



Geneva County Commission

Geneva County, Alabama

October 1, 2021 through September 30, 2022

Filed: September 12, 2025

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

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



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Rachel Laurie Riddle
Chief Examiner

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

Dear Madam:

An audit was conducted on the Geneva County Commission, Geneva County, Alabama, for the period October 1, 2021 through September 30, 2022, by Examiners Megan Salter and Alyssa Barnes. I, Megan Salter, served as Examiner-in-Charge on the engagement, and under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

Megan Salter

Megan Salter
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**Geneva County Commission
October 1, 2021 through September 30, 2022**

The Geneva County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Geneva County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 18. 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 Geneva 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 basic financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2022.

Financial statements for the fiscal year ending September 30, 2022, were not prepared by management until October 30, 2024. The Commission’s failure to prepare timely financial statements may impact the relevance of the financial information presented to users of the financial statements.

AUDIT FINDINGS

An instance of noncompliance with state laws and regulations and other matters was found during the audit as shown on the Schedule of State and Local Compliance and Other Findings and it is summarized below:

- ◆ 2022-001: The Commission failed to comply with advertising and bonding requirements of the ***Code of Alabama 1975***, Title 39 (Public Works Law).

A problem was found with the Commission's internal controls over financial reporting (Exhibit 19) and it is summarized below:

- ◆ 2022-002: The Commission did not have controls in place to ensure the financial statements were accurate and free of errors.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 18, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Cindy Williams, Chief Administrative Officer; Toby Seay, Probate Judge and Commission Chairman; and Commissioners Todd Brannon and Bart Wilks. Representing the Department of Examiners of Public Accounts were Lynn Otto, Audit Manager; Megan Salter, Examiner-in-Charge; and Alyssa Barnes, Examiner.

*Schedule of State and Local
Compliance and Other Findings*

Schedule of State and Local Compliance and Other Findings

October 1, 2021 through September 30, 2022

Ref. No.	Finding/Noncompliance
2022-001	<p><u>Finding:</u></p> <p>The <i>Code of Alabama 1975</i>, Title 39, commonly referred to as the Public Works Law, defines public works as, “The construction, installation, repair, renovation or maintenance of buildings, structures, sewers, waterworks, roads, curbs, gutters, side walls, bridges, docks, underpasses, and viaducts as well as any other improvement to be constructed, installed, repaired, renovated, or maintained on public property and to be paid, in whole or in part, with public funds or with financing to be retired with public funds in the form of lease payments or otherwise”. Public works contracts involving an amount in excess of one hundred thousand dollars (\$100,000) should be bid according to the provisions of the Public Works Law. The Geneva County Commission (the “Commission”) entered into a public works contract for hot asphalt plant mix totaling \$1,892,454.00. The Commission did not provide documentation to demonstrate the following requirements of the Public Works law were met:</p> <ul style="list-style-type: none">◆ Advertising of sealed bids at least once each week for three weeks in a newspaper in the county.◆ Advertising of sealed bids involving contracts estimated in excess of \$500,000 at least once in three newspapers of general circulation throughout the state.◆ Payment bond in an amount not less than 50% of the contract price.◆ Performance bond equal to 100% of the contract price. <p>The Commission did not have procedures in place to ensure all requirements of the Public Works Law were met. As a result, the Commission failed to comply with Title 39 regarding the advertising and bonding requirements of public works projects exceeding \$100,000.</p> <p><u>Recommendation:</u></p> <p>The Commission should ensure all public works projects are bid in accordance with the requirements of Title 39 (Public Works Law).</p>

Independent Auditor's Report

Independent Auditor's Report

Members of the Geneva County Commission and County Administrator
Geneva, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Geneva County Commission, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Geneva County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 11.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Geneva County Commission, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Geneva 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 Notes 5 and 9 to the financial statements, the Geneva County Commission adopted new accounting guidance GASB Statement Number 87, ***Leases***. Additionally, as discussed in Note 14 to the financial statements, the Geneva County Commission adopted new accounting guidance, GASB Statement Number 100, ***Accounting Changes and Error Corrections***. Our opinion is not modified with respect to these matters.

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 Geneva 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 of the financial statements.

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

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Geneva County Commission's internal control. Accordingly, no such opinion is expressed.

- ◆ evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Geneva 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.

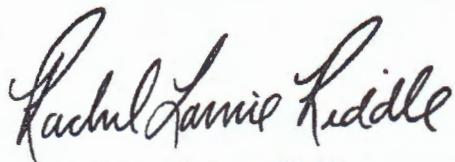
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Employer's Net Pension Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 17), 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 15, 2025, on our consideration of the Geneva County Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Geneva 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 Geneva County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

August 15, 2025

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Basic Financial Statements

Statement of Net Position

September 30, 2022

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 14,666,979.75	\$ 659,058.88	\$ 15,326,038.63
Receivables, Net (Note 4)	537,322.26	115,667.39	652,989.65
Ad Valorem Taxes Receivable	2,454,066.14		2,454,066.14
Inventories	258,765.47		258,765.47
Total Current Assets	<u>17,917,133.62</u>	<u>774,726.27</u>	<u>18,691,859.89</u>
<u>Noncurrent Assets</u>			
Capital Assets (Note 5):			
Nondepreciable	1,894,540.52		1,894,540.52
Depreciable, Net	19,140,085.27	486,833.77	19,626,919.04
Total Noncurrent Assets	<u>21,034,625.79</u>	<u>486,833.77</u>	<u>21,521,459.56</u>
Total Assets	<u>38,951,759.41</u>	<u>1,261,560.04</u>	<u>40,213,319.45</u>
<u>Deferred Outflows of Resources</u>			
Deferred Employer Pension Contributions	234,667.08	20,373.98	255,041.06
Deferred Outflows Related to Net Pension Liability	453,575.40	38,456.60	492,032.00
Total Deferred Outflows of Resources	<u>688,242.48</u>	<u>58,830.58</u>	<u>747,073.06</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	250,546.99	27,953.38	278,500.37
Unearned Revenue	4,905,625.50	136,634.34	5,042,259.84
Accrued Wages Payable	83,278.12	6,825.63	90,103.75
Accrued Interest Payable	71,457.24		71,457.24
Long-Term Liabilities (Note 9):			
Portion Due Within One Year:			
Warrants Payable	557,964.91		557,964.91
Notes from Direct Borrowings	1,199,056.58	65,530.34	1,264,586.92
Funding Agreement	372,613.66		372,613.66
Compensated Absences	18,486.16	1,901.92	20,388.08
Total Current Liabilities	<u>7,459,029.16</u>	<u>238,845.61</u>	<u>7,697,874.77</u>
<u>Noncurrent Liabilities</u>			
Long-Term Liabilities:			
Portion Due After One Year:			
Warrants Payable	3,205,386.97		3,205,386.97
Notes from Direct Borrowings	1,530,455.08	213,030.18	1,743,485.26
Funding Agreement	1,818,051.77		1,818,051.77
Compensated Absences	166,375.43	17,117.24	183,492.67
Net Pension Liability	1,377,009.94	114,106.06	1,491,116.00
Total Noncurrent Liabilities	<u>8,097,279.19</u>	<u>344,253.48</u>	<u>8,441,532.67</u>
Total Liabilities	<u>\$ 15,556,308.35</u>	<u>\$ 583,099.09</u>	<u>\$ 16,139,407.44</u>

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

	Governmental Activities	Business-Type Activities	Total
<u>Deferred Inflows of Resources</u>			
Unavailable Revenue - Property Taxes	\$ 2,454,066.14	\$	\$ 2,454,066.14
Revenue Received in Advance - Motor Vehicle Taxes	253,965.47		253,965.47
Deferred Inflows Related to Net Pension Liability	1,022,310.00	91,196.00	1,113,506.00
Total Deferred Inflows of Resources	3,730,341.61	91,196.00	3,821,537.61
<u>Net Position</u>			
Net Investment in Capital Assets	12,351,096.82	208,273.25	12,559,370.07
Restricted for:			
Debt Service	10,682.85		10,682.85
Capital Projects	3,896,450.62		3,896,450.62
Capital Improvements	1,732,259.95		1,732,259.95
Highways and Roads	1,546,535.45		1,546,535.45
Other Purposes	209,618.04		209,618.04
Unrestricted	606,708.20	437,822.28	1,044,530.48
Total Net Position	\$ 20,353,351.93	\$ 646,095.53	\$ 20,999,447.46

Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General Government	\$ 2,554,232.98	\$ 940,571.55	\$ 413,852.03	\$ (1,199,809.40)	\$ (3,226,829.40)		\$ (1,199,809.40)	
Public Safety	3,524,341.43	188,941.79	108,570.24				(3,226,829.40)	
Highways and Roads	5,530,964.61	89,600.58	3,392,175.22				(2,049,188.81)	
Sanitation	209,078.67	61,667.50	2,137.30				(145,273.87)	
Health	6,660.21		3,875.49				(2,784.72)	
Welfare	109,945.54	123.22	13,132.62				(96,689.70)	
Culture and Recreation	787.50	9.48	10.20				(767.82)	
Education	4,207.07	9.48	10.20				(4,187.39)	
Interest and Fiscal Charges	203,436.78						(203,436.78)	
Intergovernmental	15,300.00	156.39	168.34				(14,975.27)	
Total Governmental Activities	12,158,954.79	1,281,079.99	3,933,931.64				(6,943,943.16)	
Business-Type Activities								
Solid Waste	1,076,953.23	1,081,148.12					4,194.89	
Total Business-Type Activities	1,076,953.23	1,081,148.12					4,194.89	
Total	\$ 13,235,908.02	\$ 2,362,228.11	\$ 3,933,931.64	\$ (6,943,943.16)			\$ (6,939,748.27)	
General Revenues and Transfers:								
Taxes:								
Property Taxes for General Purposes				1,647,630.10			1,647,630.10	
Property Taxes for Specific Purposes				1,184,486.97			1,184,486.97	
County Sales and Use Taxes				2,863,142.36			2,863,142.36	
Miscellaneous Taxes				113,404.19			113,404.19	
Grants and Contributions Not Restricted for Specific Programs				1,489,570.05			1,489,570.05	
Investment Earnings				40,884.98	2,351.31		43,236.29	
Gain on Disposition of Capital Assets				315,729.05	117,265.60		432,994.65	
Miscellaneous				1,002,910.49	1,036.32		1,003,946.81	
Transfers				25,000.00	(25,000.00)			
Total General Revenues and Transfers				8,682,758.19	95,653.23		8,778,411.42	
Changes in Net Position								
Net Position - Beginning of Year				1,738,815.03	99,848.12		1,838,663.15	
Net Position - End of Year				18,614,536.90	546,247.41		19,160,784.31	
	\$ 20,353,351.93	\$ 646,095.53	\$ 20,999,447.46					

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

Balance Sheet
Governmental Funds
September 30, 2022

	General Fund	Gasoline Tax Fund	Jail Construction Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 2,287,209.12	\$ 268,515.35	\$ 3,918,487.60	\$ 4,831,945.61	\$ 3,360,822.07	\$ 14,666,979.75
Receivables (Note 4)	342,083.33	170,454.38	16,268.70		8,515.85	537,322.26
Ad Valorem Taxes Receivable	2,110,827.89				343,238.25	2,454,066.14
Inventories		258,765.47				258,765.47
Total Assets	<u>4,740,120.34</u>	<u>697,735.20</u>	<u>3,934,756.30</u>	<u>4,831,945.61</u>	<u>3,712,576.17</u>	<u>17,917,133.62</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	83,733.35	76,128.57	32,212.71	1,275.50	57,196.86	250,546.99
Unearned Revenues				4,830,670.11	74,955.39	4,905,625.50
Accrued Wages Payable	47,711.85	26,042.83	6,092.97		3,430.47	83,278.12
Total Liabilities	<u>131,445.20</u>	<u>102,171.40</u>	<u>38,305.68</u>	<u>4,831,945.61</u>	<u>135,582.72</u>	<u>5,239,450.61</u>
Deferred Inflows of Resources						
Unavailable Revenues - Property Taxes	2,110,827.89				343,238.25	2,454,066.14
Revenue Received in Advance - Motor Vehicle Taxes	253,965.47					253,965.47
Total Deferred Inflows of Resources	<u>2,364,793.36</u>				<u>343,238.25</u>	<u>2,708,031.61</u>
Fund Balances						
Nonspendable:						
Inventories		258,765.47				258,765.47
Restricted for:						
Debt Service					82,140.09	82,140.09
Capital Projects			3,896,450.62			3,896,450.62
Highways and Roads		336,798.33			1,209,737.12	1,546,535.45
Public Safety					100,262.93	100,262.93
Capital Improvements					1,732,259.95	1,732,259.95
Other Purposes					109,355.11	109,355.11
Unassigned	2,243,881.78					2,243,881.78
Total Fund Balances	<u>2,243,881.78</u>	<u>595,563.80</u>	<u>3,896,450.62</u>	<u>4,831,945.61</u>	<u>3,712,576.17</u>	<u>9,969,651.40</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,740,120.34</u>	<u>\$ 697,735.20</u>	<u>\$ 3,934,756.30</u>	<u>\$ 4,831,945.61</u>	<u>\$ 3,712,576.17</u>	<u>\$ 17,917,133.62</u>

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

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2022

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 9,969,651.40

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 the governmental funds. These assets consist of:

Land	\$ 1,705,289.30
Construction in Progress	189,251.22
Infrastructure	5,848,842.14
Buildings and Improvements	16,766,086.46
Equipment and Vehicles	7,689,241.96
Accumulated Depreciation	<u>(11,164,085.29)</u>
Total Capital Assets	21,034,625.79

Deferred outflows and inflows of resources related to the pension plan are applicable to future periods and, therefore, are not reported in the governmental funds. (334,067.52)

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

	Current Liabilities	Noncurrent Liabilities
Accrued Interest Payable	\$ 71,457.24	\$ 3,205,386.97
Warrants Payable	557,964.91	
Notes from Direct Borrowings	1,199,056.58	1,530,455.08
Funding Agreement	372,613.66	1,818,051.77
Compensated Absences	18,486.16	166,375.43
Net Pension Liability		1,377,009.94
Total Long-Term Liabilities	\$ 2,219,578.55	\$ 8,097,279.19 <u>(10,316,857.74)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 20,353,351.93

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

	General Fund	Gasoline Tax Fund	Jail Construction Fund	Coronavirus Rescue Act Fund	Formerly Major Fund Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 2,629,218.35	\$ 161,818.11	\$ 2,863,142.36	\$ 272,163.89	\$ 316,302.91	\$ 80,500.00	\$ 5,808,663.62
Licenses and Permits							242,318.11
Intergovernmental	1,497,773.68	1,061,227.70				2,657,906.28	5,489,071.55
Charges for Services	705,539.67		101,158.11			15,718.00	822,415.78
Miscellaneous	418,957.79	745,717.60	13,147.40			16,748.92	1,194,571.71
Total Revenues	5,413,307.60	1,806,945.30	2,977,447.87	272,163.89		3,087,176.11	13,557,040.77
Expenditures							
Current:							
General Government	1,994,598.66			184,151.20		348,257.46	2,527,007.32
Public Safety	2,158,291.98		1,021,291.92	49,066.73		84,272.80	3,312,923.43
Highways and Roads		2,057,160.81		25,203.91		2,671,129.49	4,753,494.21
Sanitation	199,578.07			11,637.55			211,215.62
Welfare	110,846.30			2,104.50			112,950.80
Culture and Recreation	787.50						787.50
Education	1,158.56						1,158.56
Intergovernmental	15,300.00						15,300.00
Capital Outlay	316,192.82	181,525.00	691,321.97			7,718.24	1,196,758.03
Debt Service:							
Principal Retirement	54,122.01	785,736.81	361,788.18			427,495.00	1,629,142.00
Interest and Fiscal Charges	5,727.99	59,233.36	73,160.99			77,941.11	216,063.45
Total Expenditures	4,856,603.89	3,083,655.98	2,147,563.06	272,163.89		3,616,814.10	13,976,800.92
Excess (Deficiency) of Revenues Over Expenditures	556,703.71	(1,276,710.68)	829,884.81			(529,637.99)	(419,760.15)
Other Financing Sources (Uses)							
Transfers In	25,000.00	418,000.00				245,415.84	688,415.84
Proceeds from Sale of Capital Assets	18,900.00	844,455.00					863,355.00
Long-Term Debt Issued	263,926.54						263,926.54
Transfers Out		(245,415.84)				(418,000.00)	(663,415.84)
Total Other Financing Sources (Uses)	307,826.54	1,017,039.16				(172,584.16)	1,152,281.54
Net Changes in Fund Balances	864,530.25	(259,671.52)	829,884.81			(702,222.15)	732,521.39
Fund Balances - Beginning of Year, as Previously Reported	1,379,351.53	855,235.32	3,066,565.81		1,655,755.91	2,280,221.44	9,237,130.01
Change within Financial Reporting Entity (Major to Nonmajor Fund)					(1,655,755.91)		1,655,755.91
Fund Balances - Beginning of Year, as Adjusted (Note 14)	1,379,351.53	855,235.32	3,066,565.81			3,935,977.35	9,237,130.01
Fund Balances - End of Year	\$ 2,243,881.78	\$ 595,563.80	\$ 3,896,450.62	\$	\$	\$ 3,233,755.20	\$ 9,969,651.40

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, 2022***

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 732,521.39

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 (\$1,196,758.03) exceeded depreciation (\$1,135,797.40) in the current period. 60,960.63

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 change in net position differs from the change in fund balances by this amount.

Sale of Capital Assets	\$ (863,355.00)
Gain on Disposition of Capital Assets	<u>315,729.05</u>
	<u>(547,625.95)</u>

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,629,142.00

Issuance of long-term debt provides current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Notes from Direct Borrowing	(263,926.54)
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Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These items consist of:

Accrued Interest Payable, Current Year Increase/(Decrease)	\$ (12,626.67)
Compensated Absences, Current Year Increase/(Decrease)	32,092.05
Pension Expense, Current Year Increase/(Decrease)	<u>(147,208.88)</u>
Total Additional Expenditures	<u>127,743.50</u>

Change in Net Position of Governmental Activities (Exhibit 2)	\$ 1,738,815.03
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The accompanying Notes to the Financial Statements are an integral part of this statement.

***Statement of Net Position
Proprietary Fund
September 30, 2022***

**Enterprise Fund
Solid Waste
Fund**

Assets

Current Assets

Cash and Cash Equivalents	\$ 659,058.88
Receivables, Net (Note 4)	115,667.39
Total Current Assets	<u>774,726.27</u>

Noncurrent Assets

Capital Assets (Note 5):	
Depreciable, Net	486,833.77
Total Noncurrent Assets	<u>486,833.77</u>
Total Assets	<u>1,261,560.04</u>

Deferred Outflows of Resources

Deferred Employer Pension Contributions	20,373.98
Deferred Outflows Related to Net Pension Liability	<u>38,456.60</u>
Total Deferred Outflows of Resources	<u>58,830.58</u>

Liabilities

Current Liabilities

Accounts Payable	27,953.38
Unearned Revenue	136,634.34
Accrued Wages Payable	6,825.63
Compensated Absences	1,901.92
Notes from Direct Borrowing	65,530.34
Total Current Liabilities	<u>238,845.61</u>

Noncurrent Liabilities

Compensated Absences	17,117.24
Notes from Direct Borrowing	213,030.18
Net Pension Liability	114,106.06
Total Noncurrent Liabilities	<u>344,253.48</u>
Total Liabilities	<u>583,099.09</u>

Deferred Inflows of Resources

Deferred Inflows Related to Benefit Pension Plans	91,196.00
Total Deferred Inflows of Resources	<u>91,196.00</u>

Net Position

Net Investment in Capital Assets	208,273.25
Unrestricted	<u>437,822.28</u>
Total Net Position	<u>\$ 646,095.53</u>

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

***Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended September 30, 2022***

	Enterprise Fund Solid Waste Fund
<u>Operating Revenues</u>	
Charges for Services	\$ 1,081,148.12
Total Operating Revenues	<u>1,081,148.12</u>
<u>Operating Expenses</u>	
Salaries and Benefits	427,888.97
Services Provided by Others	216,700.31
Materials and Supplies	35,927.81
Operating Leases/Rentals	3,074.76
Repairs and Maintenance	78,893.42
Utilities	291.54
Communications Services	15,402.31
Travel	31.36
Insurance	25,021.56
Depreciation	156,326.78
Miscellaneous	<u>109,280.60</u>
Total Operating Expenses	<u>1,068,839.42</u>
Operating Income (Loss)	<u>12,308.70</u>
<u>Nonoperating Revenues (Expenses)</u>	
Miscellaneous Revenue	1,036.32
Interest Revenue	2,351.31
Gain on Disposal of Capital Assets	117,265.60
Interest Expense	(8,113.81)
Total Nonoperating Revenues (Expenses)	<u>112,539.42</u>
Income (Loss) Before Transfers	<u>124,848.12</u>
<u>Transfers In/(Out)</u>	
Transfers Out	<u>(25,000.00)</u>
Total Transfers In/(Out)	<u>(25,000.00)</u>
Changes In Net Position	99,848.12
Net Position - Beginning of Year	<u>546,247.41</u>
Net Position - End of Year	<u>\$ 646,095.53</u>

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

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2022

	Enterprise Fund Solid Waste Fund
<u>Cash Flows from Operating Activities</u>	
Cash Received for Services	\$ 980,340.94
Cash Payments to Employees	(438,540.34)
Cash Payments for Goods and Services	<u>(479,513.12)</u>
Net Cash Flows Provided by Operating Activities	<u>62,287.48</u>
<u>Cash Flows from Capital and Noncapital Financing Activities</u>	
Miscellaneous Revenue	1,036.32
Proceeds from Sale of Capital Assets	205,500.00
Interest Payments for Capital Debt	(8,113.81)
Principal Payments for Capital Debt	(63,856.67)
Transfers to Governmental Funds	<u>(25,000.00)</u>
Net Cash Provided by Capital and Noncapital Financing Activities	<u>109,565.84</u>
<u>Cash Flows from Investing Activities</u>	
Interest Received	<u>2,351.31</u>
Net Cash Flows Provided by Investing Activities	<u>2,351.31</u>
Net Increase in Cash	174,204.63
Cash and Cash Equivalents - Beginning of Year	<u>484,854.25</u>
Cash and Cash Equivalents - End of Year	<u>659,058.88</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided (Used) by Operating Activities</u>	
Operating Income/(Loss)	12,308.70
<u>Adjustments to Reconcile Operating Income/(Loss) to Net Cash</u>	
<u>Provided (Used) for Operating Activities</u>	
Depreciation Expense	156,326.78
(Increase)/Decrease in Accounts Receivable	(57,737.60)
(Increase)/Decrease in Deferred Outflows Related to Pensions	2,970.22
Increase/(Decrease) in Accounts Payables	5,110.55
Increase/(Decrease) in Unearned Revenue	(43,069.58)
Increase/(Decrease) in Accrued Wages Payable	321.26
Increase/(Decrease) in Estimated Liability for Compensated Absences	1,613.15
(Increase)/Decrease in Deferred Inflows Related to Pensions	91,196.00
(Increase)/Decrease in Net Pension Liability	<u>(106,752.00)</u>
Total Adjustments	<u>49,978.78</u>
Net Cash Provided by Operating Activities	<u>\$ 62,287.48</u>

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

Statement of Fiduciary Net Position
September 30, 2022

	Custodial Funds
<u>Assets</u>	
Cash and Cash Equivalents	\$ 606,974.30
Receivables	706.83
Total Assets	<u>607,681.13</u>
<u>Liabilities</u>	
Payables	63.98
Due to External Parties	416,385.97
Total Liabilities	<u>416,449.95</u>
<u>Net Position</u>	
Held in Trust for Other Purposes	<u>\$ 191,231.18</u>

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

***Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022***

	Custodial Funds
Additions	
Contributions from:	
Taxes Collected For Other Entities	\$ 5,180,914.74
Motor Vehicle Licenses, Other Licenses and Permits	1,391,314.06
Manufactured Homes Registrations	12,604.50
Fees	14,738.01
Miscellaneous	231,902.76
Interest	1,322.47
Total Additions	<u>6,832,796.54</u>
Deductions	
Administrative Expenses:	
Taxes Paid to Other Entities	5,180,914.74
Licenses and Permits to Other Entities	1,403,918.56
General Government	207,846.11
Public Safety	24,605.19
Miscellaneous	189,911.17
Total Deductions	<u>7,007,195.77</u>
Changes in Net Position	(174,399.23)
Net Position - Beginning of Year	<u>365,630.41</u>
Net Position - End of Year	<u>\$ 191,231.18</u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Geneva 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 Geneva County 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.

Blended Component Units – Blended component units are legally separate entities that exist solely to provided services (usually financing) exclusively to the County. The blended component units are as follows:

- ♦ **Geneva County Public Building Authority** – The revenues and expenditures of this Authority are related to acquiring, constructing, equipping and maintaining the Geneva County jail.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also, the funds were used for the expenditure of building and maintaining public buildings, roads and bridges and expenditures associated with in-home healthcare services.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditures of the seven-cents State gasoline tax revenue for the construction, improvement, maintenance and supervision of highways, bridges and streets, and for the retirement of debt for which gasoline tax revenues have been pledged.
- ◆ **Jail Construction Fund** – This fund is used to account for financial resources received from a one percent sales tax revenue and expenditures associated with the construction of the new jail.
- ◆ **Coronavirus Rescue Act Fund** – This fund is used to account for federal revenues and related expenditures of the American Rescue Plan Act – State and Local Fiscal Recovery Funds.

Notes to the Financial Statements

For the Year Ended September 30, 2022

The Commission reports the following major enterprise fund:

- ◆ **Solid Waste Fund** – This fund is used to account for the cost of providing solid waste services to county residents.

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 Fund** – This fund is 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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. 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.

Notes to the Financial Statements

For the Year Ended September 30, 2022

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are charges between the government's solid waste function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

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

1. Deposits and Investments

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

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

2. Receivables

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

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects, amounts due from State for gasoline taxes and amounts due from cities for housing inmates and maintenance.

Receivables in the Solid Waste Fund are amounts due from customers at September 30th. These amounts are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is based upon past and present amounts billed and delinquent accounts.

Receivables from external parties are amounts that are being held in a trustee or custodial capacity by the fiduciary funds.

3. Inventories

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

4. Restricted Assets

Certain resources set aside for the repayment of warrants and proceeds from debt issuance, included on both the government-wide and governmental fund financial statements, are included in Cash and Cash Equivalents on the balance sheet because they are maintained in separate bank accounts and their use is limited by the debt covenant.

Notes to the Financial Statements

For the Year Ended September 30, 2022

5. Capital Assets

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

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 and proprietary statements are as follows:

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

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

6. Deferred Outflows of Resources

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

In the fund financial statements, governmental fund types report the face amount of the debt issued as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Compensated Absences

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

Annual Leave

Annual leave accrues to permanent full-time employee according to the following schedule:

Completed Service	Earned Leave Per Year
Zero to Two Years	5 days
Over Two to Five Years	7 days
Over Five to Ten Years	10 days
Over Ten to Fifteen Years	12 days
Over Fifteen Years	15 days

Annual leave earned but not used may be accumulated for carry-over up to a maximum of twenty days. Annual leave earned in excess of the 20-day maximum can be paid out, upon request after December 31. This payout cannot exceed eighty hours. If not requested, it is forfeited by the employee. Upon separation from the county service, employees are paid at their regular rate of pay for their unused annual leave.

Notes to the Financial Statements

For the Year Ended September 30, 2022

Sick Leave

Sick leave shall be earned at the rate of one (1) workday per month. Sick leave earned during the calendar year but not used may be accumulated up to a maximum of two thousand eighty (2080) hours, (1-year or 52 weeks). Sick leave can be counted towards retirement service, but the balances are not paid to employees who separate from the County. All unused sick leave is forfeited upon separation and is not compensated to the employee.

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. Employees that accrue compensatory leave have three months to use it or it will be paid. Compensatory time will be used for an absence before annual leave (vacation) is granted for use, unless such use of compensatory time will cause the employee to lose annual leave at the end of the year.

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.

9. Deferred Inflows of Resources

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

10. Net Position/Fund Balances

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

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

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

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

E. Pensions

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund with the exception of ad valorem taxes, which are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. All other governmental funds adopt budgets on the modified accrual basis of accounting, with the exception of the Capital Projects Fund, which adopts project-length budget.

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

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

Note 3 – Deposits

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.

Notes to the Financial Statements ***For the Year Ended September 30, 2022***

Note 4 – Receivables

On September 30, 2022, receivables for the Commission's individual major funds, proprietary fund and other governmental funds in the aggregate are as follows:

	Accounts Receivable	Intergovernmental	Total Receivables
Governmental Activities:			
General Fund	\$ 342,083.33		\$ 342,083.33
Gasoline Tax Fund	170,454.38		170,454.38
Jail Construction Fund	16,268.70		16,268.70
Other Governmental Funds	8,515.85		8,515.85
Total Governmental Activities	537,322.26		537,322.26
Business-Type Activities:			
Solid Waste Fund:			
Customer Receivables	220,093.35	142.00	220,235.35
Less: Allowance for Doubtful Accounts	(104,567.96)		(104,567.96)
Net Receivables, Business-Type Activities	\$ 115,525.39	\$ 142.00	\$ 115,667.39

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, 2022, the various components of unearned revenues reported in the governmental funds were as follows:

	Unearned Revenue
Grant Funds Received Prior to Meeting Eligibility Requirements – Coronavirus Rescue Act Funds	\$4,830,670.11
Unexpended Reappraisal Funds	74,955.39
Total Unearned Revenue for Governmental Funds	\$4,905,625.50

Notes to the Financial Statements

For the Year Ended September 30, 2022

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	Balance 10/01/2021	Additions/ Reclassifications (*)	Retirements/ Reclassifications (*)	Balance 09/30/2022
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,705,289.30	\$	\$	\$ 1,705,289.30
Construction in Progress	13,310,620.19	793,408.37	(13,914,777.34)	189,251.22
Total Capital Assets, Not Being Depreciated	<u>15,015,909.49</u>	<u>793,408.37</u>	<u>(13,914,777.34)</u>	<u>1,894,540.52</u>
Capital Assets Being Depreciated:				
Infrastructure	5,848,842.14			5,848,842.14
Buildings and Improvements	3,119,731.13	13,914,777.34	(268,422.01)	16,766,086.46
Equipment and Vehicle	6,854,676.34	1,629,293.66	(794,728.04)	7,689,241.96
Equipment Under Capital Lease	1,225,944.00		(1,225,944.00)	
Total Capital Assets Being Depreciated	<u>17,049,193.61</u>	<u>15,544,071.00</u>	<u>(2,289,094.05)</u>	<u>30,304,170.56</u>
Less Accumulated Depreciation for:				
Infrastructure	(2,847,595.03)	(191,113.75)		(3,038,708.78)
Buildings and Improvements	(1,997,097.69)	(189,380.20)	88,579.26	(2,097,898.63)
Equipment and Vehicles	(5,576,524.87)	(877,897.85)	426,944.84	(6,027,477.88)
Equipment Under Capital Lease	(122,594.40)		122,594.40	
Total Accumulated Depreciation	<u>(10,543,811.99)</u>	<u>(1,258,391.80)</u>	<u>638,118.50</u>	<u>(11,164,085.29)</u>
Total Capital Assets Being Depreciated, Net	<u>6,505,381.62</u>	<u>14,285,679.20</u>	<u>(1,650,975.55)</u>	<u>19,140,085.27</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 21,521,291.11</u>	<u>\$15,079,087.57</u>	<u>\$ (15,565,752.89)</u>	<u>\$ 21,034,625.79</u>
(*) Capital Assets previously reported as Construction in Progress totaling \$13,914,777.34 were reclassified to Buildings and Improvements. In addition, due to the implementation of GASB 87, Leases , Capital Assets previously reported as Equipment Under Capital Lease totaling \$1,225,944.00 and the related accumulated depreciation of \$122,594.40 were reclassified to Equipment and Vehicle and to its related accumulated depreciation, respectively.				

	Balance 10/01/2021	Additions	Retirements	Balance 09/30/2022
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$1,497,533.49	\$	\$(354,782.00)	\$1,142,751.49
Total Capital Assets Being Depreciated	<u>1,497,533.49</u>		<u>(354,782.00)</u>	<u>1,142,751.49</u>
Less Accumulated Depreciation for:				
Equipment	(766,138.54)	(156,326.78)	266,547.60	(655,917.72)
Total Accumulated Depreciation	<u>(766,138.54)</u>	<u>(156,326.78)</u>	<u>266,547.60</u>	<u>(655,917.72)</u>
Total Capital Assets Being Depreciated, Net	<u>731,394.95</u>	<u>(156,326.78)</u>	<u>(88,234.40)</u>	<u>486,833.77</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 731,394.95</u>	<u>\$ (156,326.78)</u>	<u>\$ (88,234.40)</u>	<u>\$ 486,833.77</u>

Notes to the Financial Statements

For the Year Ended September 30, 2022

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	\$ 49,341.05
Public Safety	251,093.72
Highway and Roads	824,732.47
Sanitation	921.44
Health	6,660.21
Education	3,048.51
Total Depreciation Expense – Governmental Activities	<u>\$1,135,797.40</u>

	Current Year Depreciation Expense
Business-Type Activities:	
Sanitation	\$156,326.78
Total Depreciation Expense – Business-Type Activities	<u>\$156,326.78</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 plan (the "Plan"), was established October 1, 1945 under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing 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. Effective October 1, 2021, 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, 2022

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 full time employee of a participating municipality or city in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
 - d. One full time employee of a participating county in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
 - e. One full time employee or retiree of a participating employer in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
 - f. One full time 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, 2022

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 guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. 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. 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 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 590 employers adopted Act Number 2019-132, Acts of Alabama.

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 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	29,727
Terminated employees entitled to but not yet receiving benefits	2,130
Terminated employees not entitled to a benefit	16,415
Active Members	56,184
Post-DROP participants who are still in active service	54
Total	104,510

Notes to the Financial Statements

For the Year Ended September 30, 2022

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 firefighters and law enforcement officers 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, 2022, the Geneva County Commission's active employee contribution rate was 7.51% of covered payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 6.45% of pensionable payroll.

Notes to the Financial Statements

For the Year Ended September 30, 2022

The Geneva County Commission's contractually required contribution rate for the year ended September 30, 2022, was 6.40% of pensionable pay for Tier 1 employees, and 7.05% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, 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 \$255,041.06 for the year ended September 30, 2022.

B. Net Pension Liability

The Geneva County Commission's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward			
	Expected	Actual Before Act 2019-132	Actual After Act 2019-132	Actual After 2020 Experience Study
(a) Total Pension Liability as of September 30, 2020	\$12,962,498	\$12,681,907	\$12,681,907	\$13,132,169
(b) Discount Rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 through September 30, 2021	334,040	334,040	334,040	357,214
(d) Transfers Among Employers		(22,077)	(22,077)	(22,077)
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 through September 30, 2021	(793,699)	(793,699)	(793,699)	(793,699)
(f) Total Pension Liability as of September 30, 2021 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$13,470,394</u>	<u>\$13,146,121</u>	<u>\$13,146,121</u>	<u>\$13,622,389</u>
(g) Difference between Expected and Actual		\$ (324,273)		
(h) Less Liability Transferred for Immediate Recognition:		<u>(22,077)</u>		
(i) Difference between Expected and Actual – Experience (Gain)/Loss		<u>\$ (302,196)</u>		
(j) Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss		<u>\$</u>		
(k) Difference between Actual TPL Before and After 2020 Experience Study – Assumption Change (Gain)/Loss		<u>\$ 476,268</u>		

Notes to the Financial Statements ***For the Year Ended September 30, 2022***

Actuarial Assumptions

The total pension liability as of September 30, 2021, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. 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 (*)	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	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	Below Median 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, 2020 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, 2022

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, 2022

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, 2020	\$ 12,962,498	\$10,167,944	\$2,794,554
Changes for the Year:			
Service cost	334,040		334,040
Interest	967,555		967,555
Changes in assumptions	476,268		476,268
Differences between expected and actual experience	(302,196)		(302,196)
Contributions – employer		217,078	(217,078)
Contributions – employee		333,521	(333,521)
Net investment income		2,228,506	(2,228,506)
Benefit payments, including refunds of employee contributions	(793,699)	(793,699)	
Transfers among employers	(22,077)	(22,077)	
Net Changes	659,891	1,963,329	(1,303,438)
Balances at September 30, 2021	\$13,622,389	\$12,131,273	\$1,491,116

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 Rate (7.45%)	1% Increase (8.45%)
Commission's Net Pension Liability	\$2,934,431	\$1,491,116	\$258,188

Notes to the Financial Statements

For the Year Ended September 30, 2022

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2021. The auditor's report dated August 19, 2022 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, 2022, the Geneva County Commission recognized pension expense of \$74,851.00. At September 30, 2022, the Geneva 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	\$108,009.00	\$ 235,041.00
Changes of assumptions	384,023.00	
Net difference between projected and actual earnings on pension plan investments		878,465.00
Employer contributions subsequent to the measurement date	255,041.06	
Total	\$747,073.06	\$1,113,506.00

The \$255,041.06 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 ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending:	
September 30, 2023	\$ (72,043)
2024	\$ (73,246)
2025	\$(204,373)
2026	\$(271,812)
2027	\$ 0
Thereafter	\$ 0

Notes to the Financial Statements

For the Year Ended September 30, 2022

Note 7 – Contingent Liabilities

On December 1, 2008, the Geneva County Commission, the Geneva County Public Health Care Cooperative District, and the trustee entered into a funding agreement. The funding agreement obligates the Commission to appropriate funds each fiscal year to pay a portion of the principal, interest, and certain expenses on the \$9,900,000.00 Revenue Bonds, Series 2008 in the event that pledged tax revenues of the Geneva County Public Health Care Cooperative District are insufficient to pay principal and interest on the bonds in any fiscal year. On June 30, 2017, the Series 2008 Revenue Bonds were refunded by the Geneva County Public Health Care Cooperative District by issuing Series 2017 Revenue Refunding Bonds in the principal amount of \$8,582,046.78.

Note 8 – Funding Agreement

On December 1, 2017, the Commission entered into a funding agreement with the Geneva County Public Building Authority (the “Authority”) to guarantee and pay the Revenue Warrants, Series 2017, issued by the Authority to finance the jail project. The purpose of the warrants was for financing the acquisition and construction of jail facilities used by Geneva County. The funding agreement will be paid with sales and use taxes levied by the Commission pursuant to Special County Tax Acts (Special Taxes). In the event of default of terms and conditions, remedies include 1) declare all installments immediately due and payable, 2) reenter funding agreement for the remainder of the term without terminating funding agreement and Commission would not be relieved of obligations, 3) terminate funding agreement, and 4) take whatever legal proceedings necessary to collect payments.

Note 9 – Long-Term Debt

In December 2015, the Commission issued State Gasoline Tax Anticipation Warrants, Series 2015, with variable interest rates of 1.90 to 2.45 percent, to provide funds for the refunding of the State Gasoline Tax Anticipation warrants, Series 2008, constructing road improvements, and acquiring equipment to be used in the construction, reconstruction, maintenance, widening, altering and improvement of public roads and bridges in the County.

On May 18, 2018, the Commission entered into a note from direct borrowing for six motor graders at a cost of \$1,309,996.92. In the event of default of the terms and conditions, remedies include 1) all rights and remedies available under applicable law, 2) declare all payments due or to become due during the fiscal year to be immediately due and payable, 3) repossess the units.

On January 18, 2019, the Commission entered into a note from direct borrowing for a 2019 International Knuckle Boom Truck at a cost of \$140,596.74.

Notes to the Financial Statements

For the Year Ended September 30, 2022

On February 27, 2020, the Commission issued General Obligation Warrants (Friend Bank Loan), Series 2019-2020, with an interest rate of 3.25% in the amount of \$250,000.00 to be used for the construction of buildings and facilities for economic and industrial development purposes.

On March 31, 2020, the Commission issued the State Gasoline Tax Anticipation Warrant (Ten Cent Gasoline Tax), Series 2020, with an interest rates of 1.89 percent, to provide funds for the construction and capital improvement of various roads, public highways, bridges and related transportation infrastructure in the County.

On October 1, 2020, the Commission entered into a note from direct borrowing for three John Deere 6120E tractors at a cost of \$229,871.92. The outstanding debt contain a provision that in the event of default, the bank may (1) declare unpaid principal immediately due and payable, (2) declare any other agreements between the Commission and bank in default, (3) terminate any of the Commission's rights, (4) require the Commission to return the equipment in the manner outlined in the agreement, (5) lease or sell the equipment and apply proceeds to the Commission's obligation, with the Commission remaining liable for deficiency, and (6) charge the Commission for expenses incurred in connection with the enforcement of the remedies.

On December 3, 2020, the Commission entered into a note from direct borrowing in the amount of \$726,593.56 to be used for the construction of buildings and facilities for economic and industrial development purposes.

On March 8, 2021, the Commission entered into a note from direct borrowing for two 2021 International Garbage Trucks at a cost of \$373,720.00.

On April 12, 2021, the Commission entered into a note from direct borrowing for eight 2021 Kenworth Ox-Body Dump Trucks at a cost of \$1,225,944.00. The outstanding note from direct borrowing contains a provision that in the event of default, the lender may (1) declare all rental payments immediately due with or without terminating the note, (2) may repossess security equipment while the Commission is still responsible for payments, (3) take possession of security equipment to sell for repayment of the note and (4) if proceeds from sale are not sufficient, require payment by the Commission for the deficiency.

On March 9, 2022, the Commission entered into a note from direct borrowing for four 2021 Ford F-150 Crew Cab Pick-up Trucks at a cost of \$136,148.00.

Notes to the Financial Statements

For the Year Ended September 30, 2022

The following is a summary of long-term obligations for the Commission for the year ended September 30, 2022:

	Debt Outstanding 10/01/2021	Issued/ Increased/ Reclassification (*)	Repaid/ Decreased/ Reclassification (*)	Debt Outstanding 09/30/2022	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
2015 Gasoline Tax Anticipation Warrants	\$ 1,150,000.00	\$	\$ (220,000.00)	\$ 930,000.00	\$ 225,000.00
2020 Gasoline Tax Anticipation Warrants	2,897,326.00		(207,495.00)	2,689,831.00	276,980.00
2019-2020 General Obligation Warrants	197,642.89		(54,122.01)	143,520.88	55,984.91
Total Warrants Payable	<u>4,244,968.89</u>		<u>(481,617.01)</u>	<u>3,763,351.88</u>	<u>557,964.91</u>
Funding Agreement:					
2017 Jail Placement	2,552,453.61		(361,788.18)	2,190,665.43	372,613.66
Total Funding Agreement	<u>2,552,453.61</u>		<u>(361,788.18)</u>	<u>2,190,665.43</u>	<u>372,613.66</u>
Other Liabilities:					
Notes from Direct Borrowings	2,025,377.93	1,489,870.54	(785,736.81)	2,729,511.66	1,199,056.58
Capital Lease	1,225,944.00		(1,225,944.00)		
Compensated Absences	152,769.54	32,092.05		184,861.59	18,486.16
Net Pension Liability	2,573,695.94		(1,196,686.00)	1,377,009.94	
Total Other Liabilities	<u>5,977,787.41</u>	<u>1,521,962.59</u>	<u>(3,208,366.81)</u>	<u>4,291,383.19</u>	<u>1,217,542.74</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$12,775,209.91</u>	<u>\$1,521,962.59</u>	<u>\$ (4,051,772.00)</u>	<u>\$10,245,400.50</u>	<u>\$2,148,121.31</u>
(*) Debt previously reported as Capital Leases totaling \$1,225,944.00 were reclassified to Notes from Direct Borrowings due to the implementation of GASB Statement Number 87.					

	Debt Outstanding 10/01/2021	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2022	Amounts Due Within One Year
Business-Type Activities:					
Other Liabilities:					
Notes from Direct Borrowings	\$342,417.19	\$	\$ (63,856.67)	\$278,560.52	\$65,530.34
Compensated Absences	17,406.01	1,613.15		19,019.16	1,901.92
Net Pension Liability	220,858.06		(106,752.00)	114,106.06	
Total Business-Type Activities					
Long-Term Liabilities	<u>\$580,681.26</u>	<u>\$1,613.15</u>	<u>\$ (170,608.67)</u>	<u>\$411,685.74</u>	<u>\$67,432.26</u>

Payments on the warrants payable that pertain to the Commission's governmental activities are made by the General Fund, Debt Service Fund from State gasoline tax transfers, and Rebuild Alabama State gasoline taxes. Payments on the Jail Placement Funding Agreement are made by the Jail Construction Fund. Payments on the notes from direct borrowing were made by the General Fund, the Gasoline Tax Fund, and Solid Waste Fund.

Notes to the Financial Statements
For the Year Ended September 30, 2022

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, approximately 46% has been paid by the General Fund, 29% by the Gasoline Tax Fund, and the remainder by the other governmental funds and business-type activity.

The following is a schedule of debt service requirements to maturity for governmental activities:

Fiscal Year Ending	Warrants Payable		Notes From Direct Borrowings				Funding Agreement		Total Principal and Interest Requirements to Maturity
	Principal	Interest	Principal	Interest	Principal	Interest			
September 30, 2023	\$ 557,964.91	\$ 73,054.34	\$ 1,199,056.58	\$ 52,195.82	\$ 372,613.66	\$ 62,336.89			\$2,317,222.20
2024	570,086.73	61,386.35	1,221,407.56	18,193.56	383,763.09	51,188.70			2,306,025.99
2025	552,213.24	49,236.05	309,047.52	10,495.28	395,246.10	39,706.93			1,355,945.12
2026	532,984.00	37,945.62			407,072.73	27,881.60			1,005,883.95
2027	298,521.00	26,475.90			419,253.22	15,702.43			759,952.55
2028-2031	1,251,582.00	47,863.32			212,716.63	3,158.84			1,515,320.79
Totals	\$3,763,351.88	\$295,961.58	\$2,729,511.66	\$80,884.66	\$2,190,665.43	\$199,975.39			\$9,260,350.60

The following is a schedule of debt service requirements to maturity for business-type activities:

Fiscal Year Ending	Notes From Direct Borrowings		Total Principal and Interest Requirements to Maturity
	Principal	Interest	
September 30, 2023	\$ 65,530.34	\$ 6,440.14	\$ 71,970.48
2024	213,030.18	2,955.06	215,985.24
Totals	\$278,560.52	\$9,395.20	\$287,955.72

Notes to the Financial Statements

For the Year Ended September 30, 2022

Pledged Revenues

The Commission issued Series 2015 Gasoline Tax Anticipation Refunding Warrants for the purpose of refunding the 2008 Tax Anticipation Warrants, constructing road improvements, and acquiring equipment to be used in the construction, reconstruction, maintenance, widening, altering and improvement of public roads and bridges in the County. The Commission pledged to repay the tax anticipation warrants from the proceeds of the special seven cents per gallon gasoline tax levied and collected by the State of Alabama (the “State Seven Cents Gasoline Tax”) pursuant to the provisions of the ***Code of Alabama 1975***, Sections 40-17-30 and 40-17-140, of which the Commission receives a portion of fifty-five percent of the Net Tax Proceeds. The fifty-five percent is distributed as follows: twenty-five percent is allocated equally among the sixty-seven counties on the basis of the ratio of each county’s population to the total population of the State according to the most recent federal decennial census. Future revenues of \$984,707.50 are pledged to repay the principal and interest on the warrants at September 30, 2022. Proceeds of the seven cents gasoline tax in the amount of \$858,182.00 were received by the Commission during the fiscal year ended September 30, 2022, of which \$245,142.50 was used to pay principal and interest on the warrants. Principal payments on the warrants are due on June 1 of each year. Interest payments are due on June 1 of each year. The Series 2015 tax anticipation warrants will mature in fiscal year 2026.

The Commission issued Series 2020 Gasoline Tax Anticipation Warrants for the purpose of construction and capital improvements of various roads, public highways, bridges, and related transportation infrastructure in the County. The Commission pledged to repay the tax anticipation warrants from the proceeds of the special ten cents per gallon gasoline excise tax levied on gasoline and diesel fuel and collected by the State of Alabama pursuant to the provisions of the Act Number 2019-2 of the Alabama Legislature. Future revenues of \$2,924,943.75 are pledged to repay the principal and interest on the warrants at September 30, 2022. Proceeds of the ten cents gasoline tax in the amount of \$804,141.77 were received by the Commission during the fiscal year ended September 30, 2022, of which \$260,293.61 was used to pay principal and interest on the warrants. Principal payments on the warrants are due on October 1 of each year. Interest payments are due bi-annually on April 1 of each year and October 1 of each year. The Series 2020 tax anticipation warrants will mature in fiscal year 2031.

Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 10 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission's individual claims experience and the experience of the Fund as a whole. Coverage is provided up to \$1,000,000 per claim for a maximum total coverage of \$3,000,000 and unlimited defense costs. Employment-related practices damage protection is limited to \$100,000 per incident with a \$5,000 deductible and unlimited defense costs.

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. Premiums are based on a rate per \$100 of remuneration for each class of employee, which is adjusted by an experience modifier for the individual county. At year-end, pool participants are eligible to receive refunds of unused premiums and the related investment earnings. The Commission may qualify for additional discounts based on losses and premium size.

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2022

Note 11 – Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2022, were as follows:

	Transfers Out				
	Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds	Solid Waste Fund	Totals
Transfers In:					
General Fund	\$	\$	\$	\$25,000.00	\$ 25,000.00
Gasoline Tax Fund		418,000.00	418,000.00		418,000.00
Other Governmental Funds	245,415.84		245,415.84		245,415.84
Totals Governmental Funds	<u>\$245,415.84</u>	<u>\$418,000.00</u>	<u>\$663,415.84</u>	<u>\$25,000.00</u>	<u>\$688,415.84</u>

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portion from the Gasoline Tax Fund to the debt service fund to service current year debt requirements.

Note 12 – Related Organizations

A majority of the board members of the following organizations are appointed by the Geneva County Commission:

- ◆ North Geneva County Water Authority
- ◆ Geneva County Department of Human Resources Board
- ◆ Geneva County Board of Equalization
- ◆ Geneva County Industrial Development Board
- ◆ Geneva County Health Care Authority
- ◆ Geneva County E-911 Board

The Commission, however, is not financially accountable for these organizations because the Commission does not impose its will and have a financial benefit or burden relationship with these organizations. Likewise, these organizations listed above are not considered part of the Commission's financial reporting entity. These organizations are, however, considered to be related organizations of the Geneva County Commission.

Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 13 – Subsequent Events

On January 9, 2023, the Commission approved a resolution for the purchase of two Kenworth dump trucks totaling \$403,282.00. Vehicles will be financed through Trustmark National Bank.

On April 10, 2023, the Commission approved an amendment to an existing financing agreement for three 2021 Kenworth dump trucks with Trustmark National Bank in the amount of \$365,529.40.

On June 12, 2023, the Commission approved the financing of a 2024 Garbage Truck totaling \$100,000 for three years with a 5.4% interest rate at Cadence Bank.

On June 26, 2023, the Commission approved refinancing of six motor graders totaling \$869,217.48 for four years with a 5.59% interest rate at Cadence Bank.

On July 10, 2023, the Commission approved the financing of three new 2024 Kenworth Dump Trucks totaling \$733,203.00 for five years with a 5.49% interest rate at Trustmark National Bank.

On March 25, 2024, the Commission approved the financing of two new 2025 Kenworth Dump Trucks totaling \$461,470.00 for five years with a 5.30% interest rate at Trustmark Bank.

On May 13, 2024, the Commission approved refinancing of two International Garbage Trucks totaling \$180,000 for three years with a 5.78% interest rate at Cadence Bank.

On February 24, 2025, the Commission approved the financing of three new 2025 Kenworth Dump Trucks totaling \$733,305.00 for five years with a 5.01% interest rate at Trustmark Bank.

Notes to the Financial Statements

For the Year Ended September 30, 2022

Note 14 – Restatement

The Commission adopted new accounting guidance by early implementing the provisions of GASB Statement Number 100, ***Accounting Changes and Error Corrections***. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, consistent, and comparable information for making decisions or assessing accountability. Accounting changes include changes in accounting principles, changes in estimates, and changes to or within the financial reporting entity. Upon implementation of GASB Statement Number 100, the Commission had a change in the financial reporting entity resulting in a restatement of beginning fund balances.

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

	General Fund	Gasoline Tax Fund	Capital Improvement Fund	Jail Construction Fund	Other Governmental Funds	Total
Fund Balance, September 30, 2021, as Previously Reported	\$1,379,351.53	\$855,235.32	\$ 1,655,755.91	\$3,066,565.81	\$2,280,221.44	\$9,237,130.01
Change Within Financial Reporting Entity (Major to Non-Major Fund)			(1,655,755.91)		1,655,755.91	
Fund Balance, September 30, 2021, as Restated	<u>\$1,379,351.53</u>	<u>\$855,235.32</u>	<u>\$</u>	<u>\$3,066,565.81</u>	<u>\$3,935,977.35</u>	<u>\$9,237,130.01</u>

Required Supplementary Information

**Schedule of Changes in the Employer's Net Pension Liability
For the Year Ended September 30, 2022**

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 334,040	\$ 291,396	\$ 282,110	\$ 271,918	\$ 276,139	\$ 281,731	\$ 276,596	\$ 256,474
Interest	967,555	906,662	870,583	837,946	790,868	768,991	746,778	712,047
Changes of Benefit Terms		146,088						
Differences between expected and actual experience	(302,196)	137,563	25,001	28,853	161,950	7,133	(153,037)	
Changes of Assumptions	476,268			55,416		251,556		
Benefit payments, including refunds of employee contributions	(793,699)	(685,686)	(698,303)	(712,618)	(737,671)	(606,382)	(578,961)	(489,801)
Transfers among employees	(22,077)	48,800	(17,145)	5,395	103,653	(45,032)		
Net change in total pension liability	659,891	844,823	462,246	486,910	594,939	657,997	291,376	478,720
Total pension liability - beginning	12,962,498	12,117,675	11,655,429	11,168,519	10,573,580	9,915,583	9,624,207	9,145,487
Total pension liability - ending (a)	\$ 13,622,389	\$ 12,962,498	\$ 12,117,675	\$ 11,655,429	\$ 11,168,519	\$ 10,573,580	\$ 9,915,583	\$ 9,624,207
Plan Fiduciary Net Position								
Contributions - employer	\$ 217,078	\$ 219,728	\$ 238,516	\$ 177,918	\$ 185,407	\$ 225,435	\$ 187,861	\$ 177,862
Contributions - employee	333,521	254,685	251,330	232,671	225,704	229,847	229,784	219,513
Net investment income	2,228,506	554,009	247,578	838,840	1,058,304	783,320	92,227	846,481
Benefit payments, including refunds of employee contributions	(793,699)	(685,686)	(698,303)	(712,618)	(737,671)	(606,382)	(578,961)	(489,801)
Other (Transfers among employers)	(22,077)	48,800	(17,145)	5,395	103,653	(45,032)	8,438	(9,607)
Net change in plan fiduciary net position	1,963,329	391,536	21,976	542,206	835,397	587,188	(60,651)	744,448
Plan fiduciary net position - beginning	10,167,944	9,776,408	9,754,432	9,212,226	8,376,829	7,789,641	7,850,292	7,105,844
Plan fiduciary net position - ending (b)	\$ 12,131,273	\$ 10,167,944	\$ 9,776,408	\$ 9,754,432	\$ 9,212,226	\$ 8,376,829	\$ 7,789,641	\$ 7,850,292
Commission's net pension liability (asset) - ending (a) - (b)	\$ 1,491,116	\$ 2,794,554	\$ 2,341,267	\$ 1,900,997	\$ 1,956,293	\$ 2,196,751	\$ 2,125,942	\$ 1,773,915
Plan fiduciary net position as a percentage of the total pension liability	89.05%	78.44%	80.68%	83.69%	82.48%	79.22%	78.56%	81.57%
Covered payroll (*)	\$ 3,786,777	\$ 3,622,780	\$ 3,596,685	\$ 3,286,367	\$ 3,092,830	\$ 3,394,993	\$ 3,353,689	\$ 3,255,768
Commission's net pension liability (asset) as a percentage of covered payroll	39.38%	77.14%	65.10%	57.84%	63.25%	64.71%	63.39%	54.49%

(*) Employer's covered payroll during the measurement period is the total covered payroll.

For fiscal year 2022 the measurement period is October 1, 2020 through September 30, 2021.

GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

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

Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 255,041	\$ 217,078	\$ 219,728	\$ 238,516	\$ 177,918	\$ 185,407	\$ 225,435	\$ 187,861	\$ 177,862
Contributions in relation to the actuarially determined contribution (*)	\$ 255,041	\$ 217,078	\$ 219,728	\$ 238,516	\$ 177,918	\$ 185,407	\$ 225,435	\$ 187,861	\$ 177,862
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 3,956,225	\$ 3,786,777	\$ 3,622,780	\$ 3,596,685	\$ 3,286,367	\$ 3,092,830	\$ 3,394,993	\$ 3,353,686	\$ 3,255,768
Contributions as a percentage of covered payroll	6.45%	5.73%	6.07%	6.63%	5.41%	5.99%	6.64%	5.60%	5.46%

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

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

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	23.5 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts		Budget to GAAP Differences	Actual Amounts	
	Original	Final	Budgetary Basis			GAAP Basis	
Revenues							
Taxes	\$ 2,394,446.00	\$ 2,394,446.00	\$ 2,666,997.82	(1) \$ (37,779.47)	\$ 2,629,218.35		
Licenses and Permits	54,500.00	54,500.00	161,818.11		161,818.11		
Intergovernmental	1,104,780.00	1,104,780.00	1,484,773.68	(2)	13,000.00	1,497,773.68	
Charges for Services	684,100.00	684,100.00	705,539.67			705,539.67	
Miscellaneous	69,200.00	69,200.00	418,847.06	(2)	110.73	418,957.79	
Total Revenues	<u>4,307,026.00</u>	<u>4,307,026.00</u>	<u>5,437,976.34</u>		<u>(24,668.74)</u>	<u>5,413,307.60</u>	
Expenditures							
Current:							
General Government	1,754,231.00	1,754,231.00	1,994,598.66			1,994,598.66	
Public Safety	2,019,934.00	2,019,934.00	2,158,291.98			2,158,291.98	
Sanitation	189,144.00	189,144.00	199,578.07			199,578.07	
Health	1,500.00	1,500.00					
Welfare	15,912.00	15,912.00	13,254.45	(3)	(97,591.85)	110,846.30	
Culture and Recreation	3,150.00	3,150.00	787.50			787.50	
Education	6,000.00	6,000.00	1,158.56			1,158.56	
Intergovernmental	33,100.00	33,100.00	15,300.00			15,300.00	
Capital Outlay	64,129.16	64,129.16	316,192.82			316,192.82	
Debt Service:							
Principal Retirement	79,021.00	79,021.00	54,122.01			54,122.01	
Interest and Fiscal Charges	6,829.00	6,829.00	5,727.99			5,727.99	
Total Expenditures	<u>4,172,950.16</u>	<u>4,172,950.16</u>	<u>4,759,012.04</u>		<u>(97,591.85)</u>	<u>4,856,603.89</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>134,075.84</u>	<u>134,075.84</u>	<u>678,964.30</u>		<u>(122,260.59)</u>	<u>556,703.71</u>	
Other Financing Sources (Uses)							
Transfers In	25,000.00	25,000.00	25,000.00			25,000.00	
Proceeds from Sale of Capital Assets			18,900.00			18,900.00	
Long-Term Debt Issued			263,926.54			263,926.54	
Transfers Out	(81,000.00)	(81,000.00)	(81,000.00)	(4)	81,000.00		
Total Other Financing Sources (Uses)	<u>(56,000.00)</u>	<u>(56,000.00)</u>	<u>226,826.54</u>		<u>81,000.00</u>	<u>307,826.54</u>	
Net Change in Fund Balances	<u>78,075.84</u>	<u>78,075.84</u>	<u>905,790.84</u>		<u>(41,260.59)</u>	<u>864,530.25</u>	
Fund Balances - Beginning of Year	<u>681,994.00</u>	<u>681,994.00</u>	<u>1,585,837.18</u>	(5)	<u>(206,485.65)</u>	<u>1,379,351.53</u>	
Fund Balances - End of Year	<u>\$ 760,069.84</u>	<u>\$ 760,069.84</u>	<u>\$ 2,491,628.02</u>		<u>\$ (247,746.24)</u>	<u>\$ 2,243,881.78</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2022

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

(1) The Commission budgets revenues as they are collected, rather than
on the modified accrual basis (GAAP). \$ (37,779.47)

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

(2) Revenues In-Home Services Fund	13,110.73
(3) Expenditures In-Home Services Fund	(97,591.85)
(4) Transfers Out In-Home Services Fund	<u>81,000.00</u>
Net Change in Fund Balance - Budget to GAAP	<u>\$ (41,260.59)</u>

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Intergovernmental	\$ 1,235,300.00	\$ 1,235,300.00	\$ 1,061,227.70	\$ 1,061,227.70	\$ 1,061,227.70
Miscellaneous	687,225.00	687,225.00	745,717.60		745,717.60
Total Revenues	1,922,525.00	1,922,525.00	1,806,945.30		1,806,945.30
Expenditures					
Current:					
Highways and Roads	2,714,384.00	2,714,384.00	2,057,160.81		2,057,160.81
Capital Outlay			181,525.00		181,525.00
Debt Service:					
Principal Retirement	195,000.00	195,000.00	785,736.81		785,736.81
Interest and Fiscal Charges	40,000.00	40,000.00	59,233.36		59,233.36
Total Expenditures	2,949,384.00	2,949,384.00	3,083,655.98		3,083,655.98
Excess (Deficiency) of Revenues Over Expenditures	(1,026,859.00)	(1,026,859.00)	(1,276,710.68)		(1,276,710.68)
Other Financing Sources (Uses)					
Transfers In	425,000.00	425,000.00	418,000.00		418,000.00
Proceeds from Sale of Capital Assets			844,455.00		844,455.00
Transfers Out	(245,143.00)	(245,143.00)	(245,415.84)		(245,415.84)
Total Other Financing Sources (Uses)	179,857.00	179,857.00	1,017,039.16		1,017,039.16
Net Change in Fund Balances	(847,002.00)	(847,002.00)	(259,671.52)		(259,671.52)
Fund Balances - Beginning of Year	1,059,337.00	1,059,337.00	855,235.32		855,235.32
Fund Balances - End of Year	\$ 212,335.00	\$ 212,335.00	\$ 595,563.80		\$ 595,563.80

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Jail Construction Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Taxes	\$ 2,500,000.00	\$ 2,500,000.00	\$ 2,863,142.36	\$ 2,863,142.36	\$ 2,863,142.36
Charges for Service	57,500.00	57,500.00	101,158.11		101,158.11
Miscellaneous	6,000.00	6,000.00	13,147.40		13,147.40
Total Revenues	2,563,500.00	2,563,500.00	2,977,447.87		2,977,447.87
Expenditures					
Current:					
Public Safety	1,008,577.00	1,008,577.00	1,021,291.92		1,021,291.92
Capital Outlay	691,322.00	691,322.00	691,321.97		691,321.97
Debt Service:					
Principal Retirement	361,788.00	361,788.00	361,788.18		361,788.18
Interest and Fiscal Charges	73,161.00	73,161.00	73,160.99		73,160.99
Total Expenditures	2,134,848.00	2,134,848.00	2,147,563.06		2,147,563.06
Excess (Deficiency) of Revenues Over Expenditures	428,652.00	428,652.00	829,884.81		829,884.81
Other Financing Sources (Uses)					
Transfers Out					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	428,652.00	428,652.00	829,884.81		829,884.81
Fund Balances - Beginning of Year	2,052,545.00	2,052,545.00	3,066,565.81		3,066,565.81
Fund Balances - End of Year	\$ 2,481,197.00	\$ 2,481,197.00	\$ 3,896,450.62		\$ 3,896,450.62

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Coronavirus Rescue Act Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Intergovernmental	\$ 2,551,417.00	\$ 2,551,417.00	\$ 272,163.89	\$	\$ 272,163.89
Total Revenues	<u>2,551,417.00</u>	<u>2,551,417.00</u>	<u>272,163.89</u>		<u>272,163.89</u>
Expenditures					
Current:					
General Government	191,860.00	191,860.00	184,151.20		184,151.20
Public Safety	54,082.00	54,082.00	49,066.73		49,066.73
Highways and Roads	27,336.00	27,336.00	25,203.91		25,203.91
Sanitation	12,607.00	12,607.00	11,637.55		11,637.55
Welfare			2,104.50		2,104.50
Total Expenditures	<u>285,885.00</u>	<u>285,885.00</u>	<u>272,163.89</u>		<u>272,163.89</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,265,532.00</u>	<u>2,265,532.00</u>			
Net Change in Fund Balances	<u>2,265,532.00</u>	<u>2,265,532.00</u>			
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$ 2,265,532.00	\$ 2,265,532.00	\$	\$	\$

Additional Information

Commission Members and Administrative Personnel
October 1, 2021 through September 30, 2022

<u>Commission Members</u>		<u>Term Expires</u>
Hon. Toby Seay	Chairman	January 2025
Hon. Wade Fulford	Member	November 2024
Hon. Todd Brannon	Member	November 2024
Hon. Weston Spivey	Member	November 2022
Hon. Bart Wilks	Member	November 2022
<u>Administrative Personnel</u>		
Cindy Williams	Chief Administrative Officer	Indefinite

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 Geneva County Commission and Chief Administrative Officer
Geneva, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Geneva County Commission, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Geneva County Commission's basic financial statements, and have issued our report thereon dated August 15, 2025.

Report on Internal Control Over Financial Reporting

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

***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***

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 were not identified. We identified a certain deficiency in internal control, described in the finding below as Finding 2022-002 that we consider to be a material weakness.

Finding 2022-002

The Governmental Accounting Standards Board's ***Codification of Governmental Accounting and Financial Reporting Standards***, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure all of the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This requires that the financial statements agree with and are supported by the entity's underlying accounting records and that accurate financial statements are prepared. Additionally, the Geneva County Commission is responsible for the preparation of appropriate financial statements. The following discrepancies were noted:

- ◆ Construction in Progress was overstated by \$12,831,197.23 and Buildings were understated by \$12,831,197.23.
- ◆ Revenues collected for other agencies were understated by \$6,584,833.30.

Controls were not in place to ensure errors in recording financial information were detected and corrected prior to preparation of the financial statements. As a result, the Geneva County Commission's financial statements were not always supported by the underlying accounting records and did not accurately reflect the activity of the Geneva County Commission. Once notified of the errors, the Geneva County Commission made adjustments to properly reflect the balances on the financial statements.

***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***

Recommendation

The Geneva County Commission should ensure the financial statements are based on the underlying accounting records and properly reflect the activity of the Geneva County Commission.

Views of Responsible Officials

We agree with this finding.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Geneva 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***. We noted an additional matter that we reported to the management of the Geneva County Commission in the Schedule of State and Local Compliance and Other Findings.

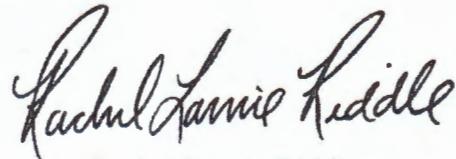
Geneva County Commission's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Geneva County Commission's response to the findings identified in our audit and described above and in the accompanying Schedule of State and Local Compliance and Other Findings. The Geneva County Commission's response to the findings identified in our audit are described in the accompanying Auditee Response. The Geneva 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 the response.

***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***

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 15, 2025

Auditee Response



COUNTY OF GENEVA
“Heart of the Wiregrass”
GENEVA, ALABAMA 36340

Geneva County Commission
200 N Commerce St.
Geneva, AL 36340
TEL: 334-684-5610 FAX: 334-684-5613

Toby Seay
Judge of Probate/Chairman of Commission

Commissioners
Weston Spivey Todd Brannon
District One District Two

Bart Wilks Jeff Hatcher
District Three District Four

Auditee Response

For the Year Ended September 30, 2022

As required by the governmental auditing standards, the Geneva County Commission has prepared and hereby submits the following Auditee Response for the finding which is included in the 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* for the year ended September 30, 2022.

Finding	Ref.	No.	Corrective Action Plan Details
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2022-002

Finding:

The Governmental Accounting Standards Board’s Codification of Governmental Accounting and Financial Reporting Standards, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure all of the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This requires that the financial statements agree with and are supported by the entity's underlying accounting records and that accurate financial statements are prepared. Additionally, the Commission is responsible for the preparation of appropriate financial statements. The following discrepancies were noted:

- ◆ Construction in Progress was overstated by \$12,831,197.23 and Buildings were understated by \$12,831,197.23.
- ◆ Revenues collected for other agencies were understated by \$6,584,833.30.

Controls were not in place to ensure errors in recording financial information were detected and corrected prior to preparation of the financial statements. As a result, the Commission's financial statements were not always supported by the underlying accounting records and did not accurately reflect the activity of the Commission. Once notified of the errors, the Commission made adjustments to properly reflect the balances on the financial statements.

Recommendation:

The Commission should ensure the financial statements are based on the underlying accounting records and properly reflect the activity of the Commission.

Response/Views: We agree with the finding.

Corrective Action Planned: Ensure upon completion of construction projects they are immediately designated as Capital Assets for depreciation on the financial statements. This was corrected and moved from construction in progress to depreciation and the capital assets listing and financial statements were corrected.

Regarding the revenues collected for other agencies, the Administrator is now aware of this new requirement on the fiduciary statement and will include collected revenues (including pass through funding) are properly displayed on the fiduciary exhibit. The financials were updated to reflect this correction and requirement.

Anticipated Completion Date: These actions have been completed.

Contact Person(s): The contact person for this is County Administrator, Cindy Williams. She can be reached by email at cindy.williams@genevacountyal.gov or by telephone at 334-684-5611.

An additional matter came to our attention while performing our audit that is addressed in the Schedule of State and Local Compliance and Other Findings and is included as a finding below.

Finding	Ref.	No.	Corrective Action Plan Details
2019-001	<i>Finding:</i>		<p>The Code of Alabama 1975, Title 39, commonly referred to as the Public Works Law, defines public works as, "The construction, installation, repair, renovation or maintenance of buildings, structures, sewers, waterworks, roads, curbs, gutters, side walls, bridges, docks, underpasses, and viaducts as well as any other improvement to be constructed, installed, repaired, renovated, or maintained on public property and to be paid, in whole or in part, with public funds or with financing to be retired with public funds in the form of lease payments or otherwise". Public works contracts involving an amount in excess of one hundred thousand dollars (\$100,000) should be bid according to the provisions of the Public Works Law. The Geneva County Commission (the "Commission") entered into a public works contract for hot asphalt plant mix totaling \$1,892,454.00. The Commission did not provide documentation to demonstrate the following requirements of the Public Works law were met:</p> <ul style="list-style-type: none">• Advertising of sealed bids at least once each week for three weeks in a newspaper in the county.• Advertising of sealed bids involving contracts estimated in excess of \$500,000 at least once in three newspapers of general circulation throughout the state.• Payment bond in an amount not less than 50% of the contract price.• Performance bond equal to 100% of the contract price.

- Advertising of sealed bids at least once each week for three weeks in a newspaper in the county.
- Advertising of sealed bids involving contracts estimated in excess of \$500,000 at least once in three newspapers of general circulation throughout the state.
- Payment bond in an amount not less than 50% of the contract price.
- Performance bond equal to 100% of the contract price.

The Commission did not have procedures in place to ensure all requirements of the Public Works Law were met. As a result, the Commission failed to comply with Title 39 regarding the advertising and bonding requirements of public works projects exceeding \$100,000.

Recommendation:

The Commission should ensure all public works projects are bid in accordance with the requirements of Title 39 (Public Works Law).

Response/Views: We agree with the finding.

Corrective Action Planned: The Engineering department has provided bid documentation to the auditor. The Engineering department will ensure all required documentation is properly placed in bid files. Bid files will be reviewed during and after Public Works projects to ensure all required documentation has been obtained and the Public Works law has been met.

Anticipated Completion Date: This has been corrected.

Contact Person(s): The contact person for this is County Administrator, Cindy Williams. She can be reached by email at cindy.williams@genevacountyal.gov or by telephone at 334-684-5611.

A handwritten signature in blue ink, appearing to read "Cindy May", is placed above a horizontal line.

Chairman, Geneva County Commission