



Clarke County Commission

Clarke County, Alabama

October 1, 2023 through September 30, 2024

Filed: September 19, 2025

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

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



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

Dear Madam:

An audit was conducted on the Clarke County Commission, Clarke County, Alabama, for the period October 1, 2023 through September 30, 2024. 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,

M. Lynn Benson
Examiner of Public Accounts

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Department of Examiners of Public Accounts

SUMMARY

Clarke County Commission October 1, 2023 through September 30, 2024

The Clarke County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Clarke County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 16. 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 Clarke County.

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

An unmodified opinion was issued on the financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2024.

An Alternative Compliance Examination Engagement on the Commission’s Coronavirus State and Local Fiscal Recovery Fund Program for the year ended September 30, 2024 was issued by the Department on May 30, 2025.

AUDIT FINDING

A problem was found with the Commission’s internal controls over financial reporting (Exhibit 17) and it is summarized below:

- ◆ 2024-001: The Commission failed to correctly record ad valorem property taxes receivable and the related deferred inflows of resources in the Reappraisal Fund.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 16, were invited to discuss the results of this report at an exit conference. Individuals in attendance were County Administrator Christy Roberts and Commissioners Rhondel B. Rhone, Jackie Ray Rush, Tyrone Moye and Barry Chancey. Representing the Department of Examiners of Public Accounts were Meagan McDonald, Audit Manager and Lynn Benson, Examiner.

Independent Auditor's Report

Independent Auditor's Report

Members of the Clarke County Commission and County Administrator
Grove Hill, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clarke County Commission, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Clarke County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 8.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clarke County Commission, as of September 30, 2024, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States (**Government Auditing Standards**). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Clarke 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the Clarke County Commission adopted new accounting guidance, GASB Statement Number 100, **Accounting Changes and Error Corrections**. Our opinion is not modified with respect to this matter.

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 of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clarke County Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- ◆ 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 Clarke 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.

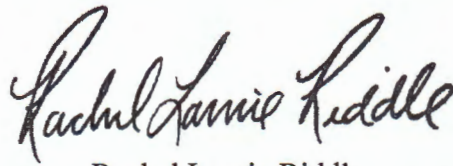
Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated August 18, 2025, on our consideration of the Clarke 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 Clarke 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 Clarke County Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rachel Laurie Riddle". The signature is written in a cursive, flowing style.

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

August 18, 2025

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Basic Financial Statements

Statement of Net Position

September 30, 2024

	Governmental Activities
<u>Assets</u>	
Cash and Cash Equivalents	\$ 22,766,348.68
Receivables (Note 4)	2,371,676.27
Ad Valorem Taxes Receivable	3,882,360.40
Capital Assets:	
Nondepreciable	2,117,653.46
Depreciable, Net	38,744,095.22
Total Assets	<u>69,882,134.03</u>
<u>Deferred Outflows of Resources</u>	
Unamortized Deferred Loss on Refunding	479,544.81
Employer Pension Contribution	450,749.10
Proportionate Share of Collective Deferred Outflows Related to Defined Benefit Pension Plan	1,430,927.00
Total Deferred Outflows of Resources	<u>2,361,220.91</u>
<u>Liabilities</u>	
Payables (Note 7)	473,011.47
Unearned Revenue	465,247.32
Accrued Wages Payable	301,207.08
Accrued Interest Payable	21,794.98
Long-Term Liabilities:	
Portion Due Within One Year:	
Warrants Payable	340,000.00
Compensated Absences	21,037.66
Unamortized Premium	23,958.84
Portion Payable After One Year:	
Warrants Payable	6,905,000.00
Compensated Absences	189,338.97
Unamortized Premium	308,336.43
Net Pension Liability	5,718,453.00
Total Liabilities	<u>14,767,385.75</u>
<u>Deferred Inflows of Resources</u>	
Unavailable Revenue - Property Taxes	3,882,360.40
Deferred Inflows Pension	98,829.00
Total Deferred Inflows of Resources	<u>\$ 3,981,189.40</u>

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

	Governmental Activities
<hr/>	
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 33,742,203.24
Restricted for:	
Highways and Roads	11,011,984.11
Debt Service	2,728.07
Capital Projects	2,178,634.25
Other Purposes	2,760,009.63
Unrestricted	<u>3,799,220.49</u>
Total Net Position	<u><u>\$ 53,494,779.79</u></u>

Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Primary Government					
<u>Governmental Activities:</u>					
General Government	\$ 6,410,573.89	\$ 981,553.43	\$ 4,302,497.03	\$ 277,332.84	\$ (849,190.59)
Public Safety	7,570,598.28	2,764,762.18	780,601.65		(4,025,234.45)
Highways and Roads	6,882,991.93	519,482.18	3,459,574.18		(2,903,935.57)
Sanitation	115,614.56	415.70			(115,198.86)
Health	214,101.12				(214,101.12)
Welfare	35,130.00		62,988.00		27,858.00
Education	64,980.34				(64,980.34)
Intergovernmental	90,143.05				(90,143.05)
Interest and Fiscal Charges	139,915.79				(139,915.79)
Total Governmental Activities	<u>\$ 21,524,048.96</u>	<u>\$ 4,266,213.49</u>	<u>\$ 8,605,660.86</u>	<u>\$ 277,332.84</u>	<u>(8,374,841.77)</u>
<u>General Revenues:</u>					
Taxes:					
Property Taxes for General Purposes					3,739,796.90
Property Taxes for Specific Purposes					853,185.97
General Sales Tax					3,173,614.64
Miscellaneous Tax					457,091.77
Investment Earnings					828,519.06
Gain on Sale of Capital Assets					656,341.86
Miscellaneous Revenue					189,546.86
Total General Revenues					<u>9,898,097.06</u>
Change in Net Position					1,523,255.29
Net Position - Beginning of Year					<u>51,971,524.50</u>
Net Position - End of Year					<u>\$ 53,494,779.79</u>

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

Balance Sheet
Governmental Fund
September 30, 2024

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Reappraisal Fund	ARPA Revenue Reduction Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 8,091,638.17	\$	\$ 3,218,470.62	\$ 212,399.60	\$ 319,206.27	\$ 10,924,634.02	\$ 22,766,348.68
Receivables (Note 4)	391,457.65	1,722,577.13	69,961.99	31.00		187,648.50	2,371,676.27
Due from Other Funds	261,671.54					292,461.00	554,132.54
Property Taxes Receivable	2,300,000.00	950,000.00		632,360.40			3,882,360.40
Total Assets	11,044,767.36	2,672,577.13	3,288,432.61	844,791.00	319,206.27	11,404,743.52	29,574,517.89
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Payables (Note 7)	329,730.91	46,268.47	56,208.46	3,671.00		37,132.63	473,011.47
Due to Other Funds	292,461.00	261,671.54					554,132.54
Unearned Revenues				190,855.01	274,392.31		465,247.32
Accrued Wages Payable	175,898.99	77,097.44		17,904.59		30,306.06	301,207.08
Total Liabilities	798,090.90	385,037.45	56,208.46	212,430.60	274,392.31	67,438.69	1,793,598.41
Deferred Inflows of Resources							
Unavailable Revenue Property Taxes	2,300,000.00	950,000.00		632,360.40			3,882,360.40
Total Deferred Inflows of Resources	2,300,000.00	950,000.00		632,360.40			3,882,360.40
Fund Balances							
Restricted for:							
Debt Service						2,728.07	2,728.07
Highways and Roads			3,232,224.15			7,779,759.96	11,011,984.11
Capital Projects						2,178,634.25	2,178,634.25
Other Purposes	1,319,554.16				44,813.96	1,376,182.55	2,740,550.67
Assigned to:							
Highways and Roads		1,337,539.68					1,337,539.68
Unassigned	6,627,122.30						6,627,122.30
Total Fund Balances	7,946,676.46	1,337,539.68	3,232,224.15		44,813.96	11,337,304.83	23,898,559.08
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,044,767.36	\$ 2,672,577.13	\$ 3,288,432.61	\$ 844,791.00	\$ 319,206.27	\$ 11,404,743.52	\$ 29,574,517.89

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

***Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
September 30, 2024***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 23,898,559.08

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. 40,861,748.68

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. 479,544.81

Deferred inflows and outflows of resources related to the pension plan are applicable to
future periods and, therefore, are not reported in the governmental funds. 1,782,847.10

Interest on long-term debt is not accrued in the funds but rather is recognized as an
expenditure when due. (21,794.98)

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:

	Due or Payable Within One Year	Due or Payable After One Year	
Warrants Payable	\$ 340,000.00	\$ 6,905,000.00	
Unamortized Premiums	23,958.84	308,336.43	
Estimated Liability for Compensated Absences	21,037.66	189,338.97	
Net Pension Liability		5,718,453.00	
Total Liabilities	\$ 384,996.50	\$ 13,121,128.40	
			<u>(13,506,124.90)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 53,494,779.79

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
For the Year Ended September 30, 2024

	General Funds	Gasoline Tax Fund	RRR Gasoline Tax Fund	Reappraisal Fund	ARPA Revenue Reduction Fund	Energy Savings Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$5,355,327.73	\$1,055,054.05	\$	\$ 647,025.98	\$	\$	\$	\$ 7,057,407.76
Licenses and Permits	20,158.33						65,414.79	85,573.12
Intergovernmental	2,378,539.48	946,795.33	753,989.98		3,608,964.16		2,290,073.48	9,978,362.43
Charges for Services	946,433.54	519,482.18					2,785,637.44	4,251,553.16
Miscellaneous	396,509.96	138,082.42	105,247.83	15,842.00	44,813.96		317,569.75	1,018,065.92
Total Revenues	9,096,969.04	2,659,413.98	859,237.81	662,867.98	3,653,778.12		5,458,695.46	22,390,962.39
Expenditures								
Current:								
General Government	3,627,799.74			622,795.98	1,334,875.16		11,243.58	5,596,714.46
Public Safety	4,238,522.87						2,917,273.34	7,155,796.21
Highways and Roads		2,722,726.13	987,244.28				1,926,045.05	5,636,015.46
Sanitation	111,612.06							111,612.06
Health	12,072.99						200,595.73	212,668.72
Welfare	35,130.00							35,130.00
Education	64,980.34							64,980.34
Intergovernmental	90,143.05							90,143.05
Capital Outlay	1,310,784.96	2,123,290.01		40,072.00	2,274,089.00	3,436,324.00	88,808.00	9,273,367.97
Debt Service:								
Principal Retirement							345,000.00	345,000.00
Interest and Fiscal Charges							103,825.00	103,825.00
Debt Issuance Costs						115,337.80		115,337.80
Total Expenditures	9,491,046.01	4,846,016.14	987,244.28	662,867.98	3,608,964.16	3,551,661.80	5,592,790.70	28,740,591.07
Excess (Deficiency) of Revenues Over Expenditures	(394,076.97)	(2,186,602.16)	(128,006.47)		44,813.96	(3,551,661.80)	(134,095.24)	(6,349,628.68)
Other Financing Sources (Uses)								
Transfers In	15,429.50						564,615.10	580,044.60
Proceeds from Issuance of Long-Term Debt						3,255,000.00		3,255,000.00
Premium from Issuance of Long-Term Debt						296,661.80		296,661.80
Sale of Capital Assets	75,895.09	1,845,026.16						1,920,921.25
Transfers Out	(547,924.10)						(32,120.50)	(580,044.60)
Total Other Financing Sources (Uses)	(456,599.51)	1,845,026.16				3,551,661.80	532,494.60	5,472,583.05
Net Change in Fund Balances	(850,676.48)	(341,576.00)	(128,006.47)		44,813.96		398,399.36	(877,045.63)
Fund Balances - Beginning of Year, as Previously Presented	8,797,352.94	1,679,115.68					14,299,136.09	24,775,604.71
Change within Financial Reporting Entity (Nonmajor to Major)			3,360,230.62				(3,360,230.62)	
Fund Balances - Beginning of Year, as Restated (Note 13)	8,797,352.94	1,679,115.68	3,360,230.62				10,938,905.47	24,775,604.71
Fund Balances - End of Year	\$7,946,676.46	\$1,337,539.68	\$3,232,224.15	\$	\$ 44,813.96	\$	\$ 11,337,304.83	\$ 23,898,559.08

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

***Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024***

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ (877,045.63)

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 \$9,273,367.97 exceeded Depreciation \$1,873,565.57 in the current period. 7,399,802.40

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the changes in net position differs from the change in fund balance by the book value of the capital assets sold. (1,264,579.39)

Repayment of debt 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. 345,000.00

Proceeds from debt issuance are reported as other financing sources in governmental funds and thus contributed to the changes in fund balance. However, in the Statement of Net Position, issuing debt increases long-term liabilities and does not affect the Statement of Activities.

Debt Issued	\$ (3,255,000.00)	
Premium on Debt Issued	<u>(296,661.80)</u>	
Total		(3,551,661.80)

The costs of deferred charges and discounts on the issuance of warrants are amortized over the life of the debt in the Statement of Activities.

Amortization of Loss on Early Retirement of Debt	\$ (47,954.48)	
Amortization of Premium on Debt Issued	<u>23,958.84</u>	
Total		(23,995.64)

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

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	\$	(9,697.72)	
Pension Expense, Current Year Change		(482,471.78)	
Increase in Accrued Interest Payable		<u>(12,095.15)</u>	
Total Additional Expenditures			<u>(504,264.65)</u>
Change in Net Position of Governmental Activities (Exhibit 2)			<u><u>\$ 1,523,255.29</u></u>

Statement of Fiduciary Net Position
September 30, 2024

	Custodial Funds
<hr/>	
<u>Assets</u>	
Cash	\$ 200,527.46
Accounts Receivable	407.06
Total Assets	<hr/> 200,934.52 <hr/>
<u>Liabilities</u>	
Accounts Payables	<hr/> 174,963.00
Total Liabilities	<hr/> 174,963.00 <hr/>
<u>Net Position</u>	
Held in Trust for Other Purposes	25,971.52
Total Net Position	<hr/> \$ 25,971.52 <hr/>

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, 2024

	Custodial Funds
<hr/>	
<u>Additions</u>	
Taxes	\$ 10,075,069.42
Charges for Services	1,610,545.23
Miscellaneous	157.51
Total Additions	<u>11,685,772.16</u>
<u>Deductions</u>	
Payments to Other Governmental Agencies	<u>11,686,726.41</u>
Total Deductions	<u>11,686,726.41</u>
Changes in Net Position	(954.25)
Net Position - Beginning of Year	<u>26,925.77</u>
Net Position - End of Year	<u><u>\$ 25,971.52</u></u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Clarke 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, the following entity is a component unit that has been included in the accompanying financial statements as blended component unit.

Blended Component Units

Blended component units are legally separate entities that exist solely to provide services (usually financing) exclusively to the County. The blended component unit is as follows:

- ◆ **E-911 Board** – The members of this Board are the Clarke County Commissioners. The revenues and expenditures of this Board are accounted for by the Commission and are for the purpose of maintaining a county-wide dispatching and emergency response system.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the County's share of statewide seven-cent gasoline tax. Revenues are earmarked for the construction and maintenance of county roads. This fund is also used to report the expenditure of special county property taxes for building and maintaining public buildings, roads and bridges; and to report revenues received for economic development.
- ◆ **RRR Gasoline Tax Fund** – This fund is used to account for the County's share of statewide Four-cent gasoline tax. These revenues are earmarked for the resurfacing, restoration and rehabilitation of county roads.
- ◆ **Reappraisal Fund** – This fund is used to account for property taxes and other revenues required to be expended for the costs of the property reappraisal program.

Notes to the Financial Statements

For the Year Ended September 30, 2024

- ◆ **ARPA Revenue Reduction Fund** – This fund is used to account for the expenditure of the American Rescue Plan Act of 2021 (“ARPA”) revenues received by the Commission. ARPA allows a county to use payments from the Fiscal Recovery Funds for the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.
- ◆ **Energy Savings Project Fund** – This fund is used to account for the proceeds of debt issuance to be expended for the costs of the energy savings projects at the county courthouse and jail.

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

Governmental Fund Types

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

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

1. Deposits

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.

2. Receivables

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

Millage rates for property taxes are levied by the Commission. Property is assessed for taxation as of October 1 of the preceding year based on the millage rates established by the 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.

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects.

3. Restricted Assets

Included in Cash and Cash Equivalents are certain obligation and revenue bonds that are considered restricted assets because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

4. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 50,000	40 years
Equipment and Furniture	\$ 5,000	5 – 10 years
Roads	\$250,000	20 years
Bridges	\$ 50,000	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.

5. Deferred Outflows of Resources

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

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond/Warrant premiums and discounts are deferred and amortized over the life of the bonds/warrants. Bonds/Warrants payable are reported gross with the applicable bond/warrant premium or discount reported separately. Bond/Warrant issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 debt service expenditures.

Notes to the Financial Statements

For the Year Ended September 30, 2024

7. Compensated Absences

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

Annual Leave

Employees earn annual leave according to the following schedule:

Completed Service	Earned Annual Leave
Less than 1 year	6.50 days per year
1 but less than 10 years	9.75 days per year
10 but less than 21 years	13.00 days per year
21 years or more	16.25 days per year

Employees may accumulate and carry up to 256 hours of annual leave forward. Accumulated leave in excess of 256 hours is forfeited by the employee. Upon separation from county service, an employee will be paid for their unused accrued annual leave. Such entitlement will be calculated on the basis of the daily pay rate at the time of separation multiplied by the number of days leave due.

Sick Leave

Eligible employees earn sick leave at the rate of 4 hours for each bi-weekly period of service. Eligible county employees may accumulate but are not to exceed a maximum of 90 days of sick leave. Upon separation, an employee is not paid for their accumulated sick leave. However, all individuals who are separated in good standing may receive up to ninety (90) days for unused sick leave accrued from prior employment if they are reinstated within twelve (12) calendar months from the effective date of their separation.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 and any overtime to be taken as compensatory leave must be taken in the calendar year in which it is earned. Under this provision, deputies may accrue compensatory leave, but it must be used in the calendar year in which it is earned and there is no provision to pay out any unused compensatory leave.

8. Deferred Inflows of Resources

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

9. Net Position/Fund Balances

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

- ◆ **Net Investment in Capital Assets** – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets plus or minus any deferred outflows of resources and deferred inflows of resources that are attributable to those assets or related debt. Any significant unspent related debt proceeds and any deferred outflows or inflows at year-end related to capital assets are not included in this calculation.
- ◆ **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. Assignments and Commitments of unrestricted net position should not be reported on the face of the Statement of Net Position

Notes to the Financial Statements

For the Year Ended September 30, 2024

Fund balance is reported 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 imposed by formal action 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.
- D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission or its designee makes the determination of the assigned 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, the Commission shall consider restricted amounts to be reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, the Commission shall consider committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets and the permanent fund, which is not budgeted. All annual appropriations lapse at fiscal year-end.

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 3 – Deposits

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

Note 4 – Receivables

On September 30, 2024, receivables for the Commission's individual major and other governmental funds in the aggregate are as follows:

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
<u>Receivables:</u>						
Accounts Receivable	\$ 319.70	\$	\$	\$	\$	\$ 319.70
Sales Tax Receivable	257,351.30					257,351.30
Intergovernmental	133,786.65	1,722,577.13	69,961.99		187,648.50	2,113,974.27
Other				31.00		31.00
Total Receivables	<u>\$391,457.65</u>	<u>\$1,722,577.13</u>	<u>\$69,961.99</u>	<u>\$31.00</u>	<u>\$187,648.50</u>	<u>\$2,371,676.27</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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, 2024, the various components of unearned revenue reported in the governmental funds were as follows:

	Unearned
Governmental Funds:	
Unspent American Rescue Plan Act Funds	\$274,392.31
Unexpended Reappraisal Funds	190,855.01
Total Unearned Revenue for Governmental Funds	<u>\$465,247.32</u>

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 10/01/2023	Additions	Retirements	Balance 09/30/2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,117,653.46	\$	\$	\$ 2,117,653.46
Total Capital Assets, Not Being Depreciated	<u>2,117,653.46</u>			<u>2,117,653.46</u>
Capital Assets Being Depreciated:				
Infrastructure	26,680,864.21			26,680,864.21
Buildings	15,313,204.25			15,313,204.25
Building Improvements	513,378.02	6,608,095.25		7,121,473.27
Equipment and Furniture	10,724,815.78	2,665,272.72	(1,997,557.76)	11,392,530.74
Total Capital Assets Being Depreciated	<u>53,232,262.26</u>	<u>9,273,367.97</u>	<u>(1,997,557.76)</u>	<u>60,508,072.47</u>
Less Accumulated Depreciation for:				
Infrastructure	(5,506,052.79)	(441,345.60)		(5,947,398.39)
Buildings	(9,238,602.13)	(322,056.80)		(9,560,658.93)
Building Improvements	(160,016.03)	(153,062.36)		(313,078.39)
Equipment and Furniture	(5,718,719.10)	(957,100.81)	732,978.37	(5,942,841.54)
Total Accumulated Depreciation	<u>(20,623,390.05)</u>	<u>(1,873,565.57)</u>	<u>732,978.37</u>	<u>(21,763,977.25)</u>
Total Capital Assets Being Depreciated, Net	<u>32,608,872.21</u>	<u>7,399,802.40</u>	<u>(1,264,579.39)</u>	<u>38,744,095.22</u>
Total Governmental Activities				
Capital Assets, Net	<u>\$ 34,726,525.67</u>	<u>\$ 7,399,802.40</u>	<u>\$(1,264,579.39)</u>	<u>\$ 40,861,748.68</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 527,999.98
Public Safety	253,978.14
Highways and Roads	1,086,152.56
Sanitation	4,002.49
Health	1,432.40
Total Depreciation Expense – Governmental Activities	<u>\$1,873,565.57</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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 618 employers adopted Act Number 2019-132, Acts of Alabama as of September 30, 2023.

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

The ERS serves approximately 884 local participating employers. The ERS membership includes approximately 113,079 participants. As of September 30, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	31,481
Terminated employees entitled to but not yet receiving benefits	2,350
Terminated employees not entitled to a benefit	20,556
Active Members	58,659
Post-DROP participants who are still active service	33
Total	<u>113,079</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

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, 2024, the Clarke County Commission's active employee contribution rate was 6.28% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 8.38% of pensionable payroll.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Clarke County Commission's contractually required contribution rate for the year ended September 30, 2024, was 9.85% of pensionable pay for Tier 1 employees, and 8.32% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, 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 \$450,749.10 for the year ended September 30, 2024.

B. Net Pension Liability

The Clarke County Commission's net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2022, rolled forward to September 30, 2023, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2022	\$15,631,476	\$16,486,161	\$16,486,161
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 through September 30, 2023	406,044	406,044	406,044
(d) Transfers Among Employers		317,896	317,896
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 through September 30, 2023	(1,028,669)	(1,028,669)	(1,028,669)
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	\$16,135,078	\$17,371,333	\$17,371,333
(g) Difference between Expected and Actual		\$ 1,236,255	
(h) Less Liability Transferred for Immediate Recognition		317,896	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		\$ 918,359	
(j) Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss			\$

Notes to the Financial Statements

For the Year Ended September 30, 2024

Actuarial Assumptions

The total pension liability as of September 30, 2023, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. 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 (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages <65, 96% ages ≥65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	15.00%	2.80%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	<u>100.00%</u>	
(*) Includes assumed rate of inflation of 2.00%.		

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, 2024

C. Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at September 30, 2022	\$15,631,476	\$10,331,777	\$ 5,299,699
Changes for the Year:			
Service cost	406,044		406,044
Interest	1,126,227		1,126,227
Differences between expected and actual experience	918,359		918,359
Contributions – employer		390,449	(390,449)
Contributions – employee		301,343	(301,343)
Net investment income		1,340,084	(1,340,084)
Benefit payments, including refunds of employee contributions	(1,028,669)	(1,028,669)	
Transfers among employers	317,896	317,896	
Net Changes	1,739,857	1,321,103	418,754
Balances at September 30, 2023	\$17,371,333	\$11,652,880	\$ 5,718,453

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Commission’s Net Pension Liability	\$7,584,176	\$5,718,453	\$4,144,762

Notes to the Financial Statements

For the Year Ended September 30, 2024

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, 2023. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2023. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended September 30, 2024, the Clarke County Commission recognized pension expense of \$916,067.00. At September 30, 2024, the Clarke County Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 779,602	\$98,829
Changes of assumptions	195,912	
Net difference between projected and actual earnings on pension plan investments	455,413	
Employer contributions subsequent to the measurement date	450,749	
Total	\$1,881,676	\$98,829

The \$450,749.10 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, 2025. 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, 2025	\$392,285
2026	\$357,650
2027	\$576,590
2028	\$ 5,573
2029	\$ 0
Thereafter	\$ 0

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 7 – Payables

On September 30, 2024, payables for the Commission's individual major funds and nonmajor governmental funds in the aggregate are as follows:

	Accounts Payable	Due to Other Governments	Total
<u>Governmental Funds:</u>			
General Fund	\$214,730.11	\$115,000.80	\$329,730.91
Gasoline Tax Fund	46,268.47		46,268.47
RRR Gasoline Tax Fund	56,208.46		56,208.46
Reappraisal Fund	3,671.00		3,671.00
Other Governmental Funds	37,132.63		37,132.63
Total Governmental Funds	<u>\$358,010.67</u>	<u>\$115,000.80</u>	<u>\$473,011.47</u>

Note 8 – Long-Term Debt

On August 21, 2021, the Commission issued \$4,860,000.00 in General Obligation Refunding Warrants, to provide funds to refund the County's General Obligation Warrants, Series 2012 and 2013, that had been used to construct and equip an addition to the courthouse. In the event of default, the rights of the holders of the General Obligation Refunding Warrants, Series 2021B, are subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

On April 11, 2024, the Commission issued \$3,255,000.00 in General Obligation Warrants, Series 2024. The purpose of these warrants was to finance the energy savings improvements at the county courthouse and jail, and to pay the costs of issuing the warrants. In the event of default, the rights of the holders of the General Obligation Refunding Warrants 2024, are subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The following is a summary of long-term obligations for the Commission for the year ended September 30, 2024:

	Debt Outstanding, 10/01/2023	Issued/ Increased	Repaid/ Decreased	Debt Outstanding, 09/30/2024	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Warrants Payable:					
General Obligation Refunding Warrants 2021A	\$1,760,000.00	\$	\$(155,000.00)	\$ 1,605,000.00	\$155,000.00
General Obligation Refunding Warrants 2021B	2,575,000.00		(190,000.00)	2,385,000.00	185,000.00
General Obligation Warrants 2024		3,255,000.00		3,255,000.00	
Add: Unamortized Premium	59,592.31	296,661.80	(23,958.84)	332,295.27	23,958.84
Total Warrants Payable	4,394,592.31	3,551,661.80	(368,958.84)	7,577,295.27	363,958.84
Other Liabilities:					
Compensated Absences	200,678.91	9,697.72		210,376.63	21,037.66
Net Pension Liabilities	5,299,699.00	418,754.00		5,718,453.00	
Total Other Liabilities	5,500,377.91	428,451.72		5,928,829.63	21,037.66
Total Governmental Activities Long-Term Liabilities	\$9,894,970.22	\$3,980,113.52	\$(368,958.84)	\$13,506,124.90	\$384,996.50

Payments on the warrants are made by Debt Service Funds by transfers from the General Fund.

The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund, Gasoline Tax Fund, Reappraisal Fund, and E-911 Fund.

The following is a schedule of debt service requirements to maturity

Fiscal Year Ending	Warrants Payable		Total Principal and Interest Requirements to Maturity
	Principal	Interest	
September 30, 2025	\$ 340,000.00	\$ 204,632.00	\$ 544,632.00
2026	490,000.00	198,756.00	688,756.00
2027	500,000.00	188,456.00	688,456.00
2028	520,000.00	178,888.35	698,888.35
2029	530,000.00	169,165.64	699,165.64
2030-2034	3,015,000.00	603,375.01	3,618,375.01
2035-2039	1,850,000.00	138,863.00	1,988,863.00
Total	\$7,245,000.00	\$1,682,136.00	\$8,927,136.00

Notes to the Financial Statements

For the Year Ended September 30, 2024

Deferred Charges on Refunding and Premium

The Commission has a deferred loss on refunding and a premium in association with the General Obligation Refunding Warrants, Series 2021 A & B. The deferred loss and premium, is being amortized using the straight-line method over 14 years. Additionally, the Commission has a deferred premium in association with the General Obligation Warrants, Series 2024 which is being amortized using the straight-line method over 15 years.

	Deferred Charges on Refunding	Premiums
Total Deferred Amounts	\$ 671,362.73	\$372,506.55
Amount Amortized Prior Years	(143,863.44)	(16,252.44)
Balance Deferred Amounts	527,499.29	356,254.11
Current Amount Amortized	(47,954.48)	(23,958.84)
Balance Deferred Amounts	\$ 479,544.81	\$332,295.27

Pledged Revenues

The Commission has pledged revenues from the Special Court fees authorized by Act 2002-252, Acts of Alabama, and as needed, tax revenues from the 2.5 mill ad valorem tax to repay \$1,995,000 in General Obligations Warrants, Series 2021A issued on August 21, 2021, to refund the Commission's General Obligations Warrants, Series 2012. Future revenues in the amount of \$1,739,925.02 are pledged to repay principal and interest on the warrants at September 30, 2024. Pledged revenue in the amount of \$91,890.24 in Special Court Fees and \$881,638.25 in ad valorem taxes were received during the fiscal year ended September 30, 2024, with \$177,325.00 being used to pay principal and interest payments during the fiscal year. Those warrants are scheduled to mature in the fiscal year 2034.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 9 – 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 purchased commercial 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.

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 10 – Interfund Transactions

Interfund Receivables and Payables

The amounts of interfund payables and receivables during the fiscal year ended September 30, 2024, were as follows:

	<u>Due from Other Funds</u>		
	General Fund	Other Governmental Funds	Totals
Due to Other Funds:			
General Fund	\$	\$292,461.00	\$292,461.00
Gasoline Tax Fund	261,671.54		261,671.54
Total Governmental Funds	<u>\$261,671.54</u>	<u>\$292,461.00</u>	<u>\$554,132.54</u>

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2024, were as follows:

	<u>Transfers Out</u>		
	General Fund	Other Governmental Funds	Totals
Transfers In:			
General Fund	\$	\$15,429.50	\$ 15,429.50
Other Governmental Funds	547,924.10	16,691.00	564,615.10
Total Governmental Funds	<u>\$547,924.10</u>	<u>\$32,120.50</u>	<u>\$580,044.60</u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 11 – Related Organizations

The Public Park and Recreation Board of Clarke County is considered a related organization because a majority of the respective members of the board is appointed by the Clarke County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship, for the organization and the organization is not considered part of the Commission's financial reporting entity. The organization is considered a related organization of the County Commission.

Note 12 – Tax Abatements

The Clarke County Commission enters into property tax abatement agreements with local businesses under the State Tax Incentive Reform Act of 1992, *Code of Alabama 1975*, Section 40-9B-(1-13). Under the Act, localities may grant property tax abatements for all state and local noneducational property taxes, all construction related transaction taxes, except those local construction taxes levied for educational purposes or for capital improvement for education, and/or all mortgage and recording taxes. The abatements may be granted to any business located within or promising to relocate to Clarke County. These programs have the stated purpose of increasing business activity and employment in the County.

The County also is subject to tax abatements granted by (1) the City of Jackson, (2) Industrial Development Board of Clarke County, (3) Industrial Development Board of the City of Jackson, (4) The Town of Fulton, and (5) Clarke County Commission. These programs have the stated purpose of increasing business activity and employment in the cities. Total property taxes abated, by the above, in the amount of \$935,790.50 are as follows:

Granting Jurisdiction	Type	Property Tax
City of Jackson	Steel, Paper and Wood Product Manufacturing	\$480,240.65
Clarke County Commission	Wood Product Manufacturing	415,862.07
Industrial Development Board of Clarke County	Wood Product Manufacturing	24,093.30
Industrial Development Board of the City of Jackson	Wood Product Manufacturing	10,424.48
Town of Fulton	Wood Product Manufacturing	5,170.00
Total		<u>\$935,790.50</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

- ◆ A 51.32 percent property tax abatement to a steel fabricating business, a paper manufacturing business, and a wood product manufacturing business for increasing the size of their facilities and increasing employment. The abatement amounted to \$480,240.65.
- ◆ A 44.44 percent property tax abatement to wood product manufacturing businesses for increasing the size of their facilities and increasing employment. The abatement amounted to \$415,862.07.

Note 13 – Restatements

During the fiscal year ended September 30, 2024, the Clarke County Commission adopted new accounting guidance by implementing the provisions of GASB Statement Number 100, ***Accounting Changes and Error Corrections***, which establishes criteria for identifying a change in a fund's presentation as major or nonmajor as an accounting change within a reporting entity. The implementation of this statement resulted in a restatement of beginning fund balance to reclassify funds previously reported as a nonmajor fund to major fund (the RRR Gasoline Tax Fund and the Reappraisal Fund).

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	RRR Gasoline Tax Fund	Other Governmental Funds
Fund Balances – September 30, 2023, as Previously Reported	\$	\$14,299,136.09
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	3,360,230.62	(3,360,230.62)
Fund Balances – September 30, 2023, as Restated	<u>\$3,360,230.62</u>	<u>\$10,938,905.47</u>

Note 14 – Subsequent Event

At its March 25, 2025, meeting, the Commission awarded a bid to resurface CR 15 for \$2,395,314.64 to APAC-Alabama, Inc.

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Required Supplementary Information

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Schedule Changes in the Net Pension Liability
For the Year Ended September 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>										
Service cost	\$ 406,044	\$ 349,270	\$ 299,314	\$ 307,780	\$ 327,159	\$ 307,117	\$ 326,951	\$ 323,779	\$ 295,641	\$ 302,057
Interest	1,126,227	1,125,958	1,092,023	1,051,895	1,017,105	1,019,072	1,002,639	937,592	873,863	837,076
Changes of benefit terms		10,151	222,872							
Differences between expected and actual experience	918,359	(66,981)	168,328	(248,755)	(80,624)	(435,169)	(152,041)	672,365	379,624	
Changes of assumptions			541,641			68,218		385,602		
Benefit payments, including refunds of employee contributions	(1,028,669)	(1,071,267)	(990,638)	(905,273)	(841,475)	(931,819)	(862,010)	(788,274)	(716,742)	(641,862)
Transfers among employees	317,896	(364,823)	(361,803)	358,167	61,559	(12,756)	(68,594)	(276,818)		
Net change in total pension liability	1,739,857	(17,692)	971,737	563,814	483,724	14,663	246,945	1,254,246	832,386	497,271
Total pension liability - beginning	15,631,476	15,649,168	14,677,431	14,113,617	13,629,893	13,615,230	13,368,285	12,114,039	11,281,653	10,784,382
Total pension liability - ending (a)	\$ 17,371,333	\$ 15,631,476	\$ 15,649,168	\$ 14,677,431	\$ 14,113,617	\$ 13,629,893	\$ 13,615,230	\$ 13,368,285	\$ 12,114,039	\$ 11,281,653
<u>Plan Fiduciary Net Position</u>										
Contributions - employer	\$ 390,449	\$ 384,029	\$ 291,339	\$ 306,797	\$ 300,803	\$ 330,918	\$ 278,150	\$ 295,711	\$ 279,468	\$ 281,941
Contributions - employee	301,343	288,626	222,328	213,268	211,688	211,495	206,482	245,543	190,867	241,143
Net investment income	1,340,084	(1,571,063)	2,377,839	602,204	267,520	910,865	1,165,289	886,003	105,238	955,650
Benefit payments, including refunds of employee contributions	(1,028,669)	(1,071,267)	(990,638)	(905,273)	(841,475)	(931,819)	(862,010)	(788,274)	(716,742)	(641,862)
Other (Transfers among employers)	317,896	(364,823)	(361,803)	358,167	61,559	(12,756)	(68,594)	(276,818)	218,360	30,159
Net change in plan fiduciary net position	1,321,103	(2,334,498)	1,539,065	575,163	95	508,703	719,317	362,165	77,191	867,031
Plan fiduciary net position - beginning	10,331,777	12,666,275	11,127,210	10,552,047	10,551,952	10,043,249	9,323,932	8,961,767	8,884,576	8,017,545
Plan fiduciary net position - ending (b)	\$ 11,652,880	\$ 10,331,777	\$ 12,666,275	\$ 11,127,210	\$ 10,552,047	\$ 10,551,952	\$ 10,043,249	\$ 9,323,932	\$ 8,961,767	\$ 8,884,576
County's net pension liability - ending (a) - (b)	\$ 5,718,453	\$ 5,299,699	\$ 2,982,893	\$ 3,550,221	\$ 3,561,570	\$ 3,077,941	\$ 3,571,981	\$ 4,044,353	\$ 3,152,272	\$ 2,397,077
County's net pension liability as a percentage of the total pension liability	67.08%	66.10%	80.94%	75.81%	74.77%	77.42%	73.76%	69.75%	73.98%	78.75%
Covered payroll (*)	\$ 4,713,645	\$ 4,651,340	\$ 4,352,919	\$ 4,289,854	\$ 4,126,462	\$ 4,134,356	\$ 3,980,207	\$ 3,968,853	\$ 3,822,939	\$ 3,721,035
County's net pension liability as a percentage of covered payroll	121.32%	113.94%	68.53%	82.76%	86.31%	74.45%	89.74%	101.90%	82.46%	64.42%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2024 the measurement period is October 1, 2022 through September 30, 2023. GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll beginning with fiscal year 2017.

Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (*)	\$ 450,749	\$ 340,449	\$ 384,029	\$ 291,339	\$ 306,797	\$ 300,803	\$ 330,918	\$ 278,150	\$ 295,711	\$ 279,468
Contributions in relation to the actuarially determined contribution (*)	\$ 450,749	\$ 340,449	\$ 384,029	\$ 291,339	\$ 306,797	\$ 300,803	\$ 330,918	\$ 278,150	\$ 295,711	\$ 279,468
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 5,380,000	\$ 4,713,645	\$ 4,651,340	\$ 4,352,919	\$ 4,289,854	\$ 4,126,462	\$ 4,134,356	\$ 3,980,207	\$ 3,968,853	\$ 3,822,939
Contributions as a percentage of covered payroll	8.38%	7.22%	8.26%	6.69%	7.15%	7.29%	8.00%	6.99%	7.45%	7.31%

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

(**) Employer's covered payroll for fiscal year 2024 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2024 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2023 to September 30, 2024:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	25 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
<u>Revenues</u>					
Taxes	\$ 5,442,294.00	\$ 5,442,294.00	\$ 5,355,327.73	\$	\$ 5,355,327.73
Licenses and Permits	18,000.00	18,000.00	20,158.33		20,158.33
Intergovernmental	1,989,943.00	1,989,943.00	2,378,539.48		2,378,539.48
Charges for Services	939,962.00	939,962.00	946,433.54		946,433.54
Miscellaneous	85,830.00	85,830.00	396,509.96		396,509.96
Total Revenues	8,476,029.00	8,476,029.00	9,096,969.04		9,096,969.04
<u>Expenditures</u>					
Current:					
General Government	3,804,375.00	3,804,375.00	3,627,799.74		3,627,799.74
Public Safety	3,717,216.00	3,717,216.00	4,238,522.87		4,238,522.87
Sanitation	178,093.00	178,093.00	111,612.06		111,612.06
Health	10,250.00	10,250.00	12,072.99		12,072.99
Welfare	14,000.00	14,000.00	35,130.00		35,130.00
Education	36,300.00	36,300.00	64,980.34		64,980.34
Intergovernmental	92,989.00	92,989.00	90,143.05		90,143.05
Capital Outlay	127,000.00	127,000.00	1,310,784.96		1,310,784.96
Total Expenditures	7,980,223.00	7,980,223.00	9,491,046.01		9,491,046.01
Excess (Deficiency) of Revenues Over Expenditures	495,806.00	495,806.00	(394,076.97)		(394,076.97)
<u>Other Financing Sources (Uses)</u>					
Transfers In	110,000.00	110,000.00	15,429.50		15,429.50
Proceeds from Sale of Capital Assets			75,895.09		75,895.09
Transfers Out	(605,806.00)	(605,806.00)	(547,924.10)		(547,924.10)
Total Other Financing Sources (Uses)	(495,806.00)	(495,806.00)	(456,599.51)		(456,599.51)
Net Change in Fund Balances			(850,676.48)		(850,676.48)
Fund Balances - Beginning of Year			8,797,352.94		8,797,352.94
Fund Balances - End of Year	\$	\$	\$ 7,946,676.46	\$	\$ 7,946,676.46

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
<u>Revenues</u>						
Taxes	\$	\$	\$	(1)	\$ 1,055,054.05	\$ 1,055,054.05
Intergovernmental	1,043,250.00	1,043,250.00	929,463.96	(1)	17,331.37	946,795.33
Charges For Services	380,000.00	380,000.00	519,482.18			519,482.18
Miscellaneous			87,696.37	(1)	50,386.05	138,082.42
Total Revenues	1,423,250.00	1,423,250.00	1,536,642.51		1,122,771.47	2,659,413.98
<u>Expenditures</u>						
Current:						
Highways and Roads	2,547,774.00	2,547,774.00	2,722,726.13			2,722,726.13
Capital Outlay	42,500.00	42,500.00	72,463.56	(2)	(2,050,826.45)	2,123,290.01
Total Expenditures	2,590,274.00	2,590,274.00	2,795,189.69		(2,050,826.45)	4,846,016.14
Excess (Deficiency) of Revenues Over Expenditures	(1,167,024.00)	(1,167,024.00)	(1,258,547.18)		(928,054.98)	(2,186,602.16)
<u>Other Financing Sources (Uses)</u>						
Transfers In	1,167,024.00	1,167,024.00	1,075,024.00	(3)	(1,075,024.00)	
Proceeds from Sale of Assets				(3)	1,845,026.16	1,845,026.16
Total Other Financing Sources (Uses)	1,167,024.00	1,167,024.00	1,075,024.00		770,002.16	1,845,026.16
Net Change in Fund Balances			(183,523.18)		(158,052.82)	(341,576.00)
Fund Balances - Beginning of Year			465,553.72	(4)	1,213,561.96	1,679,115.68
Fund Balances - End of Year	\$	\$	\$ 282,030.54		\$ 1,055,509.14	\$ 1,337,539.68

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2024

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

Some amounts are combined with the Gasoline Tax Fund for reporting purposes but are budgeted separately.

(1) Revenues	
Public Buildings, Roads and Bridges Fund	\$ 1,122,771.47
(2) Expenditures	
Public Buildings, Roads and Bridges Fund	(2,050,826.45)
(3) Other Financing Sources (Uses)	
Public Buildings, Roads and Bridges Fund	<u>770,002.16</u>
Net Change in Fund Balance - Budget to GAAP	<u><u>\$ (158,052.82)</u></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 - RRR Gasoline Tax Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
<u>Revenues</u>					
Intergovernmental	\$ 764,000.00	\$ 764,000.00	\$ 753,989.98	\$	\$ 753,989.98
Miscellaneous	8,000.00	8,000.00	105,247.83		105,247.83
Total Revenues	772,000.00	772,000.00	859,237.81		859,237.81
<u>Expenditures</u>					
Current:					
Highways and Roads	772,000.00	772,000.00	987,244.28		987,244.28
Total Expenditures	772,000.00	772,000.00	987,244.28		987,244.28
Excess (Deficiency) of Revenues Over Expenditures			(128,006.47)		(128,006.47)
Net Change in Fund Balances			(128,006.47)		(128,006.47)
Fund Balances - Beginning of Year, as Previously Presented					
Change within Financial Reporting Entity (Nonmajor to Major Fund)			3,360,230.62		3,360,230.62
Fund Balances - Beginning of Year, as Restated			3,360,230.62		3,360,230.62
Fund Balances - End of Year	\$	\$	\$ 3,232,224.15	\$	\$ 3,232,224.15

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
<u>Revenues</u>					
Taxes	\$ 848,597.00	\$ 848,597.00	\$ 647,025.98	\$	\$ 647,025.98
Miscellaneous			15,842.00		15,842.00
Total Revenues	848,597.00	848,597.00	662,867.98		662,867.98
<u>Expenditures</u>					
Current:					
General Government	804,597.00	804,597.00	622,795.98		622,795.98
Capital Outlay	44,000.00	44,000.00	40,072.00		40,072.00
Total Expenditures	848,597.00	848,597.00	662,867.98		662,867.98
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, 2024

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
<u>Revenues</u>					
Intergovernmental	\$ 3,878,481.00	\$ 3,878,481.00	\$ 3,608,964.16	\$	\$ 3,608,964.16
Miscellaneous			44,813.96		44,813.96
Total Revenues	3,878,481.00	3,878,481.00	3,653,778.12		3,653,778.12
<u>Expenditures</u>					
Current:					
General Government			1,334,875.16		1,334,875.16
Capital Outlay	3,878,481.00	3,878,481.00	2,274,089.00		2,274,089.00
Total Expenditures	3,878,481.00	3,878,481.00	3,608,964.16		3,608,964.16
Excess (Deficiency) of Revenues Over Expenditures			44,813.96		44,813.96
Net Change in Fund Balances			44,813.96		44,813.96
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$ 44,813.96	\$	\$ 44,813.96

Additional Information

Commission Members and Administrative Personnel
October 1, 2023 through September 30, 2024

Commission Members		Term Expires
Hon. Barry Chancey (*)	Chairman	2026
Hon. Rhondel B. Rhone	Member	2024
Hon. Jackie Ray Rush	Member	2024
Hon. Abbey Haag	Member	2026
Hon. Tyrone Moye	Member	2024

Administrative Personnel

Christy Roberts	County Administrator	Indefinite
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(*) Chairman rotates every nine months

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

Independent Auditor's Report

Members of the Clarke County Commission and County Administrator
Grove Hill, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clarke County Commission, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Clarke County Commission's basic financial statements, and have issued our report thereon dated August 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clarke 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 Clarke County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clarke 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described below as Finding 2024-001 to be a significant deficiency.

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

Finding 2024-001

Governmental Accounting Standards Board Statement Number 33 requires a receivable to be recorded for ad valorem property taxes in the period the taxes are levied. However, if amounts are not due and payable in that same period, the revenue should not be recognized. Instead, amounts should be reported as deferred inflows of resources. The Commission failed to correctly record ad valorem property taxes receivable and the related deferred inflows of resources in the Reappraisal Fund. Procedures were not in place to ensure that the amount of property taxes approved to be used for the property reappraisal program were correctly reported in the financial statements. As a result, the ad valorem property taxes receivable and the related deferred inflows were understated by \$378,778.68. When this was brought to the Commission's attention, management made the necessary adjustments to correct the financial statements.

Recommendation

Procedures should be implemented to ensure that ad valorem property taxes receivable and the related deferred inflows of resources are accurately reported in the financial statements.

Views of Responsible Officials

We respectfully disagree with the FY2024 audit finding, as similar minor adjustments to our financial statements have been made in prior years without any issue. At no point were we advised that such changes would constitute a formal finding.

Auditor Response

We appreciate the Commission's response. However, our audit position remains that the Commission should ensure accurate financial statements are prepared that correctly reflect financial activities. We reaffirm our finding.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clarke 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***.

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

Clarke County Commission's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Clarke County Commission's response to the finding identified in our audit. The Clarke County Commission's response to the finding identified in our audit is described in the accompanying Auditee Response. The Clarke County Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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

August 18, 2025

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Auditee Response



CLARKE COUNTY COMMISSION

COURTHOUSE

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GROVE HILL, ALABAMA 36451

(251) 275-3507

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Commissioners

Abbey Haag, District One

Jackie Ray Rush, District Two

Barry Chancey, District Three

Tyrone Moye, District Four

Rhondel B. Rhone, District Five

Christy Roberts

County Administrator

Lamar Johnson

Attorney

Auditee Response

For the Year Ended September 30, 2024

As required by the governmental auditing standards, the Clarke County Commission has prepared and hereby submits the following Auditee Response for the finding included in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters* for the year ended September 30, 2024.

Finding

Ref.

No.

Corrective Action Plan Details

2024-001

Finding:

Governmental Accounting Standards Board Statement Number 33 requires a receivable to be recorded for ad valorem property taxes in the period the taxes are levied. However, if amounts are not due and payable in that same period, the revenue should not be recognized. Instead, amounts should be reported as deferred inflows of resources. The Commission failed to correctly record ad valorem property taxes receivable and the related deferred inflows of resources in the Reappraisal Fund. Procedures were not in place to ensure that the amount of property taxes approved to be used for the property reappraisal program were correctly reported in the financial statements. As a result, the ad valorem property taxes receivable and the related deferred inflows were understated by \$378,778.68. When this was brought to the Commission's attention, management made the necessary adjustments to correct the financial statements.

Recommendation: Procedures should be implemented to ensure that ad valorem property taxes receivable and the related deferred inflows of resources are accurately reported in the financial statements.

Response/Views: We respectfully disagree with the FY2024 audit finding, as similar minor adjustments to our financial statements have been made in prior years without any issue. At no point were we advised that such changes would constitute a formal finding.

Corrective Action Planned: We are committed to transparency and will take all necessary steps to enhance the accuracy and integrity of our financial reporting.

Anticipated Completion Date: The correction was made immediately.

Contact Person(s): Christy Roberts, County Administrator.

Rhondel Rhone, Chairman
Clarke County Commission