



Barbour County Commission

Barbour County, Alabama

October 1, 2023 through September 30, 2024

Filed: February 13, 2026

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

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



Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 777-0500
FAX (334) 242-1775

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

Dear Madam:

An audit was conducted on the Barbour County Commission, Barbour County, Alabama, for the period October 1, 2023 through September 30, 2024. Under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

James Perry
Examiner of Public Accounts

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Department of **Examiners of Public Accounts**

SUMMARY

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

The Barbour County Commission (the “Commission”) is governed by a seven-member body elected by the citizens of Barbour County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 15. 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 Barbour County.

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

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

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, 2024, was issued by the Department on June 13, 2025.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 15, were invited to discuss the results of this report at an exit conference. Individuals in attendance were County Administrator Raye Ann Calton; and Commissioners Jerry McGilvray, Rachel Smith, Jason Bennett and Frances Shipman. Representing the Department of Examiners of Public Accounts were Netteah Anderson, Audit Manager; and James Perry, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of Barbour County Commission and County Administrator
Clayton, 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 Barbour County Commission, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Barbour 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 Barbour County Commission, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

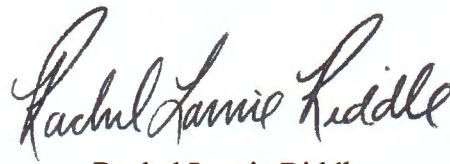
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 14), 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.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 20, 2026, on our consideration of the Barbour County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Barbour 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 Barbour 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

January 20, 2026

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Management's Discussion and Analysis
(Required Supplementary Information)

**Barbour County Commission
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2024**

The Barbour County Commission's discussion and analysis is a narrative overview that is designed to assist the reader in reviewing significant financial issues and activities of the County. The reader should also be able to identify the changes in the County's financial position and analyze the ability of the County to meet future challenges.

The Management's Discussion and Analysis (MD&A) focuses on the activities of the Barbour County Commission for the fiscal year ended September 30, 2024. The information contained in this report should be considered in conjunction with the Commission's financial statements for the same period. The MD&A report is required under Governmental Accounting Standard Board's (GASB) Statement Number 34 and includes comparisons of government-wide data to prior years.

Financial Highlights

Key financial highlights of the 2023-2024 fiscal year include the following:

- Barbour County's assets and deferred inflows of resources exceeded its liabilities and deferred outflows of resources at the close of the fiscal year ended September 30, 2024 by \$30,581,661.16.
- The County's total net position increased by \$2,346,672.58 over the prior year's net position.
- At the end of the current fiscal year Barbour County's governmental funds reported combined ending fund balances of \$21,469,193.77, an increase of \$2,031,860.14, or 10.45% from the prior year.
- Governmental Fund Revenues for the current fiscal year were \$15,241,152.79 and were below current Expenditures of \$13,225,968.65 by \$2,015,184.14.
- Total general long-term debt for Barbour County decreased by a net of 286,037.58. Total long-term debt is now \$3,752,473.57.

Overview of the Financial Statements

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

- Government-wide financial statements
- Fund financial statements
- Fiduciary funds statements
- Notes to the Financial Statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with an overview of the County's finances in a manner similar to those used by the private-sector businesses. The statement of net position includes all the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the differences reported as *net position*. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term debt. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. To properly evaluate the overall health of the County you may need to consider other non-financial factors such as changes in the county's property tax base and the condition of the county's infrastructure and buildings.

The *Statement of Activities* presents information focused on both gross and net costs and shows how the County's net position changed during the current fiscal year. This statement is intended to summarize and simplify the reader's analysis of cost of various governmental services. The governmental activities include most of the County's basic services including general government, public safety, highways and roads, sanitation, health and welfare, and education. The funding of these activities comes primarily from property taxes, sales taxes, gasoline taxes, and other miscellaneous revenues and charges for services.

Fund Financial Statements

The fund financial statements provide more detailed information about the Commission's funds, focusing on its Major funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Barbour County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental and fiduciary are the two categories of fund types used to keep track of specific sources of funding and spending on particular County programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *government funds* with similar information presented for *governmental activities* in the government-wide financial statements. In doing so readers may better understand the long-term impact of the County's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to aide in this comparison between *governmental funds* and *governmental activities*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Most of the County's basic services are included in *governmental funds*. Unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows, outflows and balances of spendable resources*. The governmental fund statements provide a detailed short-term view of the County's operations and the basic services it provides. Governmental funds statements assist the reader in determining the short-term financial resources available to finance future programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in exhibits 4 and 6 to reconcile the differences between them.

Barbour County maintains many funds that are governmental funds. Separate information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Gasoline Tax Fund, Reappraisal Fund and American Rescue Plan Act Fund. These funds are deemed to be major funds. Data from the remaining funds are combined into a single aggregated presentation.

Fiduciary Funds Statements

Fiduciary funds are funds in which the County is the trustee, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. All the County's fiduciary activities are reported in a separate statement of fiduciary net position (Exhibit 7) and a statement of changes in fiduciary net position (Exhibit 8). The activities of these funds are excluded from the government-wide financial statements because their assets are not available for use by the County to finance its operations.

Notes to the Financial Statements

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

Required Supplementary Information

Required Supplementary Information is expressed in Exhibits 9 and 10, Pension Schedules; and in Exhibits 11 through 14, which are Budget to Actual comparisons of the governmental major funds of the County. Barbour County adopts an annual appropriated budget for its General, Gasoline Tax, Reappraisal Fund, and American Rescue Plan Act Fund. The comparison exhibits for this are presented to demonstrate compliance with the general budget.

Government-Wide Financial Analysis

The County governmental net position increased by \$2,346,672.58 during the current fiscal year. Management monitors net position because the variance is a useful indicator of the County's financial position. Barbour County's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$30,581,661.16 as of the fiscal year ending September 30, 2024.

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

**Statement of Net Position
As of September 30, 2024**

	Governmental Activities	
	2024	2023
Current and Other Assets	28,206,575.50	27,393,651.12
Capital Assets	12,007,676.36	11,690,405.84
Total Assets	<u>40,214,251.86</u>	<u>39,084,056.96</u>
Deferred Outflows of Resources	916,153.22	1,313,032.37
Current and Other Liabilities	4,340,393.82	5,448,450.22
Long Term Liabilities	3,403,904.76	4,038,511.15
Total Liabilities	<u>7,744,298.58</u>	<u>9,486,961.37</u>
Deferred Inflows of Resources	2,804,445.34	2,675,139.38
Net Position:		
Net Investment in Capital Assets	11,297,056.40	10,700,006.38
Unrestricted	13,645,877.76	12,648,158.41
Restricted	5,638,727.00	4,886,823.79
Total Net Position	<u><u>30,581,661.16</u></u>	<u><u>28,234,988.58</u></u>

The largest portion of Barbour County's net position, \$11,297,056.40 is contained in its capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. The County uses these capital assets to provide services to citizens. While the County's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay for or liquidate these liabilities.

The remaining balance of unrestricted assets in the amount of 13,645,877.76 may be used to meet the government's ongoing obligations to citizens and creditors, and \$5,638,727.00 of restricted assets may be used to meet specific obligations to citizens and creditors.

With the implementation of GASB Statement Number 65, the County is required to report deferred inflows and outflows of resources.

Statement of Activities

The following table summarizes the change in the County's Net Position from its activities for the fiscal year ended September 30, 2024:

	2024	2023
Revenues:		
Program Revenues:		
Charges for Services	2,446,432.87	2,342,666.77
Operating Grants and Contributions	5,666,054.37	4,603,271.67
General Revenues		
Property Taxes-General Purposes	2,555,016.33	2,427,922.3
Property Taxes-Specific Purposes	95,699.30	94,878.76
General Sales Tax	1,423,181.75	1,392,694.04
Miscellaneous Taxes	193,001.79	197,378.46
Grants/Contributions not Restricted	1,375,677.12	1,352,024.98
Investment Earnings	255,074.35	204,730.62
Gain (Loss) on Disposition of Capital Assets	0.00	26,235.00
Miscellaneous	1,231,014.91	979,917.21
Total Revenues	15,241,152.79	13,621,719.81
Expenses:		
Program Activities		
General Government	3,041,957.86	2,543,171.11
Public Safety	4,268,133.40	3,694,022.65
Highways and Roads	4,012,987.16	4,376,222.35
Sanitation	1,137,681.58	1,039,010.86
Health	126,520.02	702,281.28
Welfare	280,236.16	283,698.29
Education	5,839.24	6,340.27
Interest and Fiscal Charges	21,124.79	25,732.83
Intergovernmental	0.00	0.00
Total Expenses	12,894,480.21	12,670,479.64
Increase/(Decrease) in Net Position	2,346,672.58	951,240.17

The County's total revenues of \$15,241,152.79 were 11.89% higher than the previous year. Property Taxes accounted for 17.39% of the total revenue of the County. Taxes as a whole represented 28% of the total revenue collected by the County for fiscal year ended September 30, 2024.

Expenses for all services of the County were \$12,894,480.21, which represented an increase of 1.77% from the prior year. Of the total expenses, 24% was spent for general government, 33% for public safety, 31% for highways and roads, 8% for sanitation, and 4% on the remaining categories listed above.

Net Cost of Services

The net cost of services is a comparison of the total cost for government functions and programs and the net cost remaining after reducing the total cost by the revenue generated from the specific function or program. For the current year, the total cost of services was \$12,894,480.21

The table below presents the total cost and the net cost of each of the County's Functions:

Function/Program	2024	
	Total Cost of Services	Net Cost of Services
General Government	3,041,957.86	-1,131,728.51
Public Safety	4,268,133.40	-3,367,784.88
Highways and Roads	4,012,987.16	66,216.85
Sanitation	1,137,681.58	-33,696.30
Health	126,520.02	-81,233.59
Welfare	280,236.16	-206,812.09
Education	5,839.24	-5,829.66
Interest and Fiscal Charges	21,124.79	-21,124.79
Total Governmental Activities	12,894,480.21	-4,781,992.97

Financial Analysis of Fund Balances

The financial performance of the Commission is reflected in its governmental funds. As the Commission completed the year, its governmental funds reported a combined fund balance of \$21,469,193.77, which reflects an increase of \$2,031,860.14 over the previous year. Exhibit #5 gives a full breakdown of revenues, expenditures, and changes in fund balances of all governmental funds.

The fund balance for the Reappraisal Fund is submitted annually to the Revenue Commissioner no later than December 31 of the following fiscal year.

The following table provides a summary of the changes in fund balances of the Commission's major funds, as well as the combined Other Governmental Funds. The Reappraisal Fund is excluded as revenues are only recognized as they are earned; therefore, there is no fund balance associated with this fund.

<u>Fund</u>	<u>Beginning Fund Balance</u>	<u>Net Increase or (Decrease)</u>	<u>Ending Fund Balance</u>
General Fund	14,307,440.73	1,131,293.02	15,438,733.75
Gasoline Fund	885,487.44	139,772.36	1,025,259.80
American Rescue Plan Fund	146,338.31	163,641.09	309,979.40
Other Governmental Funds	4,098,067.15	597,153.67	4,695,220.82
Totals	19,437,333.63	2,031,860.14	21,469,193.77

Highlights – Major Funds

- **General Fund**

As reflected in Exhibit 5, the ending General Fund balance was \$15,438,733.75. The majority of General Fund spending, 48.5%, went toward Public Safety with 29.81% expended for General Government costs. Total revenues were \$8,151,511.34. Of the total revenues recorded by Barbour County, Taxes amounted to 46.1% and Charges for Services were 27.41%.

- **Gasoline Tax Fund**

Fund balance for the Gasoline Fund increased by \$139,772.36 from the previous year. Exhibit 5 reflects the majority of the Gasoline Tax Fund revenues came from Intergovernmental sources, 67.46%. Total Gasoline Fund expenditures were \$1,519,628.91, with 87.23% being spent on Highways and roads, and the balance, 12.77% being spent on capital outlay and debt service.

- **Reappraisal Fund**

The Reappraisal Update Fund accounts for the expenditure of property taxes related to the county's reappraisal program. Expenditures for the year ended September 30, 2024 were \$516,605.46. Taxes received in excess of expenditures are returned to the Revenue Commissioner each year.

- **American Rescue Plan Fund**

The Commission received funding related to the Covid-19 pandemic which was mostly not spent as of September 30, 2024. This resulted in unearned revenue of \$2,393,451.49. All funds were obligated as of December 31, 2024.

General Budgetary Discussion

The County Commission has established an annual budget process whereby all departments submit an annual budget request to the Commission for the coming year's operating expenses. The Commission reviews, adjusts as necessary and then adopts an original budget to fund the operating needs of each department. The budgets are amended if necessary.

Capital Assets

Depreciation of assets other than land and construction in progress is recorded on an annual basis, using the straight-line method of depreciation.

The following table shows a reconciliation of capital assets for the year ended September 30, 2024.

Governmental Activities:	
Total Capital Assets at October 1, 2023	22,716,464
Additions/Reclassifications	1,401,039
Retirements/Reclassifications	-246,264
Total Capital Assets at September 30, 2024	23,871,239

The following table provides a comparison of last fiscal year to current fiscal year 2024 after depreciation.

	Value 9/30/2024 After Depreciation	Value 9/30/2023 After Depreciation
Governmental Activities:		
Land	437,748	437,748
Construction in Progress	351,101	14,500
Infrastructure	4,931,930	5,108,691
Land Improvements	36,506	39,543
Buildings	1,666,884	1,790,055
Building Improvements	2,238,818	2,512,912
Construction Equipment	1,262,295	1,232,578
Machinery and Equipment	239,644	269,339
Motor Vehicles	842,751	285,040
Total Capital Assets 9/30/2023	12,007,677	11,690,406

Further information on Capital Assets is located in Note 5 of Notes to the Financial Statements.

Long-term Debt Activity

For Fiscal Year 2024, the County began the year with a \$2,826,051 net pension liability as of the September 30, 2023 measurement date. At year end the net pension liability increased \$12,431 (.44%) to \$2,838,482 as of the latest available measurement date of September 30, 2021.

The liability for compensated absences as of the end of the current year was \$203,371.61, which was a decrease of \$18,689.08 (8.42%) from last fiscal years \$222,060.69.

The following table provides a summary comparison of the prior year Long-Term Debt to this fiscal year Long-Term Debt.

	Balance Long-Term Debt 9/30/2023	Balance Long-Term Debt 9/30/2024
<u>Governmental Activities</u>		
Notes from Direct Borrowing	528,897	306,473
General Obligation Warrant Payable	461,502	404,147
Compensated Absences	222,061	203,372
Net Pension Liability	2,826,051	2,838,482
	<u>4,038,511</u>	<u>3,752,474</u>

Further information on Long-Term Debt is located in Note 8 of Notes to the Financial Statements.

Economic Factors

During the 2023-2024 budget year, the County derived 22.24% of revenues from taxes. Sales tax collections for the fiscal year ending September 30, 2024 increased 2.19% compared to the prior year.

The Commission has committed its support and resources to economic development in Barbour County. They have budgeted funds to the Eufaula/Barbour County Chamber of Commerce and to the Barbour County Industrial Board for economic development in hopes to produce additional jobs, which, in turn, should improve economic conditions and ultimately produce additional revenue for the County.

The Commission estimates that revenues will decrease and expenses in the next fiscal year will increase, which will have an impact on next fiscal year's budget. However, revenues and expenditures will be carefully monitored and if the need arises, action will be taken to make sure the County does not end the year in a deficit.

Financial Contact Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability. If you have questions about this report or need additional financial information, please contact the County Administrator at the office of the Barbour County Commission, 1 Court Square, Clayton, Alabama 36016. The office is located on the 2nd floor of the Courthouse.

Basic Financial Statements

Statement of Net Position

September 30, 2024

	Governmental Activities
<u>Assets</u>	
Cash and Cash Equivalents	\$ 23,305,482.33
Investments	1,269,845.00
Receivables (Note 4)	896,077.52
Ad Valorem Taxes Receivable	2,616,587.48
Prepaid Items	20,183.17
Long-Term Receivables (Note 4)	98,400.00
Capital Assets (Note 5):	
Nondepreciable	788,849.02
Depreciable, Net	11,218,827.34
Total Assets	<u>40,214,251.86</u>
<u>Deferred Outflows of Resources</u>	
Employer Pension Contribution	257,312.22
Deferred Outflows Related to Defined Benefit Pension Plan	658,841.00
Total Deferred Outflows of Resources	<u>916,153.22</u>
<u>Liabilities</u>	
Payables (Note 7)	986,146.84
Unearned Revenue	2,412,654.18
Accrued Wages Payable	112,411.58
Accrued Interest Payable	3,754.62
Other Current Liabilities	476,857.79
Long-Term Liabilities:	
Portion Due Within One Year:	
Notes from Direct Borrowing	229,049.79
Compensated Absences	61,011.48
Warrants Payable	58,507.54
Portion Due After One Year:	
Notes from Direct Borrowing	77,423.49
Compensated Absences	142,360.13
Warrants Payable	345,639.14
Net Pension Liability	2,838,482.00
Total Liabilities	<u>\$ 7,744,298.58</u>

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

	Governmental Activities
<u>Deferred Inflows of Resources</u>	
Unavailable Revenue - Property Taxes	\$ 2,616,587.48
Revenue Received in Advance - Motor Vehicle Taxes	132,723.86
Deferred Inflows Related to Defined Benefit Pension Plan	55,134.00
Total Deferred Inflows of Resources	<u>2,804,445.34</u>
 <u>Net Position</u>	
Net Investment in Capital Assets	11,297,056.40
Restricted for:	
Highways and Roads	3,866,907.87
Capital Improvements	1,413,084.11
Public Safety	246,008.20
Other Purposes	112,726.82
Unrestricted	<u>13,645,877.76</u>
Total Net Position	<u><u>\$ 30,581,661.16</u></u>

Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	
					Total Governmental Activities
Governmental Activities					
General Government	\$ 3,041,957.86	\$ 1,227,689.54	\$ 682,539.81	\$	\$ (1,131,728.51)
Public Safety	4,268,133.40	114,794.70	785,553.82		(3,367,784.88)
Highways and Roads	4,012,987.16	382.50	4,078,821.51		66,216.85
Sanitation	1,137,681.58	1,103,564.56	420.72		(33,696.30)
Health	126,520.02		45,286.43		(81,233.59)
Welfare	280,236.16	1.57	73,422.50		(206,812.09)
Education	5,839.24		9.58		(5,829.66)
Interest and Fiscal Charges	21,124.79				(21,124.79)
Total Governmental Activities	\$ 12,894,480.21	\$ 2,446,432.87	\$ 5,666,054.37	\$	(4,781,992.97)
General Revenues:					
Taxes:					
Property Taxes for General Purposes					2,555,016.33
Property Taxes for Specific Purposes					95,699.30
General Sales Tax					1,423,181.75
Other County Sales and Use Taxes					108,436.80
Miscellaneous Taxes					84,564.99
Grants and Contributions Not Restricted for Specific Program					1,375,677.12
Investment Earnings					255,074.35
Miscellaneous					1,231,014.91
Total General Revenues					7,128,665.55
Change in Net Position					2,346,672.58
Net Position - Beginning of Year					28,234,988.58
Net Position - End of Year					\$ 30,581,661.16

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

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Gasoline Tax Fund	Reappraisal Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash and Cash Equivalents	\$ 15,546,647.42	\$ 933,346.05	\$ 151,108.04	\$ 1,818,694.79	\$ 4,855,686.03	\$ 23,305,482.33
Investments				1,269,845.00		1,269,845.00
Receivables (Note 4)	637,621.77	127,742.38			130,713.37	896,077.52
Ad Valorem Taxes Receivable	1,874,578.48		742,009.00			2,616,587.48
Due from Other Funds	72,279.70	5,465.20		264.48		78,009.38
Prepaid Items	16,566.23		3,616.94			20,183.17
Long-Term Receivables (Note 4)	98,400.00					98,400.00
Total Assets	18,246,093.60	1,066,553.63	896,733.98	3,088,804.27	4,986,399.40	28,284,584.88
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
<u>Liabilities</u>						
Payables (Note 7)	155,460.21	14,853.11	147,167.75	378,209.76	290,456.01	986,146.84
Due to Other Fund	70,401.72	264.48		7,163.62	179.56	78,009.38
Unearned Revenue	18,702.69	500.00		2,393,451.49		2,412,654.18
Accrued Wages Payable	78,635.10	25,676.24	7,557.23		543.01	112,411.58
Other Current Liabilities	476,857.79					476,857.79
Total Liabilities	800,057.51	41,293.83	154,724.98	2,778,824.87	291,178.58	4,066,079.77
<u>Deferred Inflows of Resources</u>						
Unavailable Revenue - Property Taxes	1,874,578.48		742,009.00			2,616,587.48
Revenue Received in Advance - Motor Vehicle Taxes	132,723.86					132,723.86
Total Deferred Inflows of Resources	2,007,302.34		742,009.00			2,749,311.34
<u>Fund Balances</u>						
Nonspendable:						
Prepaid Items	16,566.23					16,566.23
Long-Term Receivables	98,400.00					98,400.00
Restricted:						
Highways and Roads		1,025,259.80			2,892,573.22	3,917,833.02
Capital Improvements					1,413,084.11	1,413,084.11
Public Safety					309,271.92	309,271.92
Other Purposes	40,075.83				80,221.57	120,297.40
Unassigned	15,283,691.69			309,979.40	70.00	15,593,741.09
Total Fund Balances	15,438,733.75	1,025,259.80		309,979.40	4,695,220.82	21,469,193.77
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,246,093.60	\$ 1,066,553.63	\$ 896,733.98	\$ 3,088,804.27	\$ 4,986,399.40	\$ 28,284,584.88

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

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

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 21,469,193.77

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

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported as assets in the governmental funds. These assets consist of:

Capital Assets - Nondepreciable	\$ 788,849.02	
Capital Assets - Depreciable	11,218,827.34	
Total Capital Assets		12,007,676.36

Deferred outflows and inflows of resources related to the pension plan are applicable to
future periods and, therefore, are not reported in the governmental funds. 861,019.22

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

	Amounts Due or Payable Within One Year	Amounts Due or Payable After One Year	
Accrued Interest Payable	\$ 3,754.62	\$	
Notes from Direct Borrowing	229,049.79	77,423.49	
Compensated Absences	61,011.48	142,360.13	
Warrants Payable	58,507.54	345,639.14	
Net Pension Liability		2,838,482.00	
Total Long-Term Liabilities	\$ 352,323.43	\$ 3,403,904.76	(3,756,228.19)

Total Net Position - Governmental Activities (Exhibit 1) \$ 30,581,661.16

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, 2024

	General Fund	Gasoline Tax Fund	Reappraisal Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 3,757,850.80	\$	\$ 516,270.05	\$	\$	\$ 4,274,120.85
Licenses and Permits	22,800.57				4,836.00	27,636.57
Intergovernmental	1,778,120.93	932,582.20		1,396,030.63	3,047,742.25	7,154,476.01
Charges for Services	2,234,176.58	18,218.78			10,496.00	2,262,891.36
Miscellaneous	358,562.46	431,549.29	335.41	167,062.34	564,518.50	1,522,028.00
Total Revenues	8,151,511.34	1,382,350.27	516,605.46	1,563,092.97	3,627,592.75	15,241,152.79
Expenditures						
Current:						
General Government	2,082,259.41		516,605.46	43,624.51	69,750.82	2,712,240.20
Public Safety	3,387,920.16				504,245.39	3,892,165.55
Highways and Roads	27,719.84	1,325,504.03		7,687.28	2,108,367.28	3,469,278.43
Sanitation	1,105,151.63			412.49	483.92	1,106,048.04
Health	111,720.82					111,720.82
Welfare	167,892.66			796.06	55,263.79	223,952.51
Education	5,839.24					5,839.24
Capital Outlay	54,107.54			1,346,931.54		1,401,039.08
Debt Service:						
Principal Retirement	41,093.25	181,330.55			57,355.70	279,779.50
Interest and Fiscal Charges	2,338.77	12,794.33			8,772.18	23,905.28
Total Expenditures	6,986,043.32	1,519,628.91	516,605.46	1,399,451.88	2,804,239.08	13,225,968.65
Excess (Deficiency) of Revenues Over Expenditures	1,165,468.02	(137,278.64)		163,641.09	823,353.67	2,015,184.14
Other Financing Sources (Uses)						
Transfers In		265,000.00			100,302.88	365,302.88
Proceeds from Sale of Capital Assets		12,051.00			4,625.00	16,676.00
Transfers Out	(34,175.00)				(331,127.88)	(365,302.88)
Total Other Financing Sources (Uses)	(34,175.00)	277,051.00			(226,200.00)	16,676.00
Net Change in Fund Balances	1,131,293.02	139,772.36		163,641.09	597,153.67	2,031,860.14
Fund Balances - Beginning of Year	14,307,440.73	885,487.44		146,338.31	4,098,067.15	19,437,333.63
Fund Balances - End of Year	\$ 15,438,733.75	\$ 1,025,259.80	\$	\$ 309,979.40	\$ 4,695,220.82	\$ 21,469,193.77

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

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

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 2,031,860.14

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 differed from depreciation expense in the current period.

Capital Outlay Expenditures	\$ 1,401,039.08	
Depreciation Expense	<u>(1,062,255.34)</u>	338,783.74

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

Proceeds from the Sale of Capital Assets	\$ (16,676.00)	
Loss on Sale of Capital Assets	<u>(4,837.22)</u>	(21,513.22)

Repayment of long-term 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. 279,779.50

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

Accrued Interest Payable - Net Decrease	\$ 2,780.49	
Compensated Absences - Net Decrease	18,689.08	
Pension Expense - Net Increase	<u>(303,707.15)</u>	(282,237.58)

Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$ 2,346,672.58</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Fiduciary Net Position
September 30, 2024

	Custodial Funds
<u>Assets</u>	
Cash and Cash Equivalents	\$ 743,012.22
Receivables (Note 4)	571.40
Total Assets	<u>743,583.62</u>
<u>Liabilities</u>	
Payables	49.51
Due to External Parties	59,287.51
Total Liabilities	<u>59,337.02</u>
<u>Net Position</u>	
Held for Other Purposes or Agencies	<u>\$ 684,246.60</u>

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

Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2024

	Custodial Funds
<u>Additions</u>	
District Attorney Fees	\$ 15,882.08
Taxes Collected for Other Governments	11,394,834.68
Miscellaneous	486,873.01
Interest	47.60
Total Additions	<u>11,897,637.37</u>
<u>Deductions</u>	
Benefit Payments and Refunds	162,839.66
Tax Payments to Other Governments	11,394,834.68
Administrative Expenses	241,341.55
Total Deductions	<u>11,799,015.89</u>
Change in Net Position	98,621.48
Net Position - Beginning of Year	<u>585,625.12</u>
Net Position - End of Year	<u><u>\$ 684,246.60</u></u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 1 – Summary of Significant Accounting Policies

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

Based on the application of the above criteria, there are no component units which should be included as part of the financial reporting entity as required by generally accepted accounting principles.

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.

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 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 as well as the expenditure of solid waste disposal fees for providing solid waste services to county residents.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditures of gasoline taxes for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and rights-of-way.
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditures of property taxes related to the county's reappraisal program.
- ◆ **American Rescue Plan Act Fund** – This fund is used to account for the funds received from the Coronavirus State and Local Fiscal Recovery Funds from the U. S. Department of the Treasury. The County has until December 31, 2026, to expend these funds under the program.

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

Governmental Fund Types

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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, investments 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.

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

1. Deposits and Investments

Cash and cash equivalents include cash on hand, and demand deposits. State statutes authorize the Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit.

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

2. Receivables

Sales tax receivables 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.

3. Prepaid Items

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

4. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings and Improvements	\$ 50,000	40 years
Motor Vehicles and Equipment	\$ 5,000	5 – 15 years
Roads	\$250,000	20 years
Bridges	\$ 50,000	40 years

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

5. Deferred Outflows of Resources

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

6. Long-Term Obligations

In the government-wide financial statement, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. In the government fund financial statements, the face amount of debt issued is reported as other financing sources.

7. Compensated Absences

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

Annual Leave

Employees earn 3.69 hours of annual leave for each full pay period worked in the 26 total pay periods for the year. Additional annual leave based on longevity of service shall be earned as follows:

Length of Service	Additional Annual Leave Earned
5 – 10 years of service	8 hours annually
11 – 15 years of service	16 hours annually
16+ years of service	24 hours annually

All employees are allowed to accumulate and carry forward up to 240 hours of annual leave into the next calendar year. Upon termination of employment, employees shall receive compensation of accrued annual leave, not to exceed the maximum 30 days or 240 hours.

Sick Leave

Sick leave benefits are provided for regular, full-time employees in the amount of 3.69 hours per pay period for employees who work a forty (40) hour, seven (7) day, work week. In the event the employee does not work his/her full scheduled hours, accrual of sick leave will be prorated. The maximum number of sick days to be carried over into any year shall be seventy days or 560 hours. All sick leave shall be forfeited upon separation of employment.

Overtime and Compensatory Leave

Non-exempt employees are entitled to overtime pay and must be compensated for any hours worked over 40 hours in a work week and are not eligible for compensatory time off.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Exempt employees who work more hours than 40 hours in a work week may be granted compensatory time off on an hour-for hour basis. There is no legal requirement or obligation of the County to grant compensatory time off to exempt employees. At the discretion and convenience of the supervisor, compensatory time off may be granted to exempt employees who are required to work in excess of 40 hours per week for special projects or during weekends or any normally scheduled time off. Compensatory time accrued is subject to an accrual limitation of 40 hours. The employee is required to schedule the use of any accrued compensatory time through his/her immediate supervisor in writing before any compensatory time is taken. Supervisors may deny the request if the use of compensatory time will unduly disrupt the department's operations. Supervisors can require an employee to take compensatory time off to manage the accrual limitation.

If an exempt employee is terminated or voluntarily separates from employment with the County, then any compensatory time will be paid out by multiplying compensatory hours accrued by the normal rate of pay.

8. Deferred Inflows of Resources

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

9. Net Position/Fund Balances

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

- ◆ **Net Investment in Capital Assets** – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.

Notes to the Financial Statements

For the Year Ended September 30, 2024

- ♦ **Restricted** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- ♦ **Unrestricted** – The net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

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

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items and long-term receivables.
- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- C. Committed fund balances consist of amounts that are subject to a specific purpose imposed by formal action of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except that some funds report amounts that have separate budgets. The General Fund reports the revenues, expenditures, and transfers of the Public Buildings, Roads and Bridges Fund, the Multipurpose Clayton Senior Center Fund, the Multipurpose Clio Senior Center Fund, the Probate Judge Discretionary Fund, and the Revenue Commissioner Discretionary Fund that are not included in the General Fund Budget. All appropriations lapse at year end.

The present statutory basis for county budgeting operations is the County Financial Control Act of 1935, as amended by Act Number 2007-488, Acts of Alabama. According to the terms of the law, at some meeting in September of each year, but in any event no later than October 1, the Commission must estimate the anticipated revenues, estimated expenditures and appropriations for the respective amounts that are to be used for each of such purposes. The appropriations must not exceed the total revenues available for appropriation plus any balances on hand. Expenditures may not legally exceed appropriations.

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 3 – Deposits 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.

B. Investments

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

As of September 30, 2024, the Commission had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity in Years	
		Less than 1	1-5
U. S. Treasuries	\$1,269,845	\$288,387	\$981,458

The Commission categorizes its fair value measurements within the fair value hierarchy established by the Governmental Accounting Standards Board 72 standard. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission has the following fair value measurements as of September 30, 2024:

U. S. Treasury investments of \$1,269,845 for Governmental Funds are valued based on an independent vendor service (Level 1 inputs).

The Commission also had money market funds included with cash and cash equivalents. The Goldman Sachs Financial Square money market funds totaling \$1,418,877.37 were valued at amortized cost.

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

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

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, 2024

Note 4 – Receivables

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

	Taxes Receivable	Accounts Receivable	Due from Other Governments	Total Governmental Funds
<u>Receivables:</u>				
General Fund	\$24,684.15	\$505,211.83	\$107,725.79	\$637,621.77
Gasoline Tax Fund		757.62	126,984.76	127,742.38
Other Government Funds		22,749.00	107,964.37	130,713.37
Total Receivables	<u>\$24,684.15</u>	<u>\$528,718.45</u>	<u>\$342,674.92</u>	<u>\$896,077.52</u>

	Accounts Receivable	Total Custodial Funds
<u>Receivables:</u>		
District Attorney	\$571.40	\$571.40
Total Receivables	<u>\$571.40</u>	<u>\$571.40</u>

On November 26, 1986, the Commission entered into an agreement to advance the City of Eufaula Industrial Development Board \$120,000.00 to be repaid by December 21, 2025. On September 30, 2024, the remaining balance of the long-term receivable recorded in the Commission's major and non-major funds in the aggregate are as follows:

	Due From City of Eufaula Industrial Development Board
<u>Governmental Activities:</u>	
General Fund	\$98,400.00
Total Governmental Activities	<u>\$98,400.00</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At September 30, 2024, the various components of unearned revenues reported in the governmental funds were as follows:

	Unearned
Unexpended ARPA Funds Received	\$2,393,451.49
Advance Payments on Solid Waste Accounts	18,702.69
Other Advance Payments	500.00
Total Governmental Activities	<u>\$2,412,654.18</u>

Note 5 – Capital Assets

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

	Beginning Balance 10/01/2023	Additions/ Reclassifications (*)	Retirements/ Reclassifications (*)	Balance 09/30/2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land and Land Improvements - Inexhaustible	\$ 437,747.80	\$	\$	\$ 437,747.80
Construction in Progress	14,500.00	336,601.22		351,101.22
Total Capital Assets, Not Being Depreciated	<u>452,247.80</u>	<u>336,601.22</u>		<u>788,849.02</u>
Capital Assets Being Depreciated:				
Infrastructure	7,348,252.65			7,348,252.65
Land Improvements – Exhaustible	199,338.78			199,338.78
Buildings	5,719,140.86			5,719,140.86
Building Improvements	3,628,084.26			3,628,084.26
Construction Equipment	3,410,495.48	386,575.86	(48,510.00)	3,748,561.34
Machinery And Equipment	676,173.60		(30,635.00)	645,538.60
Motor Vehicles	1,282,730.31	677,862.00	(167,119.16)	1,793,473.15
Total Capital Assets Being Depreciated	<u>22,264,215.94</u>	<u>1,064,437.86</u>	<u>(246,264.16)</u>	<u>23,082,389.64</u>
Less Accumulated Depreciation for:				
Infrastructure	(2,239,561.49)	(176,761.58)		(2,416,323.07)
Land Improvements – Exhaustible	(159,796.06)	(2,398.18)		(162,832.89)
Buildings	(3,929,086.37)	(123,170.50)		(4,052,256.89)
Building Improvements	(1,115,171.76)	(274,733.06)		(1,389,266.16)
Construction Equipment	(2,177,917.42)	(267,257.54)	48,510.00	(2,486,266.46)
Machinery and Equipment	(406,834.36)	(29,695.12)	30,635.00	(405,894.48)
Motor Vehicles	(997,690.44)	(188,239.36)	145,605.94	(950,722.35)
Total Accumulated Depreciation	<u>(11,026,057.90)</u>	<u>(1,062,255.34)</u>	<u>224,750.94</u>	<u>(11,863,562.30)</u>
Total Capital Assets Being Depreciated, Net	<u>11,238,158.04</u>	<u>2,182.52</u>	<u>(21,513.22)</u>	<u>11,218,827.34</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,690,405.84</u>	<u>\$ 338,783.74</u>	<u>\$ (21,513.22)</u>	<u>\$ 12,007,676.36</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

General Government	\$ 247,750.54
Public Safety	256,951.43
Highways and Roads	482,041.57
Sanitation	12,842.26
Health	10,660.85
Welfare	52,008.69
Total Depreciation Expense – Governmental	<u>\$1,062,255.34</u>

Note 6- Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

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

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a 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 creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30th are paid to the beneficiary.

Act Number 2019-132, Acts of Alabama, allowed employers who participate in the ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6, to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act Number 2019-132, Acts of Alabama, will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 618 employers adopted Act Number 2019-132, Acts of Alabama as of September 30, 2023.

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Contributions

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

Employers participating in the ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6, were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676, Acts of Alabama. By adopting Act 2011-676, Acts of Alabama, Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates 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 6.86% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 7.38% of pensionable payroll.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission's contractually required contribution rate for the year ended September 30, 2024 was 8.51% of pensionable pay for Tier 1 employees, and 6.65% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$257,312.22 for the year ended September 30, 2024.

B. Net Pension Liability

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

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2022	\$8,039,851	\$8,312,696	\$8,312,696
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 - September 30, 2023	311,805	311,805	311,805
(d) Transfers Among Employers		164,800	164,800
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 - September 30, 2023	(643,795)	(643,795)	(643,795)
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$8,282,849</u>	<u>\$8,740,821</u>	<u>\$8,740,821</u>
(g) Difference between Expected and Actual		\$ 457,972	
(h) Less Liability Transferred for Immediate Recognition		<u>(164,800)</u>	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		<u>\$ 293,172</u>	
(j) Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss			<u>\$</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Actuarial Assumptions

The total pension liability as of September 30, 2023, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. The key actuarial assumptions are summarized below:

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

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

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

Discount Rate

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

Notes to the Financial Statements
For the Year Ended September 30, 2024

C. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 30, 2022	\$8,039,851	\$5,213,800	\$2,826,051
Changes for the year:			
Service Cost	311,805		311,805
Interest	574,988		574,988
Differences – expected and actual experience	293,172		293,172
Contributions – employer		263,243	(263,243)
Contributions – employee		226,703	(226,703)
Net investment income		677,588	677,588
Benefit Payments, Including Refunds of Employee Contributions	(643,795)	(643,795)	
Transfers Among Employers	164,800	164,800	
Net Changes	700,970	688,539	12,431
Balances at September 30, 2023	\$8,740,821	\$5,902,339	\$2,838,482

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	\$3,729,581	\$2,838,482	\$2,080,820

Notes to the Financial Statements

For the Year Ended September 30, 2024

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2023. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <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, 2024, the Commission recognized pension expense of \$547,843. At September 30, 2024, 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	\$369,028.00	\$55,134.00
Changes of assumptions	54,920.00	
Net differences between projected and actual earnings on plan investments	234,893.00	
Employer contributions subsequent to the measurement date	257,312.22	
Total	<u>\$916,153.22</u>	<u>\$55,134.00</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

The \$257,312.22 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending:	
September 30, 2025	\$208,287
2026	\$189,049
2027	\$264,123
2028	\$ (57,752)
2029	\$ 0
Thereafter	\$ 0

Note 7 – Payables

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

	Accounts Payable	Due To Other Governments	Total
<u>Governmental Activities:</u>			
General Fund	\$144,175.93	\$ 11,284.28	\$155,460.21
Gasoline Tax Fund	7,008.90	7,844.21	14,853.11
Reappraisal Fund	49.80	147,117.95	147,167.75
American Rescue Plan Fund	378,209.76		378,209.76
Other Governmental Funds	288,214.81	2,241.20	290,456.01
Total Governmental Activities	817,659.20	168,487.64	986,146.84
<u>Fiduciary Funds:</u>			
Custodial Funds	49.51		49.51
Total Fiduciary Funds	\$ 49.51	\$	\$ 49.51

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 8 – Long-Term Debt

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

	Debt Outstanding 10/01/2023	Issued/ Decreased	Repaid/ Decreased	Debt Outstanding 09/30/2024	Amount Due Within One Year
Governmental Activities:					
Warrants Payables	\$ 461,502.38	\$	\$ (57,355.70)	\$ 404,146.68	\$ 58,507.54
Notes from Direct Borrowing	528,897.08		(222,423.80)	306,473.28	229,049.79
Net Pension Liability	2,826,051.00	12,431.00		2,838,482.00	
Compensated Absences	222,060.69		(18,689.08)	203,371.61	61,011.48
Total Governmental Activities					
Long-Term Liabilities	<u>\$4,038,511.15</u>	<u>\$12,431.00</u>	<u>\$(298,468.58)</u>	<u>\$3,752,473.57</u>	<u>\$348,568.81</u>

Warrants Payable

During fiscal year 2021, the Commission issued General Obligation Warrant, Series 2021 to BancorpSouth in the amount of \$600,000 to finance capital improvements for the Eufaula Courthouse. The agreement includes provisions that in the event of default the Commission would owe any amounts due. The liability for this agreement will be liquidated by funds provided by the Capital Improvements Fund. The payments are made from the General Obligation Warrant, Series 2021 Debt Service Fund from funds transferred in from the Capital Improvement Fund.

Notes from Direct Borrowings

During fiscal year 2020, the Commission entered into a financing agreement, a direct borrowing from a financial institution, in the amount of \$199,264.82 to purchase five new vehicles for the Sheriff's Department. The debt agreement contains provisions that in the event of default, the lender shall have the right to 1) retake possession of the equipment and sell or lease the equipment, 2) require the Commission to promptly return the equipment, 3) if the lender is unable to repossess the equipment for any reason, the Commission shall pay any amounts due, and 4) take whatever action necessary or desirable to enforce its rights as owners of the equipment. The agreement also includes provisions that in the event of total destruction or damage to the equipment, the lender has the option to terminate the agreement, and the Commission would owe any amounts due. The liability for this agreement will be liquidated by funds provided by the Barbour County Sheriff. The payments are made from the General Fund.

Notes to the Financial Statements

For the Year Ended September 30, 2024

During fiscal year 2020, the Commission entered into a financing agreement, a direct borrowing from a financial institution, in the amount of \$80,544.28 to purchase two new vehicles for the Sheriff's Department. The debt agreement contains provisions that in the event of default, the lender shall have the right to 1) retake possession of the equipment and sell or lease the equipment, 2) require the Commission to promptly return the equipment, 3) if the lender is unable to repossess the equipment for any reason, the Commission shall pay any amounts due, and 4) take whatever action necessary or desirable to enforce its rights as owners of the equipment. The agreement also includes provisions that in the event of total destruction or damage to the equipment, the lender has the option to terminate the agreement, and the Commission would owe any amounts due. The liability for this agreement will be liquidated by the General Fund.

During fiscal year 2020, the Commission entered into a financing agreement, a direct borrowing from a financial institution, in the amount of \$101,923.00 to purchase a backhoe for the Highway Department. The debt agreement contains provisions that in the event of default, the lender shall have the right to 1) retake possession of the equipment and sell or lease the equipment, 2) require the Commission to promptly return the equipment, 3) if the lender is unable to repossess the equipment for any reason, the Commission shall pay any amounts due, and 4) take whatever action necessary or desirable to enforce its rights as owners of the equipment. The agreement also includes provisions that in the event of total destruction or damage to the equipment, the lender has the option to terminate the agreement, and the Commission would owe any amounts due. The liability for this agreement will be liquidated by the Gasoline Tax Fund.

During fiscal year 2020, the Commission entered into a financing agreement, a direct borrowing from a financial institution, in the amount of \$602,792.00 to purchase four dump trucks for the Highway Department. The debt agreement contains provisions that in the event of default, the lender shall have the right to 1) retake possession of the equipment and sell or lease the equipment, 2) require the Commission to promptly return the equipment, 3) if the lender is unable to repossess the equipment for any reason, the Commission shall pay any amounts due, and 4) take whatever action necessary or desirable to enforce its rights as owners of the equipment. The agreement also includes provisions that in the event of total destruction or damage to the equipment, the lender has the option to terminate the agreement, and the Commission would owe any amounts due. The liability for this agreement will be liquidated by the Gasoline Tax Fund.

Notes to the Financial Statements

For the Year Ended September 30, 2024

During fiscal year 2022, the Commission entered into a financing agreement, a direct borrowing from a financial institution, in the amount of \$186,300.00 to purchase a Rosco RA400 Pothole for the Highway Department. The debt agreement contains provisions that in the event of default, the lender shall have the right to 1) retake possession of the equipment and sell or lease the equipment, 2) require the Commission to promptly return the equipment, 3) if the lender is unable to repossess the equipment for any reason, the Commission shall pay any amounts due, and 4) take whatever action necessary or desirable to enforce its rights as owners of the equipment. The agreement also includes provisions that in the event of total destruction or damage to the equipment, the lender has the option to terminate the agreement, and the Commission would owe any amounts due. The liability for this agreement will be liquidated by the Gasoline Tax Fund.

The net pension liability attributable to the governmental activities will be liquidated by the annual employer contribution rate on covered payroll as determined by actuarial assumptions provided by the Employee's Retirement System of Alabama.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds, including the General Fund, the Gasoline Fund, and the Reappraisal Fund.

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

Fiscal Year Ending	General Obligation Warrants		Notes from Direct Borrowing Payable		Total Principal and Interest Requirements to Maturity
	Principal	Interest	Principal	Interest	
September 30, 2025	\$ 58,507.54	\$ 7,620.34	\$229,049.79	\$ 8,507.11	\$303,684.78
2026	59,682.54	6,445.36	38,210.99	2,029.24	106,368.13
2027	60,881.10	5,246.78	39,212.50	1,027.73	106,368.11
2028	62,103.74	4,024.14			66,127.88
2029-2031	162,971.76	4,548.93			167,520.69
Total	\$404,146.68	\$27,885.55	\$306,473.28	\$11,564.08	\$750,069.59

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 9 – Conduit Debt Obligations

On May 1, 2009, the Commission entered into a funding agreement with the Barbour County Board of Education (the “Board”). Pursuant to this agreement the Board sold its various schools, buildings, and equipment therein which consists of the Barbour County High School, the Barbour County Middle School, the Barbour County Intermediate School, and the Barbour County Primary School to the Commission for \$3,875,000.00 to (i) acquire and construct certain capital improvements to the leased property, to consist of renovations to Barbour County Primary, Intermediate, Middle, and High Schools and additions to Barbour County Primary and High Schools, (ii) to currently refund the Board’s Capital Outlay Warrants, Series 1999, with an outstanding principal balance of \$3,480,000.00, and (iii) to pay certain costs of issuance of the Commission’s Limited Obligation School Warrants, Series 2009. To obtain the sum of \$3,875,000.00, the Commission issued its Limited Obligation School Warrants, Series 2009 (the “Series 2009 Warrants”.) The Board agreed to pay all principal and interest on the Series 2009 Warrants and when the Series 2009 are fully paid, the Commission will convey the assets, in their then condition, to the Board without payment of any further consideration to the Commission by the Board. The warrants do not constitute a debt or pledge of the faith and credit of the Commission and, accordingly, have not been reported in the accompanying financial statements.

On November 7, 2016, the Board issued Special Tax School Refunding Warrants, Series 2016 in the amount of \$2,875,000.00. A portion of the debt associated with the Series 2009 Warrants (\$1,865,000.00) was refunded by the Special Tax School Refunding Warrants, Series 2016. The remaining portion of the debt associated with the Series 2009 Warrants at September 30, 2024 is \$1,090,000.00.

Note 10 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium contribution 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 occurrence for a maximum total coverage of \$3,000,000 in aggregate defense expenses are included within and reduce the limits of coverage. Employment Practices Liability Coverage provides up to \$1,000,000 per occurrence. Defense expenses are included within and reduce the limits of coverage. Employment Practices Liability has a \$5,000 deductible for loss only for any one claim. County specific coverages and limits can be added by endorsement.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 premium contributions of the Fund. Member premium contributions are then calculated on a rate per \$100 of estimated remuneration for each job class, which is adjusted by an experience modifier for the individual county. The Commission may qualify for additional discounts based on losses and premium size. Pool participants are eligible to receive refunds of unused premiums and the related investment earnings.

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

The Commission 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.

Note 11– Interfund Transactions

Interfund Receivables and Payables

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

	Due To Other Funds				Totals
	General Fund	Gasoline Tax Fund	American Rescue Plan Fund	Other Governmental Funds	
<u>Due From Other Funds:</u>					
General Fund	\$70,309.24	\$	\$1,790.90	\$179.56	\$72,279.70
Gasoline Tax Fund	92.48		5,372.72		5,465.20
American Rescue Plan Act Fund		264.48			264.48
Totals	\$70,401.72	\$264.48	\$7,163.62	\$179.56	\$78,009.38

Notes to the Financial Statements

For the Year Ended September 30, 2024

Interfund Transfers

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

	Transfers In		Totals
	Gasoline Tax Fund	Other Governmental Funds	
Transfers Out:			
General Fund	\$	\$ 34,175.00	\$ 34,175.00
Other Governmental Funds	265,000.00	66,127.88	331,127.88
Totals	<u>\$265,000.00</u>	<u>\$100,302.88</u>	<u>\$365,302.88</u>

The Commission typically used transfers to fund ongoing operating subsidies.

Note 12 – Related Organizations

The following organizations were considered related organizations because a majority of the respective members of boards are appointed by the Barbour County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship for the organizations, and these organizations are not considered part of the Commission's financial reporting entity. These organizations are considered related organizations of the County Commission.

- ◆ Bakerhill Water Authority
- ◆ Cowikee Water Authority
- ◆ Mount Andrew Water Authority
- ◆ West Barbour Water Authority
- ◆ Barbour County E-911 Board
- ◆ Barbour County Hospital Association
- ◆ Barbour County Historical Preservation Committee
- ◆ Industrial Development Board of Barbour County

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 13 – Subsequent Events

At its October 8, 2024 meeting, the Commission concurred with the bid obtained by the Alabama Department of Transportation for Alabama Guardrail Project LSRI-0324(250) in the amount of \$178,324.00.

At its October 22, 2024 meeting, the Commission approved the purchase of four vans to be used by the Senior Centers for \$310,536.50.

At its October 22, 2024 meeting, the Commission approved a contract for the renovation and repairs to the Barbour County Jail in the amount of \$1,700,700.00.

At its December 9, 2024 meeting, the Commission approved the purchase of a Komatsu Dozier to be used at the landfill in the amount of \$389,371.00.

At its March 11, 2025 meeting, the Commission approved the purchase of a Service Truck for the highway department in the amount of \$83,391.00.

At its July 8, 2025 meeting, the Commission approved a bid for road project RA-BCP-03-321-25 in the amount of \$255,163.00 and road project RA-BCP-03-322-25 in the amount of \$332,839.00.

Note 14 – Tax Abatements

The Commission entered into property tax agreements with the Industrial Development Board of the City of Eufaula, the Town of Bakerhill and the Town of Louisville, under the State Tax Incentive Reform Act of 1992 (Section 40-9B-1 et.seq.), *Code of Alabama 1975*. Under the 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 Barbour County. These programs have the stated purpose of increasing business activity and employment in the County.

Under the agreements entered into by the Industrial Development Board of the City of Eufaula, the Town of Bakerhill, and the Town of Louisville, county property tax revenues were reduced by \$476,072.95. Abatements exceeding 20% of the total were granted to a manufacturing facility that manufactures high-performance, high-quality proppant used in the process of hydraulic fracturing in the amount of \$100,501.83 for the expansion of an existing facility, to a manufacturing facility that processes chicken in the amount of \$100,164.00, and to a manufacturing facility for wood products in the amount of \$189,162.93.

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability
For the Year Ended September 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total pension liability</u>										
Service cost	\$ 311,805	\$ 269,797	\$ 204,194	\$ 190,429	\$ 170,061	\$ 166,513	\$ 187,246	\$ 186,549	\$ 188,895	\$ 186,555
Interest	574,988	547,715	538,874	501,125	516,465	502,162	493,059	494,072	478,181	462,544
Change of benefit terms		6,196		70,804						
Differences between expected and actual experience	293,172	294,866	(220,539)	278,923	(302,808)	44,508	151,164	(276,194)	(26,882)	
Changes of assumptions			219,680			32,218		193,439		
Benefit payments, including refunds of employee contributions	(643,795)	(549,005)	(564,608)	(529,550)	(552,932)	(596,881)	(557,809)	(425,210)	(457,899)	(449,393)
Transfers among employers	164,800	(156,094)	168,110	(3,957)	(41,704)	57,338	(136,665)	79,799		
Net change in total pension liability	700,970	413,475	345,711	507,774	(210,918)	205,858	136,995	252,455	182,295	199,706
Total pension liability - beginning	8,039,851	7,626,376	7,280,665	6,772,891	6,983,809	6,777,951	6,640,956	6,388,501	6,206,206	6,006,500
Total pension liability - ending (a)	\$ 8,740,821	\$ 8,039,851	\$ 7,626,376	\$ 7,280,665	\$ 6,772,891	\$ 6,983,809	\$ 6,777,951	\$ 6,640,956	\$ 6,388,501	\$ 6,206,206
<u>Plan fiduciary net position</u>										
Contributions - employer	\$ 263,243	\$ 278,022	\$ 224,980	\$ 188,302	\$ 193,467	\$ 147,280	\$ 163,207	\$ 204,373	\$ 193,205	\$ 183,221
Contributions - employee	226,703	210,094	183,483	131,456	129,389	115,013	113,687	127,013	120,556	109,762
Net investment income	677,588	(780,479)	1,127,582	279,924	128,715	447,869	588,734	444,936	52,568	494,587
Benefit payments, including refunds of employee contributions	(643,795)	(549,005)	(564,608)	(529,550)	(552,932)	(596,881)	(557,809)	(425,210)	(457,899)	(449,393)
Transfers among employers	164,800	(156,094)	168,110	(3,957)	(41,704)	57,338	(136,665)	79,799	(71,038)	189
Net change in plan fiduciary net position	688,539	(997,462)	1,139,547	66,175	(143,065)	170,619	171,154	430,911	(162,608)	338,366
Plan fiduciary net position - beginning	5,213,800	6,211,262	5,071,715	5,005,540	5,148,605	4,977,986	4,806,832	4,375,921	4,538,529	4,200,163
Plan fiduciary net position - ending (b)	\$ 5,902,339	\$ 5,213,800	\$ 6,211,262	\$ 5,071,715	\$ 5,005,540	\$ 5,148,605	\$ 4,977,986	\$ 4,806,832	\$ 4,375,921	\$ 4,538,529
Net pension liability - ending (a) - (b)	\$ 2,838,482	\$ 2,826,051	\$ 1,415,114	\$ 2,208,950	\$ 1,767,351	\$ 1,835,204	\$ 1,799,965	\$ 1,834,124	\$ 2,012,580	\$ 1,667,677
Plan fiduciary net position as a percentage of the total pension liability	67.53%	64.85%	81.44%	69.66%	73.91%	73.72%	73.44%	72.38%	68.50%	73.13%
Covered-employee payroll	\$ 3,394,803	\$ 3,298,615	\$ 2,757,704	\$ 2,350,296	\$ 2,257,935	\$ 2,080,201	\$ 2,063,129	\$ 2,153,048	\$ 2,137,447	\$ 2,097,458
Net pension liability as a percentage of covered payroll	83.61%	85.67%	51.31%	93.99%	78.27%	88.22%	87.24%	85.19%	94.16%	79.51%

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (*)	\$ 257,312	\$ 263,243	\$ 278,022	\$ 224,980	\$ 188,302	\$ 193,467	\$ 147,280	\$ 163,207	\$ 204,373	\$ 193,205
Contributions in relation to the actuarially determined contribution (*)	\$ 257,312	\$ 263,243	\$ 278,022	\$ 224,980	\$ 188,302	\$ 193,467	\$ 147,280	\$ 163,207	\$ 204,373	\$ 193,205
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 3,486,053	\$ 3,394,803	\$ 3,298,615	\$ 2,757,704	\$ 2,350,296	\$ 2,257,935	\$ 2,080,201	\$ 2,063,129	\$ 2,153,048	\$ 2,137,447
Contributions as a percentage of covered payroll	7.38%	7.75%	8.43%	8.16%	8.01%	8.57%	7.08%	7.91%	9.49%	9.04%

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

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26.3 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25-6.00% including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

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

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
<u>Revenues</u>						
Taxes	\$ 3,631,661.00	\$ 3,631,661.00	\$ 3,186,291.48	(1)	\$ 571,559.32	\$ 3,757,850.80
Licenses and Permits	22,125.00	22,125.00	22,800.57			22,800.57
Intergovernmental	1,417,276.00	1,419,323.00	1,713,313.89	(1)	64,807.04	1,778,120.93
Charges for Services	2,205,442.00	2,205,442.00	2,234,176.58			2,234,176.58
Miscellaneous	260,598.00	340,979.83	342,681.31	(1)	15,881.15	358,562.46
Total Revenues	7,537,102.00	7,619,530.83	7,499,263.83		652,247.51	8,151,511.34
<u>Expenditures</u>						
Current:						
General Government	2,396,866.00	2,500,058.36	1,958,557.53	(2)	123,701.88	2,082,259.41
Public Safety	3,148,331.00	3,258,528.46	3,359,429.83	(2)	28,490.33	3,387,920.16
Highways and Roads	55,200.00	55,200.00		(2)	27,719.84	27,719.84
Sanitation	1,085,318.00	1,206,851.00	1,101,706.41	(2)	3,445.22	1,105,151.63
Health	228,568.00	232,868.00	110,993.18	(2)	727.64	111,720.82
Welfare	170,733.00	169,454.00	1,000.00	(2)	166,892.66	167,892.66
Education	5,840.00	5,840.00	5,839.24			5,839.24
Capital Outlay	71,500.00	70,476.00		(2)	54,107.54	54,107.54
Debt Service:						
Principal Retirement	41,094.00	41,094.00	41,093.25			41,093.25
Interest and Fiscal Charges	2,339.00	2,339.00	2,338.77			2,338.77
Total Expenditures	7,205,789.00	7,542,708.82	6,580,958.21		405,085.11	6,986,043.32
Excess (Deficiency) of Revenues Over Expenditures	331,313.00	76,822.01	918,305.62		247,162.40	1,165,468.02
<u>Other Financing Sources (Uses)</u>						
Transfers In	199,713.00	268,690.00				
Transfers Out	(403,230.00)	(472,207.00)	(151,185.00)	(3)	117,010.00	(34,175.00)
Total Other Financing Sources (Uses)	(203,517.00)	(203,517.00)	(151,185.00)		117,010.00	(34,175.00)
Net Change in Fund Balances	127,796.00	(126,694.99)	767,120.62		364,172.40	1,131,293.02
Fund Balances - Beginning of Year	50,000.00	290,137.00	9,453,589.12	(4)	4,853,851.61	14,307,440.73
Fund Balances - End of Year	\$ 177,796.00	\$ 163,442.01	\$ 10,220,709.74		\$ 5,218,024.01	\$ 15,438,733.75

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

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

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

(1) Revenues			
Public Buildings, Roads and Bridges	\$	614,386.42	
Multipurpose Senior Center - Clayton		19,940.82	
Multipurpose Senior Center - Clio		17,879.57	
Probate Judge Discretionary		20.35	
Revenue Commissioner Discretionary		20.35	
		<u>20.35</u>	\$ 652,247.51
(2) Expenditures			
Public Buildings, Roads and Bridges	\$	(243,710.07)	
Multipurpose Senior Center - Clayton		(21,087.23)	
Multipurpose Senior Center - Clio		(23,237.82)	
Probate Judge Discretionary		(39.99)	
Transfer Out Budget Difference		<u>(117,010.00)</u>	(405,085.11)
(3) Transfers Out			
Multipurpose Senior Center - Clayton	\$	57,010.00	
Multipurpose Senior Center - Clio		60,000.00	
		<u>60,000.00</u>	<u>117,010.00</u>
Net Change in Fund Balance - Budget to GAAP			<u>\$ 364,172.40</u>
(4) The amounts reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.			

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

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
<u>Revenues</u>					
Intergovernmental	\$ 906,560.00	\$ 906,560.00	\$ 932,582.20	\$	\$ 932,582.20
Charges for Services	12,000.00	12,000.00	18,218.78		18,218.78
Miscellaneous	340,620.00	345,833.52	431,549.29		431,549.29
Total Revenues	1,259,180.00	1,264,393.52	1,382,350.27		1,382,350.27
<u>Expenditures</u>					
Current:					
Highways and Roads	1,658,787.00	1,664,000.52	1,325,504.03		1,325,504.03
Capital Outlay	95,000.00	95,000.00			
Debt Service:					
Principal Retirement	197,931.00	197,931.00	181,330.55		181,330.55
Interest and Fiscal Charges	14,795.00	14,795.00	12,794.33		12,794.33
Total Expenditures	1,966,513.00	1,971,726.52	1,519,628.91		1,519,628.91
Excess (Deficiency) of Revenues Over Expenditures	(707,333.00)	(707,333.00)	(137,278.64)		(137,278.64)
<u>Other Financing Sources (Uses)</u>					
Transfers In	265,000.00	265,000.00	265,000.00		265,000.00
Proceeds from Sale of Capital Assets			12,051.00		12,051.00
Total Other Financing Sources (Uses)	265,000.00	265,000.00	277,051.00		277,051.00
Net Change in Fund Balances	(442,333.00)	(442,333.00)	139,772.36		139,772.36
Fund Balances - Beginning of Year	442,333.00	442,333.00	885,487.44		885,487.44
Fund Balances - End of Year	\$	\$	\$ 1,025,259.80	\$	\$ 1,025,259.80

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

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
<u>Revenues</u>					
Taxes	\$ 663,388.00	\$ 663,388.00	\$ 516,270.05	\$	\$ 516,270.05
Miscellaneous			335.41		335.41
Total Revenues	663,388.00	663,388.00	516,605.46		516,605.46
<u>Expenditures</u>					
Current:					
General Government	663,388.00	663,388.00	516,605.46		516,605.46
Total Expenditures	663,388.00	663,388.00	516,605.46		516,605.46
Net Change in Fund Balances					
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$	\$	\$

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

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	\$ 2,992,137.00	\$ 3,801,752.69	\$ 1,396,030.63	\$	\$ 1,396,030.63
Miscellaneous			167,062.34		167,062.34
Total Revenues	2,992,137.00	3,801,752.69	1,563,092.97		1,563,092.97
Expenditures					
Current:					
General Government	140,812.00	186,716.25	43,624.51		43,624.51
Public Safety	7,325.00				
Highways and Roads	6,676.00	8,169.00	7,687.28		7,687.28
Sanitation	1,821.00	414.00	412.49		412.49
Health	790.00	12,018.00			
Welfare	790.00	798.00	796.06		796.06
Capital Outlay	2,833,923.00	3,597,058.69	1,346,931.54		1,346,931.54
Total Expenditures	2,992,137.00	3,805,173.94	1,399,451.88		1,399,451.88
Net Change in Fund Balances		(3,421.25)	163,641.09		163,641.09
Fund Balances - Beginning of Year		3,421.25	146,338.31		146,338.31
Fund Balances - End of Year	\$	\$	\$ 309,979.40	\$	\$ 309,979.40

Additional Information

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

Commission Members		Term Expires
Hon. Kenneth Earl Gilmore, District 4	Chairman	Deceased
Hon. Patricia A. Ivey, District 6	Vice-Chairman	November 2024
Hon. Rachel Smith, District 1	Member	November 2030
Hon. Jason Bennett, District 2	Member	November 2030
Hon. Frances Shipman, District 3	Member	November 2030
Hon. Jerry McGilvray, District 5	Member	November 2030
Hon. Stan Adams, District 7	Member	November 2030
<u>Administrative Personnel</u>		
Raye Ann Calton	County Administrator	

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

Independent Auditor's Report

Members of the Barbour County Commission and the County Administrator
Clayton, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Barbour County Commission, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Barbour County Commission's basic financial statements, and have issued our report thereon dated January 20, 2026.

Report on Internal Control Over Financial Reporting

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

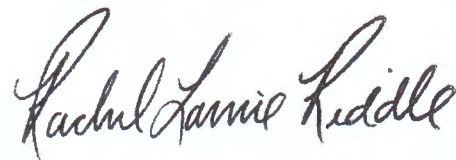
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Barbour 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

January 20, 2026