



# Crenshaw County Commission

## Crenshaw County, Alabama

October 1, 2022 through September 30, 2023

Filed: October 10, 2025

ALABAMA DEPARTMENT OF  
**EXAMINERS** of Public Accounts

Rachel Laurie Riddle, *Chief Examiner* | 334-777-0500 | [www.alexaminers.gov](http://www.alexaminers.gov)





Rachel Laurie Riddle  
*Chief Examiner*

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

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

Dear Madam:

An audit was conducted on the Crenshaw County Commission, Crenshaw County, Alabama, for the period October 1, 2022 through September 30, 2023, by Examiners Valerie Hamm and Brady Balkcom. I, Valerie Hamm, 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,

Valerie Hamm  
Examiner of Public Accounts

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## Department of **Examiners of Public Accounts**

### **SUMMARY**

#### **Crenshaw County Commission October 1, 2022 through September 30, 2023**

The Crenshaw County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Crenshaw County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 14. 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 Crenshaw County.

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

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

Financial statements for the fiscal year ending September 30, 2023, were not prepared by management until November 8, 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.

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

An Alternative Compliance Examination Engagement on the Commission’s Coronavirus State and Local Fiscal Recovery Fund Program for the year ended September 30, 2023, was issued by the Department on November 1, 2024.

### **EXIT CONFERENCE**

Commission members and administrative personnel, as reflected on Exhibit 14, were invited to discuss the results of this report at an exit conference held at the Commission's office. Individuals in attendance were Dawn Rayborn, Administrator and David Smyth, former Administrator. Representing the Department of Examiners of Public Accounts were Jana White, Audit Manager; Valerie Hamm, Examiner; and Brady Balkcom, Examiner.

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# *Independent Auditor's Report*

## **Independent Auditor's Report**

Members of the Crenshaw County Commission and the County Administrator  
Luverne, Alabama

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

#### **Opinions**

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

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

#### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

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

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

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

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

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

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

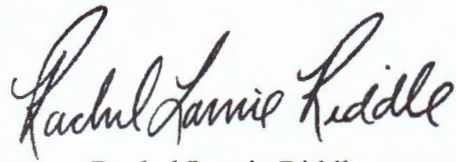
### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability, the Schedule of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 13), 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 September 16, 2025, on our consideration of the Crenshaw 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 Crenshaw 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 Crenshaw County Commission's internal control over financial reporting and compliance.

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

Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

September 16, 2025



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# *Basic Financial Statements*

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

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 14,667,814.21
Cash with Fiscal Agent	15,257,231.90
Investments	6,441,796.66
Receivables	216,263.60
Ad Valorem Taxes Receivable	2,068,469.79
Due from Other Governments	894,028.94
Prepaid Items	145,099.65
Capital Assets (Note 4):	
Nondepreciable	2,832,649.32
Depreciable - Net	14,442,353.91
Total Assets	<u>56,965,707.98</u>
<b><u>Deferred Outflows of Resources</u></b>	
Employer Pension Contribution	322,973.29
Deferred Outflows Related to Net Pension Liability	849,998.00
Total Deferred Outflows of Resources	<u>1,172,971.29</u>
<b><u>Liabilities</u></b>	
Accounts Payable	895,131.15
Unearned Revenue	773,375.37
Accrued Wages Payable	97,943.69
Due to Other Governments	30,223.51
Due to Unidentified Individuals	31,123.28
Accrued Interest Payable	85,783.18
Long-Term Liabilities (Note 6):	
Portion Due or Payable Within One Year:	
Notes from Direct Borrowing	517,300.95
Warrants Payable	587,993.56
Warrants Premium	8,310.69
Funding Agreement Payable	135,000.00
Estimated Liability for Compensated Absences	11,936.62
Portion Due or Payable After One Year:	
Notes from Direct Borrowing	1,024,054.20
Warrants Payable	19,438,391.31
Warrants Premium	232,699.22
Funding Agreement Payable	1,160,000.00
Estimated Liability for Compensated Absences	107,429.54
Net Pension Liability	3,750,484.00
Total Liabilities	<u>\$ 28,887,180.27</u>

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

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	Governmental Activities
<hr/>	
<b><u>Deferred Inflows of Resources</u></b>	
Unavailable Revenue - Property Taxes	\$ 2,100,263.16
Total Deferred Inflows of Resources	<u>2,100,263.16</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	(5,828,746.70)
Restricted for:	
Capital Improvements	17,158,673.98
Debt Service	3,747,228.34
Road Projects	3,544,299.15
Other Purposes	1,907,448.13
Unrestricted	<u>6,622,332.94</u>
Total Net Position	<u>\$ 27,151,235.84</u>

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

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b><u>Governmental Activities:</u></b>				
General Government	\$ 2,835,084.22	\$ 509,853.41	\$ 2,987,963.46	\$ 662,732.65
Public Safety	2,053,267.90	58,203.01	112,686.32	(1,882,378.57)
Highways and Roads	3,953,367.24	149,895.41	3,423,035.42	(380,436.41)
Sanitation	132,194.81	37,974.00		(94,220.81)
Health	34,796.37			(34,796.37)
Welfare	159,160.27		31,000.00	(128,160.27)
Culture and Recreation	55,886.29			(55,886.29)
Interest and Costs on Long-Term Debt	857,726.08			(857,726.08)
Total Governmental Activities	<u>\$ 10,081,483.18</u>	<u>\$ 755,925.83</u>	<u>\$ 6,554,685.20</u>	<u>\$ (2,770,872.15)</u>
<b><u>General Revenues:</u></b>				
Taxes:				
Property Taxes for General Purposes				1,771,166.36
Property Taxes for Specific Purposes				1,047,271.91
Sales and Use Tax - General Purposes				578,828.31
Sales and Use Tax - Specific Purposes				910,296.00
Miscellaneous Taxes				70,783.02
Interest Earned				594,260.70
Gain on Sale of Capital Assets				9,590.00
Miscellaneous				597,876.62
Total General Revenues				<u>5,580,072.92</u>
Changes in Net Position				2,809,200.77
Net Position - Beginning of Year				<u>24,342,035.07</u>
Net Position - End of Year				<u>\$ 27,151,235.84</u>

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

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

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	ARPA Revenue Reduction Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>						
Cash and Cash Equivalents	\$ 5,384,094.81	\$ 441,032.11	\$ 1,140,760.48	\$ 750,918.35	\$ 6,951,008.46	\$ 14,667,814.21
Cash with Fiscal Agent	14,958,300.45				298,931.45	15,257,231.90
Investments	5,800,000.00		125,000.00		516,796.66	6,441,796.66
Receivables	176,903.76		11,522.60		27,837.24	216,263.60
Ad Valorem Taxes Receivable	2,068,469.79					2,068,469.79
Due from Other Governments	624,429.43	66,421.03	78,067.90		125,110.58	894,028.94
Due from Other Funds		658,584.55				658,584.55
Prepaid Items					145,099.65	145,099.65
Total Assets	29,012,198.24	1,166,037.69	1,355,350.98	750,918.35	8,064,784.04	40,349,289.30
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>						
<b><u>Liabilities</u></b>						
Payables	734,614.52	131,951.35	6,014.90		22,550.38	895,131.15
Unearned Revenue				748,212.92	25,162.45	773,375.37
Due to Other Funds			658,584.55			658,584.55
Due to Other Governments	30,064.54				158.97	30,223.51
Due to Unidentified Individuals	31,123.28					31,123.28
Accrued Wages Payable	62,636.05	31,886.43			3,421.21	97,943.69
Total Liabilities	858,438.39	163,837.78	664,599.45	748,212.92	51,293.01	2,486,381.55
<b><u>Deferred Inflows of Resources</u></b>						
Unavailable Revenues - Property Taxes	2,100,263.16					2,100,263.16
Total Deferred Inflows of Resources	2,100,263.16					2,100,263.16
<b><u>Fund Balances</u></b>						
Nonspendable:						
Prepaid Items					145,099.65	145,099.65
Restricted for:						
Highways and Roads		1,002,199.91	690,751.53		1,851,347.71	3,544,299.15
Debt Service					3,687,911.87	3,687,911.87
Capital Projects	15,209,936.74				1,948,737.24	17,158,673.98
Industrial Development	1,524,348.14					1,524,348.14
Other Purposes				2,705.43	380,394.56	383,099.99
Unassigned	9,319,211.81					9,319,211.81
Total Fund Balances	26,053,496.69	1,002,199.91	690,751.53	2,705.43	8,013,491.03	35,762,644.59
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 29,012,198.24	\$ 1,166,037.69	\$ 1,355,350.98	\$ 750,918.35	\$ 8,064,784.04	\$ 40,349,289.30

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

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

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Total Fund Balances - Governmental Funds (Exhibit 3) \$ 35,762,644.59

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

Capital assets used in governmental activities are not financial resources and, therefore,  
are not reported as assets in governmental funds (See Note 4).

The Cost of Capital Assets is	\$ 31,591,356.74	
Accumulated Depreciation is	<u>(14,316,353.51)</u>	17,275,003.23

Deferred outflows and inflows of resources related to pensions are applicable to future  
periods and, therefore, are not reported in the governmental funds. 1,172,971.29

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

	Amounts Due or Payable Within One Year	Amounts Due or Payable After One Year	
Accrued Interest Payable	\$ 85,783.18	\$	
Funding Agreement Payable	135,000.00	1,160,000.00	
Notes from Direct Borrowing	517,300.95	1,024,054.20	
Warrants Payable	587,993.56	19,438,391.31	
Warrants Premium	8,310.69	232,699.22	
Estimated Liability for Compensated Absences	11,936.62	107,429.54	
Net Pension Liability		3,750,484.00	
Total Long-Term Liabilities	<u>\$ 1,346,325.00</u>	<u>\$ 25,713,058.27</u>	<u>(27,059,383.27)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 27,151,235.84

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



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

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	ARPA Revenue Reduction Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues</u></b>						
Taxes	\$ 3,214,094.52	\$	\$	\$	\$ 1,164,251.08	\$ 4,378,345.60
Licenses and Permits	31,154.87				45,616.30	76,771.17
Intergovernmental	1,964,252.64	941,940.53	990,234.94	1,167,397.13	1,490,859.95	6,554,685.19
Charges for Services	606,030.42	143,674.41			6,221.00	755,925.83
Miscellaneous	923,696.78	104,808.46	15,818.63	1,135.78	69,906.50	1,115,366.15
Total Revenues	6,739,229.23	1,190,423.40	1,006,053.57	1,168,532.91	2,776,854.83	12,881,093.94
<b><u>Expenditures</u></b>						
Current:						
General Government	1,506,152.82			728,406.12	359,264.13	2,593,823.07
Public Safety	1,658,858.43			78,297.15	123,763.96	1,860,919.54
Highways and Roads	52,812.85	1,530,300.02	1,178,188.14	24,745.00	357,319.85	3,143,365.86
Sanitation	128,611.33					128,611.33
Health	33,000.00					33,000.00
Welfare	157,527.39					157,527.39
Culture and Recreation	15,800.00			11,948.86		27,748.86
Capital Outlay	798,507.64	59,277.55		324,000.00	661,543.60	1,843,328.79
Debt Service:						
Principal Retirement		463,238.71	258,458.27		495,000.00	1,216,696.98
Interest and Fiscal Charges		41,119.69	94,628.73		730,288.35	866,036.77
Total Expenditures	4,351,270.46	2,093,935.97	1,531,275.14	1,167,397.13	2,727,179.89	11,871,058.59
Excess (Deficiency) of Revenues Over Expenditures	2,387,958.77	(903,512.57)	(525,221.57)	1,135.78	49,674.94	1,010,035.35
<b><u>Other Financing Sources (Uses)</u></b>						
Transfers In		500,000.00			1,616,686.80	2,116,686.80
Proceeds from Issuance of Long-Term Debt	91,053.48					91,053.48
Proceeds from Sale of Capital Assets	9,590.00					9,590.00
Transfers Out	(1,941,686.80)				(175,000.00)	(2,116,686.80)
Total Other Financing Sources (Uses)	(1,841,043.32)	500,000.00			1,441,686.80	100,643.48
Net Changes in Fund Balances	546,915.45	(403,512.57)	(525,221.57)	1,135.78	1,491,361.74	1,110,678.83
Fund Balances - Beginning of Year	25,506,581.24	1,405,712.48	1,215,973.10	1,569.65	6,522,129.29	34,651,965.76
Fund Balances - End of Year	\$ 26,053,496.69	\$ 1,002,199.91	\$ 690,751.53	\$ 2,705.43	\$ 8,013,491.03	\$ 35,762,644.59

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

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

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Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 1,110,678.83

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

Governmental funds report capital outlay as expenditures. However, in the  
Statement of Activities, the cost of those assets is allocated over their estimated  
useful lives as depreciation expense. This is the amount by which capital outlay  
(\$1,843,328.79) exceeded depreciation (\$1,089,830.08) in the current period. 753,498.71

Repayment of debt principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the Statement of Net Position  
and does not affect the Statement of Activities. 1,216,696.98

Proceeds from the issuance of debt are reported as financing sources in governmental  
funds and thus contribute to the change in fund balance. Issuing long-term debt  
increases liabilities in the Statement of Net Position but does not affect the Statement  
of Activities. (91,053.48)

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

Net Change in Compensated Absences	\$ (25,643.15)	
Net Change in Pension Expense	(163,287.81)	
Amortization of Bond Premium	8,310.69	
Net Adjustment		(180,620.27)

Change in Net Position of Governmental Activities (Exhibit 2) \$ 2,809,200.77

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

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

	<b>Custodial Funds</b>
<hr/>	
<b><u>Assets</u></b>	
Cash	\$ 456,429.97
Total Assets	<u>456,429.97</u>
<b><u>Liabilities</u></b>	
Payable to External Parties	403,281.70
Employee Benefits Payable	<u>1,132.00</u>
Total Liabilities	<u>404,413.70</u>
<b><u>Net Position</u></b>	
Held in Trust for Other Purposes	52,016.27
Total Net Position	<u><u>\$ 52,016.27</u></u>

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

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

	<b>Custodial Funds</b>
<b><u>Additions</u></b>	
Contributions from:	
Taxes Collected for Other Entities	\$ 5,653,879.14
Interest Earned	757.86
Miscellaneous	98,194.49
Total Additions	<u>5,752,831.49</u>
<b><u>Deductions</u></b>	
Taxes Paid to Other Entities	5,669,868.49
Administration Expenses	78,789.53
Total Deductions	<u>5,748,658.02</u>
Changes in Net Position	4,173.47
Net Position - Beginning of Year	<u>47,842.80</u>
Net Position - End of Year	<u><u>\$ 52,016.27</u></u>

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

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

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

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

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

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

The Commission is a general purpose local government governed by separately elected commissioners. Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

- ◆ **Blended Component Units** – Based on the application of the above criteria, the Crenshaw County Public Building Authority is a component unit that has been included in the accompanying financial statements as a blended component unit. Blended component units are legally separate entities that exist solely to provide services (usually financing) exclusively to the County.

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

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

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

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## *Notes to the Financial Statements*

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

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

#### **Fund Financial Statements**

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. The fund is also used to report the expenditures for building and maintaining public buildings, roads and bridges.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and rights-of-way.
- ◆ **RRR Gasoline Tax Fund** – This fund is used to account for the expenditures of the following taxes: four-cents State gasoline tax, five-cents State gasoline tax, two-cents State petroleum inspection fee, and the designated portion of truck licenses for the resurfacing, restoration, and rehabilitation of existing paved county roads and bridges.
- ◆ **ARPA Revenue Reduction Fund** – This fund is used to account for funding provided by the American Rescue Plan Act and the related expenditures.

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

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

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

#### **Governmental Fund Types**

- ◆ **Special Revenue Funds** – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- ◆ **Debt Service Funds** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.
- ◆ **Capital Projects Funds** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

The Commission reports the following fiduciary fund type:

#### **Fiduciary Fund Type**

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

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

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

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



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

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

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

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

State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit. The majority of the Commission's investments consist of certificates of deposit.

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

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

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

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#### **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.

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

#### **3. Prepaid Items**

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

#### **4. Restricted Assets**

Included in cash and cash with fiscal agent on the balance sheet are assets which are restricted. Certain resources set aside for general obligation warrants, gasoline tax warrants and Public Building Authority funding agreement repayment are considered restricted assets because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

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## *Notes to the Financial Statements*

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

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#### **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 governmental activities column in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their acquisition value (plus any ancillary costs) at the acquisition date. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

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

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

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

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

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#### **7. Long-Term Obligations**

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

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

#### **8. Compensated Absences**

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

##### **Annual Leave**

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

Continuous Years of Service Completed	Per Pay Period
Less than One Year	1 Hour
Over One Year through Five Years	2 Hours
Over Five Years through Ten Years	3 Hours
Over Ten Years through Fifteen Years	4 Hours
Over Fifteen Years	5 Hours

A total of 20 days of unused annual leave may be carried forward at the end of the calendar year. Upon separation or retirement, employees are paid up to the maximum of 20 days for accrued annual leave.

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

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

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#### **Sick Leave**

Sick leave benefits with pay are provided for permanent full-time employees in the amount of 12 workdays per fiscal year. Unused sick leave credits may be accumulated and carried over into successive fiscal years by employees although unused sick leave in excess of 120 days at the end of any calendar year is forfeited. 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.

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.

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

#### **9. Deferred Inflows of Resources**

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

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## *Notes to the Financial Statements*

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

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

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

- ◆ **Net Investment in Capital Assets** – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.
- ◆ **Restricted** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- ◆ **Unrestricted** – 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 restriction 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** – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balances shall not be available of financing general operating expenditures include: inventories, prepaid and long-term receivables.
- ◆ **Restricted** – Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

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## *Notes to the Financial Statements*

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

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- ◆ **Committed** – Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- ◆ **Assigned** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorizes the Commission Chairman or County Administrator to make a determination of the assigned amount of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- ◆ **Unassigned** – Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

#### **E. Pensions**

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



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

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

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#### **Note 2 – Stewardship, Compliance, and Accountability**

##### **Budgets**

Annual budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund and Gasoline Tax Fund, with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. Capital projects funds adopt project-length budgets. All other governmental funds prepare budgets on the modified accrual basis of accounting. All appropriations lapse at fiscal year-end. Expenditures of the American Rescue Plan Fund were authorized by the Commission throughout the fiscal year.

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

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

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

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

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

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## *Notes to the Financial Statements*

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

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The Commission has \$6,441,796.66 of its funds in certificates of deposits. These certificates of deposit are classified as “Deposits” in order to determine insurance and collateralization. However, they are classified as “Investments” on the financial statements.

#### **B. Cash with Fiscal Agents**

As of September 30, 2023, the Commission had the following investments in cash with fiscal agent accounts.

Investments	Rating	Amortized Cost
BLF Treasury Trust Fund	AAAm	\$15,257,231.90
Total Investments		<u>\$15,257,231.90</u>

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

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor’s Corporation and Moody’s Investors Service, Inc.

**Custodial Credit Risk** – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have a formal investment policy that limits the amount of securities that can be held by counterparties.

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

# Notes to the Financial Statements

## For the Year Ended September 30, 2023

### Note 4 – Capital Assets

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

	Balance 10/01/2022	Additions	Retirements	Balance 09/30/2023
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,127,908.30	\$	\$	\$ 1,127,908.30
Construction in Progress	74,625.00	1,630,116.02		1,704,741.02
Total Capital Assets, Not Being Depreciated	1,202,533.30	1,630,116.02		2,832,649.32
Capital Assets Being Depreciated:				
Infrastructure	12,920,869.76			12,920,869.76
Buildings	4,068,331.46			4,068,331.46
Equipment and Furniture	11,621,675.08	213,212.77	(65,381.65)	11,769,506.20
Total Capital Assets Being Depreciated	28,610,876.30	213,212.77	(65,381.65)	28,758,707.42
Less Accumulated Depreciation for:				
Infrastructure – Bridges and Roads	(4,010,534.39)	(422,935.72)		(4,433,470.11)
Buildings	(2,735,902.85)	(59,976.04)		(2,795,878.89)
Equipment and Furniture	(6,545,467.84)	(606,918.32)	65,381.65	(7,087,004.51)
Total Accumulated Depreciation	(13,291,905.08)	(1,089,830.08)	65,381.65	(14,316,353.51)
Total Capital Assets, Being Depreciated, Net	15,318,971.22	(876,617.31)		14,442,353.91
Governmental Activities Capital Assets, Net	\$ 16,521,504.52	\$ 753,498.71	\$	\$ 17,275,003.23

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 175,398.45
Public Safety	139,005.48
Highway and Roads	745,492.35
Sanitation	1,796.37
Welfare	28,137.43
Total Depreciation Expense – Governmental Activities	<u>\$1,089,830.08</u>

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## *Notes to the Financial Statements*

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

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#### **Note 5 – Defined Benefit Pension Plan**

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

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

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

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

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

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## *Notes to the Financial Statements*

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

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#### **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 to 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

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

Members are eligible for disability retirement if they have 10 years of credible 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 30 are paid to the beneficiary.

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## *Notes to the Financial Statements*

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

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

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

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

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

### **Contributions**

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

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## *Notes to the Financial Statements*

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

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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. By adopting Act 2011-676 Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers, and firefighters 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, 2023, the Commission's active employee contribution rate was 5.57% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 9.59% of covered employee payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2023, was 9.78% of pensionable pay for Tier 1 employees, and 7.36% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$322,973.29 for the year ended September 30, 2023.

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## *Notes to the Financial Statements*

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

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

The Crenshaw 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, 2021, rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	\$8,221,408	\$8,233,861	\$8,246,138
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2021 through September 30, 2022	208,514	208,514	210,353
(d) Transfers Among Employers		(103,956)	(103,956)
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 through September 30, 2022	(552,358)	(552,358)	(552,358)
(f) Total Pension Liability as of September 30, 2022 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$8,469,484</u>	<u>\$8,378,909</u>	<u>\$8,393,939</u>
(g) Difference between Expected and Actual		\$ (90,575)	
(h) Less Liability Transferred for Immediate Recognition		<u>(103,956)</u>	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		<u>\$ 13,381</u>	
(j) Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss			<u>\$ 15,030</u>



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## *Notes to the Financial Statements*

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

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#### Actuarial Assumptions

The total pension liability as of September 30, 2022, was determined based on the annual actuarial valuation report as of September 30, 2021, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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## *Notes to the Financial Statements*

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

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

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

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

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**C. Changes in Net Pension Liability**

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 30, 2021	\$8,221,408	\$5,528,229	\$2,693,179
Changes for the Year:			
Service cost	208,514		208,514
Interest	591,920		591,920
Changes of benefit terms	15,030		15,030
Differences between expected and actual experience	13,381		13,381
Contributions – employer		291,931	(291,931)
Contributions – employee		174,467	(174,467)
Net investment income		(694,858)	694,858
Benefit payments, including refunds of employee contributions	(552,358)	(552,358)	
Transfers among employers	(103,956)	(103,956)	
Net Changes	172,531	(884,774)	1,057,305
Balances at September 30, 2022	\$8,393,939	\$4,643,455	\$3,750,484

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Commission’s Net Pension Liability	\$4,699,624	\$3,750,484	\$2,948,553

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## *Notes to the Financial Statements*

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

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#### **Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2023, the Commission recognized pension expense of \$506,891. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 108,894.00	\$
Changes of assumptions	179,574.00	
Net difference between projected		
Net difference between projected and actual earnings		
on pension plan investments	561,530.00	
Employer contributions subsequent to the measurement date	322,973.29	
Total	<u>\$1,172,971.29</u>	<u>\$</u>

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## *Notes to the Financial Statements*

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

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The \$322,973 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
September 30, 2024	\$268,040
2025	\$210,209
2026	\$150,075
2027	\$221,674
2028	\$ 0
Thereafter	\$ 0

#### **Note 6 – Long-Term Debt**

##### **Warrants Payable**

In August 2022, the Commission issued General Obligation Warrants, Series 2022, to acquire land and to construct and equip certain capital improvements for public park and recreational facilities.

In June 2021, the Commission issued General Obligation Warrants, Series 2021, to provide funds for paving improvements.

In September 2016, the Commission issued General Obligation Warrants, Series 2016-A, to provide funds to refund the General Obligation Warrants, Series 2007, and to pay the expenses of issuing the warrants.

In September 2016, the Commission entered into a funding agreement with the Crenshaw County Public Building Authority for the purpose of refunding a funding agreement with the Public Building Authority. In September 2016, the Crenshaw County Public Building Authority refunded Series 2007 Warrants issued to construct the county jail on which the original funding agreement was entered into.

The Commission issued Series 2013 General Obligation Warrants dated May 15, 2013, to refund Series 2001 Warrants and to fund capital improvements.

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## *Notes to the Financial Statements*

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

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

	Debt Outstanding 10/01/2022	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Warrants Payable	\$20,644,843.14	\$	\$ (618,458.27)	\$20,026,384.87	\$ 587,993.56
Plus: Warrant Premium	249,320.60		(8,310.69)	241,009.91	8,310.69
Total Warrants Payable	20,894,163.74		(626,768.96)	20,267,394.78	596,304.25
<u>Other Liabilities:</u>					
Funding Agreement Payable	1,430,000.00		(135,000.00)	1,295,000.00	135,000.00
Notes from Direct Borrowing	1,913,540.38	91,053.48	(463,238.71)	1,541,355.15	517,300.95
Net Pension Liability	2,693,179.00	1,057,305.00		3,750,484.00	
Compensated Absences	93,723.01	25,643.15		119,366.16	11,936.62
Total Other Liabilities	6,130,442.39	1,174,001.63	(598,238.71)	6,706,205.31	664,237.57
Total Governmental Activities	\$27,024,606.13	\$1,174,001.63	\$(1,225,007.67)	\$26,973,600.09	\$1,260,541.82

Payments on the general obligation warrants that pertain to the Commission's governmental activities are made by Special Revenue and Debt Service Funds. The notes from direct borrowing for the governmental activities will be liquidated by the General Fund and the Gasoline Tax Fund, respectively. Payments on the funding agreement are made by the One-Cent Sales Tax Fund.

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, 46% by the Gasoline Tax Fund, and the remainder by the other governmental funds.

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## *Notes to the Financial Statements*

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

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The Commission's outstanding notes from direct borrowings related to governmental activities, originally issued at \$923,352, are secured by one 2022 Mack Dump Trucks and five 2023 Mack Dump Trucks. The outstanding notes from direct borrowings contain a provision that in the event of default, the bank may (1) declare the unpaid principal balance plus accrued interest to date to be immediately due and payable without notice or demand, (2) terminate contract as to any or all items of equipment, (3) take possession of the secured equipment without notice, (4) cause the Commission to promptly return the equipment to seller, (5) use, hold, sell, lease, or otherwise dispose of the equipment on the premises of the Commission, (6) sell or lease the equipment at public auction or by private sale or lease, (7) proceed by appropriate action either at law or in equity to enforce performance by Commission, and/or (8) exercise any and all rights accruing to Lender under any applicable law upon default by the Commission.

The Commission's outstanding notes from direct borrowings related to governmental activities, originally issued at \$1,224,370, are secured by five 2020 CAT Motor Grades. The outstanding notes from direct borrowings contain a provision that in the event of default, the bank may (1) declare the unpaid principal balance plus accrued interest to date to be immediately due and payable without notice or demand, (2) terminate contract as to any or all items of equipment, (3) take possession of the secured equipment without notice, (4) cause the Commission to promptly return the equipment to seller, (5) use, hold, sell, lease, or otherwise dispose of the equipment on the premises of the Commission, (6) sell or lease the equipment at public auction or by private sale or lease, (7) proceed by appropriate action either at law or in equity to enforce performance by Commission, and/or (8) exercise any and all rights accruing to Lender under any applicable law upon default by the Commission.

The Commission's outstanding notes from direct borrowings related to governmental activities, originally issued at \$91,053, are secured by two 2023 Chevrolet Pickup Trucks. The outstanding notes from direct borrowings contain a provision that in the event of default, the bank may (1) declare the unpaid principal balance plus accrued interest to date to be immediately due and payable without notice or demand, (2) require assembly of the collateral or evidence of the collateral to be available, (3) take possession of the collateral without notice, (4) take possession of all records pertaining to the collateral, (5) transfer of collateral to the bank's name or that of a nominee, (6) use, hold, sell, lease or otherwise dispose of the equipment on the premises of the Commission, (7) not be held liable for all failing to collect any account, enforce any right, or other act on their part.

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## *Notes to the Financial Statements*

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

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

Fiscal Year Ending	Warrants Payable		Notes from Direct Borrowing	
	Principal	Interest	Principal	Interest
September 30, 2024	\$ 587,993.56	\$ 827,160.57	\$ 517,300.95	\$36,875.65
2025	607,736.11	805,548.02	530,305.96	23,870.64
2026	632,591.88	783,381.00	493,748.24	10,610.16
2027	652,797.40	760,412.35		
2028	678,242.54	736,770.33		
2029-2033	3,242,023.38	3,255,275.06		
2034-2038	3,640,000.00	2,563,393.75		
2039-2043	3,395,000.00	1,757,325.00		
2044-2048	3,360,000.00	1,117,637.52		
2049-2052	3,230,000.00	350,625.00		
Totals	<u>\$20,026,384.87</u>	<u>\$12,957,528.60</u>	<u>\$1,541,355.15</u>	<u>\$71,356.45</u>

#### **Pledged Revenues**

The Commission issued Series 2013 General Obligation Warrants, which are to be repaid from sales taxes, five mill ad valorem taxes, and the Capital Improvement Fund Appropriation. The proceeds are to be used to refund Series 2001 General Obligation Warrants and to fund capital improvements. Future revenues in the amount of \$3,000,844.41 are pledged to repay the principal and interest on the bonds at September 30, 2023. Pledged funds in the amount of \$2,083,757.78 were received by the Commission during the fiscal year, of which \$135,741.26 was used to pay principal and interest on the bonds during the fiscal year ended September 30, 2023. The Series 2013 General Obligation Warrants will mature in fiscal year 2040.

The Commission issued Series 2016-A General Obligation Warrants which are to be repaid from sales taxes, five mill ad valorem taxes and the annual appropriation from the Alabama Trust Fund. The proceeds are to be used to provide funds to currently refund the Series 2007 General Obligation Warrants. Future revenues in the amount of \$1,248,435.00 are pledged to repay the principal and interest on the bonds at September 30, 2023. Pledged funds in the amount of \$1,476,555.12 were received by the Commission during the fiscal year, of which \$29,615.00 was used to pay principal and interest on the bonds during the fiscal year ended September 30, 2023. The Series 2016-A General Obligation Warrants will mature in fiscal year 2035.



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

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Funding Agreement		Total Principal and Interest Requirements to Maturity
Principal	Interest	
\$ 135,000.00	\$ 26,517.50	\$ 2,130,848.23
135,000.00	23,817.50	2,126,278.23
140,000.00	21,067.50	2,081,398.78
140,000.00	18,267.50	1,571,477.25
140,000.00	15,397.50	1,570,410.37
605,000.00	28,783.75	7,131,082.19
		6,203,393.75
		5,152,325.00
		4,477,637.52
		3,580,625.00
<u>\$1,295,000.00</u>	<u>\$133,851.25</u>	<u>\$36,025,476.32</u>

In September 2016, the Commission entered into a funding agreement with the Crenshaw County Public Building Authority which is pledged to be repaid from sales taxes, five mill ad valorem taxes and the annual appropriation from the Alabama Trust Fund. The proceeds are to be used for the purpose of partially refunding a capital lease with the Public Building Authority. Future revenues in the amount of \$1,428,851.25 are pledged to repay the principal and interest on the funding agreement at September 30, 2023. Pledged funds in the amount of \$1,151,418.97 were received by the Commission during the fiscal year, of which \$164,217.50 was used to pay principal and interest on the bonds during the fiscal year ended September 30, 2023. The funding agreement will mature in fiscal year 2032.

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## *Notes to the Financial Statements*

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

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#### **Note 7 – Risk Management**

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

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

The Commission purchases commercial insurance for its other risks of loss, including property and casualty insurance. 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.

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## *Notes to the Financial Statements*

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

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#### **Note 8 – Interfund Transactions**

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

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

	Due from Other Funds <u>Gasoline Tax Fund</u>	Totals
Due to Other Funds:		
RRR Gasoline Tax Fund	\$658,584.55	\$658,584.55
Totals	<u>\$658,584.55</u>	<u>\$658,584.55</u>

##### **Interfund Transfers**

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

	<u>Transfers Out</u>		Total
	General Fund	Other Governmental Funds	Governmental Funds
Transfers In:			
Gasoline Tax Fund	\$ 325,000.00	\$175,000.00	\$ 500,000.00
Other Governmental Funds	1,616,686.80		1,616,686.80
Total Governmental Funds	<u>\$1,941,686.80</u>	<u>\$175,000.00</u>	<u>\$2,116,686.80</u>

The Commission typically uses transfers to fund ongoing operating subsidies.

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## *Notes to the Financial Statements*

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

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#### **Note 9 – Related Organizations**

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

- ◆ Crenshaw County Emergency Communications District
- ◆ Crenshaw County Hospital Board
- ◆ Helicon Community Center
- ◆ South Crenshaw County Water Authority
- ◆ Quint-Mar Water Authority

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 Crenshaw County Commission.

#### **Note 10 – Tax Abatements**

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

For fiscal year ended September 30, 2023, total property taxes abated were \$719,269.02, including the following tax abatement agreements:

Granting Jurisdiction	Type	Property Tax
Economic and Industrial Development Authority	Automotive Parts	\$523,104.75
Manufacturing Economic and Industrial Development Authority	Automotive Parts	
	Manufacturing	196,164.27
Total County Abated Taxes		<u>\$719,269.02</u>

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## *Notes to the Financial Statements*

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

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

- ◆ An 18 percent property tax abatement to an automotive parts manufacturing business for increasing the size of its facilities and increasing employment. The abatement amounted to \$196,164.27.
- ◆ A 77 percent property tax abatement to an automotive parts manufacturing business for increasing the size of its facilities and increasing employment. The abatement amounted to \$523,104.75.

#### **Note 11 – Construction and Other Significant Commitments**

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

	Contract Amount	Remaining Balance
Recreation Complex – Site Prep 1	\$2,224,850.00	\$1,284,988.08
Recreation Complex – Site Prep 2	938,553.00	608,298.90
Recreation Complex – Engineering	1,600,000.00	1,240,000.00
Total Amount Obligated	<u>\$4,763,403.00</u>	<u>\$3,133,286.98</u>

As of September 30, 2023, the Commission has \$14,958,000 held in construction escrow with the 2022 bond trustee for the construction of a new recreational complex. To date they have completed approximately \$1,704,000 on this project with a projected total cost of approximately \$20,000,000.

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## *Required Supplementary Information*

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 208,514	\$ 202,513	\$ 208,939	\$ 209,290	\$ 186,485	\$ 183,759	\$ 186,783	\$ 173,355	\$ 146,926
Interest	591,920	567,548	544,250	531,213	515,261	487,528	438,781	430,273	418,298
Changes in benefit terms	15,030								
Differences between expected and actual experience	13,381	98,932	95,453	24,743	16,827	81,924	457,577	(74,294)	
Changes of assumptions		310,144			36,576		206,715		
Benefit payments, including refunds of employee contributions	(552,358)	(535,882)	(497,874)	(445,086)	(421,068)	(543,174)	(443,063)	(402,893)	(428,189)
Transfers among employers	(103,956)	(60,547)	(29,183)	(124,452)	(71,740)	86,760	9,177		
Net change in total pension liability	172,531	582,708	321,585	195,708	262,341	296,797	855,970	126,441	137,035
Total pension liability- beginning	8,221,408	7,638,700	7,317,115	7,121,407	6,859,066	6,562,269	5,706,299	5,579,858	5,442,823
Total pension liability- ending (a)	\$ 8,393,939	\$ 8,221,408	\$ 7,638,700	\$ 7,317,115	\$ 7,121,407	\$ 6,859,066	\$ 6,562,269	\$ 5,706,299	\$ 5,579,858
<b>Plan fiduciary net position</b>									
Contributions- employer	\$ 291,931	\$ 218,454	\$ 236,811	\$ 242,974	\$ 209,439	\$ 208,475	\$ 223,300	\$ 204,536	\$ 219,760
Contributions- employee	174,467	172,081	142,496	145,588	146,533	123,464	121,748	111,735	121,194
Net investment income	(694,858)	1,023,259	258,634	117,426	400,832	506,443	375,443	43,698	398,230
Benefit payments, including refunds of employee	(552,358)	(535,882)	(497,874)	(445,086)	(421,068)	(543,174)	(443,063)	(402,893)	(428,189)
Transfers among employers	(103,956)	(60,547)	(29,183)	(124,452)	(71,740)	86,760	9,177	94,506	11,587
Net change in plan fiduciary net position	(884,774)	817,365	110,884	(63,550)	263,996	381,968	286,605	51,582	322,582
Plan net position- beginning	5,528,229	4,710,864	4,599,980	4,663,530	4,399,534	4,017,566	3,730,961	3,679,379	3,356,797
Plan net position- ending (b)	\$ 4,643,455	\$ 5,528,229	\$ 4,710,864	\$ 4,599,980	\$ 4,663,530	\$ 4,399,534	\$ 4,017,566	\$ 3,730,961	\$ 3,679,379
Net pension liability (asset) - ending (a) - (b)	\$ 3,750,484	\$ 2,693,179	\$ 2,927,836	\$ 2,717,135	\$ 2,457,877	\$ 2,459,532	\$ 2,544,703	\$ 1,975,338	\$ 1,900,479
Plan fiduciary net position as a percentage of the total pension liability	55.32%	67.24%	61.67%	62.87%	65.49%	64.14%	61.22%	65.38%	65.94%
Covered payroll (*)	\$ 3,112,652	\$ 2,561,544	\$ 2,872,649	\$ 2,986,870	\$ 2,856,823	\$ 2,608,300	\$ 2,571,211	\$ 2,090,574	\$ 1,950,544
Net pension liability (asset) as a percentage of covered payroll	120.49%	105.14%	101.92%	90.97%	86.04%	94.30%	98.97%	94.49%	97.43%

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

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



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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 322,973	\$ 291,931	\$ 218,454	\$ 236,811	\$ 242,974	\$ 209,439	\$ 208,475	\$ 223,300	\$ 204,536	\$ 219,760
Contributions in relation to the actuarially determined contribution	\$ 322,973	\$ 291,931	\$ 218,454	\$ 236,811	\$ 242,974	\$ 209,439	\$ 208,475	\$ 223,300	\$ 204,536	\$ 219,760
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 3,367,697	\$ 3,112,652	\$ 2,561,544	\$ 2,872,649	\$ 2,986,870	\$ 2,856,823	\$ 2,608,300	\$ 2,571,211	\$ 2,090,574	\$ 1,950,544
Contributions as a percentage of covered payroll	9.59%	9.38%	8.53%	8.24%	8.13%	7.33%	7.99%	8.68%	9.78%	11.27%

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

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

**Notes to Schedule**

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

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	27 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25- 5.00 %, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
<b>Revenues</b>						
Taxes	\$ 2,344,767.00	\$ 2,344,767.00	\$ 2,556,891.86	(2)	\$ 658,079.61	\$ 3,214,971.47
Licenses and Permits	31,500.00	31,500.00	31,154.87			31,154.87
Intergovernmental	571,587.00	571,587.00	1,964,252.64			1,964,252.64
Charges for Services	518,900.00	518,900.00	606,030.42			606,030.42
Miscellaneous	76,200.00	76,200.00	328,559.13	(2)	594,260.70	922,819.83
Total Revenues	3,542,954.00	3,542,954.00	5,486,888.92		1,252,340.31	6,739,229.23
<b>Expenditures</b>						
Current:						
General Government	1,673,246.00	1,673,246.00	1,496,152.82	(1)	10,000.00	1,506,152.82
Public Safety	1,609,329.00	1,609,329.00	1,651,113.89	(1)	7,744.54	1,658,858.43
Highways and Roads			1,350.00	(3)	51,462.85	52,812.85
Sanitation	145,605.00	145,605.00	128,611.33			128,611.33
Health	33,000.00	33,000.00	33,000.00			33,000.00
Welfare	146,271.00	146,271.00	157,527.39			157,527.39
Culture and Recreation	12,500.00	12,500.00	15,800.00			15,800.00
Capital Outlay	40,000.00	40,000.00	153,935.22	(3)	644,572.42	798,507.64
Intergovernmental	119,693.00	119,693.00				
Total Expenditures	3,779,644.00	3,779,644.00	3,637,490.65		713,779.81	4,351,270.46
Excess (Deficiency) of Revenues Over Expenditures	(236,690.00)	(236,690.00)	1,849,398.27		538,560.50	2,387,958.77
<b>Other Financing Sources (Uses)</b>						
Transfers In	150,000.00	150,000.00				
Proceeds from Sale of Capital Assets			9,590.00			9,590.00
Proceeds from Debt			91,053.48			91,053.48
Transfers Out			(977,143.20)	(4)	(964,543.60)	(1,941,686.80)
Total Other Financing Sources (Uses)	150,000.00	150,000.00	(876,499.72)		(964,543.60)	(1,841,043.32)
Net Change in Fund Balances	(86,690.00)	(86,690.00)	972,898.55		(425,983.10)	546,915.45
Fund Balances - Beginning of Year	140,600.00	140,600.00	10,454,624.85	(5)	15,051,956.39	25,506,581.24
Fund Balances - End of Year	\$ 53,910.00	\$ 53,910.00	\$ 11,427,523.40		\$ 14,625,973.29	\$ 26,053,496.69

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

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

(1) The Commission budgets salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis (GAAP). \$ 17,744.54

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

(2) Revenues			
Public Buildings, Roads and Bridges Fund	\$ 658,079.61		
2022 GO Warrant Construction	<u>594,260.70</u>		1,252,340.31
(3) Expenditures			
Public Buildings, Roads and Bridges Fund	\$ 51,462.85		
2022 GO Warrant Construction	<u>644,572.42</u>		696,035.27
(4) Other Financing Sources/(Uses), Net			
Public Buildings, Roads and Bridges Fund	\$ (325,000.00)		
2022 GO Warrant Construction	<u>(639,543.60)</u>		<u>(964,543.60)</u>
Net Change in Fund Balance - Budget to GAAP			<u><u>\$ (425,983.10)</u></u>

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

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

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
<b>Revenues</b>						
Intergovernmental	\$ 1,124,000.00	\$ 1,124,000.00	\$ 941,940.53		\$	\$ 941,940.53
Charges for Services	25,000.00	25,000.00	143,674.41			143,674.41
Miscellaneous	424,600.00	424,600.00	104,808.46			104,808.46
Total Revenues	1,573,600.00	1,573,600.00	1,190,423.40			1,190,423.40
<b>Expenditures</b>						
Current:						
Highways and Roads	2,272,986.00	2,272,986.00	1,550,245.62	(1)	(19,945.60)	1,530,300.02
Capital Outlay	890,000.00	890,000.00	59,277.55			59,277.55
Debt Service:						
Principal Retirement	465,881.00	465,881.00	463,238.71			463,238.71
Interest and Fiscal Charges	39,500.00	39,500.00	41,119.69			41,119.69
Total Expenditures	3,668,367.00	3,668,367.00	2,113,881.57		(19,945.60)	2,093,935.97
Excess (Deficiency) of Revenues Over Expenditures	(2,094,767.00)	(2,094,767.00)	(923,458.17)		19,945.60	(903,512.57)
<b>Other Financing Sources (Uses)</b>						
Transfers In	1,565,000.00	1,565,000.00	500,000.00			500,000.00
Proceeds from Sale of Capital Assets	1,900,000.00	1,900,000.00				
Transfers Out	(1,065,000.00)	(1,065,000.00)				
Total Other Financing Sources (Uses)	2,400,000.00	2,400,000.00	500,000.00			500,000.00
Net Change in Fund Balances	305,233.00	305,233.00	(423,458.17)		19,945.60	(403,512.57)
Fund Balances - Beginning of Year			1,399,911.43	(2)	5,801.05	1,405,712.48
Fund Balances - End of Year	\$ 305,233.00	\$ 305,233.00	\$ 976,453.26		\$ 25,746.65	\$ 1,002,199.91

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

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**Explanation of differences:**

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

- (1) The Commission budgets salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis (GAAP).

\$ 19,945.60

Net Change in Fund Balance - Budget to GAAP

\$ 19,945.60

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

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

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
<b><u>Revenues</u></b>					
Intergovernmental	\$ 882,000.00	\$ 882,000.00	\$ 990,234.94	\$	\$ 990,234.94
Other	7,500.00	7,500.00	15,818.63		15,818.63
Total Revenues	889,500.00	889,500.00	1,006,053.57		1,006,053.57
<b><u>Expenditures</u></b>					
Current:					
Highways and Roads	635,000.00	635,000.00	1,178,188.14		1,178,188.14
Debt Service:					
Principal Retirement	250,200.00	250,200.00	258,458.27		258,458.27
Interest and Fiscal Charges	103,000.00	103,000.00	94,628.73		94,628.73
Total Expenditures	988,200.00	988,200.00	1,531,275.14		1,531,275.14
Excess (Deficiency) of Revenues Over Expenditures	(98,700.00)	(98,700.00)	(525,221.57)		(525,221.57)
<b><u>Other Financing Sources (Uses)</u></b>					
Transfers In	100,000.00	100,000.00			
Transfers Out	(100,000.00)	(100,000.00)			
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	(98,700.00)	(98,700.00)	(525,221.57)		(525,221.57)
Fund Balances - Beginning of Year	105,000.00	105,000.00	1,215,973.10		1,215,973.10
Fund Balances - End of Year	\$ 6,300.00	\$ 6,300.00	\$ 690,751.53	\$	\$ 690,751.53

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## *Additional Information*

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

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<b>Commission Members</b>		<b>Term Expires</b>
Hon. Charlie Sankey, Jr.	Chairman	November 2026
Hon. Raymond McGough	Vice-Chairman	November 2026
Hon. Merrill Sport	Member	November 2026
Hon. Robert “Bo” Mount	Member	November 2026
Hon. Stallion Sasser	Member	November 2026
<b><u>Administrative Personnel</u></b>		
Dawn Rayborn	Administrator	Indefinite
David Smyth	Prior Administrator	March 2023



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

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## **Independent Auditor's Report**

Members of the Crenshaw County Commission and County Administrator  
Luverne, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crenshaw County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Crenshaw County Commission's basic financial statements, and have issued our report thereon dated September 16, 2025.

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

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

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

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

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

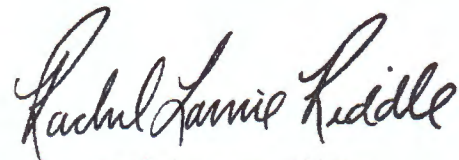
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## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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



Rachel Laurie Riddle  
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

September 16, 2025