmental Funds | Total Governmental Funds |
|---|-------------------------|-------------------------|------------------------|-----------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
| <b>Assets</b>   |                         |                         |                        |                       |                             |                             |                          |                          |
| Cash and Equivalents  | \$ 24,644,365.15        | \$ 11,894,597.29        | \$ 262,317.46          | \$ 550,307.96         | \$ 6,055,140.38             | \$ 11,197,813.63            | \$ 16,004,188.97         | \$ 70,608,730.84         |
| Investments   | 11,703,133.51           | 1,442,395.91            |                        | 6,506,391.18          |                             |                             | 392,226.56               | 20,044,147.16            |
| Ad Valorem Taxes Receivable   | 11,400,000.00           |                         | 2,349,082.70           |                       |                             |                             |                          | 13,749,082.70            |
| Due from Other Funds  |                         | 340,425.09              |                        |                       |                             |                             |                          | 340,425.09               |
| Receivables (Note 4)  | 2,216,389.34            | 1,291,401.15            | 1,760.42               | 2,290.55              | 25,614.20                   | 47,279.76                   | 418,306.88               | 4,003,042.30             |
| Inventories   | 39,693.00               |                         |                        |                       |                             |                             |                          | 39,693.00                |
| Prepaid Items   | 269,562.28              | 28,247.78               | 28,389.53              |                       |                             |                             | 1,952.28                 | 328,151.87               |
| Note Receivable   | 475,750.00              |                         |                        |                       |                             |                             |                          | 475,750.00               |
| <b>Total Assets</b>   | <b>50,748,893.28</b>    | <b>14,997,067.22</b>    | <b>2,641,550.11</b>    | <b>7,058,989.69</b>   | <b>6,080,754.58</b>         | <b>11,245,093.39</b>        | <b>16,816,674.69</b>     | <b>109,589,022.96</b>    |
| <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b> |                         |                         |                        |                       |                             |                             |                          |                          |
| <b>Liabilities</b>  |                         |                         |                        |                       |                             |                             |                          |                          |
| Payables (Note 8)   | 722,160.28              | 546,057.99              | 961.52                 |                       | 377,700.55                  | 81,110.80                   | 339,801.53               | 2,067,792.67             |
| Due to Other Funds  | 10,282.59               |                         | 1,399.69               |                       |                             |                             | 202,430.71               | 214,112.99               |
| Unearned Revenue  |                         |                         | 199,068.72             |                       | 5,426,325.22                | 10,705,388.04               | 196,403.20               | 16,527,185.18            |
| Accrued Wages Payable   | 589,912.32              | 205,389.69              | 91,037.48              |                       |                             |                             | 12,445.44                | 898,784.93               |
| Claims Costs Payable  | 8,000.00                |                         |                        |                       |                             |                             |                          | 8,000.00                 |
| Compensated Absences  | 4,971.67                |                         |                        |                       |                             |                             |                          | 4,971.67                 |
| <b>Total Liabilities</b>  | <b>1,335,326.86</b>     | <b>751,447.68</b>       | <b>292,467.41</b>      |                       | <b>5,804,025.77</b>         | <b>10,786,498.84</b>        | <b>751,080.88</b>        | <b>19,720,847.44</b>     |
| <b>Deferred Inflows of Resources</b>                                |                         |                         |                        |                       |                             |                             |                          |                          |
| Unavailable Revenue - Property Taxes                                | 11,400,000.00           |                         | 2,349,082.70           |                       |                             |                             |                          | 13,749,082.70            |
| Unearned Revenue - Motor Vehicle Taxes                              | 829,532.60              |                         |                        |                       |                             |                             |                          | 829,532.60               |
| Unearned Revenue - Excess Land Sales                                | 1,035,012.88            |                         |                        |                       |                             |                             |                          | 1,035,012.88             |
| Unavailable Revenue - Note Principal                                | 475,750.00              |                         |                        |                       |                             |                             |                          | 475,750.00               |
| <b>Total Deferred Inflows of Resources</b>                          | <b>\$ 13,740,295.48</b> | <b>\$</b>               | <b>\$ 2,349,082.70</b> | <b>\$</b>             | <b>\$</b>                   | <b>\$</b>                   | <b>\$</b>                | <b>\$ 16,089,378.18</b>  |

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2023**

|  | General Fund     | Two-Cent Sales Tax Fund | Reappraisal Fund | Capital Projects Fund | ARPA Revenue Reduction Fund | Coronavirus Rescue Act Fund | Other Governmental Funds | Total Governmental Funds |
|--|------------------|-------------------------|------------------|-----------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
| <b>Fund Balances</b>   |                  |                         |                  |                       |                             |                             |                          |                          |
| Nonspendable:  |                  |                         |                  |                       |                             |                             |                          |                          |
| Inventories  | \$ 39,693.00     | \$ 269,562.28           | \$ 28,247.78     | \$ 28,389.53          | \$                          | \$                          | \$ 1,952.28              | \$ 39,693.00             |
| Prepaid Items  |                  |                         |                  |                       |                             |                             |                          | 328,151.87               |
| Restricted:  |                  |                         |                  |                       |                             |                             |                          |                          |
| Legislative Purposes   | 5,873.50         |                         |                  |                       |                             |                             |                          | 5,873.50                 |
| Indigent Medical   |                  |                         |                  |                       |                             |                             | 253,622.11               | 253,622.11               |
| Public Safety  | 343,213.98       |                         |                  |                       |                             |                             | 431,864.75               | 775,078.73               |
| Highways and Roads   |                  |                         | 4,462,064.37     |                       |                             |                             | 5,909,067.67             | 10,371,132.04            |
| Culture and Recreation   |                  |                         |                  |                       |                             |                             | 47,890.67                | 47,890.67                |
| Revenue Commissioner Office  |                  |                         |                  |                       |                             |                             | 6,178.37                 | 6,178.37                 |
| Probate Judge Office   |                  |                         |                  |                       |                             |                             | 284,134.50               | 284,134.50               |
| License Commissioner Office  |                  |                         |                  |                       |                             |                             | 58,365.29                | 58,365.29                |
| Capital Projects   |                  |                         |                  |                       |                             |                             | 4,558,010.27             | 4,558,010.27             |
| Committed:   |                  |                         |                  |                       |                             |                             |                          |                          |
| Public Safety  |                  |                         |                  |                       |                             |                             | 272,613.58               | 272,613.58               |
| Coroner Office   |                  |                         |                  |                       |                             |                             | 100.57                   | 100.57                   |
| Assigned:  |                  |                         |                  |                       |                             |                             |                          |                          |
| Highways and Roads   |                  | 9,755,307.39            |                  |                       |                             |                             | 219,233.45               | 9,974,540.84             |
| Flexible Benefits and Insurance Claims                             | 1,853,498.55     |                         |                  |                       |                             |                             |                          | 1,853,498.55             |
| Telephone Systems  | 140,157.35       |                         |                  |                       |                             |                             |                          | 140,157.35               |
| Retirees Health Care   | 1,306,282.72     |                         |                  |                       |                             |                             |                          | 1,306,282.72             |
| Capital Projects   |                  |                         |                  | 7,058,989.69          | 276,728.81                  | 458,594.55                  | 3,891,468.03             | 11,685,781.08            |
| Public Safety  | 37,218.07        |                         |                  |                       |                             |                             | 122,251.09               | 159,469.16               |
| License Commissioner Office  |                  |                         |                  |                       |                             |                             |                          | 964.45                   |
| Coroner Office   |                  |                         |                  |                       |                             |                             |                          | 4.05                     |
| Culture and Recreation   |                  |                         |                  |                       |                             |                             | 1,821.26                 | 1,821.26                 |
| Indigent Medical   |                  |                         |                  |                       |                             |                             | 5,761.72                 | 5,761.72                 |
| Legislative Purposes   | 237.49           |                         |                  |                       |                             |                             |                          | 237.49                   |
| Revenue Commissioner Office  |                  |                         |                  |                       |                             |                             | 289.70                   | 289.70                   |
| Encumbrances   | 96,143.75        |                         |                  |                       |                             |                             |                          | 96,143.75                |
| Unassigned   | 31,581,390.25    |                         | (28,389.53)      |                       |                             |                             |                          | 31,553,000.72            |
| Total Fund Balances  | 35,673,270.94    | 14,245,619.54           |                  | 7,058,989.69          | 276,728.81                  | 458,594.55                  | 16,065,593.81            | 73,778,797.34            |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 50,748,893.28 | \$ 14,997,067.22        | \$ 2,641,550.11  | \$ 7,058,989.69       | \$ 6,080,754.58             | \$ 11,245,093.39            | \$ 16,816,674.69         | \$ 109,589,022.96        |

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***

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Total Fund Balances - Governmental Funds (Exhibit 3) \$ 73,778,797.34

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. These assets consist of:

|                                   |                      |
|-----------------------------------|----------------------|
| Capital Assets - Nondepreciable   | \$ 13,265,896.61     |
| Capital Assets - Depreciable, Net | <u>42,238,439.75</u> |
| Total Capital Assets              | 55,504,336.36        |

The financed sale of an asset is deferred in the governmental funds but fully recognized in the Statement of Net Position. This deferral consists of:

|                                      |            |
|--------------------------------------|------------|
| Unavailable Revenue - Note Principal | 475,750.00 |
|--------------------------------------|------------|

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:

|  | Current Liabilities | Noncurrent Liabilities |
|--|---------------------|------------------------|
| JSU Contract Obligation                  | \$ (20,000.00)      | \$ (20,000.00)         |
| Warrants Payable                         | (700,000.00)        | (4,525,000.00)         |
| Unamortized Premium on Debt Issued       | (36,068.52)         | (369,702.33)           |
| Accrued Interest Payable                 | (29,028.01)         |                        |
| Compensated Absences                     | (205,284.07)        | (2,416,830.80)         |
| Employee Pensions                        |                     | (14,926,050.52)        |
| Other Postemployment Benefits Obligation |                     | (9,025,039.29)         |
| Total Long-Term Liabilities              | \$ (990,380.60)     | \$ (31,282,622.94)     |
|  |                     | (32,273,003.54)        |

Deferred inflows and outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds. 5,519,758.06

Deferred inflows and outflows of resources related to Other Postemployment Benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds. (4,502,174.62)

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

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|  |                         |
|--|-------------------------|
| Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current-period expenditures and, therefore, are deferred on the Statement of Net Position. | 18,539.93               |
| Gains on refunding of debt are reported as deferred inflows of resources and are not available to receive in the current period and, therefore, are deferred on the Statement of Net Position.         | <u>(12,152.83)</u>      |
| Total Net Position - Governmental Activities (Exhibit 1)   | <u>\$ 98,509,850.70</u> |

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

|   | General Fund            | Two-Cent Sales Tax Fund | Reappraisal Fund    | Capital Projects Fund  | ARPA Revenue Reduction Fund | Coronavirus Rescue Act Fund | Other Governmental Funds | Total Governmental Funds |
|---|-------------------------|-------------------------|---------------------|------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
| <b>Revenues</b>                                   |                         |                         |                     |                        |                             |                             |                          |                          |
| Taxes   | \$ 15,448,714.44        | \$ 5,580,595.34         | \$ 2,228,341.45     | \$                     | \$                          | \$                          | \$ 537,869.71            | \$ 23,795,520.94         |
| Licenses and Permits                              | 522,179.79              | 137,829.87              |                     |                        |                             |                             | 73,462.50                | 733,472.16               |
| Intergovernmental                                 | 7,281,131.42            | 3,925,882.26            | 8,000.00            |                        | 4,276,039.73                | 699,057.79                  | 2,785,794.44             | 18,975,905.64            |
| Charges for Services                              | 4,534,518.71            | 516,447.79              |                     |                        |                             |                             | 618,976.22               | 5,669,942.72             |
| Miscellaneous                                     | 2,764,611.74            | 2,352,123.23            | 46,080.18           | 318,919.77             | 276,728.81                  | 458,594.55                  | 1,551,420.42             | 7,768,478.70             |
| Total Revenues                                    | <u>30,551,156.10</u>    | <u>12,512,878.49</u>    | <u>2,282,421.63</u> | <u>318,919.77</u>      | <u>4,552,768.54</u>         | <u>1,157,652.34</u>         | <u>5,567,523.29</u>      | <u>56,943,320.16</u>     |
| <b>Expenditures</b>                               |                         |                         |                     |                        |                             |                             |                          |                          |
| Current:  |                         |                         |                     |                        |                             |                             |                          |                          |
| General Government                                | 7,670,470.24            | 280,098.35              | 2,215,997.13        | 8,453.54               | 7,234.90                    | 699,057.79                  | 290,216.72               | 11,171,528.67            |
| Public Safety                                     | 13,079,058.94           |                         |                     |                        | 2,188,702.59                |                             | 1,683,354.60             | 16,951,116.13            |
| Highways and Roads                                |                         | 8,458,297.46            |                     |                        |                             |                             | 1,446,064.40             | 9,904,361.86             |
| Sanitation  | 129,182.57              |                         |                     |                        | 2,119.05                    |                             |                          | 131,301.62               |
| Health  | 449,662.88              |                         |                     |                        |                             |                             | 88,200.00                | 537,862.88               |
| Welfare   | 101,544.80              |                         |                     |                        |                             |                             | 24,740.04                | 126,284.84               |
| Culture and Recreation                            | 616,744.26              |                         |                     |                        | 38,956.00                   |                             | 319,207.49               | 974,907.75               |
| Education   | 164,372.95              |                         |                     |                        |                             |                             |                          | 164,372.95               |
| Capital Outlay                                    | 546,955.82              | 1,287,332.99            | 78,912.00           |                        | 2,039,027.19                |                             | 482,032.86               | 4,434,260.86             |
| Debt Service:                                     |                         |                         |                     |                        |                             |                             |                          |                          |
| Principal Retirement                              | 95,000.00               |                         |                     |                        |                             |                             | 1,060,000.00             | 1,155,000.00             |
| Interest and Fiscal Charges                       |                         |                         |                     |                        |                             |                             | 182,691.71               | 182,691.71               |
| Total Expenditures                                | <u>22,852,992.46</u>    | <u>10,025,728.80</u>    | <u>2,294,909.13</u> | <u>8,453.54</u>        | <u>4,276,039.73</u>         | <u>699,057.79</u>           | <u>5,576,507.82</u>      | <u>45,733,689.27</u>     |
| Excess (Deficiency) of Revenues Over Expenditures | <u>7,698,163.64</u>     | <u>2,487,149.69</u>     | <u>(12,487.50)</u>  | <u>310,466.23</u>      | <u>276,728.81</u>           | <u>458,594.55</u>           | <u>(8,984.53)</u>        | <u>11,209,630.89</u>     |
| <b>Other Financing Sources (Uses)</b>             |                         |                         |                     |                        |                             |                             |                          |                          |
| Transfers In                                      |                         | 1,000,000.00            |                     |                        |                             |                             | 2,119,364.37             | 3,119,364.37             |
| Sale of Capital Assets                            | 37,321.45               | 195,299.00              | 12,487.50           |                        |                             |                             |                          | 245,107.95               |
| Transfers Out                                     | (2,023,973.18)          | (729,392.94)            |                     |                        |                             |                             | (509,320.25)             | (3,262,686.37)           |
| Total Other Financing Sources (Uses)              | <u>(1,986,651.73)</u>   | <u>465,906.06</u>       | <u>12,487.50</u>    |                        |                             |                             | <u>1,610,044.12</u>      | <u>101,785.95</u>        |
| Net Change in Fund Balances                       | 5,711,511.91            | 2,953,055.75            |                     | 310,466.23             | 276,728.81                  | 458,594.55                  | 1,601,059.59             | 11,311,416.84            |
| Fund Balances - Beginning of Year                 | <u>29,961,759.03</u>    | <u>11,292,563.79</u>    |                     | <u>6,748,523.46</u>    |                             |                             | <u>14,464,534.22</u>     | <u>62,467,380.50</u>     |
| Fund Balances - End of Year                       | <u>\$ 35,673,270.94</u> | <u>\$ 14,245,619.54</u> |                     | <u>\$ 7,058,989.69</u> | <u>\$ 276,728.81</u>        | <u>\$ 458,594.55</u>        | <u>\$ 16,065,593.81</u>  | <u>\$ 73,778,797.34</u>  |

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

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

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Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 11,311,416.84

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 these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

|                |                       |              |
|----------------|-----------------------|--------------|
| Capital Outlay | \$ 4,434,260.86       |              |
| Depreciation   | <u>(3,029,487.90)</u> |              |
|                |                       | 1,404,772.96 |

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the changes in net position differs from the change in fund balance by the book value of the capital assets sold. In the Statement of Activities, donation of capital assets is recorded as revenue, whereas in the governmental funds, it is not recorded.

|  |                   |            |
|--|-------------------|------------|
| Proceeds from the Sale of Capital Assets | \$ (245,107.95)   |            |
| Donations of Capital Assets              | 181,307.51        |            |
| Gain on Sale of Capital Assets           | <u>226,854.91</u> |            |
|  |                   | 163,054.47 |

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

|                      |  |              |
|----------------------|--|--------------|
| Principal Retirement |  | 1,155,000.00 |
|----------------------|--|--------------|

The current year note payments are recognized in the governmental funds but removed from governmental activities since the entire sale of the asset is fully recognized in the Statement of Net Position.

|                                     |             |
|-------------------------------------|-------------|
| Current Year Note Payments Received | (66,000.00) |
|-------------------------------------|-------------|

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

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

|   |                         |
|---|-------------------------|
| Net Increase in Compensated Absences                          | \$ (28,656.82)          |
| Net Increase in Employee Pension Liability                    | (1,095,675.32)          |
| Net Decrease in Other Postemployment Benefit Obligation       | 423,700.56              |
| Net Decrease in Interest Payable                              | 7,195.79                |
| Amortization of Premium on Debt Issued                        | 37,821.65               |
| Amortization of Deferred Gain on Refunding                    | 4,419.19                |
| Amortization of Deferred Loss on Refunding                    | <u>(6,741.81)</u>       |
|   | <u>(657,936.76)</u>     |
| Change in Net Position of Governmental Activities (Exhibit 2) | <u>\$ 13,310,307.51</u> |

***Statement of Net Position***  
***Proprietary Fund***  
***September 30, 2023***

|   | Solid Waste<br>Fund  | Total<br>Enterprise<br>Fund |
|---|----------------------|-----------------------------|
| <b>Assets</b>   |                      |                             |
| <b><u>Current Assets</u></b>  |                      |                             |
| Cash  | \$ 3,020,889.99      | \$ 3,020,889.99             |
| Investments   | 1,530,392.95         | 1,530,392.95                |
| Receivables (Note 4)  | 537,838.80           | 537,838.80                  |
| Prepaid Items   | 12,659.61            | 12,659.61                   |
| Total Current Assets  | <u>5,101,781.35</u>  | <u>5,101,781.35</u>         |
| <b><u>Noncurrent Assets</u></b>   |                      |                             |
| Capital Assets (Note 5):  |                      |                             |
| Nondepreciable  | 414,318.17           | 414,318.17                  |
| Depreciable, Net  | <u>1,170,863.17</u>  | <u>1,170,863.17</u>         |
| Total Noncurrent Assets   | <u>1,585,181.34</u>  | <u>1,585,181.34</u>         |
| Total Assets  | <u>6,686,962.69</u>  | <u>6,686,962.69</u>         |
| <b><u>Deferred Outflows of Resources</u></b>                                |                      |                             |
| Employer Pension Contributions  | 38,625.14            | 38,625.14                   |
| Deferred Outflows Related to Net Pension Liability                          | 12,453.26            | 12,453.26                   |
| Employer Other Postemployment Benefits (OPEB) Contributions                 | 188,983.32           | 188,983.32                  |
| Deferred Outflows Related to Other Postemployment Benefits (OPEB) Liability | <u>53,349.24</u>     | <u>53,349.24</u>            |
| Total Deferred Outflows of Resources  | <u>293,410.96</u>    | <u>293,410.96</u>           |
| <b><u>Liabilities</u></b>   |                      |                             |
| <b><u>Current Liabilities</u></b>   |                      |                             |
| Payables (Note 8)   | 164,518.91           | 164,518.91                  |
| Accrued Wages Payable   | 36,095.37            | 36,095.37                   |
| Due to Other Funds  | 126,312.10           | 126,312.10                  |
| Long-Term Liabilities (Note 9):   |                      |                             |
| Portion Payable Within One Year:  |                      |                             |
| Estimated Liability for Landfill Postclosure Costs                          | 12,406.85            | 12,406.85                   |
| Estimated Liability for Compensated Absences                                | 4,642.25             | 4,642.25                    |
| Total Current Liabilities   | <u>\$ 343,975.48</u> | <u>\$ 343,975.48</u>        |

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

|   | Solid Waste<br>Fund    | Total<br>Enterprise<br>Fund |
|---|------------------------|-----------------------------|
| <b>Noncurrent Liabilities</b>   |                        |                             |
| Long-Term Liabilities:  |                        |                             |
| Portion Payable Beyond One Year:  |                        |                             |
| Estimated Liability for Landfill Postclosure Costs                            | \$ 596,371.45          | \$ 596,371.45               |
| Estimated Liability for Compensated Absences                                  | 122,820.75             | 122,820.75                  |
| Estimated Liability for Employee Pensions                                     | 501,996.48             | 501,996.48                  |
| Estimated Liability for Other Postemployment<br>Benefit Obligation            | 335,882.71             | 335,882.71                  |
| Total Noncurrent Liabilities  | <u>1,557,071.39</u>    | <u>1,557,071.39</u>         |
| Total Liabilities   | <u>1,901,046.87</u>    | <u>1,901,046.87</u>         |
| <b>Deferred Inflows of Resources</b>  |                        |                             |
| Deferred Inflows Related to Net Pension Liability                             | 26,277.62              | 26,277.62                   |
| Deferred Inflows Related to Other Postemployment<br>Benefits (OPEB) Liability | 233,358.82             | 233,358.82                  |
| Total Deferred Inflows of Resources   | <u>259,636.44</u>      | <u>259,636.44</u>           |
| <b>Net Position</b>   |                        |                             |
| Net Investment in Capital Assets  | 1,585,181.34           | 1,585,181.34                |
| Unrestricted  | <u>3,234,509.00</u>    | <u>3,234,509.00</u>         |
| Total Net Position  | <u>\$ 4,819,690.34</u> | <u>\$ 4,819,690.34</u>      |

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***Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended September 30, 2023***

|  | Solid Waste<br>Fund    | Total<br>Enterprise<br>Fund |
|--|------------------------|-----------------------------|
| <b><u>Operating Revenues</u></b>               |                        |                             |
| Charges for Services                           | \$ 3,431,654.31        | \$ 3,431,654.31             |
| Miscellaneous                                  | 3,153.70               | 3,153.70                    |
| Operating Grants and Revenues                  | 118,647.00             | 118,647.00                  |
| Total Operating Revenues                       | <u>3,553,455.01</u>    | <u>3,553,455.01</u>         |
| <b><u>Operating Expenses</u></b>               |                        |                             |
| Salaries and Benefits                          | 822,982.01             | 822,982.01                  |
| Contractual and Professional Services          | 1,616,091.61           | 1,616,091.61                |
| Materials and Supplies                         | 142,815.19             | 142,815.19                  |
| Repairs and Maintenance                        | 218,210.98             | 218,210.98                  |
| Rentals  | 397,588.10             | 397,588.10                  |
| Utilities                                      | 25,787.61              | 25,787.61                   |
| Communications Services                        | 9,270.71               | 9,270.71                    |
| Travel and Training                            | 1,634.14               | 1,634.14                    |
| Insurance                                      | 16,266.80              | 16,266.80                   |
| Depreciation                                   | 218,738.67             | 218,738.67                  |
| Miscellaneous Expense                          | 24,853.35              | 24,853.35                   |
| Total Operating Expenses                       | <u>3,494,239.17</u>    | <u>3,494,239.17</u>         |
| Operating Income (Loss)                        | <u>59,215.84</u>       | <u>59,215.84</u>            |
| <b><u>Nonoperating Revenues (Expenses)</u></b> |                        |                             |
| Interest Revenue                               | 169,312.50             | 169,312.50                  |
| Interest Expense                               | (514.94)               | (514.94)                    |
| Investment Expense                             | (1,985.71)             | (1,985.71)                  |
| Total Nonoperating Revenues (Expenses)         | <u>166,811.85</u>      | <u>166,811.85</u>           |
| <b><u>Operating Transfers</u></b>              |                        |                             |
| Transfers In                                   | 143,322.00             | 143,322.00                  |
| Total Operating Transfers                      | <u>143,322.00</u>      | <u>143,322.00</u>           |
| Change in Net Position                         | 369,349.69             | 369,349.69                  |
| Total Net Position - Beginning of Year         | <u>4,450,340.65</u>    | <u>4,450,340.65</u>         |
| Total Net Position - End of Year               | <u>\$ 4,819,690.34</u> | <u>\$ 4,819,690.34</u>      |

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

***Statement of Cash Flows***  
***Proprietary Fund***  
***For the Year Ended September 30, 2023***

|   | <b>Solid Waste<br/>Fund</b> | <b>Total<br/>Enterprise<br/>Fund</b> |
|---|-----------------------------|--------------------------------------|
| <b><u>Cash Flows from Operating Activities</u></b>                      |                             |                                      |
| Cash Received for Services  | \$ 3,347,624.52             | \$ 3,347,624.52                      |
| Operating Grants  | 3,153.70                    | 3,153.70                             |
| Cash Payments to Employees  | (774,649.11)                | (774,649.11)                         |
| Cash Payments for Goods and Services                                    | (2,398,896.57)              | (2,398,896.57)                       |
| Net Cash Provided (Used) by Operating Activities                        | <u>177,232.54</u>           | <u>177,232.54</u>                    |
| <b><u>Cash Flows from Capital and Related Financing Activities</u></b>  |                             |                                      |
| Acquisition of Fixed Assets   | (95,041.00)                 | (95,041.00)                          |
| Debt Payment  | (117,790.20)                | (117,790.20)                         |
| Interest Paid   | (1,177.91)                  | (1,177.91)                           |
| Net Cash Provided (Used) by Capital and<br>Related Financing Activities | <u>(214,009.11)</u>         | <u>(214,009.11)</u>                  |
| <b><u>Cash Flows from Investing Activities</u></b>                      |                             |                                      |
| Investment Expense  | (1,985.71)                  | (1,985.71)                           |
| Interest Received   | 169,312.50                  | 169,312.50                           |
| Purchase of Investments   | (53,373.88)                 | (53,373.88)                          |
| Net Cash Provided (Used) by Investing Activities                        | <u>113,952.91</u>           | <u>113,952.91</u>                    |
| <b><u>Cash Flows from Noncapital Financing Activities</u></b>           |                             |                                      |
| Transfers In  | <u>143,322.00</u>           | <u>143,322.00</u>                    |
| Net Cash Provided (Used) by Investing Activities                        | <u>143,322.00</u>           | <u>143,322.00</u>                    |
| Net Increase (Decrease) in Cash   | 220,498.34                  | 220,498.34                           |
| Cash - Beginning of Year  | <u>2,800,391.65</u>         | <u>2,800,391.65</u>                  |
| Cash - End of Year  | <u>\$ 3,020,889.99</u>      | <u>\$ 3,020,889.99</u>               |

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

|   | Solid Waste<br>Fund  | Total<br>Enterprise<br>Fund |
|---|----------------------|-----------------------------|
| <b><u>Reconciliation of Operating Income (Loss) to<br/>Net Cash Provided (Used) by Operating Activities:</u></b>        |                      |                             |
| Operating Income (Loss)   | \$ 59,215.84         | \$ 59,215.84                |
| <b><u>Adjustments to Reconcile Operating Income (Loss) to<br/>Net Cash Provided (Used) by Operating Activities:</u></b> |                      |                             |
| Depreciation  | 218,738.67           | 218,738.67                  |
| Changes in Assets and Liabilities:  |                      |                             |
| (Increase)/Decrease Due from Other Funds  | 45.47                | 45.47                       |
| (Increase)/Decrease Receivables   | (202,676.79)         | (202,676.79)                |
| (Increase)/Decrease Prepaid Items   | (1,587.91)           | (1,587.91)                  |
| (Increase)/Decrease Deferred Outflows and Deferred Inflows<br>Related to Net Pension Liability                          | (227,815.44)         | (227,815.44)                |
| (Increase)/Decrease Deferred Outflows and Deferred Inflows<br>Related to Other Postemployment Benefits (OPEB)           | 63,851.53            | 63,851.53                   |
| Increase/(Decrease) Payables  | (37,265.18)          | (37,265.18)                 |
| Increase/(Decrease) Accrued Wages Payable   | 1,650.06             | 1,650.06                    |
| Increase/(Decrease) in Estimated Liability for<br>Compensated Absences  | 7,284.13             | 7,284.13                    |
| Increase/(Decrease) Due to Other Funds  | 102,673.54           | 102,673.54                  |
| Increase/(Decrease) Estimated Liability for<br>Landfill Postclosure Costs   | (10,244.00)          | (10,244.00)                 |
| Increase/(Decrease) Estimated Liability for Employee Pensions   | 267,491.67           | 267,491.67                  |
| Increase/(Decrease) Estimated Liability for<br>Other Postemployment Benefits  | (64,129.05)          | (64,129.05)                 |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 177,232.54</u> | <u>\$ 177,232.54</u>        |

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***Statement of Fiduciary Net Position***  
***September 30, 2023***

|                            | <b>Custodial<br/>Funds</b> |
|----------------------------|----------------------------|
| <b><u>Assets</u></b>       |                            |
| Cash and Cash Equivalents  | \$ 3,129,922.26            |
| Receivables (Note 4)       | 344,884.41                 |
| Total Assets               | <u>3,474,806.67</u>        |
| <b><u>Liabilities</u></b>  |                            |
| Payables (Note 8)          | <u>2,457,880.63</u>        |
| Total Liabilities          | <u>2,457,880.63</u>        |
| <b><u>Net Position</u></b> |                            |
| Held in Custodial Funds    | 1,016,926.04               |
| Total Net Position         | <u>\$ 1,016,926.04</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***

|                                    | <b>Custodial<br/>Funds</b> |
|------------------------------------|----------------------------|
| <b>Additions</b>                   |                            |
| Contributions from:                |                            |
| Taxes Collected for Other Agencies | \$ 61,233,798.27           |
| Law Library Fees                   | 34,759.83                  |
| Land Redemption Fund               | 1,183,102.61               |
| Fiduciary Funds                    | 170,074.68                 |
| Mental Health Board Fund           | 67,700.00                  |
| Total Contributions                | <u>62,689,435.39</u>       |
| <b>Revenues</b>                    |                            |
| Interest                           | 17,506.00                  |
| Total Revenues                     | <u>17,506.00</u>           |
| Total Additions                    | <u>62,706,941.39</u>       |
| <b>Deductions</b>                  |                            |
| Taxes Paid to Other Agencies       | 61,233,798.27              |
| Law Library                        | 20,509.56                  |
| Land Redemptions                   | 1,222,403.65               |
| Fiduciary Fund                     | 3,281.27                   |
| Probate Judge Fiduciary Fund       | 92,170.79                  |
| Mental Health Advisory Board Fund  | 35,162.16                  |
| Total Deductions                   | <u>62,607,325.70</u>       |
| Changes in Net Position            | 99,615.69                  |
| Net Position - Beginning of Year   | <u>917,310.35</u>          |
| Net Position - End of Year         | <u>\$ 1,016,926.04</u>     |

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

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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

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

#### **A. Reporting Entity**

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

#### **B. Government-Wide and Fund Financial Statements**

##### **Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Commission and 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.

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **Fund Financial Statements**

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise 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, accounted for in the General Fund are employee dental insurance premiums paid by County employees as well as monthly billing amounts paid for actual claims submitted to the Commission for dental care. This fund is also used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads, and bridges as well as to account for cash in the clearing account, which is used to issue payments for payroll and accounts payable,
- ◆ **Two-Cent Sales Tax Fund** – This fund is used to account for the revenue from a county sales tax and the expenditure of this sales tax for building and maintaining public roads and bridges. This fund is also used to account for the expenditures of the Seven-Cent State Gasoline Tax revenues for construction, improvement, maintenance and supervision of highways, bridges and streets, motor vehicle license taxes and fees and drivers' license revenue for the construction, improvement and maintenance of public highways and streets. County Rebuild Alabama funds as well as Federal Aid Exchange funds are also accounted for in the Two-Cent Sales Tax Fund.
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditures of county property taxes for the property reappraisal program. Although the Reappraisal Fund did not meet the criteria requiring that it be reported as a major fund in fiscal year 2023, management has chosen to report it as a major fund to be consistent with past financial reporting and to assist financial statement users with comparison of past years.
- ◆ **Capital Projects Fund** – This fund is used to account for 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. Although the Capital Projects Fund did not meet the criteria requiring that it be reported as a major fund in fiscal year 2023, management has chosen to report it as a major fund to be consistent with past financial reporting and to assist financial statement users with comparison of past years.

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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- ◆ **ARPA Revenue Reduction Fund** – This fund is used to account for Revenue Replacement revenues and expenditures related to the American Rescue Plan Act of 2021 that are accounted for separately as part of the Revenue Replacement option.
- ◆ **Coronavirus Rescue Act Fund** – This fund is used to account for revenues and expenditures related to the American Rescue Plan Act of 2021, not including Revenue Replacement revenues and expenditures

The Commission reports the following major enterprise fund:

- ◆ **Solid Waste Fund** – This fund is used to account for the cost of providing solid waste service to county residents, an inert landfill, and a transfer station.

The Commission reports the following 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 improvements.
- ◆ **Debt Service Funds** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.
- ◆ **Capital Projects 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, construction and improvement 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 trust funds.

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **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 proprietary fund and 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. Exceptions to the general rule are charges between the government's solid waste function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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, compensated absences, and landfill closure and postclosure care costs, 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 is reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2023*

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

##### **1. Deposits and Investments**

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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

Investments are reported at fair value, based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost, and certificates of deposit, which are reported at cost. The commission reports all money market investments – U. S. Treasury bills and bankers' acceptances having a remaining maturity at time of purchase of one year or less – at amortized cost.

##### **2. Receivables**

Sales tax receivables are based on the amounts collected within 60 days after year-end. 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 County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year. However, since the amounts are not available to fund current year operations, the revenue is deferred and recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations. Property tax revenue deferred is reported as a deferred inflow of resources.

Receivables due from other governments include amounts due from the State for taxes and cost-sharing, amounts due from grantors for grants issued for specific programs, and amounts due from other local governments. Receivables in the enterprise fund consist primarily of amounts due from customers who are charged fees for services provided by the landfill and transfer station.

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

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**3. Inventories**

Inventories are valued at cost, which approximates market. The Commission does not use a particular method of dispensing inventory. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The Commission's inventory is made up of siren spare parts.

**4. Prepaid Items**

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

**5. Restricted Assets**

Certain general obligation and special revenue warrants, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The 2020 General Obligation Debt Service Fund, the 2014 General Obligation Refunding Exempt Warrant Fund, and the 2014 General Obligation Refunding Taxable Warrant Fund are used to segregate resources accumulated for debt service payments.

**6. Capital Assets**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2023*

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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 and proprietary funds are as follows:

|                         | Capitalization Threshold | Estimated Useful Life |
|-------------------------|--------------------------|-----------------------|
| Land Improvements       | \$ 5,000                 | 10 – 30 years         |
| Buildings               | \$ 5,000                 | 5 – 50 years          |
| Equipment and Furniture | \$ 5,000                 | 3 – 10 years          |
| Infrastructure          | \$50,000                 | 20 – 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.

#### **7. Deferred Outflows of Resources**

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

#### **8. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Warrant premiums and discounts are deferred and amortized over the life of the warrants. Warrants payable are reported at gross with separate line items for the applicable warrant premium or discount. Warrant issuance costs are expensed in the period incurred.

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2023*

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#### **9. Compensated Absences**

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

#### **Annual Leave**

Employees of the Commission are not allowed to take annual leave until one full year of continuous service has been completed. Upon the completion of this requirement annual leave is earned as follows:

|                             |                    |
|-----------------------------|--------------------|
| Two through Ten Years       | 80 Hours Per Year  |
| Eleven through Twenty Years | 120 Hours Per Year |
| Twenty-One Years and Over   | 160 Hours Per Year |

Upon completion of one full year of continuous employment, an employee shall be given an accrued credit of 80 hours of annual leave at the rate of the one-twenty-sixth of such employee's annual entitlement for each bi-weekly period.

#### **Sick Leave**

All employees, after one month of employment are eligible for paid sick leave at the rate of one working day per month of employment. Sick leave need not be used within specified period of time and there is no limit to the amount accumulated. Months of employment for sick leave purposes in respect to county employees employed on and before September 16, 1975, began on the first day of the second month thereafter. For Sheriff's department employees employed on or after August 12, 1969, months of employment for sick leave purposes began on the first day of the second month thereafter. Upon permanent termination of employment, sick leave will be paid as follows:

| Years of Service<br>at Least but<br>Less than | Percent of<br>120 Day<br>Base | Maximum<br>Sick Leave<br>Pay |
|---|-------------------------------|------------------------------|
| 0-3   | 0%                            | 0 Days                       |
| 3-5   | 10%                           | 12 Days                      |
| 5-10  | 20%                           | 24 Days                      |
| 10-15   | 30%                           | 36 Days                      |
| 15-20   | 40%                           | 48 Days                      |
| 20-25   | 45%                           | 54 Days                      |
| 25 and Over                                   | 50%                           | 60 Days                      |

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **Compensatory Leave**

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

The ***Code of Alabama 1975***, Section 36-21-4.1, provides that any non-elected law enforcement officer in the service of a county who has worked overtime be given the choice of overtime pay or compensatory leave. Under this statute, officers must make an election at the end of each month with regard to overtime earned during that month. Any overtime to be received as salary is to be paid the following month. The County has elected to allow a maximum balance of 480 hours of compensatory leave to be carried over for the calendar year, per County Policy.

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

#### **10. Deferred Inflows of Resources**

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

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **11. Net Position/Fund Balances**

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

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

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

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, and long-term receivables.
- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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- D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the County Administrator or Commission President to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

#### **E. Pensions**

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

#### **F. Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Calhoun County Retiree Benefits Plan (CCRBP) and additions to/deductions from CCRBP's fiduciary net position have been determined on the same basis as they are reported by CCRBP. For this purpose, CCRBP recognizes benefit payments when due and payable in accordance with the benefit terms. CCRBP has no financial accounting asset, which is defined as assets held in a separate Trust established for the sole purpose of providing benefits to retirees and their beneficiaries.

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **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 with the exception of insurance claim costs, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. The Two-Cent Sales Tax Fund, ARPA Revenue Reduction Fund, Coronavirus Rescue Act Fund and Reappraisal Fund budget on a basis of accounting consistent with GAAP. Capital projects funds adopt project-length budgets. All appropriations lapse at fiscal year-end.

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

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

#### **Note 3 – Deposits and Investments**

##### **A. Deposits**

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

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **B. Investments**

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

The Commission does not have a formal investment policy. However, the Commission does have an agreement with the financial institution responsible for investment activities. This agreement states that permitted investments are those types permitted by applicable laws.

GASB Statement Number 72 requires investments to be measured and reported at fair value by a hierarchy of levels 1, 2, or 3 per the following descriptions:

- ◆ Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- ◆ Level 2 – other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.
- ◆ Level 3 – unobservable inputs.

The fair market values of all the Commission's investments are based on quoted market prices or Level 1.

As of September 30, 2023, the Commission had the following investments and maturities in its governmental and business-type activities:

| Investments by Type                               | Maturity     | Fair Value             | Level of Fair Value Hierarchy | Credit Rating |
|---|--------------|------------------------|-------------------------------|---------------|
| U. S. Treasury Obligations                        | <1 - 3 years | \$19,598,498.44        | 1                             | Aaa           |
| Federal Farm Credit Banks Funding Corp.           | <1 - 3 years | 1,006,155.50           | 1                             | Aaa           |
| Federal Home Loan Banks                           | <1 - 3 years | 660,056.72             | 1                             | Aaa           |
| Federal National Mortgage Association             | <1 - 3 years | 150,957.08             | 1                             | Aaa           |
| Money Market Funds:                               |              |                        |                               |               |
| Fidelity Government Portfolio (at amortized cost) | 1 day        | 158,872.37             | 1                             | Aaa-mf        |
| Total Value of Investments                        |              | <u>\$21,574,540.11</u> |                               |               |

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2023*

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

**Credit Risk** – State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. The Commission does not have a formal investment policy that limits the amount of exposure to credit risk.

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

**Concentrations of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission does not have a formal investment policy that limits the amount of exposure to concentrations of credit risk.

## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

#### **Note 4 – Receivables**

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

|                                   | Accounts<br>Receivable | Due From<br>Other<br>Governments | Sales Taxes<br>Receivable | Total                |
|-----------------------------------|------------------------|----------------------------------|---------------------------|----------------------|
| <b>Governmental Funds:</b>        |                        |                                  |                           |                      |
| General Fund                      | \$437,239.88           | \$1,754,814.39                   | \$ 24,335.07              | \$2,216,389.34       |
| Two-Cent Sales Tax Fund           | 352,986.90             | 413,295.05                       | 525,119.20                | 1,291,401.15         |
| Reappraisal Fund                  | 1,445.42               | 315.00                           |                           | 1,760.42             |
| Capital Projects Fund             | 2,290.55               |                                  |                           | 2,290.55             |
| ARPA Revenue Reduction Fund       | 25,614.20              |                                  |                           | 25,614.20            |
| Coronavirus Rescue Act Fund       | 47,279.76              |                                  |                           | 47,279.76            |
| Other Governmental Funds          | 63,196.59              | 326,802.16                       | 28,308.13                 | 418,306.88           |
| <b>Total Governmental Funds</b>   | <b>930,053.30</b>      | <b>2,495,226.60</b>              | <b>577,762.40</b>         | <b>4,003,042.30</b>  |
| <b>Enterprise Fund:</b>           |                        |                                  |                           |                      |
| Solid Waste Fund                  | 419,191.80             | 118,647.00                       |                           | 537,838.80           |
| <b>Total Enterprise Fund</b>      | <b>419,191.80</b>      | <b>118,647.00</b>                |                           | <b>537,838.80</b>    |
| <b>Fiduciary Funds:</b>           |                        |                                  |                           |                      |
| Law Library Fund                  | 49.76                  | 3,006.66                         |                           | 3,056.42             |
| Agency Fund                       |                        | 333,560.92                       |                           | 333,560.92           |
| Court Ordered Agency Fund         | 165.25                 |                                  |                           | 165.25               |
| Fiduciary Fund                    | 1,309.19               |                                  |                           | 1,309.19             |
| Mental Health Advisory Board Fund | 500.63                 | 6,292.00                         |                           | 6,792.63             |
| <b>Total Fiduciary Funds</b>      | <b>\$ 2,024.83</b>     | <b>\$ 342,859.58</b>             | <b>\$</b>                 | <b>\$ 344,884.41</b> |

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

|  | Unearned               |
|--|------------------------|
| Unexpended Coronavirus State and Local Fiscal Recovery Funds | \$16,131,713.26        |
| Unexpended Reappraisal Funds                                 | 199,068.72             |
| Unexpended LATCF Funds                                       | 196,403.20             |
| <b>Total Unearned Revenue for Governmental Funds</b>         | <b>\$16,527,185.18</b> |

## ***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<br>10/01/2022 | Additions/<br>Reclassifications (*) | Deletions/<br>Reclassifications (*) | Balance<br>09/30/2023 |
|---|-----------------------|-------------------------------------|-------------------------------------|-----------------------|
| <b>Governmental Activities:</b>                   |                       |                                     |                                     |                       |
| Capital Assets Not Being Depreciated:             |                       |                                     |                                     |                       |
| Land and Land Improvements                        | \$ 8,409,315.20       | \$ 44,420.76                        | \$                                  | \$ 8,453,735.96       |
| Infrastructure in Progress                        | 612,528.93            |                                     |                                     | 612,528.93            |
| Infrastructure                                    | 1,634,490.70          |                                     |                                     | 1,634,490.70          |
| Construction in Progress                          | 611,579.45            | 2,172,784.66                        | (219,223.09)                        | 2,565,141.02          |
| Total Assets Not Being Depreciated                | 11,267,914.28         | 2,217,205.42                        | (219,223.09)                        | 13,265,896.61         |
| Capital Assets Being Depreciated:                 |                       |                                     |                                     |                       |
| Land Improvements                                 | 2,054,164.03          | 55,165.09                           | (5,286.00)                          | 2,104,043.12          |
| Buildings   | 29,113,261.73         | 276,522.22                          |                                     | 29,389,783.95         |
| Equipment and Furniture                           | 21,767,813.84         | 2,285,898.73                        | (676,895.00)                        | 23,376,817.57         |
| Infrastructure                                    | 33,946,105.17         |                                     |                                     | 33,946,105.17         |
| Total Assets Being Depreciated                    | 86,881,344.77         | 2,617,586.04                        | (682,181.00)                        | 88,816,749.81         |
| Total Capital Assets                              | 98,149,259.05         | 4,834,791.46                        | (901,404.09)                        | 102,082,646.42        |
| Less Accumulated Depreciation for:                |                       |                                     |                                     |                       |
| Land Improvements                                 | (1,039,800.68)        | (107,033.49)                        | 3,325.78                            | (1,143,508.39)        |
| Buildings   | (17,631,179.55)       | (543,404.76)                        |                                     | (18,174,584.31)       |
| Equipment and Furniture                           | (11,700,917.98)       | (1,596,631.05)                      | 660,602.18                          | (12,636,946.85)       |
| Infrastructure                                    | (13,840,851.91)       | (782,418.60)                        |                                     | (14,623,270.51)       |
| Total Accumulated Depreciation                    | (44,212,750.12)       | (3,029,487.90)                      | 663,927.96                          | (46,578,310.06)       |
| Total Capital Assets Being Depreciated Net        | 42,668,594.65         | (411,901.86)                        | (18,253.04)                         | 42,238,439.75         |
| Total Governmental Activities, Capital Assets Net | \$ 53,936,508.93      | \$ 1,805,303.56                     | \$(237,476.13)                      | \$ 55,504,336.36      |

(\*) Reclassifications totaling \$219,223.09 consisted of the following: Construction in Progress to Buildings in the amount of \$193,060.00 and Construction in Progress to Land Improvements in the amount of \$26,163.09.

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

|  | Balance<br>10/01/2022  | Additions/<br>Reclassifications | Deletions/<br>Reclassifications | Balance<br>09/30/2023  |
|--|------------------------|---------------------------------|---------------------------------|------------------------|
| <b>Business-Type Activities:</b>                   |                        |                                 |                                 |                        |
| Capital Assets, Not Being Depreciated:             |                        |                                 |                                 |                        |
| Land   | \$ 414,318.17          | \$                              | \$                              | \$ 414,318.17          |
| Total Capital Assets, Not Being Depreciated        | <u>414,318.17</u>      |                                 |                                 | <u>414,318.17</u>      |
| Capital Assets Being Depreciated:                  |                        |                                 |                                 |                        |
| Land Improvements                                  | 103,849.18             |                                 |                                 | 103,849.18             |
| Building and Improvements                          | 601,261.63             |                                 |                                 | 601,261.63             |
| Equipment and Furniture                            | 2,502,143.59           | 95,041.00                       |                                 | 2,597,184.59           |
| Total Capital Assets Being Depreciated             | <u>3,207,254.40</u>    | <u>95,041.00</u>                |                                 | <u>3,302,295.40</u>    |
| Total Assets                                       | <u>3,621,572.57</u>    | <u>95,041.00</u>                |                                 | <u>3,716,613.57</u>    |
| Less Accumulated Depreciation for:                 |                        |                                 |                                 |                        |
| Land Improvements                                  | (52,057.33)            | (4,846.26)                      |                                 | (56,903.59)            |
| Building and Improvements                          | (373,379.98)           | (19,914.05)                     |                                 | (393,294.03)           |
| Equipment and Furniture                            | <u>(1,487,256.25)</u>  | <u>(193,978.36)</u>             |                                 | <u>(1,681,234.61)</u>  |
| Total Accumulated Depreciation                     | <u>(1,912,693.56)</u>  | <u>(218,738.67)</u>             |                                 | <u>(2,131,432.23)</u>  |
| Total Capital Assets Being Depreciated, Net        | <u>1,294,560.84</u>    | <u>(123,697.67)</u>             |                                 | <u>1,170,863.17</u>    |
| Total Business-Type Activities Capital Assets, Net | <u>\$ 1,708,879.01</u> | <u>\$(123,697.67)</u>           | <u>\$</u>                       | <u>\$ 1,585,181.34</u> |

|  | Balance<br>10/01/2022 | Additions | Deletions | Balance<br>09/30/2023 |
|--|-----------------------|-----------|-----------|-----------------------|
| <b>Fiduciary Activities:</b>                   |                       |           |           |                       |
| Capital Assets Being Depreciated:              |                       |           |           |                       |
| Equipment and Furniture                        | \$ 15,945.00          | \$        | \$        | \$ 15,945.00          |
| Total Capital Assets Being Depreciated         | <u>15,945.00</u>      |           |           | <u>15,945.00</u>      |
| Total Assets                                   | <u>15,945.00</u>      |           |           | <u>15,945.00</u>      |
| Less Accumulated Depreciation for:             |                       |           |           |                       |
| Equipment and Furniture                        | (15,945.00)           |           |           | (15,945.00)           |
| Total Accumulated Depreciation                 | <u>(15,945.00)</u>    |           |           | <u>(15,945.00)</u>    |
| Total Capital Assets Being Depreciated, Net    | <u>\$</u>             | <u>\$</u> | <u>\$</u> | <u>\$</u>             |
| Total Fiduciary Activities Capital Assets, Net | <u>\$</u>             | <u>\$</u> | <u>\$</u> | <u>\$</u>             |

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2023*

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

|  | Current Year<br>Depreciation<br>Expense |
|--|---|
| <b><u>Governmental Activities:</u></b>               |   |
| General Government                                   | \$ 382,922.93                           |
| Public Safety  | 740,841.98                              |
| Highways and Streets                                 | 1,879,266.77                            |
| Sanitation   | 8,514.51                                |
| Health   | 17,941.71                               |
| Total Depreciation Expense – Governmental Activities | <u><u>\$3,029,487.90</u></u>            |

|   | Current Year<br>Depreciation<br>Expense |
|---|---|
| <b><u>Business-Type Activities:</u></b>               |   |
| Solid Waste   | \$218,738.67                            |
| Total Depreciation Expense – Business-Type Activities | <u><u>\$218,738.67</u></u>              |

#### **Note 6 – Defined Benefit Pension Plan**

##### **A. General Information about the Pension Plan**

###### **Plan Description**

The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan (the "Plan"), was established October 1, 1945, pursuant to the ***Code of Alabama 1975***, Section 36-27 (Act Number 515, Acts of Alabama 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. 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](http://www.rsa-al.gov).

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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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.

#### **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.

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## **Notes to the Financial Statements**

### **For the Year Ended September 30, 2023**

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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.

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             |
| <b>Total</b>  | <b>108,890</b> |

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **Contributions**

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

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2023, the Calhoun County Commission's active employee contribution rate was 6.43% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 8.74% of pensionable payroll.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2023*

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The Commission's contractually required contribution rate for the year ended September 30, 2023, was 9.62% of pensionable pay for Tier 1 employees, and 7.88% 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 \$1,076,467.90 for the year ended September 30, 2023.

#### **B. Net Pension Liability**

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

|   | Total Pension Liability Roll-Forward |                            |                           |
|---|--------------------------------------|----------------------------|---------------------------|
|   | Expected                             | Actual Before Plan Changes | Actual After Plan Changes |
| Total Pension Liability   |                                      |                            |                           |
| As of September 30, 2021 (a)  | \$47,562,114                         | \$47,290,685               | \$47,320,722              |
| Discount Rate (b)   | 7.45%                                | 7.45%                      | 7.45%                     |
| Entry Age Normal Cost for the period<br>October 1, 2021 – September 30, 2022 (c)                | 1,072,538                            | 1,072,538                  | 1,073,532                 |
| Transfers Among Employers (d)   |                                      | (184,069)                  | (184,069)                 |
| Actual Benefit Payments and Refunds for<br>October 1, 2021 – September 30, 2022 (e)             | <u>(3,102,597)</u>                   | <u>(3,102,597)</u>         | <u>(3,102,597)</u>        |
| Total Pension Liability (f)   |                                      |                            |                           |
| As of September 30, 2022<br>= [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]                 | <u>\$48,959,861</u>                  | <u>\$48,484,141</u>        | <u>\$48,517,410</u>       |
| Difference between Expected and Actual (g)  |                                      | \$ (475,720)               |                           |
| Less Liability Transferred for<br>Immediate Recognition (h)                                     |                                      | <u>(184,069)</u>           |                           |
| Difference between Expected and Actual<br>Experience (Gain)/Loss (i)                            |                                      | <u>\$ (291,651)</u>        |                           |
| Difference between Actual TPL Before and After<br>Plan Changes – Benefit Change (Gain)/Loss (j) |                                      |                            | \$ 33,269                 |

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

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### **Actuarial Assumptions**

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

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

(\*) Net of pension plan investment expense.

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

| Group                              | Membership Table                   | Set Forward (+)/<br>Setback (-) | Adjustment to Rates  |
|------------------------------------|------------------------------------|---------------------------------|--|
| Non-FLC Service Retirees           | General Healthy Below Median       | Male: +2,<br>Female: +2         | Male: 90% ages <65,<br>96% ages >=65<br>Female: 96% all ages |
| FLC/State Police Service Retirees  | Public Safety Healthy Below Median | Male: +1,<br>Female: none       | None   |
| Beneficiaries                      | Contingent Survivor Below Median   | Male: +2,<br>Female: +2         | None   |
| Non-FLC Disabled Retirees          | General Disability                 | Male: +7,<br>Female: +3         | None   |
| FLC/State Police Disabled Retirees | Public Safety Disability           | Male: +7,<br>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 – September 30, 2020.

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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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%                                 |
| <b>Total</b>                          | <b><u>100.00%</u></b> |                                       |

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

#### **Discount Rate**

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

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

**C. Changes in Net Pension Liability**

|  | Increase (Decrease)                  |  |  |
|--|--------------------------------------|--|--|
|  | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) – (b) |
| Balances at September 30, 2021                                   | \$47,562,114                         | \$39,588,957                             | \$ 7,973,157                             |
| <b>Changes for the Year:</b>                                     |                                      |  |  |
| Service Cost   | 1,072,538                            |  | 1,072,538                                |
| Interest   | 3,427,806                            |  | 3,427,806                                |
| Changes of Benefit Terms   | 33,269                               |  | 33,269                                   |
| Differences Between Expected<br>and Actual Experience            | (291,651)                            |  | (291,651)                                |
| Contributions – Employer   |                                      | 990,909                                  | (990,909)                                |
| Contributions – Employee   |                                      | 761,032                                  | (761,032)                                |
| Net Investment Income  |                                      | (4,964,869)                              | 4,964,869                                |
| Benefit Payments, including Refunds<br>of Employee Contributions | (3,102,597)                          | (3,102,597)                              |  |
| Transfers among Employers  | (184,069)                            | (184,069)                                |  |
| <b>Net Changes</b>   | <b>955,296</b>                       | <b>(6,499,594)</b>                       | <b>7,454,890</b>                         |
| Balances at September 30, 2022                                   | \$48,517,410                         | \$33,089,363                             | \$15,428,047                             |

**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<br>(6.45%) | Current Rate<br>(7.45%) | 1% Increase<br>(8.45%) |
|------------------------------------|------------------------|-------------------------|------------------------|
| Commission's net pension liability | \$21,063,868           | \$15,428,047            | \$10,710,840           |

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **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](http://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 \$2,175,164. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                               | \$ 400,491                           | \$766,574                           |
| Changes of assumptions   | 998,441                              |                                     |
| Net difference between projected and actual earnings on pension plan investments | 4,012,263                            |                                     |
| Employer contributions subsequent to the measurement date                        | 1,076,468                            |                                     |
| <b>Total</b>   | <b>\$6,487,663</b>                   | <b>\$766,574</b>                    |

The \$1,076,468, applied to pension liability 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 | \$1,349,590 |  |
| 2025               | \$1,022,259 |  |
| 2026               | \$ 721,288  |  |
| 2027               | \$1,557,205 |  |
| 2028               | \$ (5,721)  |  |
| Thereafter         | \$ 0        |  |

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **Note 7 – Other Postemployment Benefits (OPEB)**

##### **A. General Information about OPEB**

###### **Plan Description**

The Commission provides medical and dental insurance benefits to its eligible retirees and their spouses. The Commission's OPEB plan is a single employer defined benefit OPEB plan. The Commission participates in the Local Government Health Insurance Plan (LGHIP), which is a self-insured employer group health benefit plan administered by the Local Government Health Insurance Board (LGHIB). The Local Government Health Insurance Board (LGHIB) is a state agency established by the Alabama Legislature to administer the LGHIP pursuant to the ***Code of Alabama 1975***, Sections 11-91A-1 through 11-91A-10. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the LGHIB. The Commission does not have a special funding situation.

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

###### **Benefits Provided**

LGHIP covers both active and retired members and provides medical insurance benefits to eligible retirees and their spouses. Employees must meet the following eligibility requirements to receive postemployment healthcare benefits: 1) employees must have participated in the county's healthcare plan for ten years prior to retirement; 2) employees must immediately upon retirement begin receiving a retirement pension under the rules and regulations of the Alabama State Employees' Retirement System. Spouses are only eligible for coverage during the lifetime of the employee.

###### **Employees Covered by Benefit Terms**

As of September 30, 2021, the following employees were covered by the benefit terms:

|  |     |
|--|-----|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 46  |
| Inactive Members Entitled to But Not Yet Receiving Benefits      | 0   |
| Active Employees   | 262 |
| Total Membership   | 308 |

# **Notes to the Financial Statements**

## **For the Year Ended September 30, 2023**

### **Contributions**

The Commission's contributions were on a pay-as-you-go basis through September 30, 2023. The Commission does not plan to set up a trust fund to fund the postemployment medical plan. Retired employees contribute a percentage of their medical insurance premiums for family and single coverage as established by the Commission. Total retiree contributions for fiscal year 2023 were \$216,111.00. During the period ended September 30, 2023, the Commission paid healthcare premiums for retired employees in the amount of \$347,067.06.

### *B. Total OPEB Liability*

The Commission's total OPEB liability of \$9,360,922.00 as of the reporting date September 30, 2023, was measured as of September 30, 2022 and determined by an actuarial valuation as of September 30, 2021.

## Actuarial Assumptions

The total OPEB liability in the September 30, 2021, actuarial valuation was determined using the following key actuarial assumptions and other inputs:

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

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2023*

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

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

#### **C. Changes in the Total OPEB Liability**

|   |                     |
|---|---------------------|
| Total OPEB Liability as September 30, 2021                          | \$11,478,722        |
| <b>Changes for the year:</b>  |                     |
| Service Cost at the end of the year (*)                             | 619,709             |
| Interest on TOL and Cash Flows                                      | 256,074             |
| Difference between expected and actual experience                   | (36,347)            |
| Changes of assumptions or other inputs (**)                         | (2,659,575)         |
| Net benefit payments  | (297,661)           |
| Net changes   | <u>(2,117,800)</u>  |
| Total OPEB Liability as of September 30, 2022                       | <u>\$ 9,360,922</u> |
| <small>(*) The service cost includes interest for the year.</small> |                     |
| <small>(**) Change in discount rate.</small>                        |                     |

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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

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

|                                   | 1% Decrease<br>(3.02%) | Current Rate<br>(4.02%) | 1% Increase<br>(5.02%) |
|-----------------------------------|------------------------|-------------------------|------------------------|
| Commission's Total OPEB Liability | \$10,752,489           | \$9,360,922             | \$8,219,093            |

#### **Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

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

|                                   | 1% Decrease | Current Rate | 1% Increase  |
|-----------------------------------|-------------|--------------|--------------|
| Commission's total OPEB liability | \$7,969,814 | \$9,360,922  | \$11,129,366 |

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2023*

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

For the year ended September 30, 2023, the Commission recognized OPEB income of \$76,911.00. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience        | \$ 18,609                            | \$3,055,920                         |
| Changes of assumptions                                    | 1,468,214                            | 3,447,701                           |
| Employer contributions subsequent to the measurement date | 347,067                              |                                     |
| <b>Total</b>  | <b>\$1,833,890</b>                   | <b>\$6,503,621</b>                  |

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

| Year Ending:       |             |
|--------------------|-------------|
| September 30, 2024 | \$(952,694) |
| 2025               | \$(952,694) |
| 2026               | \$(952,694) |
| 2027               | \$(809,677) |
| 2028               | \$(601,101) |
| Thereafter         | \$(747,938) |

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **E. OPEB Expense**

| <b>COMPONENTS OF OPEB EXPENSE/(INCOME)</b>  |   |
|---|---|
| <ul style="list-style-type: none"><li>+ <b>Service Cost (SC)</b><br/>This is equal to the Normal Cost determined using the Entry Age Normal (Level Percentage of Pay) actuarial cost method.</li><li>- <b>Active Member Contributions</b><br/>The total amount of active employee payroll deductions for OPEB benefits, if applicable.</li><li>+ <b>Administrative Expenses</b><br/>The amount, if any, paid during the measurement period for OPEB costs not directly related to the payment of benefits. This amount would include costs such as actuarial fees, audit fees, trust fees, salaries associated with staff time spent on OPEB related tasks, etc.</li><li>+ <b>Interest on the TOL (IOT)</b><br/>IOT is determined based on the Discount Rate that was used to measure the Plan's TOL as of the Prior Measurement Date. Please note that the SC component may include interest to the end of the measurement period, or this interest adjustment may be included with IOT.</li><li>+ / - <b>Changes of Benefit Terms</b><br/>Benefit changes during the period are recognized immediately. Plan amendments increase OE if the change improves benefits for existing Plan members. Likewise, changes that reduce benefits for existing Plan members lower OE.</li><li>- <b>Projected Earnings on Plan Investments (XR)</b><br/>If the Plan has a financial accounting asset, XR is determined based on the long-term expected rate of return assumption at the end of the prior measurement period.</li><li>+ / - <b>Other</b><br/>Miscellaneous and non-standard expense items are included in this component.</li><li>+ / - <b>Recognition of Current Period Deferred Outflows / (Inflows) of Resources for:</b><ul style="list-style-type: none"><li>— Differences Between Expected and Actual Experience</li><li>— Changes of Assumptions or Other Inputs</li><li>— Differences Between Actual and Projected Earnings on Plan Investments</li></ul></li></ul> | <p>Please note that the results reflect the following conventions: Experience losses ("positive amounts") increase the balances of Deferred Outflows of Resources, and amounts recognized increase OPEB expense. Experience gains ("negative amounts") decrease the balances of Deferred Inflows of Resources and amounts recognized decrease OPEB expense.</p> <p>For differences between expected and actual experience and changes of assumptions or other inputs, the amounts that must be recognized during the current period are determined by spreading the total changes over the average expected remaining service lives (AERSL) of the entire Plan membership at the beginning of the measurement period. The active member AERSL is the average number of years that the active members are expected to remain in covered employment. AERSL is equal to zero for inactive members. The AERSL of the entire Plan membership is the weighted average of these two values but cannot be less than one year*. The current recognition period is 8.65 years.</p> <p>For differences between actual and projected earnings on plan investments, if any, the amount that must be recognized during the current period is determined by amortizing the total change over five (5) years.</p> <ul style="list-style-type: none"><li>+ <b>Recognition of Prior Period Deferred Outflows of Resources</b><br/>The amounts that must be recognized during the current year for those Deferred Outflows of Resources established before the current measurement period.</li><li>- <b>Recognition of Prior Period Deferred Inflows of Resources</b><br/>The amounts that must be recognized during the current year for those Deferred (Inflows) of Resources established before the current measurement period.</li></ul> |

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2023*

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

| OPEB Expense  |                    |
|---|--------------------|
| For the Year Ended September 30, 2023:  |                    |
| Service Cost (*)  | \$ 619,709         |
| Interest on the Total OPEB Liability and Cash Flow  | 256,074            |
| Current-period benefit changes  | 0                  |
| Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability                            | (4,202)            |
| Expensed portion of current-period changes of assumptions or other inputs   | (307,465)          |
| Administrative Costs (**)   | 0                  |
| Recognition of beginning Deferred Outflows of Resources as OPEB expense   | 282,399            |
| Recognition of beginning Deferred Inflows of Resources as OPEB Expense  | <u>(923,426)</u>   |
| OPEB Expense/(Income)   | <u>\$ (76,911)</u> |
| <br>(*) The service cost includes interest for the year.<br>(**) Administrative costs to be included in the OE were provided by the County. |                    |

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

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### **Note 8 – Payables**

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

|  | Accounts<br>Payable   | Due to Other<br>Governments | Other               | Total                 |
|--|-----------------------|-----------------------------|---------------------|-----------------------|
| <b>Governmental Funds:</b>                         |                       |                             |                     |                       |
| General Fund                                       | \$ 703,848.85         | \$18,311.43                 | \$                  | \$ 722,160.28         |
| Two-Cent Sales Tax Fund                            | 546,057.99            |                             |                     | 546,057.99            |
| Reappraisal Fund                                   | 961.52                |                             |                     | 961.52                |
| ARPA Revenue Reduction Fund                        | 282,999.95            |                             | 94,700.60           | 377,700.55            |
| Coronavirus Rescue Act Fund                        | 46,157.92             |                             | 34,952.88           | 81,110.80             |
| Other Governmental Funds                           | 336,198.46            |                             | 3,603.07            | 339,801.53            |
| Total Governmental Funds                           | <u>1,916,224.69</u>   | <u>18,311.43</u>            | <u>133,256.55</u>   | <u>2,067,792.67</u>   |
| <b>Business-Type Activities:</b>                   |                       |                             |                     |                       |
| Solid Waste Fund                                   | 164,518.91            |                             |                     | 164,518.91            |
| Total Business-Type Activities                     | <u>164,518.91</u>     |                             |                     | <u>164,518.91</u>     |
| <b>Fiduciary Funds:</b>                            |                       |                             |                     |                       |
| Law Library Fund                                   | 694.00                |                             |                     | 694.00                |
| Agency Fund  | 927.71                | 234,532.39                  | 99,028.53           | 334,488.63            |
| Agency Fund for Court Orders                       |                       |                             | 38,318.54           | 38,318.54             |
| Revenue Commissioner Receipts<br>and Disbursements | 45,444.49             |                             |                     | 45,444.49             |
| Probate Judge Receipts and Disbursements           | 285,421.36            |                             |                     | 285,421.36            |
| License Commission Receipts<br>and Disbursements   | 1,753,513.61          |                             |                     | 1,753,513.61          |
| Total Fiduciary Funds                              | <u>\$2,086,001.17</u> | <u>\$234,532.39</u>         | <u>\$137,347.07</u> | <u>\$2,457,880.63</u> |

### **Note 9 – Long-Term Debt**

The 2013 Series General Obligation Warrants, dated May 1, 2013, were issued for the purpose of paying a portion of the costs of making various improvements to certain public roads and bridges in the County. This debt was paid in full as of September 30, 2023.

The 2014 Series General Obligation Exempt Warrants and the 2014 Series General Obligation Taxable Warrants were issued for the purpose of refunding the 2006 Series General Obligation Warrants and are both direct placements. The County's full faith and credit have been irrevocably pledged as security for these warrants. In the event of default, the Holders of the 2014 Series Warrants shall be entitled to exercise all available remedies under the laws of the State of Alabama.

The 2020 Series General Obligation Warrants, dated December 16, 2020, were issued for the purpose of renovating the County Jail and/or constructing an agricultural/recreational arena in the County. In the event of default, the Holders of the 2020 Series shall be entitled to exercise all available remedies under the laws of the State of Alabama.

## **Notes to the Financial Statements**

### **For the Year Ended September 30, 2023**

The Commission entered into an agreement with Jacksonville State University to provide a total of \$200,000.00 in support of JSU capital improvement projects for JSU athletics. This amount is payable in installments of \$20,000.00 per year for a period of 10 years beginning in fiscal year 2016, if and as the County budget allows.

The Commission entered into the Project Grow Bama agreement with the Calhoun County Economic Development Council, the City of Oxford, Alabama and Kronospan, Inc. to provide a total of up to \$375,000.00 to the Calhoun County Economic Development Council for Kronospan, Inc. for the purpose of economic development. This obligation was completed and paid in full, per the agreement, as of September 30, 2023.

The Commission had a note from direct borrowing to finance equipment purchases that was paid off during the year.

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

|                                       | Debt<br>Outstanding<br>10/01/2022 | Issued/<br>Increased | Repaid/<br>Decreased | Debt<br>Outstanding<br>09/30/2023 | Amounts<br>Due Within<br>One Year |
|---------------------------------------|-----------------------------------|----------------------|----------------------|-----------------------------------|-----------------------------------|
| <b>Governmental Activities:</b>       |                                   |                      |                      |                                   |                                   |
| <b>Warrants Payable:</b>              |                                   |                      |                      |                                   |                                   |
| General Obligation Warrants           | \$ 4,570,000.00                   | \$                   | \$ 655,000.00        | \$ 3,915,000.00                   | \$280,000.00                      |
| GOB Direct Placements                 | 1,715,000.00                      |                      | 405,000.00           | 1,310,000.00                      | 420,000.00                        |
| Add: Premium on Debt Issued           | 443,592.50                        |                      | 37,821.65            | 405,770.85                        | 36,068.52                         |
| <b>Total Warrants Payable</b>         | <b>6,728,592.50</b>               |                      | <b>1,097,821.65</b>  | <b>5,630,770.85</b>               | <b>736,068.52</b>                 |
| <b>Other Liabilities:</b>             |                                   |                      |                      |                                   |                                   |
| JSU Contract Obligation               | 60,000.00                         |                      | 20,000.00            | 40,000.00                         | 20,000.00                         |
| Project Grow Bama Agreement           | 75,000.00                         |                      | 75,000.00            |                                   |                                   |
| Compensated Absences                  | 2,626,804.30                      | 282.24               |                      | 2,627,086.54                      | 210,255.74                        |
| Pension Liability                     | 7,738,652.19                      | 7,187,398.33         |                      | 14,926,050.52                     |                                   |
| Other Postemployment Benefits         | 11,078,710.24                     |                      | 2,053,670.95         | 9,025,039.29                      |                                   |
| <b>Total Governmental Activities</b>  |                                   |                      |                      |                                   |                                   |
| Long-Term Debt                        | 28,307,759.23                     | 7,187,680.57         | 3,246,492.60         | 32,248,947.20                     | 966,324.26                        |
| <b>Business-Type Activities:</b>      |                                   |                      |                      |                                   |                                   |
| <b>Other Liabilities:</b>             |                                   |                      |                      |                                   |                                   |
| Notes from Direct Borrowing           | 117,790.20                        |                      | 117,790.20           |                                   |                                   |
| Compensated Absences                  | 120,178.87                        | 7,284.13             |                      | 127,463.00                        | 4,642.25                          |
| Landfill Postclosure Care Costs       | 619,022.30                        |                      | 10,244.00            | 608,778.30                        | 12,406.85                         |
| Pension Liability                     | 234,504.81                        | 267,491.67           |                      | 501,996.48                        |                                   |
| Other Postemployment Benefits         | 400,011.76                        |                      | 64,129.05            | 335,882.71                        |                                   |
| <b>Total Business-Type Activities</b> |                                   |                      |                      |                                   |                                   |
| Long-Term Debt                        | \$ 1,491,507.94                   | \$ 274,775.80        | \$ 192,163.25        | \$ 1,574,120.49                   | \$ 17,049.10                      |

Payments on the warrants payable that pertain to the Commission's governmental activities are made by the Debt Service Funds.

## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. The current liability will be approximately liquidated as follows: 58.00% by the General Fund, 25.47% by the Gasoline Tax Fund, 14.12% by the Reappraisal Fund, and 2.41% by other combined funds. The compensated absences liability attributable to the business-type activities will be liquidated by the Solid Waste Fund.

Following are schedules of debt service requirements to maturity:

| Fiscal Year Ending | General Obligation Warrants |                     | Direct Placement GOB's |                    | Total Principal and Interest to Requirements |
|--------------------|-----------------------------|---------------------|------------------------|--------------------|--|
|                    | Principal                   | Interest            | Principal              | Interest           |  |
| September 30, 2024 | \$ 280,000.00               | \$114,650.00        | \$ 420,000.00          | \$41,567.43        | \$ 856,217.43                                |
| 2025               | 285,000.00                  | 109,050.00          | 430,000.00             | 28,125.28          | 852,175.28                                   |
| 2026               | 290,000.00                  | 100,500.00          | 460,000.00             | 14,597.97          | 865,097.97                                   |
| 2027               | 300,000.00                  | 91,800.00           |                        |                    | 391,800.00                                   |
| 2028               | 310,000.00                  | 82,800.00           |                        |                    | 392,800.00                                   |
| 2029-2033          | 1,700,000.00                | 268,500.00          |                        |                    | 1,968,500.00                                 |
| 2033-2035          | 750,000.00                  | 33,900.00           |                        |                    | 783,900.00                                   |
| <b>Totals</b>      | <b>\$3,915,000.00</b>       | <b>\$801,200.00</b> | <b>\$1,310,000.00</b>  | <b>\$84,290.68</b> | <b>\$6,110,490.68</b>                        |

#### **Deferred Inflows/Outflows on Refunding and Premiums/Discounts**

The Commission has premiums and deferred charges in connection with the issuance of the 2013 General Obligation Warrants, the 2014 General Obligation Exempt Warrants, the 2014 General Obligation Taxable Warrants, and the 2020 General Obligation Warrants. Premiums and deferred charges are being amortized using the straight-line method over periods of between eleven and fifteen years.

|  | Deferred Outflows on Refunding | Deferred Inflows on Refunding | Premium             |
|--|--------------------------------|-------------------------------|---------------------|
| Total Deferred Inflows and Outflows on Refunding and Premium   | \$ 82,025.31                   | \$ 53,766.87                  | \$535,017.80        |
| Amount Amortized in Prior Years                                | (56,743.57)                    | (37,194.85)                   | (91,425.30)         |
| Balance Deferred Inflows and Outflows on Refunding and Premium | 25,281.74                      | 16,572.02                     | 443,592.50          |
| Current Year Additions on Refunding and Premium                | (6,741.81)                     | (4,419.19)                    | (37,821.65)         |
| Balance Deferred Inflows and Outflows on Refunding and Premium | <b>\$ 18,539.93</b>            | <b>\$ 12,152.83</b>           | <b>\$405,770.85</b> |

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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#### **Note 10 – Landfill Closure and Postclosure Care Costs**

On October 12, 1993, the Calhoun County Landfill ceased accepting solid waste and closed. After closure, state and federal laws and regulations required that the landfill be monitored for ground water contamination for a period of up to 30 years. The Commission is also required to maintain the landfill, which involves erosion control, grassing, and grass cutting. The current estimated future cost of monitoring and upkeep is \$608,778.30. A re-evaluation was performed during fiscal year 2015 to estimate future costs based on a 20-year period beginning at the end of fiscal year 2015.

#### **Note 11 – Jacksonville State University Funding Agreement**

On December 30, 2015, the Commission entered into an agreement with Jacksonville State University to provide a total of \$200,000.00 in support of the university's capital improvement projects for JSU athletics. This amount is payable in installments of \$20,000.00 per year for a period of ten years beginning in fiscal year 2016, if and as the County budget allows.

#### **Note 12 – Project Grow Bama Funding Agreement**

In June 2016, the Commission entered into the Project Grow Bama Agreement with the Calhoun County Economic Development Council, the City of Oxford, Alabama and Kronospan, Inc. to provide a total of up to \$375,000.00 to the Calhoun County Economic Development Council for Kronospan, Inc. for the purpose of economic development. This amount is payable in installments of up to \$75,000.00 per year for a period of 5 years beginning in fiscal year 2019 and only if the "jobs target" is satisfied by the "jobs target date" as defined in the agreement. The final payment was made in fiscal year 2023.

#### **Note 13 – Risk Management**

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

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2023***

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

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). Employees may 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.

The Commission remains self-insured with regard to employee dental insurance. The dental plan is administered through Blue Cross. The Commission reimburses Blue Cross for the actual cost of approved dental claims. Blue Cross estimates the Commission's liability at the beginning of each year. Employee premiums, which are paid into the General Fund, are based on this estimate. The Commission does not provide matching funds for dental coverage. An estimate of the claim's liability is reported in the General Fund. These liabilities are based on estimates utilizing past experience.

The schedule below presents the changes in claims liabilities for the past three years for employee dental insurance.

|           | <b>Current Year<br/>Beginning of<br/>Fiscal Year<br/>Liability</b> | <b>Claims and<br/>Changes in<br/>Estimates</b> | <b>Balance<br/>of Claim<br/>Payments</b> | <b>Fiscal<br/>Year-End</b> |
|-----------|--|--|--|----------------------------|
| 2022-2023 | \$9,000.00   | \$107,958.47                                   | \$108,958.47                             | \$8,000.00                 |
| 2021-2022 | \$7,500.00   | \$124,058.75                                   | \$122,558.75                             | \$9,000.00                 |
| 2020-2021 | \$6,200.00   | \$102,997.09                                   | \$101,697.09                             | \$7,500.00                 |

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2023*

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#### **Note 14 – Interfund Transactions**

##### **Due To/From Other Funds**

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

|                              | Due To Other Funds |                   |                          |                          |                     | Enterprise Fund     | Totals |  |  |
|------------------------------|--------------------|-------------------|--------------------------|--------------------------|---------------------|---------------------|--------|--|--|
|                              | General Fund       | Reappraisal Fund  | Other Governmental Funds | Total Governmental Funds |                     |                     |        |  |  |
| <b>Due From Other Funds:</b> |                    |                   |                          |                          |                     |                     |        |  |  |
| Governmental Funds:          |                    |                   |                          |                          |                     |                     |        |  |  |
| Two-Cent Sales Tax Fund      | \$10,282.59        | \$1,399.69        | \$202,430.71             | \$214,112.99             | \$126,312.10        | \$340,425.09        |        |  |  |
| Total Governmental Funds     | <u>\$10,282.59</u> | <u>\$1,399.69</u> | <u>\$202,430.71</u>      | <u>\$214,112.99</u>      | <u>\$126,312.10</u> | <u>\$340,425.09</u> |        |  |  |

##### **Interfund Transfers**

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

|                          | Transfers In            |                          |                          |                     |                       | Enterprise Funds | Total |  |  |
|--------------------------|-------------------------|--------------------------|--------------------------|---------------------|-----------------------|------------------|-------|--|--|
|                          | Two-Cent Sales Tax Fund | Other Governmental Funds | Total Governmental Funds | Enterprise Funds    |                       |                  |       |  |  |
| <b>Transfers Out:</b>    |                         |                          |                          |                     |                       |                  |       |  |  |
| General Fund             |                         |                          |                          |                     |                       |                  |       |  |  |
| Two-Cent Sales Tax Fund  | \$1,000,000.00          | \$ 880,651.18            | \$1,880,651.18           | \$143,322.00        | \$2,023,973.18        |                  |       |  |  |
| Other Governmental Funds |                         | 729,392.94               | 729,392.94               |                     | 729,392.94            |                  |       |  |  |
| Total Governmental Funds | <u>\$1,000,000.00</u>   | <u>\$2,119,364.37</u>    | <u>\$3,119,364.37</u>    | <u>\$143,322.00</u> | <u>\$3,262,686.37</u> |                  |       |  |  |

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portion from the General Fund and the Two-Cent Sales Tax Fund to the Debt Service Funds to service current-year debt requirements.

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

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**Note 15 – Related Organizations**

A majority of the governing boards of the following agencies are appointed by the 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 entities, and they are not considered part of the Commission's financial reporting entity. These entities are considered related organizations of the Commission.

- ◆ Calhoun County E-911 District
- ◆ Calhoun County Water and Fire Protection Authority
- ◆ Reaves Road Community Foundation
- ◆ Calhoun County Agricultural Center Oversight Board
- ◆ Calhoun County Beautification Board
- ◆ District Attorney's Citizen's Advisory Council
- ◆ Calhoun County Department of Human Resources Board of Directors

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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          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total pension liability</b>   |               |               |               |               |               |               |               |               |               |
| Service cost   | \$ 1,072,538  | \$ 952,555    | \$ 875,805    | \$ 858,209    | \$ 789,258    | \$ 803,378    | \$ 798,893    | \$ 817,247    | \$ 843,981    |
| Interest   | 3,427,806     | 3,383,617     | 3,175,918     | 3,074,889     | 2,976,954     | 2,903,181     | 2,909,064     | 2,841,689     | 2,726,780     |
| Changes of benefit terms   | 33,269        |               | 609,934       |               |               |               |               |               |               |
| Differences between expected and actual experience                         | (291,651)     | (788,612)     | 934,576       | 46,993        | (246,537)     | 222,776       | (598,012)     | (428,464)     |               |
| Changes of assumptions   |               | 1,547,879     |               | 208,008       |               |               | 1,102,606     |               |               |
| Benefit payments, including refunds of employee contributions              | (3,102,597)   | (2,782,072)   | (2,604,188)   | (2,530,637)   | (2,549,264)   | (3,518,172)   | (2,504,533)   | (2,272,046)   | (1,996,746)   |
| Transfers among employers  | (184,069)     | (85,364)      | (205,718)     | (100,617)     | 333,592       | 56,290        | (104,096)     |               |               |
| Net change in total pension liability                                      | 955,296       | 2,228,003     | 2,786,327     | 1,348,837     | 1,512,011     | 467,453       | 1,603,922     | 958,426       | 1,574,015     |
| Total pension liability - beginning  | 47,562,114    | 45,334,111    | 42,547,784    | 41,198,947    | 39,686,936    | 39,219,483    | 37,615,561    | 36,657,135    | 35,083,120    |
| Total pension liability - ending (a)                                       | \$ 48,517,410 | \$ 47,562,114 | \$ 45,334,111 | \$ 42,547,784 | \$ 41,198,947 | \$ 39,686,936 | \$ 39,219,483 | \$ 37,615,561 | \$ 36,657,135 |
| <b>Plan fiduciary net position</b>   |               |               |               |               |               |               |               |               |               |
| Contributions - employer   | \$ 990,909    | \$ 933,931    | \$ 915,170    | \$ 983,047    | \$ 833,584    | \$ 840,302    | \$ 988,730    | \$ 928,243    | \$ 970,308    |
| Contributions - employee   | 761,032       | 699,867       | 670,752       | 738,786       | 578,540       | 548,167       | 573,305       | 534,456       | 543,118       |
| Net investment income  | (4,964,869)   | 7,305,923     | 1,844,791     | 834,939       | 2,826,878     | 3,630,372     | 2,764,839     | 329,108       | 3,050,991     |
| Benefit payments, including refunds of employee contributions              | (3,102,597)   | (2,782,072)   | (2,604,188)   | (2,530,637)   | (2,549,264)   | (3,518,172)   | (2,504,533)   | (2,272,046)   | (1,996,746)   |
| Transfers among employers  | (184,069)     | (85,364)      | (205,718)     | (100,617)     | 333,592       | 56,290        | (104,096)     | 13,664        | (197,687)     |
| Net change in plan fiduciary net position                                  | (6,499,594)   | 6,072,285     | 620,807       | (74,482)      | 2,023,330     | 1,556,959     | 1,718,245     | (466,575)     | 2,369,984     |
| Plan fiduciary net position - beginning                                    | 39,588,957    | 33,516,672    | 32,895,865    | 32,970,347    | 30,947,017    | 29,390,058    | 27,671,813    | 28,138,388    | 25,768,404    |
| Plan fiduciary net position - ending (b)                                   | \$ 33,089,363 | \$ 39,588,957 | \$ 33,516,672 | \$ 32,895,865 | \$ 32,970,347 | \$ 30,947,017 | \$ 29,390,058 | \$ 27,671,813 | \$ 28,138,388 |
| Net pension liability - ending (a) - (b)                                   | \$ 15,428,047 | \$ 7,973,157  | \$ 11,817,439 | \$ 9,651,919  | \$ 8,228,600  | \$ 8,739,919  | \$ 9,829,425  | \$ 9,943,748  | \$ 8,518,747  |
| Plan fiduciary net position as a percentage of the total pension liability | 68.20%        | 83.24%        | 73.93%        | 77.32%        | 80.03%        | 77.98%        | 74.94%        | 73.56%        | 76.76%        |
| Covered payroll (*)  | \$ 11,597,765 | \$ 11,370,240 | \$ 11,398,355 | \$ 10,867,949 | \$ 10,552,876 | \$ 10,105,950 | \$ 10,634,797 | \$ 10,498,529 | \$ 10,555,333 |
| Net pension liability as a percentage of covered payroll                   | 133.03%       | 70.12%        | 103.68%       | 88.81%        | 77.97%        | 86.48%        | 92.43%        | 94.72%        | 80.71%        |

(\*) 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**

|  | <b>2023</b>   | <b>2022</b>   | <b>2021</b>   | <b>2020</b>   | <b>2019</b>   | <b>2018</b>   | <b>2017</b>   | <b>2016</b>   | <b>2015</b>   | <b>2014</b>   |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution (*)                                  | \$ 1,076,468  | \$ 990,909    | \$ 933,931    | \$ 915,170    | \$ 983,047    | \$ 833,584    | \$ 840,302    | \$ 988,730    | \$ 928,243    | \$ 970,308    |
| Contributions in relation to the actuarially determined contribution (*) | \$ 1,076,468  | \$ 990,909    | \$ 933,931    | \$ 915,170    | \$ 983,047    | \$ 833,584    | \$ 840,302    | \$ 988,730    | \$ 928,243    | \$ 970,308    |
| Contribution deficiency (excess)   | \$            | \$            | \$            | \$            | \$            | \$            | \$            | \$            | \$            | \$            |
| Covered payroll (**)   | \$ 12,318,201 | \$ 11,597,765 | \$ 11,370,240 | \$ 11,398,355 | \$ 10,867,949 | \$ 10,552,876 | \$ 10,105,950 | \$ 10,634,797 | \$ 10,498,529 | \$ 10,555,333 |
| Contributions as a percentage of covered payroll                         | 8.74%         | 8.54%         | 8.21%         | 8.03%         | 9.05%         | 7.90%         | 8.31%         | 9.30%         | 8.84%         | 9.19%         |

**Notes to Schedule**

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

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

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry Age  |
| Amortization method           | Level percent closed   |
| Remaining amortization period | 23.5 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 |

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

(\*\*) Employer's covered payroll for fiscal year 2022 is the total covered payroll for the 12 month period of the underlying financial statement.

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

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

|   | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total OPEB Liability</b>   |               |               |               |               |               |               |
| Service cost  | \$ 619,709    | \$ 567,253    | \$ 397,328    | \$ 516,886    | \$ 593,540    | \$ 687,010    |
| Interest  | 256,074       | 233,748       | 239,008       | 507,083       | 448,646       | 389,581       |
| Changes in benefit terms  |               |               | 508,749       |               |               |               |
| Differences between expected and actual experience                        | (36,347)      | (124,877)     | (48,983)      | (5,289,720)   | 33,322        | 10,151        |
| Changes of assumptions or other inputs                                    | (2,659,575)   | 347,287       | 716,627       | 1,349,786     | (1,239,324)   | (1,549,664)   |
| Benefit payments (*)  | (297,661)     | (241,764)     | (200,524)     | (258,012)     | (286,394)     | (246,844)     |
| Net change in total OPEB Liability  | (2,117,800)   | 781,647       | 1,612,205     | (3,173,977)   | (450,210)     | (709,766)     |
| Total OPEB Liability - Beginning  | 11,478,722    | 10,697,075    | 9,084,870     | 12,258,847    | 12,709,057    | 13,418,823    |
| Total OPEB Liability - Ending   | \$ 9,360,922  | \$ 11,478,722 | \$ 10,697,075 | \$ 9,084,870  | \$ 12,258,847 | \$ 12,709,057 |
| Covered-employee payroll (**)   | \$ 10,933,908 | \$ 10,933,908 | \$ 11,181,142 | \$ 11,181,142 | \$ 9,911,401  | \$ 9,911,401  |
| Employer's net OPEB liability as a percentage of covered-employee payroll | 85.61%        | 104.98%       | 95.67%        | 81.25%        | 123.68%       | 128.23%       |

Notes to Schedule:

**Benefit Changes**. The County has elected Act 2019-132. Tier 2 employees must retire under the same eligibility requirements as Tier 1 employees to receive OPEB benefits.

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

(\*) Benefit payments are net of participant contributions, include an amount for the implicit subsidy, if applicable, and includes amounts paid outside an OPEB trust, if applicable.

(\*\*) For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

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

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

|  | <b>2023</b>       | <b>2022</b>       | <b>2021</b>       | <b>2020</b>       | <b>2019</b>       | <b>2018</b>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually determined contribution                                | \$ 347,067        | \$ 297,661        | \$ 241,764        | \$ 198,199        | \$ 258,012        | \$ 281,744        |
| Contributions in relation to the contractually required contribution | <u>\$ 347,067</u> | <u>\$ 297,661</u> | <u>\$ 241,764</u> | <u>\$ 198,199</u> | <u>\$ 258,012</u> | <u>\$ 281,744</u> |
| Contribution deficiency (excess)                                     | <u>\$</u>         | <u>\$</u>         | <u>\$</u>         | <u>\$</u>         | <u>\$</u>         | <u>\$</u>         |
| Covered-employee payroll   | \$ 10,933,908     | \$ 10,933,908     | \$ 10,933,908     | \$ 11,181,142     | \$ 11,181,142     | \$ 9,911,401      |
| Contributions as a percentage of covered-employee payroll            | 3.17%             | 2.72%             | 2.21%             | 1.77%             | 2.31%             | 2.84%             |

**Notes to Schedule:**

Valuation date: September 30, 2022

Contractually required contribution rates are calculated as of September 30, of the last day of the fiscal year in which contributions are reported. These amounts represent premiums paid by the Commission.

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   |            | Budget to GAAP Differences | Actual Amounts   |                  |
|---|------------------|------------------|------------------|------------|----------------------------|------------------|------------------|
|   | Original         | Final            | Budgetary Basis  | GAAP Basis |                            | GAAP Basis       |                  |
| <b>Revenues</b>                                   |                  |                  |                  |            |                            |                  |                  |
| Taxes   | \$ 10,809,428.00 | \$ 10,809,428.00 | \$ 11,466,550.94 | (2)        | \$ 3,982,163.50            | \$ 15,448,714.44 |                  |
| Licenses and Permits                              | 385,000.00       | 385,000.00       | 492,918.82       | (2)        | 29,260.97                  | 522,179.79       |                  |
| Intergovernmental                                 | 6,043,468.00     | 6,043,468.00     | 7,251,824.03     | (2)        | 29,307.39                  | 7,281,131.42     |                  |
| Charges for Services                              | 4,091,000.00     | 4,091,000.00     | 4,534,518.71     |            |                            | 4,534,518.71     |                  |
| Miscellaneous                                     | 657,840.00       | 975,568.08       | 2,460,179.84     | (2)        | 304,431.90                 | 2,764,611.74     |                  |
| Total Revenues                                    | 21,986,736.00    | 22,304,464.08    | 26,205,992.34    |            | 4,345,163.76               | 30,551,156.10    |                  |
| <b>Expenditures</b>                               |                  |                  |                  |            |                            |                  |                  |
| Current:  |                  |                  |                  |            |                            |                  |                  |
| General Government                                | 7,512,663.00     | 8,212,345.94     | 7,525,160.21     | (1) (3)    | 145,310.03                 | 7,670,470.24     |                  |
| Public Safety                                     | 12,909,275.00    | 13,750,060.71    | 13,046,049.94    |            | 33,009.00                  | 13,079,058.94    |                  |
| Sanitation  | 124,614.00       | 124,614.00       | 129,182.57       |            |                            | 129,182.57       |                  |
| Health  | 458,551.00       | 459,878.81       | 449,662.88       |            |                            | 449,662.88       |                  |
| Welfare   | 111,265.00       | 121,963.00       | 101,544.80       |            |                            | 101,544.80       |                  |
| Culture and Recreation                            | 488,920.00       | 494,390.90       | 616,744.26       |            |                            | 616,744.26       |                  |
| Education   | 120,221.00       | 120,221.00       | 164,372.95       |            |                            | 164,372.95       |                  |
| Capital Outlay                                    | 395,000.00       | 512,514.43       | 546,955.82       | (3)        |                            | 546,955.82       |                  |
| Debt Service:                                     |                  |                  |                  |            |                            |                  |                  |
| Principal Retirement                              | 95,000.00        | 95,000.00        | 95,000.00        |            |                            | 95,000.00        |                  |
| Total Expenditures                                | 22,215,509.00    | 23,890,988.79    | 22,674,673.43    |            |                            | 178,319.03       | 22,852,992.46    |
| Excess (Deficiency) of Revenues Over Expenditures | (228,773.00)     | (1,586,524.71)   | 3,531,318.91     |            |                            | 4,166,844.73     | 7,698,163.64     |
| <b>Other Financing Sources (Uses)</b>             |                  |                  |                  |            |                            |                  |                  |
| Transfers In                                      | 352,761.00       | 1,154,761.00     | 979,761.00       | (4)        | (979,761.00)               |                  |                  |
| Sale of Capital Assets                            |                  |                  | 37,321.45        |            |                            | 37,321.45        |                  |
| Transfers Out                                     | (655,515.00)     | (655,515.00)     | (727,674.79)     | (4)        | (1,296,298.39)             | (2,023,973.18)   |                  |
| Total Other Financing Sources (Uses)              | (302,754.00)     | 499,246.00       | 289,407.66       |            | (2,276,059.39)             | (1,986,651.73)   |                  |
| Net Change in Fund Balances                       | (531,527.00)     | (1,087,278.71)   | 3,820,726.57     |            |                            | 1,890,785.34     | 5,711,511.91     |
| Fund Balances - Beginning of Year                 | 531,527.00       | 1,087,278.71     | 25,278,752.90    | (5)        |                            | 4,683,006.13     | 29,961,759.03    |
| Fund Balances - End of Year                       | \$               | \$               | \$ 29,099,479.47 |            |                            | \$ 6,573,791.47  | \$ 35,673,270.94 |

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

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**Explanation of differences:**

Except for the following, the Commission budgets on the modified accrual basis of accounting (GAAP):

- (1) The Commission recognized expenditures for health insurance claims when paid in cash rather than when the liability was actually incurred. (Difference between Prior Year Estimated Liability \$9,000.00 and Current Year Estimated Liability \$8,000.00.)

\$ 1,000.00

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

(2) Revenues

|  |                 |              |
|--|-----------------|--------------|
| Public Roads, Buildings and Bridges Fund | \$ 4,315,856.37 |              |
| Federal Storm Disaster                   | 29,307.39       | 4,345,163.76 |

(3) Expenditures

|  |               |              |
|--|---------------|--------------|
| Public Roads, Buildings and Bridges Fund | \$ 146,310.03 |              |
| CDP Administration Fund                  | 33,009.00     | (179,319.03) |

(4) Other Financing Sources (Uses)

|   |  |                |
|---|--|----------------|
| Net Change in Fund Balance - Budget to GAAP |  | (2,276,059.39) |
|---|--|----------------|

\$ 1,890,785.34

- (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 effect of transactions such as those described above.

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

|   | Budgeted Amounts |                 | Actual Amounts<br>Budgetary Basis | Budget to GAAP<br>Differences | Actual Amounts<br>GAAP Basis |
|---|------------------|-----------------|-----------------------------------|-------------------------------|------------------------------|
|   | Original         | Final           |                                   |                               |                              |
| <b>Revenues</b>                                   |                  |                 |                                   |                               |                              |
| Taxes   | \$ 4,650,000.00  | \$ 4,650,000.00 | \$ 5,580,595.34                   | \$ (1) 137,829.87             | \$ 5,580,595.34              |
| Licenses and Permits                              |                  |                 | 16,154.02                         | (1) 3,909,728.24              | 137,829.87                   |
| Intergovernmental                                 |                  |                 |                                   | (1) 516,447.79                | 3,925,882.26                 |
| Licenses and Permits                              |                  |                 |                                   | (1) 1,655,808.00              | 516,447.79                   |
| Miscellaneous                                     | 101,750.00       | 421,897.54      | 696,315.23                        | (1) 2,352,123.23              |                              |
| Total Revenues                                    | 4,751,750.00     | 5,071,897.54    | 6,293,064.59                      | 6,219,813.90                  | 12,512,878.49                |
| <b>Expenditures</b>                               |                  |                 |                                   |                               |                              |
| Current:  |                  |                 |                                   |                               |                              |
| General Government                                |                  |                 |                                   | (2) 280,098.35                | 280,098.35                   |
| Highways and Roads                                | 3,016,785.00     | 6,003,312.51    | 2,593,831.06                      | (2) 5,864,466.40              | 8,458,297.46                 |
| Capital Outlay                                    |                  | 1,070,831.38    | 807,560.38                        | (2) 479,772.61                | 1,287,332.99                 |
| Total Expenditures                                | 3,016,785.00     | 7,074,143.89    | 3,401,391.44                      | 6,624,337.36                  | 10,025,728.80                |
| Excess (Deficiency) of Revenues Over Expenditures | 1,734,965.00     | (2,002,246.35)  | 2,891,673.15                      | (404,523.46)                  | 2,487,149.69                 |
| <b>Other Financing Sources (Uses)</b>             |                  |                 |                                   |                               |                              |
| Transfers In                                      |                  |                 |                                   | (3) 1,000,000.00              | 1,000,000.00                 |
| Sale of Capital Assets                            |                  |                 |                                   | (3) 195,299.00                | 195,299.00                   |
| Transfers Out                                     | (1,734,965.00)   | (2,134,965.00)  | (2,129,392.94)                    | (3) 1,400,000.00              | (729,392.94)                 |
| Total Other Financing Sources (Uses)              | (1,734,965.00)   | (2,134,965.00)  | (2,129,392.94)                    | 2,595,299.00                  | 465,906.06                   |
| Net Change in Fund Balances                       |                  | (4,137,211.35)  | 762,280.21                        | 2,190,775.54                  | 2,953,055.75                 |
| Fund Balances - Beginning of Year                 |                  | 4,137,211.35    | 7,843,233.34                      | (4) 3,449,330.45              | 11,292,563.79                |
| Fund Balances - End of Year                       | \$               | \$              | \$ 8,605,513.55                   | \$ 5,640,105.99               | \$ 14,245,619.54             |

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

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**Explanation of differences:**

Except for the following, the Commission budgets on the modified accrual basis of accounting (GAAP):

Some amounts are combined with the Two-Cent Sales Tax Fund for reporting purposes,  
but are budgeted separately.

|   |    |                     |                     |
|---|----|---------------------|---------------------|
| (1) Revenues                                  |    |                     |                     |
| Gasoline Tax Fund                             | \$ | 3,098,028.26        |                     |
| Public Highway and Traffic Fund               |    | 350,906.39          |                     |
| Construction Equipment Fund                   |    | 454,379.00          |                     |
| Severance Tax Fund                            |    | 21,310.04           |                     |
| County Rebuild Alabama Fund                   |    | 1,742,232.35        |                     |
| Federal Aid Exchange Fund                     |    | <u>552,957.86</u>   | \$ 6,219,813.90     |
| (2) Expenditures                              |    |                     |                     |
| Gasoline Tax Fund                             | \$ | 4,489,166.81        |                     |
| Construction Equipment Fund                   |    | 459,134.98          |                     |
| County Rebuild Alabama Fund                   |    | 1,411,839.51        |                     |
| Federal Aid Exchange Fund                     |    | <u>264,196.06</u>   | (6,624,337.36)      |
| (3) Other Financing Sources (Uses)            |    |                     | <u>2,595,299.00</u> |
| Net Increase in Fund Balance - Budget to GAAP | \$ | <u>2,190,775.54</u> |                     |

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

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

|   | <b>Budgeted Amounts</b> |                     | <b>Actual Amounts<br/>Budgetary Basis</b> | <b>Budget to GAAP<br/>Differences</b> | <b>Actual Amounts<br/>GAAP Basis</b> |
|---|-------------------------|---------------------|---|---------------------------------------|--------------------------------------|
|   | <b>Original</b>         | <b>Final</b>        |   |                                       |                                      |
| <b>Revenues</b>                                   |                         |                     |   |                                       |                                      |
| Taxes   | \$ 2,413,161.00         | \$ 2,413,161.00     | \$ 2,228,341.45                           | \$ 2,228,341.45                       | \$ 2,228,341.45                      |
| Intergovernmental                                 | 8,000.00                | 8,000.00            | 8,000.00                                  |                                       | 8,000.00                             |
| Miscellaneous                                     | 500.00                  | 500.00              | 46,080.18                                 |                                       | 46,080.18                            |
| <b>Total Revenues</b>                             | <b>2,421,661.00</b>     | <b>2,421,661.00</b> | <b>2,282,421.63</b>                       |                                       | <b>2,282,421.63</b>                  |
| <b>Expenditures</b>                               |                         |                     |   |                                       |                                      |
| Current:  |                         |                     |   |                                       |                                      |
| General Government                                | 2,309,661.00            | 2,309,661.00        | 2,215,997.13                              |                                       | 2,215,997.13                         |
| Capital Outlay                                    | 112,000.00              | 112,000.00          | 78,912.00                                 |                                       | 78,912.00                            |
| <b>Total Expenditures</b>                         | <b>2,421,661.00</b>     | <b>2,421,661.00</b> | <b>2,294,909.13</b>                       |                                       | <b>2,294,909.13</b>                  |
| Excess (Deficiency) of Revenues Over Expenditures |                         |                     | (12,487.50)                               |                                       | (12,487.50)                          |
| <b>Other Financing Sources (Uses)</b>             |                         |                     |   |                                       |                                      |
| Sale of Capital Assets                            |                         |                     | 12,487.50                                 |                                       | 12,487.50                            |
| <b>Total Other Financing Sources (Uses)</b>       |                         |                     | <b>12,487.50</b>                          |                                       | <b>12,487.50</b>                     |
| Net Change in Fund Balances                       |                         |                     |   |                                       |                                      |
| Fund Balances - Beginning of Year                 |                         |                     |   |                                       |                                      |
| Fund Balances - End of Year                       | \$                      | \$                  | \$  | \$                                    | \$                                   |

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

|   | <b>Budgeted Amounts</b> |                      | <b>Actual Amounts<br/>Budgetary Basis</b> | <b>Budget to GAAP<br/>Differences</b> | <b>Actual Amounts<br/>GAAP Basis</b> |
|---|-------------------------|----------------------|---|---------------------------------------|--------------------------------------|
|   | <b>Original</b>         | <b>Final</b>         |   |                                       |                                      |
| <b>Revenues</b>                                   |                         |                      |   |                                       |                                      |
| Intergovernmental                                 | \$ 10,000,000.00        | \$ 10,000,000.00     | \$ 4,276,039.73                           | \$ 4,276,039.73                       | \$ 4,276,039.73                      |
| Miscellaneous                                     |                         |                      | \$ 276,728.81                             |                                       | \$ 276,728.81                        |
| Total Revenues                                    | <u>10,000,000.00</u>    | <u>10,000,000.00</u> | <u>4,552,768.54</u>                       |                                       | <u>4,552,768.54</u>                  |
| <b>Expenditures</b>                               |                         |                      |   |                                       |                                      |
| Current:  |                         |                      |   |                                       |                                      |
| General Government                                |                         |                      | 7,234.90                                  |                                       | 7,234.90                             |
| Public Safety                                     | 10,000,000.00           | 10,000,000.00        | 2,188,702.59                              |                                       | 2,188,702.59                         |
| Sanitation  |                         |                      | 2,119.05                                  |                                       | 2,119.05                             |
| Culture and Recreation                            |                         |                      | 38,956.00                                 |                                       | 38,956.00                            |
| Capital Outlay                                    |                         | 3,562,235.00         | 2,039,027.19                              |                                       | 2,039,027.19                         |
| Total Expenditures                                | <u>10,000,000.00</u>    | <u>13,562,235.00</u> | <u>4,276,039.73</u>                       |                                       | <u>4,276,039.73</u>                  |
| Excess (Deficiency) of Revenues Over Expenditures |                         | (3,562,235.00)       | 276,728.81                                |                                       | 276,728.81                           |
| <b>Other Financing Sources (Uses)</b>             |                         |                      |   |                                       |                                      |
| Sale of Capital Assets                            |                         |                      |   |                                       |                                      |
| Transfers In                                      |                         |                      |   |                                       |                                      |
| Total Other Financing Sources (Uses)              |                         |                      |   |                                       |                                      |
| Net Change in Fund Balances                       |                         | (3,562,235.00)       | 276,728.81                                |                                       | 276,728.81                           |
| Fund Balances - Beginning of Year                 |                         | 3,562,235.00         |   |                                       |                                      |
| Fund Balances - End of Year                       | \$                      | \$                   | \$ 276,728.81                             | \$                                    | \$ 276,728.81                        |

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

|   | <b>Budgeted Amounts</b> |                      | <b>Actual Amounts<br/>Budgetary Basis</b> | <b>Budget to GAAP<br/>Differences</b> | <b>Actual Amounts<br/>GAAP Basis</b> |
|---|-------------------------|----------------------|---|---------------------------------------|--------------------------------------|
|   | <b>Original</b>         | <b>Final</b>         |   |                                       |                                      |
| <b>Revenues</b>                                   |                         |                      |   |                                       |                                      |
| Intergovernmental                                 | \$ 11,404,445.00        | \$ 11,404,445.00     | \$ 699,057.79                             | \$ 699,057.79                         | \$ 699,057.79                        |
| Miscellaneous                                     |                         |                      | \$ 458,594.55                             |                                       | \$ 458,594.55                        |
| Total Revenues                                    | <u>11,404,445.00</u>    | <u>11,404,445.00</u> | <u>1,157,652.34</u>                       |                                       | <u>1,157,652.34</u>                  |
| <b>Expenditures</b>                               |                         |                      |   |                                       |                                      |
| Current:  |                         |                      |   |                                       |                                      |
| Public Safety                                     | 11,404,445.00           | 11,404,445.00        | 699,057.79                                |                                       | 699,057.79                           |
| Total Expenditures                                | <u>11,404,445.00</u>    | <u>11,404,445.00</u> | <u>699,057.79</u>                         |                                       | <u>699,057.79</u>                    |
| Excess (Deficiency) of Revenues Over Expenditures |                         |                      | <u>458,594.55</u>                         |                                       | <u>458,594.55</u>                    |
| Net Change in Fund Balances                       |                         |                      | 458,594.55                                |                                       | 458,594.55                           |
| Fund Balances - Beginning of Year                 |                         |                      |   |                                       |                                      |
| Fund Balances - End of Year                       | \$                      | \$                   | \$ 458,594.55                             | \$                                    | \$ 458,594.55                        |

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## *Supplementary Information*

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

| <b>Federal Grantor/<br/>Pass-Through Grantor/<br/>Program Title</b>                        | <b>Federal<br/>Assistance<br/>Listing<br/>Number</b> | <b>Pass-Through<br/>Grantor's<br/>Number</b> | <b>Pass-Through<br/>to Subrecipient</b> | <b>Total<br/>Federal<br/>Expenditures</b> |
|--|--|--|---|---|
| <b>U. S. Department of Agriculture</b>   |  |  |   |   |
| <b>Passed Through Alabama Department of Finance</b>  |  |  |   |   |
| Schools and Roads - Grants to States   | 10.665   | N/A  | \$ 62,959.23                            | \$ 125,918.46                             |
| Total U. S. Department of Agriculture  |  |  | 62,959.23                               | 125,918.46                                |
| <b>U. S. Department of Housing and Urban Development</b>                                   |  |  |   |   |
| <b>Passed Through Alabama Department of Economic and Community Affairs</b>                 |  |  |   |   |
| Community Development Block Grants/State's Program and<br>Non-Entitlement Grants in Hawaii | 14.228   | CV-NC-20-039                                 |   | 5,802.25                                  |
| Total U. S. Department of Housing and Urban Development                                    |  |  |   | 5,802.25                                  |
| <b>U. S. Department of Interior</b>  |  |  |   |   |
| <b>Direct Program</b>  |  |  |   |   |
| Payments in Lieu of Taxes  | 15.226   | N/A  |   | 44,036.00                                 |
| Total U. S. Department of Interior   |  |  |   | 44,036.00                                 |
| <b>U. S. Department of Justice</b>   |  |  |   |   |
| <b>Direct Program</b>  |  |  |   |   |
| Treatment Court Discretionary Grant Program  | 16.585   | 2019-VC-BX-0019                              |   | 46,245.55                                 |
| <b>Passed Through Alabama Department of Economic and Community Affairs</b>                 |  |  |   |   |
| Violence Against Women Formula Grants  | 16.588   | 22-WF-PR-119                                 |   | 9,200.38                                  |
| Violence Against Women Formula Grants  | 16.588   | 23-WF-LE-115                                 |   | 35,913.80                                 |
| Sub-Total Violence Against Women Formula Grants  |  |  |   | 45,114.18                                 |
| <b>Passed Through City of Anniston</b>   |  |  |   |   |
| Edward Byrne Memorial Justice Assistance Grant Program                                     | 16.738   | 2020-H7396-AL-DJ                             |   | 13,336.80                                 |
| Total U. S. Department of Justice  |  |  |   | 104,696.53                                |
| <b>U. S. Department of the Treasury</b>  |  |  |   |   |
| <b>Direct Program</b>  |  |  |   |   |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds                                 | 21.027   | N/A  | 699,057.79                              | 4,975,097.52                              |
| Total U. S. Department of the Treasury   |  |  | 699,057.79                              | 4,975,097.52                              |
| Sub-Total Forward  |  |  | \$ 762,017.02                           | \$ 5,255,550.76                           |

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

| <b>Federal Grantor/<br/>Pass-Through Grantor/<br/>Program Title</b>               | <b>Federal<br/>Assistance<br/>Listing<br/>Number</b> | <b>Pass-Through<br/>Grantor's<br/>Number</b> | <b>Pass-Through<br/>to Subrecipient</b> | <b>Total<br/>Federal<br/>Expenditures</b> |
|---|--|--|---|---|
| Sub-Total Brought Forward   |  |  | \$ 762,017.02                           | \$ 5,255,550.76                           |
| <b><u>U. S. Department of Homeland Security</u></b>                               |  |  |   |   |
| <b><u>Passed Through Alabama Emergency Management Agency</u></b>                  |  |  |   |   |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)           | 97.036   | FEMA-4573-41-PA-AL                           |   | 2,422.41                                  |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)           | 97.036   | FEMA-4596-DR-AL                              |   | 25,469.98                                 |
| Sub-Total Disaster Grants - Public Assistance (Presidentially Declared Disasters) |  |  |   | 27,892.39                                 |
| Emergency Management Performance Grants   | 97.042   | 21EMPG                                       |   | 64,518.00                                 |
| Hazard Mitigation Grant Program   | 97.039   | HMGP-DR-4362-0003                            |   | 72,061.25                                 |
| Total U. S. Department of Homeland Security                                       |  |  |   | 164,471.64                                |
| Total Expenditures of Federal Awards  |  |  | \$ 762,017.02                           | \$ 5,420,022.40                           |

N/A = Not Available/Not Applicable

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

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# *Notes to the Schedule of Expenditures of Federal Awards*

## *For the Year Ended September 30, 2023*

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### **Note 1 – Basis of Presentation**

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

### **Note 2 – Summary of Significant Accounting Policies**

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

### **Note 3 – Indirect Cost Rate**

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

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## *Additional Information*

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

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| <b><u>Commission Members</u></b> |          | <b><u>Term Expires</u></b> |
|----------------------------------|----------|----------------------------|
| Hon. Danny Shears (3)            | Chairman | 2026                       |
| Hon. J. D. Hess                  | Member   | 2022                       |
| Hon. Fred Wilson (2)             | Chairman | 2026                       |
| Hon. Carolyn Henderson           | Member   | 2026                       |
| Hon. Lee Patterson (1)           | Chairman | 2026                       |
| Hon. Terry Howell                | Member   | 2026                       |

**Administrative Personnel**

|               |                         |            |
|---------------|-------------------------|------------|
| Mark E. Tyner | Administrator/Treasurer | Indefinite |
|---------------|-------------------------|------------|

**Note:**

This Commission has a rotating Chairman.

- (1) Chairman from January 27, 2022 through November 15, 2022.
- (2) Chairman from November 16, 2022 through September 3, 2023.
- (3) Chairman from September 4, 2023 through June 20, 2024.

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

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## **Independent Auditor's Report**

Members of the Calhoun County Commission and County Administrator  
Anniston, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun County Commission as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Calhoun County Commission's basic financial statements, and have issued our report thereon dated October 10, 2024.

## **Report on Internal Control Over Financial Reporting**

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

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

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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Calhoun 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

October 10, 2024

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

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**Independent Auditor's Report**

Members of the Calhoun County Commission and County Administrator  
Anniston, Alabama

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

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

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

**Basis for Opinion on Each Major Federal Program**

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

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

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

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## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

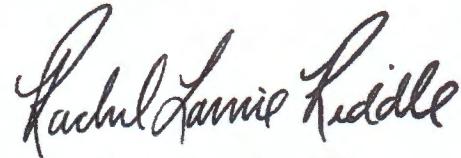
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

October 10, 2024

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

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**Section I – Summary of Examiner's Results**

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None reported

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

Unmodified

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

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

Yes  No

Identification of major federal programs:

| <b>Assistance Listing Number</b> | <b>Name of Federal Program or Cluster</b>                    |
|----------------------------------|--|
| 21.027                           | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds |

Dollar threshold used to distinguish between

Type A and Type B programs:

\$750,000.00

Auditee qualified as low-risk auditee?

Yes  No

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

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**Section II – Financial Statement Findings (GAGAS)**

No matters were reportable.

**Section III – Federal Awards Findings and Questioned Costs**

No matters were reportable.