Clay County Commission

Clay County, Alabama

October 1, 2022 through September 30, 2023

Filed: July 17, 2026

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

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

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

Rachel Laurie Riddle
Chief Examiner

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

Dear Madam:

An audit was conducted on the Clay County Commission, Clay County, Alabama, for the period October 1, 2022 through September 30, 2023, by Examiners Kalese Robinson and Harrison Whitley. I, Kalese Robinson, served as Examiner-in-Charge on the engagement, and under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

Kalese Robinson
Examiner of Public Accounts

rb

26-380

Table of Contents

Table of Contents

Table of Contents

Department of
Examiners of Public Accounts

SUMMARY

Clay County Commission
October 1, 2022 through September 30, 2023

The Clay County Commission (the "Commission") is governed by a five-member body elected by the citizens of Clay County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 19. 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 Clay County.

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

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

Financial statements for the fiscal year ending September 30, 2023 were not prepared by management until May 14, 2025. The Commission's failure to prepare timely financial statements may impact the relevance of the financial information presented to users of the financial statements.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 19, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Mary Wood, County Administrator and Roy H. Johnson, Commissioner. Representing the Department of Examiners of Public Accounts were Chris Newton, Audit Manager; Kalese Robinson, Examiner; and Harrison Whitley, Examiner.

This Page Intentionally Blank

Independent Auditor's Report

Independent Auditor's Report

Members of Clay County Commission and County Administrator
Ashland, 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 Clay County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Clay 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 Clay County Commission, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 12, in the fiscal year ended September 30, 2023, the Clay County Commission adopted the accounting requirements of Governmental Accounting Standards Board (GASB) Statement Number 75, ***Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***, as amended by GASB Statement Number 85, ***Omnibus 2017***. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Clay 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 Clay 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 Clay County Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of Changes in the Employer's Net Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 17), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clay County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 18), as required by Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*** (*Uniform Guidance*), is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated June 4, 2026, on our consideration of the Clay 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 Clay 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 Clay County Commission's internal control over financial reporting and compliance.

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

June 4, 2026

This Page Intentionally Blank

Basic Financial Statements

Statement of Net Position
September 30, 2023

		Governmental Activities
Assets		
Cash and Cash Equivalents	$	10,537,094.80
Cash with Fiscal Agent		155,687.78
Property Taxes Receivable		1,273,295.58
Receivables (Note 4)		447,410.06
Capital Assets (Note 5):		
Nondepreciable		916,337.00
Depreciable		7,484,688.82
Total Assets		20,814,514.04
Deferred Outflows of Resources		
Deferred Outflows Related to Defined Benefit Pension Plan		1,145,729.61
Total Deferred Outflows of Resources		1,145,729.61
Liabilities		
Accounts Payable		228,221.21
Unearned Revenue		2,827,700.81
Accrued Wages Payable		108,892.96
Long-Term Liabilities (Note 8):		
Portion Due or Payable Within One Year:		
Notes from Direct Borrowing		110,956.28
Warrants Payable		255,000.00
Compensated Absences		17,200.30
Portion Due or Payable After One Year:		
Notes from Direct Borrowing		248,595.59
Warrants Payable		1,385,000.00
Compensated Absences		154,802.85
Net Pension Liability		2,102,711.00
Estimated Liability for Other Postemployment Benefits Payable		613,280.00
Total Liabilities		8,052,361.00
Deferred Inflows of Resources		
Unavailable Revenue - Ad Valorem Taxes		1,273,295.58
Deferred Inflows Related to Defined Benefit Pension Plan		118,722.00
Deferred Inflows Related to Other Postemployment Benefits		102,766.00
Total Deferred Inflows of Resources	$	1,494,783.58

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

	Governmental Activities
Net Position	
Net Investment in Capital Assets	$ 6,401,473.95
Restricted for:	
Highways and Roads	3,643,842.17
Capital Projects	188,681.93
Debt Service	155,687.78
Other Purposes	796,637.95
Unrestricted	1,226,775.29
Total Net Position	$ 12,413,099.07

Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Total Governmental Activities
Governmental Activities					
General Government	$ 2,593,790.81	$ 316,050.40	$ 519,525.91	$ 653,627.95	$ (1,104,586.55)
Public Safety	3,073,009.05	1,103,417.00	270,250.08		(1,699,341.97)
Highways and Roads	3,061,325.95	477,870.30	3,176,030.98		592,575.33
Health	269,500.38				(269,500.38)
Welfare	59,116.10				(59,116.10)
Sanitation	13,536.44				(13,536.44)
Culture and Recreation	178.31				(178.31)
Education	9,029.48				(9,029.48)
Interest and Fiscal Charges	76,003.01				(76,003.01)
Total Governmental Activities	$ 9,155,489.53	$ 1,897,337.70	$ 3,965,806.97	$ 653,627.95	(2,638,716.91)
General Revenues:					
Property Taxes for General Purposes					1,097,643.86
Property Taxes for Specific Purposes					577,918.57
Miscellaneous Taxes					195,859.80
County Sales and Use Taxes					950,866.56
Gain on Sale of Capital Assets					195,220.52
Interest Earned					24,138.13
Miscellaneous Revenues					270,556.21
Total General Revenues					3,312,203.65
Change in Net Position					673,486.74
Net Position - Beginning of Year, as Restated (Note 12)					11,739,612.33
Net Position - End of Year					$ 12,413,099.07

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

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Reappraisal Fund	ARPA Revenue Reduction Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	$ 3,317,766.80	$ 142,490.28	$ 1,227,193.35	$ 179,604.42	$ 2,231,332.53	$ 3,438,707.42	$ 10,537,094.80
Cash with Fiscal Agent						155,687.78	155,687.78
Property Taxes Receivable	880,000.00			393,295.58			1,273,295.58
Receivables (Note 4)	212,497.08	82,012.33	49,293.47			103,607.18	447,410.06
Total Assets	4,410,263.88	224,502.61	1,276,486.82	572,900.00	2,231,332.53	3,698,002.38	12,413,488.22
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts Payable	227,534.95	452.02		234.24			228,221.21
Unearned Revenue				173,758.40	2,226,767.07	427,175.34	2,827,700.81
Accrued Wages Payable	63,104.38	40,176.80		5,611.78			108,892.96
Total Liabilities	290,639.33	40,628.82		179,604.42	2,226,767.07	427,175.34	3,164,814.98
Deferred Inflows of Resources							
Unavailable Revenue - Ad Valorem Taxes	880,000.00			393,295.58			1,273,295.58
Total Deferred Inflows of Resources	880,000.00			393,295.58			1,273,295.58
Fund Balances							
Restricted for:							
Debt Service						155,687.78	155,687.78
Capital Projects						188,681.93	188,681.93
Highways and Roads		95,537.63	1,276,486.82			2,271,817.72	3,643,842.17
Other Purposes	137,432.88				4,565.46	654,639.61	796,637.95
Assigned for:							
Highways and Roads	67,412.36	88,336.16					155,748.52
Unassigned	3,034,779.31						3,034,779.31
Total Fund Balances	3,239,624.55	183,873.79	1,276,486.82		4,565.46	3,270,827.04	7,975,377.66
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,410,263.88	$ 224,502.61	$ 1,276,486.82	$ 572,900.00	$ 2,231,332.53	$ 3,698,002.38	$ 12,413,488.22

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, 2023

Total Fund Balances - Governmental Funds (Exhibit 3)	$	7,975,377.66
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		8,401,025.82
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		1,027,007.61
Deferred outflows and inflows of resources related to Other Postemployment Benefits are applicable to future periods and, therefore, are not reported in the governmental funds.		(102,766.00)
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	Amount Due or Payable After One Year	
Notes from Direct Borrowing	$ 110,956.28	$ 248,595.59	
Warrants Payable	255,000.00	1,385,000.00	
Compensated Absences	17,200.30	154,802.85	
Net Pension Liability		2,102,711.00	
OPEB Liability		613,280.00	
Total Long-Term Liabilities	$ 383,156.58	$ 4,504,389.44	
			(4,887,546.02)
Total Net Position - Governmental Activities (Exhibit 1)			$ 12,413,099.07

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

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

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Reappraisal Fund	ARPA Revenue Reduction Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	$ 2,362,256.44	$	$	$ 380,584.65	$	$ 17,617.20	$ 2,760,458.29
Licenses and Permits	6,799.62						6,799.62
Intergovernmental	821,438.46	936,750.33	593,520.69		22,851.32	2,210,098.63	4,584,659.43
Charges for Services	537,358.30	473,060.87				857,361.48	1,867,780.65
Miscellaneous	294,151.06	102,300.74	2,371.59	605.70	4,565.46	10,063.21	414,057.76
Total Revenues	4,022,003.88	1,512,111.94	595,892.28	381,190.35	27,416.78	3,095,140.52	9,633,755.75
Expenditures							
Current:							
General Government	1,367,084.17			381,190.35	22,851.32	501,859.24	2,272,985.08
Public Safety	2,092,418.07					807,819.19	2,900,237.26
Highways and Roads		1,384,015.55				1,319,319.85	2,703,335.40
Sanitation	11,948.47						11,948.47
Health			269,500.38				269,500.38
Welfare	45,867.59						45,867.59
Culture and Recreation	178.31						178.31
Education	9,029.48						9,029.48
Capital Outlay	10,000.00	642,623.25					652,623.25
Debt Service:							
Principal Retirement		540,423.39				250,000.00	790,423.39
Interest and Fiscal Charges		23,060.51				52,942.50	76,003.01
Total Expenditures	3,536,526.09	2,590,122.70	269,500.38	381,190.35	22,851.32	2,931,940.78	9,732,131.62
Excess (Deficiency) of Revenues Over Expenditures	485,477.79	(1,078,010.76)	326,391.90		4,565.46	163,199.74	(98,375.87)
Other Financing Sources (Uses)							
Proceeds from Debt Issuance		642,594.00					642,594.00
Proceeds from Sale of Assets		460,970.00					460,970.00
Transfers In		250,000.00				364,093.42	614,093.42
Transfers Out	(62,000.00)					(552,093.42)	(614,093.42)
Total Other Financing Sources (Uses)	(62,000.00)	1,353,564.00				(188,000.00)	1,103,564.00
Net Change in Fund Balances	423,477.79	275,553.24	326,391.90		4,565.46	(24,800.26)	1,005,188.13
Fund Balances - Beginning of Year	2,816,146.76	(91,679.45)	950,094.92			3,295,627.30	6,970,189.53
Fund Balances - End of Year	$ 3,239,624.55	$ 183,873.79	$ 1,276,486.82	$	$ 4,565.46	$ 3,270,827.04	$ 7,975,377.66

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, 2023

Total Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5)		$ 1,005,188.13
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlays 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 outlays differ from depreciation expense in the current period.		
Depreciation	$ (600,983.84)	
Capital Outlay	652,623.25	51,639.41
In the Statement of Activities, only the gain or loss on the sale of capital assets is recognized, whereas, in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balances by the book value of the capital assets sold.		
Sale of Capital Assets	$ (460,970.00)	
Gain/Loss on Sale	195,220.52	(265,749.48)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This is the amount by which debt issued exceeds payments:		
Debt Issued:		
Proceeds from Debt Issuance	$ (642,594.00)	
Repayments:		
Principal	790,423.39	147,829.39
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These consist of:		
Net Increase in Compensated Absences	$ (35,756.32)	
Net Increase in Pension Expense	(229,664.39)	
		(265,420.71)
Change in Net Position of Governmental Activities (Exhibit 2)		$ 673,486.74

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

Statement of Fiduciary Net Position
September 30, 2023

		Custodial Funds
Assets		
Cash	$	160,042.52
Total Assets		160,042.52
Net Position		
Held in Trust for Individuals, Organizations and Other Governments		160,042.52
Total Net Position	$	160,042.52

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

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

		Custodial Funds
Additions		
Taxes	$	4,192,675.29
Miscellaneous		6,483.36
Total Additions		4,199,158.65
Deductions		
General Government		4,192,675.29
Total Deductions		4,192,675.29
Changes in Net Position		6,483.36
Net Position - Beginning of Year		153,559.16
Net Position - End of Year	$	160,042.52

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

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Based on the application of the above criteria, there are no component units which should be included as part of the financial reporting entity of the Commission.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. 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.

Fund Financial Statements

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

The Commission reports the following major governmental funds:

- ***General Fund*** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes, and revenues collected by the State of Alabama and shared with the Commission. This fund is also used to account for the expenditures of special county taxes for building and maintaining public buildings, roads and bridges.

- ***Gasoline Tax Fund*** – This fund is used to account for the expenditure 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. This fund is also used to report the expenditure of the two mill tax revenues collected for building and maintaining county roads.

- ***RRR Gasoline Tax Fund*** – This fund is used to account for the County's share of statewide four-cent gasoline tax. These revenues are earmarked for the resurfacing, restoration, and rehabilitation of county.

- ***Reappraisal Fund*** – This fund is used to account for the expenditures of property taxes related to the county's reappraisal program.

- ***ARPA Revenue Reduction Fund*** – This fund is used to account for the expenditures related to the irrevocable election of up to $10 million in revenue replacement from the American Rescue Plan Act of 2021.

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

Governmental Fund Types

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

- ***Debt Service Funds*** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.

- ***Capital Projects Funds*** – These funds are used to account for and report that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

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

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

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

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

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 and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under notes from direct borrowing are reported as other financing sources.

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

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

1. Deposits and Investments

Cash and cash equivalents includes cash on hand and demand deposits.

2. Receivables

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

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects. Receivables also include various fees, taxes, licenses and charges for services, additional amounts due from the state for beer tax and other miscellaneous revenues, amounts due from cities for road work and amounts due for housing city and federal prisoners.

3. Restricted Assets

Certain warrants payable, as well as certain resources set aside for their repayment, are considered restricted assets because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

4. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the governmental activities' column in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

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

	Capitalization Threshold	Estimated Useful Life
Land	Always	N/A
Buildings	$ 50,000	25 – 40 years
Equipment and Furniture	$ 5,000	5 – 10 years
Bridges	$ 50,000	40 years
Roads	$250,000	20 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 financial statements. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Warrant issue costs are reported as an expense in the period incurred.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Compensated Absences

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

Annual Leave

Employees can earn leave as follows:

Date of hire to 15 years	4 hours per pay period
Fifteen years and one day to 25 years	5 hours per pay period
Twenty-five years and one day and over	6 hours per pay period

Unused annual leave in excess of 240 hours or 30 days at the end of any calendar year shall be forfeited by the employee or paid with approval of the department head and administrator. Employees may carry forward to the next calendar year 240 hours or 30 days or less in leave. Upon separation or termination, employees are paid, up to a maximum of 200 hours or 25 days for annual leave if the individual has been employed with the County for 12 months or longer.

Sick Leave

Sick leave benefits are available to all employees. Employees earn 3 hours of sick leave per pay period to a maximum of 90 days. No individual will be paid for his or her unused sick leave upon separation from county service. When an individual leaves county employment, he or she will not be paid for any sick leave that they have accumulated. However, if the individual is rehired by the county within one year of separation date in a job that is eligible to accrue sick leave, he or she will have his or her previous sick leave balance restored upon reemployment.

Compensatory Leave

Compensatory leave is provided for non-exempt employees in accordance with the Fair Labor Standards Act. According to the Fair Labor Standards Act, employees should be paid for compensatory leave in excess of the maximum hours stipulated. Compensatory leave is calculated at one and one-half times the regular hours.

The ***Code of Alabama 1975***, Section 36-21-4.1, provides that any non-elected law enforcement officer in the service of a county who has worked overtime be given the choice of overtime pay or compensatory leave. Under this statute, officers must make an election at the end of each month with regard to overtime earned during that month. Any overtime to be received as salary is to be paid the following month and any overtime to be taken as compensatory leave must be taken in the calendar year in which it is earned. Under this provision, deputies may accrue compensatory leave, but it must be used in the calendar year in which it is earned and there is no provision to pay out any unused compensatory leave.

8. Deferred Inflows of Resources

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

9. Net Position/Fund Balances

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

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

- ***Restricted*** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

- ***Unrestricted*** – The net amount of assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

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

A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items, and long-term receivables.

B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.

D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. Commission policy authorizes the Commission Chairman or County Administrator to designate assigned fund balances. 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.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

E. Pensions

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

F. Postemployment Benefits Other Than Pensions (OPEB)

For the purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the balances of the Commission's OPEB Plan have been determined on the same basis as they are reported by the Commission. For this purpose, the Commission's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

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

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

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. Cash with Fiscal Agent

As of September 30, 2023, the Commission's cash with fiscal agents was invested as follows:

	Rating	Maturity	Fair Value
Money Market Mutual Funds:			
First American Treasury Obligations	AAAm	Avg 43 days	$155,687.78
Total Cash with Fiscal Agent			$155,687.78

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 regarding this state law.

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, which limits the amount of securities that can be held by counterparties. The funds transferred to meet the Commission's annual debt service are invested until payments are made.

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

Note 4 – Receivables

As of September 30, 2023, receivables for the Commissions major and nonmajor funds in the aggregate are as follows:

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
Accounts Receivable	$ 1,466.87	$	$	$	$ 1,466.87
Sales Tax Receivable	1,702.68				1,702.68
Due from Other Governments	209,327.53	82,012.33	49,293.47	103,607.18	444,240.51
Total Receivables	$212,497.08	$82,012.33	$49,293.47	$103,607.18	$447,410.06

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

Unexpended American Rescue Act Funds	$2,226,767.07
Unexpended Local Assistance and Tribal Consistency Fund	427,175.34
Unexpended Reappraisal Fund	173,758.40
Total Unearned Revenue for Governmental Funds	$2,827,700.81

Note 5 – Capital Assets

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

	Balance 10/01/2022	Additions	Retirements	Balance 09/30/2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 916,337.00	$	$	$ 916,337.00
Total Capital Assets, Not Being Depreciated	916,337.00			916,337.00
Capital Assets Being Depreciated:				
Buildings, Improvements and Infrastructure	18,024,743.77	10,000.00		18,034,743.77
Vehicles and Equipment	6,664,571.56	642,623.25	(384,299.92)	6,922,894.89
Total Capital Assets Being Depreciated	24,689,315.33	652,623.25	(384,299.92)	24,957,638.66
Less Accumulated Depreciation for:				
Buildings, Improvements and Infrastructure	(11,876,245.48)	(291,548.65)		(12,167,794.13)
Vehicles and Equipment	(5,114,270.96)	(309,435.19)	118,550.44	(5,305,155.71)
Total Accumulated Depreciation	(16,990,516.44)	(600,983.84)	118,550.44	(17,472,949.84)
Total Capital Assets Being Depreciated, Net	7,698,798.89	51,639.41	(265,749.48)	7,484,688.82
Total Governmental Activities Capital Assets, Net	$ 8,615,135.89	$ 51,639.41	$(265,749.48)	$ 8,401,025.82

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

General Government	$208,494.61
Public Safety	96,216.99
Highways and Roads	281,435.76
Sanitation	1,587.97
Welfare	13,248.51
Total	$600,983.84

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. Effective October 1, 2021, Act Number 2021-390, Acts of Alabama, created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The ***Code of Alabama 1975***, Section 36-27-2, grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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. Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30th are paid to the beneficiary.

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

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

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

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

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 the statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2023, the Clay County Commission's active employee contribution rate was 5.44% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 4.97% of covered employee payroll.

The Clay County Commission's contractually required contribution rate for the year ended September 30, 2023, was 6.39% of pensionable pay for Tier 1 employees, and 3.95% of pensionable pay for Tier 2 to Tier 1 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were $144,864.61 for the year ended September 30, 2023.

B. Net Pension Liability

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

		Total Pension Liability Roll-Forward		
		Expected	Actual Before Plan Changes	Actual After Plan Changes
(a)	Total Pension Liability as of September 30, 2021	$7,249,383	$7,294,291	$7,305,885
(b)	Discount Rate	7.45%	7.45%	7.45%
(c)	Entry Age Normal Cost for the period October 1, 2021 through September 30, 2022	208,835	208,835	210,803
(d)	Transfers Among Employers		(3,168)	(3,168)
(e)	Actual Benefit Payments and Refunds for the period October 1, 2021 through September 30, 2022	(344,775)	(344,775)	(344,775)
(f)	Total Pension Liability as of September 30, 2022 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	$7,641,216	$7,685,765	$7,700,191
(g)	Difference between Expected and Actual		$ 44,549	
(h)	Less Liability Transferred for Immediate Recognition		(3,168)	
(i)	Difference between Expected and Actual – Experience (Gain)/Loss		$ 47,717	
(j)	Difference between Actual TPL Before and After Plan Changes – Assumption Change (Gain)/Loss			$ 14,426

Actuarial Assumptions

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

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

(*) Net of pension plan investment expense

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

Group	Membership Table	Set Forward (+)/ 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.

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	100.00%	

(*) 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.

C. Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2021	$7,249,883	$6,486,602	$ 763,281
Changes for the Year:			
Service Cost	208,835		208,835
Interest	527,273		527,273
Changes in benefit terms	14,426		14,426
Difference between expected and actual experience	47,717		47,717
Contributions – Employer		131,575	(131,575)
Contributions – Employee		152,745	(152,745)
Net Investment Income		(825,499)	825,499
Benefit Payments, Including Refunds of Employee Contributions	(344,775)	(344,775)	
Transfers Among Employers	(3,168)	(3,168)	
Net Changes	450,308	(889,122)	1,339,430
Balances at September 30, 2022	$7,700,191	$5,597,480	$2,102,711

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	$3,042,047	$2,102,711	$1,311,723

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the Clay County Commission recognized pension expense of $316,424. At September 30, 2023, the Clay County Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 109,029.00	$118,722.00
Changes of assumptions	144,792.00	
Net difference between projected and actual earnings on pension plan investments	747,044.00	
Employer contributions subsequent to the measurement date	144,864.61	
Total	$1,145,729.61	$118,722.00

The $144,864.61 employer contributions applied to pension liability reported as deferred outflows of resources 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, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending:	
September 30, 2024	$220,372
2025	$180,802
2026	$191,239
2027	$289,730
2028	$ 0
Thereafter	$ 0

Note 7 – Other Postemployment Benefits (OPEB)

A. General Information about OPEB

Plan Description

During the current fiscal year, the Commission began providing medical and dental insurance benefits to its eligible retirees. The Commission's OPEB plan is a single-employer defined benefit OPEB plan. The Commission participates in the Local Government Health Insurance Plan (LGHIP), which is a self-insured employer group health benefit plan administered by the Local Government Health Insurance Board (LGHIB). The Local Government Health Insurance Board (LGHIB) is a state agency established by the Alabama Legislature to administer the LGHIP pursuant to the ***Code of Alabama 1975***, Sections 11-91A-1 through 11-91A-10. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the LGHIB.

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

Benefits Provided

The Commission provides post-employment healthcare benefits to employees who meet the following eligibility requirements. Employees must: (1) have been covered by the County's group healthcare plan at the time of retirement and (2) immediately upon retirement begin receiving a retirement pension under the rules and regulations of the Alabama State Employees' Retirement System. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, at age 60 and 10 years of service (called "Tier 1" members). Employees hired on and after January 1, 2013, (called "Tier 2" members) are eligible to retire under the same eligibility requirements as Tier 1 employees based on the adoption of Act Number 2019-132, Acts of Alabama. The OPEB plan was established during fiscal year 2023 and employees with eligible prior service were permitted to enroll, resulting in the recognition of an initial actuarial liability for those accumulated benefits.

Employees Covered by Benefit Terms

At September 30, 2022, the following employees were covered by the benefit terms:

Retired	0
Active	66
Total	66

B. Total OPEB Liability

The Commission's total OPEB liability of $613,280 as of reporting date September 30, 2022, was measured as of September 30, 2022, and was determined by an actuarial valuation as of September 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real Salary Growth	0.25%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate:	
Prior Measurement Date	2.26%
Measurement Date	4.02%
Health Care Cost Trends:	
Pre-Medicare and Prescription Drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032

The discount rate was based on the Bond Buyer 20 Year General Obligation Bond Index published at the last Thursday of September by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2022 valuation were based on the actuarial experience study for the period October 1, 2015 - September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 14, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2022 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2022 valuation.

C. Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability September 30, 2021	$ 670,366
Service Cost	42,711
Interest Cost	15,150
Benefit Payments	(114,947)
Net Change in Total OPEB Liability	(57,086)
Total OPEB Liability September 30, 2022	$ 613,280

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

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.02%) or 1-percentage point higher (5.02%) than the current discount rate:

	1% Decrease (3.02%)	Current Discount Rate (4.02%)	1% Increase (5.02%)
Total OPEB Liability	$676,533	$613,280	$555,448

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Current Trend	1% Increase
Total OPEB Liability	$538,571	$613,280	$701,424

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the Commission recognized OPEB expense of $45,710. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$	$
Changes of Assumptions or other inputs		102,766
Total	$	$102,766

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

Year Ending:	
September 30, 2023	$(12,151)
2024	$(12,151)
2025	$(12,151)
2026	$(12,151)
2027	$(12,151)
Thereafter	$(42,041)

Note 8 – Long-Term Debt

On April 10, 2018, the Commission issued $2,830,000.00 in General Obligation Refunding Warrants Series 2018. The Warrants were issued for the purposes of (1) currently refunding and redeeming the Commission's outstanding General Obligation Refunding Warrants, Series 2010, (2) acquiring, constructing and equipping certain capital improvements within the County, to consist of capital improvements and renovations to public buildings and the purchase of capital equipment, (3) purchasing a municipal bond insurance policy, and (4) paying issuance expenses. In the event of default, Build America Mutual Assurance Company (BAM) shall be deemed to be the sole holder of the Series 2019 Warrants for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2019 Warrants or the trustee, paying agent, registrar, or similar agent (the "Paying Agent") for the benefit of such holders. The Paying Agent may not waive any default or event of default or accelerate the Series 2019 Warrants without BAM's written consent.

In November 2017, the Commission entered into a note from direct borrowing agreement for the purchase of a Caterpillar Backhoe. Payments of $1,936.04 per month for 60 months at 4.3% interest began in December 15, 2017 and continued through November 15, 2022. Payments on the note are made by the Gasoline Tax Fund. In the event of default, the lender may do any and all of the following: (1) accelerate all or any part of the outstanding loan balance so that it becomes immediately due and payable, including automatic acceleration upon the borrower's bankruptcy filing or SIPA application; (2) exercise any remedies available under applicable state or federal law or under any loan document; (3) claim and apply any insurance benefits or refunds available due to the default; (4) require the borrower to reimburse the lender for any amounts the lender advanced on the borrower's behalf, which shall become immediately due and accrue interest at the highest post-maturity rate; (5) exercise the right of set-off against any deposit, share account balance, or other amounts the borrower is entitled to receive from the lender, except where prohibited by law or where the account is held in a representative or tax-deferred capacity; (6) repossess and dispose of the collateral in a commercially reasonable manner, apply the proceeds to expenses, fees, and outstanding debt, and hold the borrower liable for any deficiency where permitted by law, with notice requirements satisfied by ten days' written notice unless the collateral is perishable or rapidly declining in value; and (7) pursue any remedy without waiving the right to pursue others, and treat repeated or continued defaults as independent events. The debt was fully repaid in fiscal year 2023.

In March 2021, the Commission entered into a note from direct borrowing agreement for the purchase of two tractors, two cutters, and an excavator with mulcher. Payments of $3,539.08 per month for 60 months at 4.25% interest began in April 15, 2021 and continued through March 15, 2026. Payments on the note are made by the Gasoline Tax Fund. In the event of default, the lender may do any and all of the following: (1) accelerate all or any part of the outstanding loan balance so that it becomes immediately due and payable, including automatic acceleration upon the borrower's bankruptcy filing or SIPA application; (2) exercise any remedies available under applicable state or federal law or under any loan document; (3) claim and apply any insurance benefits or refunds available due to the default; (4) require the borrower to reimburse the lender for any amounts the lender advanced on the borrower's behalf, which shall become immediately due and accrue interest at the highest post-maturity rate; (5) exercise the right of set-off against any deposit, share account balance, or other amounts the borrower is entitled to receive from the lender, except where prohibited by law or where the account is held in a representative or tax-deferred capacity; (6) repossess and dispose of the collateral in a commercially reasonable manner, apply the proceeds to expenses, fees, and outstanding debt, and hold the borrower liable for any deficiency where permitted by law, with notice requirements satisfied by ten days' written notice unless the collateral is perishable or rapidly declining in value; and (7) pursue any remedy without waiving the right to pursue others, and treat repeated or continued defaults as independent events.

In May 2022, the Commission entered into a note from direct borrowing to purchase two dump trucks. Payments of $2,353.42 per month for 36 months at 4.15% interest began in June 15, 2022 and continued through May 15, 2025. Payments on the note are made by the Gasoline Tax Fund. In the event of default, the lender may do any and all of the following: (1) accelerate all or any part of the outstanding loan balance so that it becomes immediately due and payable, including automatic acceleration upon the borrower’s bankruptcy filing or SIPA application; (2) exercise any remedies available under applicable state or federal law or under any loan document; (3) claim and apply any insurance benefits or refunds available due to the default; (4) require the borrower to reimburse the lender for any amounts the lender advanced on the borrower’s behalf, which shall become immediately due and accrue interest at the highest post-maturity rate; (5) exercise the right of set-off against any deposit, share account balance, or other amounts the borrower is entitled to receive from the lender, except where prohibited by law or where the account is held in a representative or tax-deferred capacity; (6) repossess and dispose of the collateral in a commercially reasonable manner, apply the proceeds to expenses, fees, and outstanding debt, and hold the borrower liable for any deficiency where permitted by law, with notice requirements satisfied by ten days’ written notice unless the collateral is perishable or rapidly declining in value; and (7) pursue any remedy without waiving the right to pursue others, and treat repeated or continued defaults as independent events. The arbitration agreement states: All disputes arising out of or relating to the negotiation, sale, lease, financing, condition, performance, or associated products or services connected to the vehicle shall be resolved exclusively by binding arbitration under the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association, conducted in the city of the dealer’s facility, with the arbitrator determining arbitrability, and this obligation surviving the completion or termination of the transaction. The debt was fully repaid in fiscal year 2023.

In January 2023, the Commission entered into a note from direct borrowing agreement for the purchase of a Peterbilt Durapatcher. Payments of $5,087.18 per month for 60 months at 4.95% interest began in February 15, 2023 and continued through January 15, 2028. Payments on the note are made by the Gasoline Tax Fund. In the event of default, the lender may do any and all of the following: (1) accelerate all or any part of the outstanding loan balance so that it becomes immediately due and payable, including automatic acceleration upon the borrower’s bankruptcy filing or SIPA application; (2) exercise any remedies available under applicable state or federal law or under any loan document; (3) claim and apply any insurance benefits or refunds available due to the default; (4) require the borrower to reimburse the lender for any amounts the lender advanced on the borrower’s behalf, which shall become immediately due and accrue interest at the highest post-maturity rate; (5) exercise the right of set-off against any deposit, share account balance, or other amounts the borrower is entitled to receive from the lender, except where prohibited by law or where the account is held in a representative or tax-deferred capacity; (6) repossess and dispose of the collateral in a commercially reasonable manner, apply the proceeds to expenses, fees, and outstanding debt, and hold the borrower liable for any deficiency where permitted by law, with notice requirements satisfied by ten days’ written notice unless the collateral is perishable or rapidly declining in value; and (7) pursue any remedy without waiving the right to pursue others, and treat repeated or continued defaults as independent events.

In August 2023, the Commission entered into a note from direct borrowing to purchase two dump trucks. Payments of $7,179.08 per month at 5.92% interest began in September 15, 2023 and continued through August, 15 2028. Payments on the note are made by the Gasoline Tax Fund. In the event of default, the lender may do any and all of the following: (1) accelerate all or any part of the outstanding loan balance so that it becomes immediately due and payable, including automatic acceleration upon the borrower's bankruptcy filing or SIPA application; (2) exercise any remedies available under applicable state or federal law or under any loan document; (3) claim and apply any insurance benefits or refunds available due to the default; (4) require the borrower to reimburse the lender for any amounts the lender advanced on the borrower's behalf, which shall become immediately due and accrue interest at the highest post-maturity rate; (5) exercise the right of set-off against any deposit, share account balance, or other amounts the borrower is entitled to receive from the lender, except where prohibited by law or where the account is held in a representative or tax-deferred capacity; (6) repossess and dispose of the collateral in a commercially reasonable manner, apply the proceeds to expenses, fees, and outstanding debt, and hold the borrower liable for any deficiency where permitted by law, with notice requirements satisfied by ten days' written notice unless the collateral is perishable or rapidly declining in value; and (7) pursue any remedy without waiving the right to pursue others, and treat repeated or continued defaults as independent events.

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

	Debt Outstanding 10/01/2022, as Restated (*)	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Amounts Due Within One Year
General Obligation Warrants	$1,890,000.00	$	$(250,000.00)	$1,640,000.00	$255,000.00
Notes From Direct Borrowing	257,381.26	642,594.00	(540,423.39)	359,551.87	110,956.28
Total Warrants and Notes from Direct Borrowing	2,147,381.26	642,594.00	(790,423.39)	1,999,551.87	365,956.28
Estimated Liability for Compensated Absences	136,246.83	35,756.32		172,003.15	17,200.30
OPEB Liability	670,366.00		(57,086.00)	613,280.00	
Net Pension Liability	763,281.00	1,339,430.00		2,102,711.00	
Total Other Liabilities	1,569,893.83	1,375,186.32	(57,086.00)	2,887,994.15	17,200.30
Long-Term Liabilities	$3,717,275.09	$2,017,780.32	$(847,509.39)	$4,887,546.02	$383,156.58

(*) The beginning balance was restated due to the implementation of GASB 75 as amended by GASB 85. See Note 12.

Payments on the warrants payable that pertain to the Commission's governmental activities are made by the Capital Improvement Fund and Debt Service Fund. The long-term notes from direct borrowing are paid by the Gasoline Tax Fund.

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

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

Fiscal Year Ending	Warrants Payable		Notes from Direct Borrowing		Principal and Interest
	Principal	Interest	Principal	Interest	Requirements
September 30, 2024	$ 255,000.00	$ 46,605.00	$110,956.28	$15,438.25	$ 427,999.53
2025	265,000.00	40,230.00	93,610.77	9,904.35	408,745.12
2026	270,000.00	33,075.00	76,629.16	5,651.61	385,355.77
2027	275,000.00	25,515.00	58,473.30	2,572.86	361,561.16
2028	285,000.00	17,540.00	19,882.36	208.01	322,630.37
2029	290,000.00	8,990.00			298,990.00
Total	$1,640,000.00	$171,955.00	$359,551.87	$33,775.08	$2,205,281.95

Note 9 – Risk Management

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

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

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

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

Note 10 – Interfund Transactions

Interfund Transfers

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

	Transfers In		
	Gasoline Tax Fund	Other Governmental Funds	Totals
Transfers Out:			
General Fund	$	$ 62,000.00	$ 62,000.00
Other Governmental Funds	250,000.00	302,093.42	552,093.42
Total	$250,000.00	$364,093.42	$614,093.42

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

Note 11 – Related Organizations

A majority of the members of the Board of the following organizations are appointed by the Commission: (1) Clay County Economic/Industrial Board, (2) Clay County Hospital Board, (3) Clay County Water Authority, (4) Clay County E-911 Board, (5) Hollins Water Board and (6) The Millerville Water Authority. 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 the organizations are not considered part of the Commission's financial reporting entity. The organizations are considered related organizations of the County Commission.

Note 12 – Restatements

In fiscal year 2023, the Commission began paying for 90% of the cost of health and medical and dental insurance benefits to its eligible retirees and adopted Governmental Accounting Standards Board (GASB) Statement Number 75, ***Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***, as amended by GASB Statement Number 85, ***Omnibus 2017***. The provisions of GASB 75 established accounting and financial reporting standards for postemployment benefits other than pensions that are provided to the employees of state and local governmental employers through OPEB plans. For fiscal year 2023, the Commission made prior period adjustments due to the adoption of GASB 75, which requires the restatement of the September 30, 2022, net position in governmental activities.

The impact of the restatement on the net position, as previously reported, is as follows:

Net Position, September 30, 2022, as Previously Reported	$12,409,978.33
Restatement Due to the Adoption of GASB Statement Number 75:	
OPEB Liability Due to Actuarial Computation	(670,366.00)
Net Position, September 30, 2022, as Restated	$11,739,612.33

This Page Intentionally Blank

Required Supplementary Information

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$ 208,835	$ 180,821	$ 179,172	$ 183,046	$ 179,645	$ 169,996	$ 164,472	$ 158,129	$ 161,150
Interest	527,273	483,321	474,478	463,323	440,273	417,595	391,167	360,552	344,293
Changes of benefit terms	14,426								
Changes of assumptions		224,171			34,057		141,867		
Difference between expected and actual experience	47,717	115,003	(183,786)	(74,740)	(129,172)	1,093	105,359	153,962	
Benefit payments, including refunds of employee contributions	(344,775)	(341,679)	(321,982)	(299,656)	(310,075)	(278,912)	(274,264)	(305,659)	(298,755)
Transfers among employers	(3,168)	140,505	(23,178)	(115,946)	116,306	(1,574)	(27,539)		
Net change in total pension liability	450,308	802,142	124,704	156,027	331,034	308,198	501,062	366,984	206,688
Total pension liability - beginning	7,249,883	6,447,741	6,323,037	6,167,010	5,835,976	5,527,778	5,026,716	4,659,732	4,453,044
Total pension liability - ending (a)	$ 7,700,191	$ 7,249,883	$ 6,447,741	$ 6,323,037	$ 6,167,010	$ 5,835,976	$ 5,527,778	$ 5,026,716	$ 4,659,732
Plan fiduciary net position									
Contributions - employer	$ 131,575	$ 126,518	$ 125,011	$ 141,814	$ 129,566	$ 138,007	$ 145,332	$ 150,063	$ 145,276
Contributions - employee	152,745	137,327	130,946	122,661	113,954	115,613	110,073	99,463	93,578
Net investment income	(825,499)	1,066,577	291,998	130,937	436,235	533,733	388,670	45,059	410,627
Benefit payments, including refunds of employee contributions	(344,775)	(341,679)	(321,982)	(299,656)	(310,075)	(278,912)	(274,264)	(305,659)	(298,755)
Transfers among employers	(3,168)	140,505	(23,178)	(115,946)	116,306	(1,574)	(27,539)	49,242	(3,029)
Net change in plan fiduciary net position	(889,122)	1,129,248	202,795	(20,190)	485,986	506,867	342,272	38,168	347,697
Plan fiduciary net position - beginning	6,486,602	5,357,354	5,154,559	5,174,749	4,688,763	4,181,896	3,839,624	3,801,456	3,453,759
Plan fiduciary net position - ending (b)	$ 5,597,480	$ 6,486,602	$ 5,357,354	$ 5,154,559	$ 5,174,749	$ 4,688,763	$ 4,181,896	$ 3,839,624	$ 3,801,456
Commission's net pension liability - ending (a) - (b)	$ 2,102,711	$ 763,281	$ 1,090,387	$ 1,168,478	$ 992,261	$ 1,147,213	$ 1,345,882	$ 1,187,092	$ 858,276
Plan fiduciary net position as a percentage of the total pension liability	72.69%	89.47%	83.09%	81.52%	83.91%	80.34%	75.65%	76.38%	81.58%
Covered payroll (*)	$ 2,992,316	$ 2,512,824	$ 2,414,711	$ 2,558,933	$ 2,175,447	$ 2,149,962	$ 2,091,262	$ 1,950,894	$ 1,806,352
Commission's net pension liability as a percentage of covered payroll	70.27%	30.38%	45.16%	45.66%	45.61%	53.36%	64.36%	60.85%	47.51%

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	$ 144,865	$ 131,575	$ 126,518	$ 125,011	$ 141,814	$ 129,566	$ 138,007	$ 145,332	$ 150,063	$ 145,276
Contributions in relation to the actuarially determined contribution (*)	$ 144,865	$ 131,575	$ 126,518	$ 125,011	$ 141,814	$ 129,566	$ 138,007	$ 145,332	$ 150,063	$ 145,276
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	$	$
Covered payroll (**)	$ 2,912,837	$ 2,992,316	$ 2,512,824	$ 2,414,711	$ 2,558,933	$ 2,175,447	$ 2,149,962	$ 2,091,262	$ 1,950,894	$ 1,806,352
Contributions as a percentage of covered-employee payroll	4.97%	4.40%	5.03%	5.18%	5.54%	5.96%	6.42%	6.95%	7.69%	8.04%

(*) 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 Contributions is based on the 12 month period of the underlying financial statement.

(**) Employer's covered payroll for fiscal year 2023 is the total covered payroll for the 12 month period of the underlying financial 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 2023 were based on the September 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2019 through September 30, 2020:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	27.3 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

	2022
Total OPEB Liability	
Service cost	$ 42,711
Interest	15,150
Changes in assumptions	(114,947)
Net change in total OPEB liability	(57,086)
Total OPEB Liability - Beginning	670,366
Total OPEB Liability - Ending	$ 613,280
Covered-employee payroll	$ 2,590,804
Total OPEB liability as a percentage of covered-employee payroll	23.67%

Notes to Schedule

The discount rate changed from 2.26% to 4.02% due to a change in the Municipal Bond Rate.

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

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

		2023
Actuarially determined contribution (*)	$	
Contributions in relation to the actuarially determined contribution	$	
Contribution deficiency (excess)	$	
Covered-employee payroll	$	2,590,804
Contributions as a percentage of covered-employee payroll		0.00%

(*) There were no actuarially determined contributions. Amounts reported represent the Commission's portion of the premiums paid which was $0 in the initial year the benefit was offered.

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

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
Revenues						
Taxes	$ 1,589,022.54	$ 1,589,022.54	$ 1,858,569.19	(1)	$ 503,687.25	$ 2,362,256.44
Licenses and Permits	6,000.00	6,000.00	6,799.62			6,799.62
Intergovernmental	974,020.91	974,020.91	819,407.36	(1)	2,031.10	821,438.46
Charges for Services	609,600.00	609,600.00	532,398.26	(1)	4,960.04	537,358.30
Fines and Forfeits	212,845.55	212,845.55	291,722.10	(1)	2,428.96	294,151.06
Total Revenues	3,391,489.00	3,391,489.00	3,508,896.53		513,107.35	4,022,003.88
Expenditures						
Current:						
General Government	1,486,155.00	1,486,155.00	1,259,434.03	(2)	107,650.14	1,367,084.17
Public Safety	2,157,209.00	2,157,209.00	2,092,418.07			2,092,418.07
Sanitation	12,275.00	12,275.00	11,948.47			11,948.47
Welfare	67,650.00	67,650.00	45,867.59			45,867.59
Culture and Recreation	1,000.00	1,000.00	178.31			178.31
Education	9,700.00	9,700.00	9,029.48			9,029.48
Capital Outlay	15,000.00	15,000.00	10,000.00			10,000.00
Debt Service:						
Principal Retirement	500.00	500.00				
Interest and Fiscal Charges	500.00	500.00				
Total Expenditures	3,749,989.00	3,749,989.00	3,428,875.95		107,650.14	3,536,526.09
Excess (Deficiency) of Revenues Over Expenditures	(358,500.00)	(358,500.00)	80,020.58		405,457.21	485,477.79
Other Financing Sources (Uses)						
Transfers In	401,000.00	401,000.00	32,286.24	(3)	(32,286.24)	
Transfers Out	(62,000.00)	(62,000.00)	(62,000.00)			(62,000.00)
Total Other Financing Sources (Uses)	339,000.00	339,000.00	(29,713.76)		(32,286.24)	(62,000.00)
Net Changes in Fund Balances	(19,500.00)	(19,500.00)	50,306.82		373,170.97	423,477.79
Fund Balances - Beginning of Year	1,282,297.58	1,282,297.58	1,874,068.03	(4)	942,078.73	2,816,146.76
Fund Balances - End of Year	$ 1,262,797.58	$ 1,262,797.58	$ 1,924,374.85		$ 1,315,249.70	$ 3,239,624.55

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

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

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

(1) Revenues		
Jail Fund	$ 91,529.74	
Tobacco Tax Fund	61,067.63	
Road and Bridge Fund	360,509.98	$ 513,107.35
(2) Expenditures		
Jail Fund	$ 43,657.24	
Tobacco Tax Fund	10,397.90	
Road and Bridge Fund	53,595.00	107,650.14
(3) Other Financing Sources (Uses) Net		
Tobacco Tax Fund	$ (32,286.24)	(32,286.24)
Net Decrease in Fund Balance - Budget to GAAP		$ 373,170.97

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

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

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
Intergovernmental	$ 1,217,000.00	$ 1,217,000.00	$ 936,750.33		$	$ 936,750.33
Charges for Service	2,000.00	2,000.00	473,060.87			473,060.87
Miscellaneous	797,525.66	797,525.66	92,847.91	(1)	9,452.83	102,300.74
Total Revenues	2,016,525.66	2,016,525.66	1,502,659.11		9,452.83	1,512,111.94
Expenditures						
Current:						
Highways and Roads	2,280,795.38	2,280,795.38	1,384,015.55			1,384,015.55
Capital Outlay	576,575.00	576,575.00	642,623.25			642,623.25
Debt Service:						
Principal Retirement	322,095.28	322,095.28	540,423.39			540,423.39
Interest and Fiscal Charges	10,000.00	10,000.00	23,060.51			23,060.51
Total Expenditures	3,189,465.66	3,189,465.66	2,590,122.70			2,590,122.70
Excess (Deficiency) of Revenues Over Expenditures	(1,172,940.00)	(1,172,940.00)	(1,087,463.59)		9,452.83	(1,078,010.76)
Other Financing Sources (Uses)						
Transfers In	340,600.00	340,600.00	249,800.00	(2)	200.00	250,000.00
Sale of Capital Assets	100.00	100.00	460,970.00			460,970.00
Proceeds From Issuance of Debt	500,000.00	500,000.00	642,594.00			642,594.00
Total Other Financing Sources (Uses)	840,700.00	840,700.00	1,353,364.00		200.00	1,353,564.00
Net Changes in Fund Balances	(332,240.00)	(332,240.00)	265,900.41		9,652.83	275,553.24
Fund Balances - Beginning of Year	332,240.00	332,240.00	(170,362.78)	(3)	78,683.33	(91,679.45)
Fund Balances - End of Year	$	$	$ 95,537.63		$ 88,336.16	$ 183,873.79

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

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

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

(1) Revenues		
Engineer's Office Fund	$	9,452.83
(2) Other Financing Sources (NET)		
Engineer's Office Fund		200.00
Net Increase/(Decrease) in Fund Balance- Budget to GAAP	$	9,652.83

(3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. (See Note 2 for a description of the Commission's budgetary accounting method.) 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 - RRR Gasoline Tax Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	$ 576,000.00	$ 576,000.00	$ 593,520.69	$	$ 593,520.69
Miscellaneous	3,500.00	3,500.00	2,371.59		2,371.59
Total Revenues	579,500.00	579,500.00	595,892.28		595,892.28
Expenditures					
Current:					
Highways and Roads	1,326,000.00	1,326,000.00	269,500.38		269,500.38
Total Expenditures	1,326,000.00	1,326,000.00	269,500.38		269,500.38
Excess (Deficiency) of Revenues Over Expenditures	(746,500.00)	(746,500.00)	326,391.90		326,391.90
Net Changes in Fund Balances	(746,500.00)	(746,500.00)	326,391.90		326,391.90
Fund Balances - Beginning of Year	746,500.00	746,500.00	950,094.92		950,094.92
Fund Balances - End of Year	$	$	$ 1,276,486.82	$	$ 1,276,486.82

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
Revenues					
Taxes	$	$	$ 380,584.65	$	$ 380,584.65
Intergovernmental	554,165.00	554,165.00			
Miscellaneous	700.00	700.00	605.70		605.70
Total Revenues	554,865.00	554,865.00	381,190.35		381,190.35
Expenditures					
Current:					
General Government	554,865.00	554,865.00	381,190.35		381,190.35
Total Expenditures	554,865.00	554,865.00	381,190.35		381,190.35
Excess (Deficiency) of Revenues Over Expenditures					
Net Changes in Fund Balances					
Fund Balances - Beginning of Year					
Fund Balances - End of Year	$	$	$	$	$

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

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	$	$	$ 22,851.32	$	$ 22,851.32
Miscellaneous	1,500.00	1,500.00	4,565.46		4,565.46
Total Revenues	1,500.00	1,500.00	27,416.78		27,416.78
Expenditures					
Current:					
General Government	1,981,500.00	1,981,500.00	22,851.32		22,851.32
Total Expenditures	1,981,500.00	1,981,500.00	22,851.32		22,851.32
Excess (Deficiency) of Revenues Over Expenditures	(1,980,000.00)	(1,980,000.00)	4,565.46		4,565.46
Net Changes in Fund Balances			4,565.46		4,565.46
Fund Balances - Beginning of Year	1,980,000.00	1,980,000.00			
Fund Balances - End of Year	$	$	$ 4,565.46	$	$ 4,565.46

Supplementary Information

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient	Total Federal Expenditures
U. S. Department of Agriculture				
Passed Through Alabama Department of Finance				
Cooperative Forestry Assistance	10.664	N/A	$	$ 2,748.00
Schools and Roads - Grants to States	10.665	N/A	71,147.22	169,210.17
Total U. S. Department of Agriculture			71,147.22	171,958.17
U. S. Department of Housing and Urban Development				
Passed Through State of Alabama Department of Economic and Community Affairs				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	CV NC 20 040		345,958.82
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	CY SF PF 18 101		65,094.40
Total U. S. Department of Housing and Urban Development				411,053.22
U. S. Department of the Interior				
Direct Program				
Payments in Lieu of Taxes	15.226	N/A		127,809.00
Total U. S. Department of Interior				127,809.00
U. S. Department of Transportation				
Passed Through East Alabama Regional Planning and Development Commission				
Formula Grants For Rural Areas and Tribal Transit Program	20.509	N/A		14,903.76
Total U. S. Department of Transportation				14,903.76
Federal Aviation Administration				
Passed Through State of Alabama Department of Transportation				
COVID-19 Airport Improvement Grants	20.106	N/A		12,301.00
Total Federal Aviation Administration				12,301.00
U. S. Department of Treasury				
Passed Through Alabama Department of Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		22,851.32
Total U. S. Department of Treasury				22,851.32
U. S. Department of Homeland Security				
Passed Through Alabama Emergency Management Agency				
Emergency Management Performance Grants	97.036	23EMF		28,936.00
Total U. S. Department of Homeland Security				28,936.00
Total Expenditures of Federal Awards			$ 71,147.22	$ 789,812.47

N/A = Not Available or Not Applicable

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

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

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

This Page Intentionally Blank

Additional Information

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

Commission Members		**Term Expires**
Hon. William F. Robertson, Jr.	Commissioner (2)	2028
Hon. Roy H. Johnson	Commissioner	2028
Hon. Shane Davidson	Commissioner	2028
Hon. Jamey E. Crawford	Commissioner	2028
Hon. Ricky Burney	Commissioner (1)	2024
Administrative Personnel		
Mary Wood	County Administrator	Indefinite

(1) Chairman from 06/18/2022 through 04/05/2023
(2) Chairman from 04/06/2023 through 01/24/2024

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 Clay County Commission and County Administrator
Ashland, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clay County Commission (the "Commission"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Clay County Commission's basic financial statements, and have issued our report thereon dated June 4, 2026.

Report on Internal Control Over Financial Reporting

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

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

June 4, 2026

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

Independent Auditor's Report

Members of the Clay County Commission and County Administrator
Ashland, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Clay County Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Clay County Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Clay County Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

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

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

June 4, 2026

Section I – Summary of Examiner's Results

Financial Statements

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified?	______ Yes	__X__ None reported
Noncompliance material to financial statements noted?	______ Yes	__X__ No

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified?	______ Yes	__X__ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the *Uniform Guidance*?	______ Yes	__X__ No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/ States's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000.00	
Auditee qualified as low-risk auditee?	______ Yes	__X__ No

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.