



# Hale County Commission

## Hale County, Alabama

October 1, 2022 through September 30, 2023

Filed: November 21, 2025

ALABAMA DEPARTMENT OF  
**EXAMINERS** of Public Accounts

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





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

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Rachel Laurie Riddle  
*Chief Examiner*

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

Dear Madam:

An audit was conducted on the Hale County Commission, Hale County, Alabama, for the period October 1, 2022 through September 30, 2023. 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,

Jared Pierce  
Examiner of Public Accounts

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## *Table of Contents*

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	<i>Page</i>
<b>Summary</b> Contains items pertaining to state and local legal compliance, Commission operations and other matters.	A
<b>Schedule of State and Local Compliance and Other Findings</b> Contains detailed information about findings pertaining to state and local legal compliance and other findings.	C
<b>Independent Auditor's Report</b> Reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations in accordance with generally accepted accounting principles (GAAP).	F
<b><u>Basic Financial Statements</u></b> Provides the minimum combination of financial statements and notes to the financial statements that is required for the fair presentation of the Commission's financial position and results of operations in accordance with GAAP.	1
Exhibit #1 Statement of Net Position	2
Exhibit #2 Statement of Activities	4
Exhibit #3 Balance Sheet – Governmental Funds	5
Exhibit #4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Exhibit #5 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Exhibit #6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8



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---

## *Table of Contents*

---

		<i>Page</i>
Exhibit #7	Statement of Net Position – Proprietary Fund	9
Exhibit #8	Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	10
Exhibit #9	Statement of Cash Flows – Proprietary Fund	11
Exhibit #10	Statement of Fiduciary Net Position	12
Exhibit #11	Statement of Changes in Fiduciary Net Position	13
<b>Notes to the Financial Statements</b>		14
<b><u>Required Supplementary Information</u></b>		41
Provides information required by the Governmental Accounting Standards Board (GASB) to supplement the basic financial statements. This information has not been audited and no opinion is provided about the information.		
Exhibit #12	Schedule of Changes in the Employer’s Net Pension Liability	42
Exhibit #13	Schedule of the Employer’s Contributions – Pension	43
Exhibit #14	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	44
Exhibit #15	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Gasoline Tax Fund	46
Exhibit #16	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – RRR Gasoline Tax Fund	48
Exhibit #17	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Rebuild Alabama Fund	49



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## *Table of Contents*

---

	<i>Page</i>
<b><u>Additional Information</u></b>	50
Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards.	
Exhibit #18 <b>Commission Members and Administrative Personnel</b> – a listing of the Commission members and administrative personnel.	51
Exhibit #19 <b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> – a report on internal controls related to the financial statements and on whether the Commission complied with laws and regulations which could have a direct and material effect on the Commission’s financial statements.	52
Exhibit #20 <b>Auditee Response</b> – a response by the Commission on the results of the audit.	55

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Hale County Commission  
October 1, 2022 through September 30, 2023**

The Hale County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Hale County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 18. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Hale County.

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

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

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

An Alternative Compliance Examination Engagement on the Commission’s Coronavirus State and Local Fiscal Recovery Fund Program for the year ended September 30, 2023, was issued by the Department on August 1, 2025.

## **AUDIT FINDINGS**

Instances of noncompliance with state laws and regulations and other matters were found during the audit as shown on the Schedule of State and Local Compliance and Other Findings and they are summarized below:

- ◆ 2023-001: The Commission did not ensure all purchases complied with the Alabama Competitive Bid Law.
- ◆ 2023-002: The Commission did not distribute business privilege tax properly.
- ◆ 2023-003: The Commission did not ensure the availability of funds prior to disbursement, which resulted in a deficit net position in the Solid Waste Fund. This finding was previously reported as Finding 2022-001, Finding 2021-001, Finding 2020-001, Finding 2019-001, Finding 2018-001, Finding 2017-001, Finding 2016-001 and Finding 1997-001.

## **EXIT CONFERENCE**

Commission members and administrative personnel, as reflected on Exhibit 18, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Commissioners Pattie Rhodes and Joe L. Hamilton, Jr. Representing the Department of Examiners of Public Accounts were Shelley Patrenos, Audit Manager and Jared Pierce, Examiner.

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*Schedule of State and Local  
Compliance and Other Findings*

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## ***Schedule of State and Local Compliance and Other Findings***

### ***October 1, 2022 through September 30, 2023***

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<b>Ref. No.</b>	<b>Finding/Noncompliance</b>
2023-001	<p><b><u>Finding:</u></b></p> <p>The <b><i>Code of Alabama 1975</i></b>, Section 41-16-50, commonly known as the “Alabama Competitive Bid Law”, requires all expenditures of funds of whatever nature for labor, services, work, or for the purchase of materials, equipment, supplies or other personal property involving thirty thousand (\$30,000) or more to be competitively bid. Additionally, Section 41-16-54 (e) requires all original bids, along with all documents pertaining to the award of the contract, to be retained for at least seven years and to be open to public inspection. The Hale County Commission (the “Commission”) did not let bids for solid waste disposal services which exceeded the bid threshold. In addition, the Commission failed to retain all bid documents for an asphalt mix bid. The Commission did not have policies and procedures in place to ensure compliance with the requirements of the Alabama Competitive Bid Law. As a result, the Commission was not in compliance with the <b><i>Code of Alabama 1975</i></b>, Section 41-16-50.</p> <p><b><u>Recommendation:</u></b></p> <p>The Commission should ensure compliance with the Alabama Competitive Bid Law.</p>
2023-002	<p><b><u>Finding:</u></b></p> <p>The <b><i>Code of Alabama 1975</i></b>, Section 40-14A-26(a), provides for the distribution of a business privilege tax received from the Department of Revenue. A portion of this privilege tax received by the Commission is to be distributed to agencies that received funds from the property tax on shares of stock of domestic corporations in 1999. The Commission did not distribute the business privilege tax due to the City of Greensboro during fiscal year 2023. The Commission did not have policies or procedures in place to ensure accurate disbursement of the business privilege tax. As a result, the Commission owed business privilege taxes totaling \$7,138.31 to the City of Greensboro. Once this was brought to the Commission’s attention during the audit, payment was made to the City of Greensboro to correct the error.</p> <p><b><u>Recommendation:</u></b></p> <p>The Commission should ensure all business privilege taxes are distributed in accordance with the <b><i>Code of Alabama 1975</i></b>, Section 40-14A-26(a).</p>

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## ***Schedule of State and Local Compliance and Other Findings***

### ***October 1, 2022 through September 30, 2023***

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<b>Ref. No.</b>	<b>Finding/Noncompliance</b>
2023-003	<p><b><u>Finding:</u></b></p> <p>The <b><i>Code of Alabama 1975</i></b>, Section 11-8-10, provides a county commission shall not issue warrants or order the payment of money unless funds are available for payment. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and maintain policies and procedures to ensure the county does not expend more funds than it has in available resources. During the fiscal year ending September 30, 2023, the Commission expended funds in excess of funds available. The Commission did not have policies and procedures in place to ensure the availability of funds prior to disbursement. As a result, the Commission's Solid Waste Fund reported a deficit net position of \$44,337.01 at September 30, 2023. This finding was previously reported as Finding 2022-001 Finding 2021-001, Finding 2020-001, Finding 2019-001, Finding 2018-001, Finding 2017-001, Finding 2016-001 and Finding 1997-001.</p> <p><b><u>Recommendation:</u></b></p> <p>The Commission should ensure compliance with the <b><i>Code of Alabama 1975</i></b>, Section 11-8-10, and not issue warrants or order the payment of money unless funds are available for payment.</p>

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*Independent Auditor's Report*

## **Independent Auditor's Report**

Members of Hale County Commission and County Administrator  
Greensboro Alabama

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

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hale County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Hale County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 11.

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

#### **Basis for 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 Hale County Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hale 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 Hale 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 Hale County Commission's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Employer's Net Pension Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 17), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with ***Government Auditing Standards***, we have also issued our report dated October 31, 2025, on our consideration of the Hale 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 Hale 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 Hale County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

October 31, 2025

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# *Basic Financial Statements*

# ***Statement of Net Position***

## ***September 30, 2023***

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents	\$ 6,525,939.47	\$ 23,883.92	\$ 6,549,823.39
Receivables (Note 4)	682,483.19	62,251.01	744,734.20
Property Taxes Receivable	2,308,578.55		2,308,578.55
Total Current Assets	<u>9,517,001.21</u>	<u>86,134.93</u>	<u>9,603,136.14</u>
<b><u>Noncurrent Assets</u></b>			
Restricted Cash with Fiscal Agent	208,357.03		208,357.03
Capital Assets (Note 5):			
Nondepreciable	158,522.50		158,522.50
Depreciable	<u>5,594,614.35</u>		<u>5,594,614.35</u>
Total Capital Assets, Net	<u>5,753,136.85</u>		<u>5,753,136.85</u>
Total Noncurrent Assets	<u>5,961,493.88</u>		<u>5,961,493.88</u>
Total Assets	<u>15,478,495.09</u>	<u>86,134.93</u>	<u>15,564,630.02</u>
<b><u>Deferred Outflows of Resources</u></b>			
Employer Pension Contributions	433,032.67		433,032.67
Related to Defined Benefit Pension Plan	<u>1,154,457.00</u>		<u>1,154,457.00</u>
Total Deferred Outflows of Resources	<u>1,587,489.67</u>		<u>1,587,489.67</u>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Payables (Note 7)	172,289.28	129,077.26	301,366.54
Accrued Wages Payable	98,835.48	1,298.73	100,134.21
Accrued Interest Payable	73,494.14		73,494.14
Unearned Revenue	738,148.52		738,148.52
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Notes Payable	348,297.15		348,297.15
Warrants Payable	129,000.00		129,000.00
Compensated Absences	18,689.37	9.59	18,698.96
Estimated Liability for Landfill			
Postclosure Care Cost	8,346.00		8,346.00
Total Current Liabilities	<u>\$ 1,587,099.94</u>	<u>\$ 130,385.58</u>	<u>\$ 1,717,485.52</u>

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

	Governmental Activities	Business-Type Activities	Total
<b>Noncurrent Liabilities</b>			
Long-Term Liabilities:			
Portion Due or Payable After One Year:			
Notes Payable	\$ 813,652.40	\$	\$ 813,652.40
Warrants Payable	699,196.71		699,196.71
Compensated Absences	168,204.35	86.36	168,290.71
Net Pension Liability	5,466,063.00		5,466,063.00
Total Noncurrent Liabilities	<u>7,147,116.46</u>	<u>86.36</u>	<u>7,147,202.82</u>
 Total Liabilities	 <u>8,734,216.40</u>	 <u>130,471.94</u>	 <u>8,864,688.34</u>
<b>Deferred Inflows of Resources</b>			
Unearned Revenue - Motor Vehicle Tax	147,349.40		147,349.40
Unearned Revenue - Property Taxes	2,308,578.55		2,308,578.55
Deferred Inflows Related to Pensions	149,914.00		149,914.00
Total Deferred Inflows of Resources	<u>2,605,841.95</u>		<u>28,724,912.08</u>
<b>Net Position</b>			
Net Investment in Capital Assets	3,762,990.59		3,762,990.59
Restricted for:			
Debt Service	992,896.64		992,896.64
Road Projects	1,238,183.49		1,238,183.49
Capital Improvement	977,083.44		977,083.44
Local Officials	91,544.09		91,544.09
Other Purposes	2,136,608.12		2,136,608.12
Assigned for:			
Road Projects	425,326.99		425,326.99
Unassigned	<u>(3,898,706.95)</u>	<u>(44,337.01)</u>	<u>(3,943,043.96)</u>
 Total Net Position	 <u>\$ 5,725,926.41</u>	 <u>\$ (44,337.01)</u>	 <u>\$ 5,681,589.40</u>

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
General Government	\$ 3,447,640.77	\$ 696,615.70	\$ 415,163.04	\$ (2,335,862.03)	\$ (2,335,862.03)			
Public Safety	3,176,416.13	97,007.65	51,774.93	(3,027,633.55)			(3,027,633.55)	
Highways and Roads	3,422,638.77		3,479,820.26	57,181.49			57,181.49	
Health	67,969.70			(67,969.70)			(67,969.70)	
Welfare	5,694.30			(5,694.30)			(5,694.30)	
Culture and Recreation	13,784.16			(13,784.16)			(13,784.16)	
Education	17,772.44			(17,772.44)			(17,772.44)	
Interest on Long-Term Debt	85,521.68			(85,521.68)			(85,521.68)	
Total Governmental Activities	10,237,437.95	793,623.35	3,946,758.23	(5,497,056.37)			(5,497,056.37)	
<b>Business-Type Activities:</b>								
Solid Waste	963,791.34	773,464.50			(190,326.84)		(190,326.84)	
Total Business-Type Activities	963,791.34	773,464.50			(190,326.84)		(190,326.84)	
Total Primary Government	\$ 11,201,229.29	\$ 1,567,087.85	\$ 3,946,758.23	\$ (5,497,056.37)	\$ (190,326.84)		\$ (5,687,383.21)	
<b>General Revenues and Transfers:</b>								
Taxes:								
Property Taxes for General Purposes				2,732,180.37			2,732,180.37	
Property Taxes for Specific Purposes				102,007.86			102,007.86	
Miscellaneous Taxes				1,171,768.82			1,171,768.82	
Grants and Contributions Not Restricted for Specific Programs				870,426.73			870,426.73	
Interest Earned				19,082.85			19,082.85	
Miscellaneous				536,167.88		7,138.32	543,306.20	
Gain on Sale of Capital Assets				354,106.40			354,106.40	
Transfers				(76,783.17)		76,783.17		
Total General Revenues and Transfers				5,708,957.74		83,921.49	5,792,879.23	
Change in Net Position				211,901.37		(106,405.35)	105,496.02	
Net Position - Beginning of Year				5,514,025.04		62,068.34	5,576,093.38	
Net Position - End of Year				\$ 5,725,926.41	\$ (44,337.01)	\$ 5,681,589.40		

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	Rebuild Alabama Fund	ARPA Revenue Reduction Fund	Jail Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and Cash Equivalents	\$ 699,737.03	\$ 420,657.95	\$ 988,362.52	\$ 835,421.12	\$ 565,540.14	\$ 528,418.95	\$ 2,487,801.76	\$ 6,525,939.47
Cash with Fiscal Agent						208,357.03		208,357.03
Receivables (Note 4)	209,904.45	144,847.73	193,451.16	123,003.33			11,276.52	682,483.19
Property Taxes Receivable	1,482,002.50					609,568.76	217,007.29	2,308,578.55
Interfund Receivable						365,000.00		365,000.00
<b>Total Assets</b>	<b>2,391,643.98</b>	<b>565,505.68</b>	<b>1,181,813.68</b>	<b>958,424.45</b>	<b>565,540.14</b>	<b>1,711,344.74</b>	<b>2,716,085.57</b>	<b>10,090,358.24</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>								
<b>Liabilities</b>								
Payables (Note 7)	38,469.91	115,310.78	1,136.94				17,371.65	172,289.28
Interfund Payable	365,000.00							365,000.00
Unearned Revenue					565,540.14		172,608.38	738,148.52
Accrued Wages Payable	66,643.16	27,412.02					4,780.30	98,835.48
Estimated Liability for Postclosure Landfill Costs	8,346.00							8,346.00
<b>Total Liabilities</b>	<b>478,459.07</b>	<b>142,722.80</b>	<b>1,136.94</b>		<b>565,540.14</b>		<b>194,760.33</b>	<b>1,382,619.28</b>
<b>Deferred Inflows of Resources</b>								
Unavailable Revenue - Property Taxes	1,482,002.50				609,568.76		217,007.29	2,308,578.55
Revenue Received in Advance - Motor Vehicle Taxes	111,964.20				35,385.20			147,349.40
<b>Total Deferred Inflows of Resources</b>	<b>1,593,966.70</b>				<b>644,953.96</b>		<b>217,007.29</b>	<b>2,455,927.95</b>
<b>Fund Balances</b>								
Restricted for:								
Debt Service						1,066,390.78		1,066,390.78
Highways and Roads			1,180,676.74				57,506.75	1,238,183.49
Capital Improvement							977,083.44	977,083.44
Local Officials							91,544.09	91,544.09
Other Purposes				958,424.45			1,178,183.67	2,136,608.12
Assigned to:								
Highways and Roads		425,326.99						425,326.99
Unassigned	319,218.21	(2,544.11)						316,674.10
<b>Total Fund Balances</b>	<b>319,218.21</b>	<b>422,782.88</b>	<b>1,180,676.74</b>	<b>958,424.45</b>		<b>1,066,390.78</b>	<b>2,304,317.95</b>	<b>6,251,811.01</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,391,643.98</b>	<b>\$ 565,505.68</b>	<b>\$ 1,181,813.68</b>	<b>\$ 958,424.45</b>	<b>\$ 565,540.14</b>	<b>\$ 1,711,344.74</b>	<b>\$ 2,716,085.57</b>	<b>\$ 10,090,358.24</b>

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

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

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Total Fund Balances - Governmental Funds (Exhibit 3) \$ 6,251,811.01

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. 5,753,136.85

Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and therefore are not reported in the governmental funds

Deferred Outflow Related to Defined Benefit Pension Plan	\$ 1,587,489.67
Deferred Inflow Related to Defined Benefit Pension Plan	<u>(149,914.00)</u>
	1,437,575.67

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

	Amounts Due or Payable Within One Year (Current)	Amounts Due or Payable After One Year (Noncurrent)
Notes Payable	\$ 348,297.15	\$ 813,652.40
Warrants Payable	129,000.00	699,196.71
Accrued Interest Payable	73,494.14	
Compensated Absences	18,689.37	168,204.35
Net Pension Liability		5,466,063.00
Total Long-Term Liabilities	\$ 569,480.66	\$ 7,147,116.46 <u>(7,716,597.12)</u>
Total Net Position - Governmental Activities (Exhibit 1)		\$ <u>5,725,926.41</u>

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	Rebuild Alabama Fund	ARPA Revenue Reduction Fund	Jail Warrant Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 1,837,368.59	\$ 11,858.91	\$ 38,187.88	\$ 1,120,684.28	\$ 1,399,805.94	\$ 575,013.92	\$ 357,906.31	\$ 2,808,476.70
Licenses and Permits								11,858.91
Intergovernmental	1,102,290.45	512,801.33	961,791.24	1,120,684.28			542,773.00	5,640,146.24
Charges for Services	681,713.35	41,164.52					95,128.96	818,006.83
Miscellaneous	235,323.07	12,850.62	2,450.26	2,747.05	3,587.52	1,628.66	46,461.63	305,048.81
Total Revenues	3,868,554.37	566,816.47	1,002,429.38	1,123,431.33	1,403,393.46	576,642.58	1,042,269.90	9,583,537.49
<b>Expenditures</b>								
Current:								
General Government	1,310,432.88	7,458.49			743,396.17		455,128.39	2,516,415.93
Public Safety	2,226,967.02				637,172.07	43,377.55	215,786.41	3,123,303.05
Highways and Roads		1,787,753.24	193,291.49	713,018.18			461,632.11	3,155,695.02
Health	25,950.00						45,461.39	71,411.39
Welfare							5,694.30	5,694.30
Culture and Recreation	13,784.16							13,784.16
Education	14,412.43						2,976.41	17,388.84
Capital Outlay	75,816.00	1,101,261.00						1,177,077.00
Debt Service:								
Principal Retirement	4,753.50	57,469.53			123,000.00			185,223.03
Interest and Fiscal Charges	1,253.99	5,104.51			48,068.85			54,427.35
Total Expenditures	3,673,369.98	2,959,046.77	193,291.49	713,018.18	1,380,568.24	214,446.40	1,186,679.01	10,320,420.07
Excess (Deficiency) of Revenues Over Expenditures	195,184.39	(2,392,230.30)	809,137.89	410,413.15	22,825.22	362,196.18	(144,409.11)	(736,882.58)
<b>Other Financing Sources (Uses)</b>								
Transfers In	183,036.53	670,131.38	22,916.36				970,000.00	1,846,084.27
Sale of Fixed Assets		942,585.00						942,585.00
Proceeds from Long-Term Debt		988,540.00						988,540.00
Transfers Out	(40,000.00)	(149,968.36)	(614,154.86)	(800,000.00)	(22,825.22)	(136,919.00)	(159,000.00)	(1,922,867.44)
Total Other Financing Sources (Uses)	143,036.53	2,451,288.02	(591,238.50)	(800,000.00)	(22,825.22)	(136,919.00)	811,000.00	1,854,341.83
Net Changes in Fund Balances	338,220.92	59,057.72	217,899.39	(389,586.85)		225,277.18	666,590.89	1,117,459.25
Fund Balances - Beginning of Year	(19,002.71)	363,725.16	962,777.35	1,348,011.30		841,113.60	1,637,727.06	5,134,351.76
Fund Balances - End of Year	\$ 319,218.21	\$ 422,782.88	\$ 1,180,676.74	\$ 958,424.45	\$ 1,066,390.78	\$ 2,304,317.95	\$ 6,251,811.01	

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***

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Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 1,117,459.25

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

Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$1,177,077.00) was exceeded by depreciation expense (\$431,691.49) in the current period. 745,385.51

Repayment of debt term principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 185,223.03

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balances by the book value of assets disposed.

Proceeds from Sale of Capital Assets	\$ (942,585.00)	
Gain on Disposition of Assets	<u>354,106.40</u>	(588,478.60)

Proceeds from the issuance of debt are reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Position, but does not affect the Statement of Activities. (988,540.00)

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 items consist of:

Net Change in Compensated Absences	\$ 1,281.84	
Net Change in Accrued Interest Payable	(31,094.33)	
Net Change in Pension Expense	(237,681.33)	
Net Change in Estimated Liability for Landfill Postclosure Care Costs	<u>8,346.00</u>	
Total Additional Expenses	<u>(259,147.82)</u>	

Change in Net Position of Governmental Activities (Exhibit 2) \$ 211,901.37

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

***Statement of Net Position***  
***Proprietary Fund***  
***September 30, 2023***

	<b>Enterprise Fund</b> <b>Solid Waste</b> <b>Fund</b>	<b>Total</b> <b>Enterprise</b> <b>Fund</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 23,883.92	\$ 23,883.92
Receivables (Note 4)	62,251.01	62,251.01
Total Current Assets	<hr/> 86,134.93	<hr/> 86,134.93
Total Assets	<hr/> 86,134.93	<hr/> 86,134.93
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable (Note 7)	129,077.26	129,077.26
Salaries Payable	1,298.73	1,298.73
Long-Term Liabilities:		
Portion Due or Payable Within One Year:		
Compensated Absences	9.59	9.59
Total Current Liabilities	<hr/> 130,385.58	<hr/> 130,385.58
<b>Noncurrent Liabilities</b>		
Portion Due or Payable After One Year:		
Compensated Absences	86.36	86.36
Total Noncurrent Liabilities	<hr/> 86.36	<hr/> 86.36
Total Liabilities	<hr/> 130,471.94	<hr/> 130,471.94
<b>Net Position</b>		
Unrestricted	<hr/> (44,337.01)	<hr/> (44,337.01)
Total Net Position	<hr/> \$ (44,337.01)	<hr/> \$ (44,337.01)

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

***Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ended September 30, 2023***

	Enterprise Fund Solid Waste Fund	Total Enterprise Fund
<b><u>Operating Revenues</u></b>		
Charges for Services	\$ 773,464.50	\$ 773,464.50
Total Operating Revenues	<u>773,464.50</u>	<u>773,464.50</u>
<b><u>Operating Expenses</u></b>		
Solid Waste Services	959,241.35	959,241.35
Depreciation	4,549.99	4,549.99
Total Operating Expenses	<u>963,791.34</u>	<u>963,791.34</u>
Operating Income (Loss)	<u>(190,326.84)</u>	<u>(190,326.84)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Miscellaneous Revenue	7,001.00	7,001.00
Interest Revenue	137.32	137.32
Transfers In	76,783.17	76,783.17
Total Nonoperating Revenue (Expenses)	<u>83,921.49</u>	<u>83,921.49</u>
Change in Net Position	<u>(106,405.35)</u>	<u>(106,405.35)</u>
Total Net Position - Beginning of Year	<u>62,068.34</u>	<u>62,068.34</u>
Total Net Position - End of Year	<u>\$ (44,337.01)</u>	<u>\$ (44,337.01)</u>

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

**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2023**

	<b>Enterprise Fund</b> <b>Solid Waste</b> <b>Fund</b>	<b>Total</b> <b>Enterprise</b> <b>Fund</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	\$ 832,873.80	\$ 832,873.80
Payments for Goods, Services and to Employees	(955,260.31)	(955,260.31)
Net Cash Provided (Used) by Operating Activities	<u>(122,386.51)</u>	<u>(122,386.51)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Transfers In	76,783.17	76,783.17
Net Cash Flows Used by Capital and Related Financing Activities	<u>76,783.17</u>	<u>76,783.17</u>
<b>Cash Flows from Investing Activities</b>		
Interest Earned	137.32	137.32
Miscellaneous Income	7,001.00	7,001.00
Net Cash Provided (Used) by Investing Activities	<u>7,138.32</u>	<u>7,138.32</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(38,465.02)	(38,465.02)
Cash and Cash Equivalents - Beginning of Year	62,348.94	62,348.94
Cash and Cash Equivalents - End of Year	<u>23,883.92</u>	<u>23,883.92</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	(190,326.84)	(190,326.84)
<b>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided (Used) for Operating Activities</b>		
Depreciation Expense	4,549.99	4,549.99
Net Change in Salary Accrual	384.43	384.43
(Increase)/Decrease in Accounts Receivable	59,409.30	59,409.30
Increase/(Decrease) in Accounts Payable	3,676.22	3,676.22
Increase/(Decrease) in Compensated Absences	(79.61)	(79.61)
Total Adjustments	<u>67,940.33</u>	<u>67,940.33</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (122,386.51)</u>	<u>\$ (122,386.51)</u>

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

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

	<b>Custodial Funds</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 708,879.24
Receivables (Note 4)	10,661.75
Total Assets	<u>719,540.99</u>
<b><u>Liabilities</u></b>	
Payables (Note 7)	70,182.77
Total Liabilities	<u>70,182.77</u>
<b><u>Net Position</u></b>	
Held in Trust for Other Purposes	649,358.22
Total Net Position	<u>\$ 649,358.22</u>

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

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

	<b>Custodial Funds</b>
<b>Additions</b>	
Contributions from:	
Collections for Other Governments	\$ 10,144,016.31
Collections Received for Prisoners	119,160.99
District Attorney Fees	5,559.07
Law Library Fees	4,861.88
Interest and Miscellaneous Receipts	401,337.45
Total Operating Revenues	<u>10,674,935.70</u>
<b>Deductions</b>	
Land Redemptions	10,711.10
Jail Disbursements	108,138.23
Inmate Withdrawals	4,901.66
Payments to Other Governments	10,034,088.21
Inmate Withdrawals	398,277.71
Total Deductions	<u>10,556,116.91</u>
Change in Net Position	118,818.79
Total Net Position - Beginning of Year	<u>530,539.43</u>
Total Net Position - End of Year	<u>\$ 649,358.22</u>

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

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

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

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

The financial statements of the Hale 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 upon 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. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

#### **Fund Financial Statements**

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also, the General Fund is used to account for the expenditures of special county property taxes for buildings and maintaining public buildings, roads and bridges.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditures of the seven-cent State gasoline tax revenue for the construction, improvement, maintenance and supervision of highways, bridges and streets. The Gasoline Tax Fund is also used to account for the expenditures of motor vehicle license taxes and fees and drivers' license revenues for the construction, improvement and maintenance of public highways and streets.
- ◆ **RRR Gasoline Tax Fund** – This fund is used to account for the County's share of the statewide four-cent gasoline tax. Revenues are earmarked for resurfacing, restoration and rehabilitation of county roads.
- ◆ **Rebuild Alabama Fund** – This fund is used to account for expenditure of the additional excise taxes levied on gasoline and diesel fuel pursuant of the ***Code of Alabama 1975***, Section 40-17-370.

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

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

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- ◆ **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 American Rescue Plan Act of 2021.
- ◆ **Jail Warrants Debt Service Fund** – This fund is used to account for special property taxes earmarked for the repayment of warrants issued for the construction of a new county jail.

The Commission reports the following major enterprise fund:

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

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

#### **Governmental Fund Type**

- ◆ **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.

The Commission reports the following fiduciary fund type:

#### **Fiduciary Fund Type**

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

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

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

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

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

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

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

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

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

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

##### **1. Deposits and Investments**

Cash includes cash on hand and demand deposits. For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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## *Notes to the Financial Statements*

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

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#### **2. Receivables**

Sales tax receivables are based on the amounts collected within 60 days after year-end. 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 at the first regular meeting of the Commission in February of each year. 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 from grants issued for specific programs and capital projects, and revenues collected by the State and shared with the Commission.

Receivables in the Solid Waste Fund are amounts due from customers who are charged fees for services provided by the Commission. These amounts are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on past collection experience.

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

#### **3. Restricted Assets**

Certain general obligation bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The debt service fund is used to segregate resources accumulated for debt service payments.

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## *Notes to the Financial Statements*

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

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#### **4. Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer systems, and similar items), are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 50,000	20 – 50 years
Equipment and Furniture	\$ 5,000	5 – 10 years
System Infrastructure	\$100,000	25 – 40 years
Roads	\$250,000	20 – 50 years
Bridges	\$ 50,000	40 – 50 years

	Capitalization Threshold	Estimated Useful Life
Business-Type Activities:		
Equipment and Furniture	\$5,000	5 – 10 years

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

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

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

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#### **5. Deferred Outflows of Resources**

Deferred outflows of resources are reported in the Statement of Net Position. Deferred outflows of resources are defined as a consumption of net position by the Commission that is applicable to a future reporting period. Deferred outflow 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.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

#### **7. Compensated Absences**

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

##### **Annual Leave**

Annual leave is earned based on years of service with a maximum accumulation of 20 days per calendar year (beginning on the employee's anniversary date). Unused annual leave in excess of the maximum is forfeited by employees.

##### **Sick Leave**

Sick leave benefits with pay are provided for permanent full-time employees in the amount of 12 workdays per fiscal year. Sick leave benefits are accrued by all permanent full-time employees at a rate of 1 workday per month for each month worked with a maximum accrual at any one time of 18 months. All unused sick leave is forfeited upon separation and is not compensated to the employee. At September 30, 2022, no liability for unpaid sick leave is accrued in the financial statements since employees do not receive termination payments for sick leave balances.

##### **Compensatory Leave**

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Employees may accumulate up to 240 hours of compensatory time. 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.

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

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

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#### **8. Deferred Inflows of Resources**

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

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

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

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

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## *Notes to the Financial Statements*

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

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Fund balance is reported in governmental funds on the fund financial statements and is required to be classified for accounting and reporting purposes into the following fund balance categories.

- ◆ **Nonspendable** – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of non-spendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items, and long-term receivables.
- ◆ **Restricted** – 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.
- ◆ **Committed** – Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the restraint.
- ◆ **Assigned** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission President or County Administrator makes a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- ◆ **Unassigned** – Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

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## *Notes to the Financial Statements*

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

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#### **E. Pensions**

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

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

#### **Budgets**

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund, with the exception of salaries which are budgeted only to the extent expected to be paid and ad valorem taxes which are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. The Gasoline Tax Fund budgets on a basis consistent with GAAP with the exception of salaries which are budgeted only to the extent expected to be paid. The RRR Gasoline Tax Fund and the Rebuild Alabama Fund budget on a basis of accounting consistent with GAAP. The ARPA Revenue Reduction Fund did not approve a formal budget due to uncertainty of allowable expenditures related to this grant. Expenditures of the ARPA Revenue Reduction Fund were authorized by the Commission throughout the fiscal year. All other governmental funds prepare budgets on a basis of accounting consistent with GAAP. All 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.

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

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

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

### **Note 4 – Receivables**

On September 30, 2023, receivables for the Commission's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, were as follows:

	Accounts Receivable	Due from Other Governmental Units	Total Receivables
<b><u>Governmental Activities:</u></b>			
General Fund	\$ 89,131.89	\$120,772.56	\$209,904.45
Gasoline Tax Fund	144,847.73	144,847.73	
RRR Gasoline Tax Fund	193,451.16	193,451.16	
Rebuild Alabama Fund	123,003.33	123,003.33	
Other Governmental Funds	11,276.52	11,276.52	
<b>Total Governmental Activities</b>	<b>89,131.89</b>	<b>593,351.30</b>	<b>682,483.19</b>
<b><u>Business-Type Activities:</u></b>			
Solid Waste Fund:			
Customer Receivables	129,077.26	129,077.26	
Less: Allowance for Doubtful Accounts	(66,826.25)	(66,826.25)	
Net Receivables Business-Type Activities	62,251.01	62,251.01	
<b><u>Fiduciary Activities:</u></b>			
Custodial Funds	9,683.34	978.41	10,661.75
<b>Total Fiduciary Activities</b>	<b>\$ 9,683.34</b>	<b>\$ 978.41</b>	<b>\$ 10,661.75</b>

## **Notes to the Financial Statements**

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

#### **Note 5 – Capital Assets**

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

	Balance 10/01/2022	Additions	Reclass/ Retirements	Balance 09/30/2023
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 158,522.50	\$	\$	\$ 158,522.50
Total Capital Assets Not Being Depreciated	<u>158,522.50</u>			<u>158,522.50</u>
Capital Assets Being Depreciated:				
Infrastructure	2,898,461.56			2,898,461.56
Buildings	5,890,800.00			5,890,800.00
Buildings Improvements	272,521.10			272,521.10
Equipment	4,346,327.76	1,177,077.00	(701,814.24)	4,821,590.52
Total Capital Assets Being Depreciated	<u>13,408,110.42</u>	<u>1,177,077.00</u>	<u>(701,814.24)</u>	<u>13,883,373.18</u>
Less Accumulated Depreciation for:				
Infrastructure	(1,126,668.22)	(72,461.54)		(1,199,129.76)
Buildings	(4,095,800.00)	(101,250.00)		(4,197,050.00)
Buildings Improvements	(123,232.86)	(16,634.64)		(139,867.50)
Equipment	(2,624,701.90)	(244,353.89)	113,335.64	(2,755,720.15)
Total Accumulated Depreciation	<u>(7,970,402.98)</u>	<u>(431,691.49)</u>	<u>113,335.64</u>	<u>(8,288,758.83)</u>
Total Capital Assets Being Depreciated, Net	<u>5,437,707.44</u>	<u>745,385.51</u>	<u>(588,478.60)</u>	<u>5,594,614.35</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 5,596,229.94</u>	<u>\$ 745,385.51</u>	<u>\$(588,478.60)</u>	<u>\$ 5,753,136.85</u>

	Balance 10/01/2022	Additions	Retirements	Balance 09/30/2023
<b>Business-Type Activities:</b>				
Capital Assets Being Depreciated:				
Equipment and Furniture	\$ 215,000.00	\$	\$	\$ 215,000.00
Total Capital Assets Being Depreciated	<u>215,000.00</u>			<u>215,000.00</u>
Less Accumulated Depreciation for:				
Equipment and Furniture	(210,450.01)	(4,549.99)		(215,000.00)
Total Accumulated Depreciation	<u>(210,450.01)</u>	<u>(4,549.99)</u>		<u>(215,000.00)</u>
Total Capital Assets Being Depreciated, Net	<u>4,549.99</u>	<u>(4,549.99)</u>		
Business-Type Activities Capital Assets, Net	<u>\$ 4,549.99</u>	<u>\$(4,549.99)</u>	<u>\$</u>	<u>\$</u>

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## *Notes to the Financial Statements*

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

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

	Current Year Depreciation Expense
<b>Governmental Activities:</b>	
General Government	\$106,346.75
Public Safety	53,113.08
Highways and Roads	266,943.75
Food Stamp/DHR	4,904.31
Education	383.59
Total Depreciation Expense – Governmental Activities	<u><u>\$431,691.49</u></u>

	Current Year Depreciation Expense
<b>Business-Type Activities:</b>	
Solid Waste	\$4,549.99
Total Depreciation Expense – Business-Type Activities	<u><u>\$4,549.99</u></u>

#### **Note 6 – Defined Benefit Pension Plan**

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

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

The Employees' Retirement System of Alabama (ERS), an agent multiple-employer plan (the "Plan"), was established October 1, 1945, under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of ERS is vested in the Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975*, Sections 36-27-2 grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

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

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

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The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, officio.
- 3) The State Personnel Director, 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) Six 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. Two vested active employees of an employer participating 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 guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

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## *Notes to the Financial Statements*

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

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

Act Number 2019-132, Acts of Alabama, allowed employers who participate in the ERS pursuant to the **Code of Alabama 1975**, Section 36-27-6, to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 employers adopting Act Number 2019-132, Acts of Alabama, will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act Number 2019-132, Acts of Alabama.

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

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 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
<b>Total</b>	<b>108,890</b>

#### **Contributions**

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

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

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

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2023, the Commission's active employee contribution rate was 5.12 percent of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 15.27 percent of covered employee payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2022, was 16.13% of pensionable pay for Tier 1 and Tier 2 employees, and 14.05% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance and unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$483,033 for the year ended September 30, 2023.

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

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

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	\$11,766,391	\$11,759,541	\$11,766,006
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2021 – September 30, 2022	238,819	238,819	239,037
(d) Transfers Among Employers		(279,159)	(279,159)
(e) Actual Benefit Payments and Refunds for October 1, 2021 – September 30, 2022	(794,346)	(794,346)	(794,346)
(f) Total Pension Liability as of September 30, 2022 =[(a) x (1+(b))] + (c) +(d) +(e)x (1+0.5*(b))]	<u>\$12,057,871</u>	<u>\$11,771,352</u>	<u>\$11,778,516</u>
(g) Difference between Expected and Actual		\$ (286,519)	
(h) Less Liability Transferred for Immediate Recognition		<u>(279,159)</u>	
(i) Difference between Expected and Actual Experience (Gain)/Loss		<u>\$ (7,360)</u>	
(j) Difference between Actual TP: Before and After Plan Changes – Benefit Change (Gain)/Loss			<u>\$ 7,164</u>

#### **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 (*)	7.45%
(*) Net of pension plan investment expense	

## **Notes to the Financial Statements**

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

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		Female: none	

The actuarial assumptions used in 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%	6.5%
Cash	5.00%	1.50%
<b>Total</b>	<b><u>100.00%</u></b>	

(\*) Net assumed rate of inflation of 2.00%

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

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

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#### **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	\$11,766,391	\$7,728,573	\$4,037,818
<b>Changes for the Year:</b>			
Service Cost	238,819		238,819
Interest	847,007		847,077
Changes of benefit terms	7,164		7,164
Difference between expected and actual experience	(7,360)		(7,360)
Contributions – Employer		400,310	(400,310)
Contributions – Employee		216,259	(216,259)
Net Investment Income		(959,184)	959,184
Benefit Payments, Including Refunds of Employee Contributions	(794,346)	(794,246)	
Transfers Among Employers	(279,169)	(279,159)	
<b>Net Changes</b>	<b>12,125</b>	<b>1,416,120</b>	<b>1,428,245</b>
Balances at September 30, 2022	\$11,778,516	\$6,312,453	\$5,466,063

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

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

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

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

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Commission's Net Pension Liability	\$6,735,534	\$5,466,063	\$4,390,552

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 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 dated September 30, 2022, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://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 Hale County Commission recognized pension expense of \$659,513. At September 30, 2023, the Hale 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	\$ 173,554.00	\$149,914.00
Changes of assumptions	206,154.00	
Net difference between projected and actual earnings on pension plan investments	774,749.00	
Employer contributions subsequent to the measurement date	433,032.67	
<b>Total</b>	<b>\$1,587,489.67</b>	<b>\$149,914.00</b>

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## *Notes to the Financial Statements*

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

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The \$1,587,489.67 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending:	
September 30, 2024	\$359,787
2025	\$205,230
2026	\$136,604
2027	\$302,922
2028	\$ 0
Thereafter	\$ 0

#### **Note 7 – Payables**

On September 30, 2023, payables for the Commission's individual major funds, and custodial funds in the aggregate were as follows:

	Vendors	Due to Other Governments	Due to External Parties	Total Payables
<b>Governmental Activities:</b>				
General Fund	\$ 30,773.49	\$ 7,699.57	\$	\$ 38,469.91
Gasoline Tax Fund	58,887.27	28,123.00		115,310.78
RRR Gasoline Tax Fund	1,136.94			1,136.94
Other Governmental Funds	17,371.65			17,371.65
<b>Total Governmental Activities</b>	<b>108,169.35</b>	<b>35,822.57</b>		<b>172,289.28</b>
<b>Business-Type Activities:</b>				
Solid Waste Fund	129,077.26			129,077.26
<b>Total Business-Type Activities</b>	<b>129,077.26</b>			<b>129,027.26</b>
<b>Fiduciary Activities:</b>				
Custodial Funds		3,724.98	66,457.81	70,182.77
<b>Total Custodial Activities</b>	<b>\$</b>	<b>\$ 3,724.98</b>	<b>\$66,457.81</b>	<b>\$ 70,182.77</b>

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

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**Note 8 – Long-Term Debt**

The Commission issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. In June 2000, General Obligation Bonds, with an interest rate of 4.5 percent, were issued to provide funds for the construction of a new county jail. In the event of default, the Holders of Series 2000 warrants shall be entitled to exercise all available remedies under the laws of the State of Alabama.

In July 2019, the Commission entered into a note from direct borrowing with the Bank of Moundville in the amount of \$43,753.00 with an interest rate of 4.00% to purchase vehicles. The outstanding notes contain a provision that in the event of default, outstanding amounts become immediately due if (1) the Commission fails to make a payment or (2) upon the insolvency or bankruptcy of the Commission.

In July 2019, the Commission entered into a note from direct borrowing with BancorpSouth in the amount of \$172,258.50 with an interest rate of 3.94% to purchase equipment. The outstanding note contains a provision that in the event of default, outstanding amounts become immediately due if (1) the Commission fails to make a payment or (2) upon the insolvency or bankruptcy of the Commission.

In March 2020, the Commission entered into a note from direct borrowing with Peoples Bank of Greensboro in the amount of \$519,234.00 with an interest rate of 2.99% to purchase two caterpillar motor graders. The outstanding notes contain a provision that in the event of default, outstanding amounts become immediately due if the Commission fails to make a payment, upon the insolvency or bankruptcy of the Commission, failure to perform, other agreements, judgement, forfeiture, property transfer, property value, or insecurity.

In January 2023, the Commission entered a note from direct borrowing with Cadence Equipment Finance in the amount of \$988,540.00 with an interest rate of 5.970% for the purchase of four Kenworth dump trucks. The outstanding note contains a provision that in the event of default, outstanding amounts become immediately due if (1) the Commission fails to make a payment or (2) upon the insolvency or bankruptcy of the Commission.

## **Notes to the Financial Statements**

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

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	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Warrants Payable:					
2000 General Obligation Warrant	\$ 951,196.71	\$	\$(123,000.00)	\$ 828,196.71	\$129,000.00
Total Warrants Payable	<u>951,196.71</u>		<u>(123,000.00)</u>	<u>828,196.71</u>	<u>129,000.00</u>
<b>Notes from Direct Borrowings:</b>					
People's Bank – Construction Equipment	164,921.86		(21,691.04)	143,230.82	143,230.82
Bank of Moundville-EMA	4,753.50		(4,753.50)		
Bancorp South – Construction Equipment	65,957.22		(35,778.49)	30,178.73	30,178.73
Cadence Bank – Construction Equipment		988,540.00		988,540.00	174,887.60
Total Notes from Direct Borrowings	<u>235,632.58</u>	<u>988,540.00</u>	<u>(62,223.03)</u>	<u>1,161,949.55</u>	<u>348,297.15</u>
<b>Other Liabilities:</b>					
Compensated Absences	188,175.56		(1,281.84)	186,893.72	18,689.37
Landfill Postclosure Care Costs	16,692.00		(8,346.00)	8,346.00	8,346.00
Net Pension Liability	4,037,818.00	1,428,245.00		5,466,063.00	
Total Other Liabilities	<u>4,242,685.56</u>	<u>1,428,245.00</u>	<u>(9,627.84)</u>	<u>5,661,302.72</u>	<u>27,035.37</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$5,429,514.85</u>	<u>\$2,416,785.00</u>	<u>\$(194,850.87)</u>	<u>\$7,651,448.98</u>	<u>\$504,332.52</u>

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

	Debt Outstanding 10/01/2022	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Amounts Due Within One Year
<b>Business-Type Activities:</b>					
Other Liabilities:					
Estimated Liability for Compensated Absences	\$175.56	\$	\$79.61	\$95.95	\$9.59
Total Business-Type Activities					
Long-Term Liabilities	<u>\$175.56</u>	<u>\$</u>	<u>\$79.61</u>	<u>\$95.95</u>	<u>\$9.59</u>

Payments on the Series 2000 General Obligation Warrants Payable are made by a debt service fund with property taxes. Notes from direct borrowing will be liquidated by the General Fund. The Compensated Absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, approximately 49% has been paid by the General Fund, 45% by the Gasoline Tax Fund, and 7% by the Reappraisal Fund.

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

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

Fiscal Year Ending	Governmental Activities				Total Principal and Interest Requirements to Maturity	
	General Obligation Warrants		Note Payable Direct Borrowing			
	Principal	Interest	Principal	Interest		
September 30, 2024	\$129,000.00	\$ 42,533.85	\$ 348,297.15	\$ 68,683.57	\$ 588,514.57	
2025	134,000.00	36,728.85	185,618.87	49,926.47	406,274.19	
2026	140,000.00	30,698.85	197,008.61	38,536.73	406,244.19	
2027	140,000.00	24,398.85	209,097.25	26,448.09	399,944.19	
2028	153,000.00	17,828.85	221,927.67	13,617.67	406,374.19	
2029-2033	132,196.71	14,687.70			146,884.41	
Total	\$828,196.71	\$166,876.95	\$1,161,949.55	\$197,212.53	\$2,354,235.74	

### **Note 9 – Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require that the Commission place a final cover on its landfill when closed and performed certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated liability for landfill postclosure care costs for the Commission's closed landfill at September 30, 2023, was \$8,346.00. The estimated liability is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2023. However, the actual costs of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. During the fiscal year 2022, the Commission paid \$8,346.00 for landfill postclosure care costs.

### **Note 10 – Risk Management**

The Commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Commission has general liability insurance through the Association of County Commission 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 each defense expense is limited. Employment-related practices damage protection is limited to \$1,000.000 per incident with a \$5,000 deductible and each defense expense is unlimited. Country specific coverages and limits can be added by endorsement.

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

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

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

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

#### **Note 11 – Interfund Transactions**

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

The amounts due to/from other funds at September 30, 2023, were as follows:

Interfund Receivables	
<hr/>	
Jail Fund	
<hr/>	
Interfund Payables:	
General Fund	\$365,000.00
Totals	\$365,000.00

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## *Notes to the Financial Statements*

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

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#### **Interfund Transfers**

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

	Transfers In					Totals
	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Other Governmental Funds	Solid Waste Fund	
<b>Transfers Out:</b>						
General Fund	\$	\$	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	
Gasoline Tax Fund			22,916.36	120,000.00	7,052.00	149,968.36
RRR Gasoline Tax Fund		614,154.86				614,154.86
Jail Warrant Debt Service Fund	126,919.00			10,000.00		136,919.00
Rebuild Alabama Fund				800,000.00		800,000.00
ARPA Revenue Reduction	16,117.53	5,972.52			731.17	22,825.22
Other Governmental Funds	40,000.00	50,000.00			69,000.00	159,000.00
<b>Totals</b>	<b>\$183,036.53</b>	<b>\$670,133.38</b>	<b>\$22,916.36</b>	<b>\$970,000.00</b>	<b>\$76,783.17</b>	<b>\$1,922,867.44</b>

The Commission typically used transfers to fund ongoing operating subsidies.

#### **Note 12 – Related Organizations**

A majority of the members of the Board of the agencies listed below are appointed by the Hale County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship, for agencies and the agencies are not considered part of the Commission's financial reporting entity. The agencies presented below are considered to be related organizations of the County Commission.

#### **Related Organizations**

- Hale County Water Authority
- Hale County Health Care Authority
- Hale County Industrial Development Authority
- Hale County 911 Board
- Hale County Department of Human Resources Board

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

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

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#### **Note 13 – Tax Abatements**

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

The Hale County Commission is subject to tax abatements granted by the town of Moundville. This government entered into property tax abatement agreements with local businesses under the State Tax Incentive Reform Act of 1992 (***Code of Alabama 1975***, Section 40-9B-13). Under the Act, localities may grant property tax abatements for all state and local non-educational property taxes, all construction related transaction taxes, except those local construction taxes levied for educational purposes or for capital improvement for education, and/or all mortgage and recording taxes. The abatements may be granted to any business located within or promising to relocate to Hale County.

For fiscal year ended September 30, 2023, total property taxes abated were \$41,727.51, including the following tax abatement agreements that exceeded 10 percent of the total amount abated:

Granting Jurisdiction	Type	Property Tax
Town of Moundville Industrial Development Board	Timberland Manufacturing	\$19,929.36
Town of Moundville Industrial Development Board	Timberland Manufacturing	21,115.38
Total		<hr/> \$41,044.74

- ◆ A 48 percent property tax abatement to a business involved in timberland manufacturing business, for increasing the size of its facilities and increasing employment. The abatement amounted to \$19,929.36.
- ◆ A 51 percent property tax abatement to a business involved in timberland manufacturing business, for increasing the size of its facilities and increasing employment. The abatement amounted to \$21,115.38.

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## *Required Supplementary Information*

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Service cost	\$ 238,819	\$ 202,606	\$ 209,681	\$ 198,538	\$ 200,816	\$ 202,347	\$ 206,958	\$ 209,950	\$ 208,187
Interest	847,007	823,853	768,480	695,613	680,748	662,578	621,691	596,644	573,661
Changes of benefit terms	7,164		98,307						
Difference between expected and actual experience	(7,360)	(247,247)	361,022	357,285	(209,737)	34,773	66,412	43,993	
Changes of assumptions		353,408			43,114		308,724		
Benefit payments, including refunds of employee contributions	(794,346)	(724,575)	(673,114)	(679,046)	(616,753)	(517,596)	(545,137)	(529,858)	(459,271)
Transfers among employers	(279,159)	296,666	(19,514)	370,975	183,047	(98,080)	105,844		
Net change in total pension liability	12,125	704,711	744,862	943,365	281,235	284,022	764,492	320,729	322,577
Total pension liability - beginning	11,766,391	11,061,680	10,316,818	9,373,453	9,092,218	8,808,196	8,043,704	7,722,975	7,400,398
Total pension liability - ending (a)	\$ 11,778,516	\$ 11,766,391	\$ 11,061,680	\$ 10,316,818	\$ 9,373,453	\$ 9,092,218	\$ 8,808,196	\$ 8,043,704	\$ 7,722,975
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	\$ 400,310	\$ 317,931	\$ 302,557	\$ 307,241	\$ 306,217	\$ 283,382	\$ 279,885	\$ 284,306	\$ 294,286
Contributions - member	216,259	150,508	141,890	141,243	128,894	133,533	130,685	119,158	148,501
Net investment income	(959,184)	1,400,702	346,564	153,185	499,324	623,609	460,676	53,891	493,146
Benefit payments, including refunds of employee contributions	(794,346)	(724,575)	(673,114)	(679,046)	(616,753)	(517,596)	(545,137)	(529,858)	(459,271)
Other (Transfers among employers)	(279,159)	296,666	(19,514)	370,975	183,047	(98,080)	105,844	9,390	(5,590)
Net change in plan fiduciary net position	(1,416,120)	1,441,232	98,383	293,598	500,729	424,848	431,953	(63,113)	471,072
Plan fiduciary net position - beginning	7,728,573	6,287,341	6,188,958	5,895,360	5,394,631	4,969,783	4,537,830	4,600,943	4,129,871
Plan fiduciary net position - ending (b)	\$ 6,312,453	\$ 7,728,573	\$ 6,287,341	\$ 6,188,958	\$ 5,895,360	\$ 5,394,631	\$ 4,969,783	\$ 4,537,830	\$ 4,600,943
Commission's net pension liability - ending (a) - (b)	\$ 5,466,063	\$ 4,037,818	\$ 4,774,339	\$ 4,127,860	\$ 3,478,093	\$ 3,697,587	\$ 3,838,413	\$ 3,505,874	\$ 3,122,032
Plan fiduciary net position as a percentage of the total pension liability	53.59%	65.68%	56.84%	59.99%	62.89%	59.33%	56.42%	56.41%	59.57%
Covered-employee payroll	\$ 2,850,318	\$ 2,422,914	\$ 2,280,960	\$ 2,575,576	\$ 2,363,347	\$ 2,360,165	\$ 2,384,699	\$ 2,290,970	\$ 2,309,413
Commission's net pension liability as a percentage of covered-employee payroll	191.77%	166.65%	209.31%	160.27%	147.17%	156.67%	160.96%	153.03%	135.19%

(\*) 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 beginning with fiscal year 2017.

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 433,033	\$ 411,511	\$ 335,563	\$ 307,592	\$ 307,241	\$ 306,217	\$ 283,382	\$ 279,885	\$ 284,306	\$ 294,286
Contributions in relation to the actuarially determined contribution (*)	\$ 433,033	\$ 411,511	\$ 335,563	\$ 307,592	\$ 307,241	\$ 306,217	\$ 283,382	\$ 279,885	\$ 284,306	\$ 294,286
Covered-employee payroll	\$ 2,836,348	\$ 2,850,318	\$ 2,422,914	\$ 2,280,960	\$ 2,575,576	\$ 2,363,347	\$ 2,360,165	\$ 2,384,699	\$ 2,290,970	\$ 2,309,413
Contributions as a percentage of covered payroll	15.27%	14.44%	13.85%	13.49%	11.93%	12.96%	12.01%	11.74%	12.41%	12.74%

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

**Notes to Schedule**

**Valuation Date:**

Actuarially determined contribution rates are calculated as of September 30, 2022.

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26.5 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25-5.00% including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

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

	Budgeted Amounts		Actual Amounts		Budget to GAAP Differences	Actual Amounts	
	Original	Final	Budgetary Basis			GAAP Basis	
<b>Revenues</b>							
Taxes	\$ 1,387,000.00	\$ 1,387,000.00	\$ 1,377,964.49	(1) (3)	\$ 459,404.10	\$ 1,837,368.59	
Licenses and Permits	15,000.00	15,000.00	11,858.91			11,858.91	
Intergovernmental	957,000.00	957,000.00	1,089,221.80	(3)	13,068.65	1,102,290.45	
Charges for Services	584,300.00	584,300.00	584,327.85	(3)	97,385.50	681,713.35	
Miscellaneous	80,000.00	80,000.00	143,383.21	(3)	91,939.86	235,323.07	
Total Revenues	<u>3,023,300.00</u>	<u>3,023,300.00</u>	<u>3,206,756.26</u>		<u>661,798.11</u>	<u>3,868,554.37</u>	
<b>Expenditures</b>							
Current:							
General Government	1,251,750.00	1,251,750.00	1,253,679.15	(2) (4)	(56,753.73)	1,310,432.88	
Public Safety	2,144,810.00	2,144,810.00	2,146,572.30	(4)	(80,394.72)	2,226,967.02	
Health	26,000.00	26,000.00	25,950.00			25,950.00	
Culture and Recreation	14,000.00	14,000.00	13,784.16			13,784.16	
Education	14,620.00	14,620.00	14,412.43			14,412.43	
Capital Outlay			75,816.00			75,816.00	
Debt Service:							
Principal Retirement			4,753.50			4,753.50	
Interest and Fiscal Charges			1,253.99			1,253.99	
Total Expenditures	<u>3,451,180.00</u>	<u>3,451,180.00</u>	<u>3,536,221.53</u>		<u>(137,148.45)</u>	<u>3,673,369.98</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>(427,880.00)</u>	<u>(427,880.00)</u>	<u>(329,465.27)</u>		<u>524,649.66</u>	<u>195,184.39</u>	
<b>Other Financing Sources (Uses)</b>							
Transfers In	580,000.00	580,000.00	258,521.53	(5)	(75,485.00)	183,036.53	
Transfers Out			(40,000.00)			(40,000.00)	
Total Other Financing Sources (Uses)	<u>580,000.00</u>	<u>580,000.00</u>	<u>218,521.53</u>		<u>(75,485.00)</u>	<u>143,036.53</u>	
Net Change in Fund Balances	152,120.00	152,120.00	(110,943.74)		449,164.66	338,220.92	
Fund Balances - Beginning of Year	<u>486,583.01</u>	<u>486,583.01</u>	<u>(147,711.79)</u>	(6)	<u>128,709.08</u>	<u>(19,002.71)</u>	
Fund Balances - End of Year	<u>\$ 638,703.01</u>	<u>\$ 638,703.01</u>	<u>\$ (258,655.53)</u>		<u>\$ 577,873.74</u>	<u>\$ 319,218.21</u>	

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

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

(1) The Commission budgets for motor vehicle ad valorem taxes only to the extent they are expected to be received in the current fiscal period, rather than on the modified accrual basis (GAAP).	\$	13,905.21
(2) The Commission budgets for salaries only to the extent they are expected to be paid in the current fiscal period, rather than on the modified accrual basis (GAAP).		6,159.33
(3) Revenues		
Pistol Permit Revenue Fund	\$	4,379.17
Opioid Settlement Fund		91,348.26
Probate Special Fees Fund		97,477.84
Public Buildings, Roads and Bridges	<u>\$</u>	<u>454,687.63</u>
		647,892.90
(4) Expenditures		
Probate Special Fees	\$	(140,507.08)
Public Buildings, Roads and Bridges		<u>(2,800.70)</u>
		(143,307.78)
(5) Other Financing Sources		
Public Buildings, Roads and Bridges	\$	(75,485.00)
		<u>(75,485.00)</u>
Net Change in Fund Balance - Budget to GAAP	\$	<u>449,164.66</u>
(6) 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 Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	
	Original	Final				
<b>Revenues</b>						
Intergovernmental	\$ 1,000,000.00	\$ 1,000,000.00	417,327.14	(2)	\$ 95,474.19	\$ 512,801.33
Charges for Services	100,000.00	100,000.00	41,164.52			41,164.52
Miscellaneous	100,000.00	100,000.00	12,144.89	(2)	705.73	12,850.62
Total Revenues	<u>1,200,000.00</u>	<u>1,200,000.00</u>	<u>470,636.55</u>		<u>96,179.92</u>	<u>566,816.47</u>
<b>Expenditures</b>						
Current:						
General Government	8,000.00	8,000.00	7,458.49			7,458.49
Highways and Roads	2,049,800.00	2,049,800.00	1,791,474.69	(1)	3,721.45	1,787,753.24
Capital Outlay			1,101,261.00			1,101,261.00
Debt Service:						
Principal Retirement			57,469.53			57,469.53
Interest and Fiscal Charges			5,104.51			5,104.51
Total Expenditures	<u>2,057,800.00</u>	<u>2,057,800.00</u>	<u>2,962,768.22</u>		<u>3,721.45</u>	<u>2,959,046.77</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(857,800.00)</u>	<u>(857,800.00)</u>	<u>(2,492,131.67)</u>		<u>99,901.37</u>	<u>(2,392,230.30)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	585,000.00	585,000.00	636,131.38	(3)	34,000.00	670,131.38
Sale of Capital Assets			942,585.00			942,585.00
Proceeds from Sale of Capital Assets	290,000.00	290,000.00	988,540.00			988,540.00
Transfers Out			(149,968.36)			(149,968.36)
Total Other Financing Sources (Uses)	<u>875,000.00</u>	<u>875,000.00</u>	<u>2,417,288.02</u>		<u>34,000.00</u>	<u>2,451,288.02</u>
Net Change in Fund Balances	<u>17,200.00</u>	<u>17,200.00</u>	<u>(74,843.65)</u>		<u>133,901.37</u>	<u>59,057.72</u>
Fund Balances - Beginning of Year	<u>857,740.00</u>	<u>954,116.00</u>	<u>(137,962.26)</u>	(4)	<u>501,687.42</u>	<u>363,725.16</u>
Fund Balances - End of Year	<u>\$ 874,940.00</u>	<u>\$ 971,316.00</u>	<u>\$ (212,805.91)</u>		<u>\$ 635,588.79</u>	<u>\$ 422,782.88</u>

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

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

(1) The Commission budgets for salaries only to the extent they are expected to be paid in the current fiscal period, rather than on the modified accrual basis (GAAP) \$ 3,721.45

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

(2) Revenues  
    Public Highway and Traffic Fund \$ 95,680.55  
    Equipment Fund 499.37 96,179.92

(3) Other Financing Sources  
    Public Highway and Traffic Fund 34,000.00

Net Change in Fund Balance - Budget to GAAP \$ 133,901.37

(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 - RRR Gasoline Tax Fund  
For the Year Ended September 30, 2023***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 40,000.00	\$ 40,000.00	\$ 38,187.88	\$ 287,364.49	\$ 38,187.88
Intergovernmental	667,500.00	667,500.00	674,426.75	(1) 2,342.11	961,791.24
Miscellaneous			108.15	(1) 2,450.26	
<b>Total Revenues</b>	<b>707,500.00</b>	<b>707,500.00</b>	<b>712,722.78</b>	<b>289,706.60</b>	<b>1,002,429.38</b>
<b>Expenditures</b>					
Current:					
Highways and Roads	450,000.00	450,000.00	57,922.16	(2) 135,369.33	193,291.49
<b>Total Expenditures</b>	<b>450,000.00</b>	<b>450,000.00</b>	<b>57,922.16</b>	<b>135,369.33</b>	<b>193,291.49</b>
Excess (Deficiency) of Revenues Over Expenditures	257,500.00	257,500.00	654,800.62	154,337.27	809,137.89
<b>Other Financing Sources (Uses)</b>					
Transfers In			22,916.36		22,916.36
Transfers Out	(257,500.00)	(257,500.00)	(614,154.86)		(614,154.86)
<b>Total Other Financing Sources (Uses)</b>	<b>(257,500.00)</b>	<b>(257,500.00)</b>	<b>(591,238.50)</b>	<b></b>	<b>(591,238.50)</b>
Net Change in Fund Balances			63,562.12	154,337.27	217,899.39
Fund Balances - Beginning of Year			536,143.05	(3) 426,634.30	962,777.35
Fund Balances - End of Year	\$	\$	\$ 599,705.17	\$ 580,971.57	\$ 1,180,676.74

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

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

(1) Revenues 5 Cent Fund	\$ 289,706.60
(2) Expenditures 5 Cent Fund	<u>135,369.33</u>
Net Change in Fund Balance - Budget to GAAP	<u>\$ 154,337.27</u>
(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. This amount differs from the fund balance reported in the Statement of Revenues, Expenditure 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 - Rebuild Alabama Fund**  
**For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Intergovernmental	\$ 695,500.00	\$ 695,500.00	\$ 1,120,684.28	\$ 1,120,684.28	
Miscellaneous	3,000.00	3,000.00	2,747.05		2,747.05
Total Revenues	698,500.00	698,500.00	1,123,431.33		1,123,431.33
<b>Expenditures</b>					
Current:					
Highways and Roads	1,676,342.00	1,676,342.00	713,018.18		713,018.18
Total Expenditures	1,676,342.00	1,676,342.00	713,018.18		713,018.18
Excess (Deficiency) of Revenues Over Expenditures	(977,842.00)	(977,842.00)	410,413.15		410,413.15
<b>Other Financing Sources (Uses)</b>					
Transfers In					
Transfers Out			(800,000.00)		(800,000.00)
Total Other Financing Sources (Uses)			(800,000.00)		(800,000.00)
Net Change in Fund Balances	(977,842.00)	(977,842.00)	(389,586.85)		(389,586.85)
Fund Balances - Beginning of Year	1,200,000.00	1,200,000.00	1,348,011.30		1,348,011.30
Fund Balances - End of Year	\$ 222,158.00	\$ 222,158.00	\$ 958,424.45	\$ 958,424.45	

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## *Additional Information*

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

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<b><u>Commission Members</u></b>		<b><u>Term Expires</u></b>
Hon. Arthur L. Crawford, Sr.	Chairman	2024
Hon. Marvin S. Hallman	Member	2022
Hon. Don Wallace	Member	2026
Hon. Donald Anderson, Jr.	Member	2024
Hon. Joe L. Hamilton, Jr.	Member	2024
Hon. Patti Rhodes	Member	2026
<b><u>Administrative Personnel</u></b>		
Sylvia Williams	Administrator	2025

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

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**Independent Auditor's Report**

Members of the Hale County Commission and County Administrator  
Greensboro, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hale County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Hale County Commission's basic financial statements, and have issued our report thereon dated October 31, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hale County Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hale County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hale County Commission's internal control.

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, 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 Compliance and Other Matters**

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

**Hale County Commission's Response to Findings**

***Government Auditing Standards*** require the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying Schedule of State and Local Compliance and Other Findings. The Hale County Commission's response to the findings identified in the Schedule of State and Local Compliance and Other Findings is described in the accompanying Auditee Response. The Hale County Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

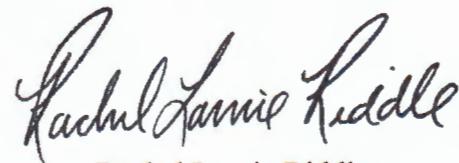
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***Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With  
Government Auditing Standards***

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**Purpose of this Report**

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



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

October 31, 2025

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## *Auditee Response*



# HALE COUNTY COMMISSION

1001 Main Street, Room 45  
P.O. Box 396  
GREENSBORO, AL 36744

Commissioner \_\_\_\_\_  
Phone 334-624-4357  
Fax 334-624-1713

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David L. Parker (Chairman), Don Wallace (District 1), Earlean Dussett (District 2)  
Joe Lee Hamilton, Jr. (District 3), Patt. Rhodes (District 4)

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

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The Hale County Commission has prepared and hereby submits the following Auditee Response for the findings which are included in the Schedule of State and Local Compliance and Other Findings for the year ended September 30, 2023.

<b>Finding</b>	<b>Ref.</b>	<b>No.</b>	<b>Corrective Action Plan Details</b>
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**2023-001**

***Finding:***

The **Code of Alabama 1975**, Section 41-16-50, commonly known as the “Alabama Competitive Bid Law”, requires all expenditures of funds of whatever nature for labor, services, work, or for the purchase of materials, equipment, supplies or other personal property involving thirty thousand (\$30,000) or more be competitively bid. Additionally, Section 41-16-54 (e) requires all original bids, along with all documents pertaining to the award of the contract, be retained for at least seven years and be open to public inspection. The Hale County Commission (the “Commission”) did not let bids for solid waste disposal services which exceeded the bid threshold. In addition, the Commission failed to retain all bid documents for an asphalt mix bid. The Commission did not have policies and procedures in place to ensure compliance with the requirements of the Alabama Competitive Bid Law. As a result, the Commission was not in compliance with the Code of Alabama 1975, Section 41-16-50.

***Recommendation:***

The Commission should implement procedures to ensure compliance with the Alabama Competitive Bid Law.

***Response/Views:*** We agree with the finding.

***Corrective Action Planned:*** All expenditures of funds for labor, services, work, or for the purchase of materials of \$30,000 or more will be competitively bid out.

***Anticipated Completion Date:*** 10/31/2025

**Contact Person(s):** Grace Pruett, County Administrator

**2023-002**

**Finding:**

The ***Code of Alabama 1975***, Section 40-14A-26(a), provides for the distribution of a business privilege tax received from the Department of Revenue. A portion of this privilege tax received by the Commission is to be distributed to agencies that received funds from the property tax on shares of stock of domestic corporations in 1999. The Commission did not distribute the business privilege tax due to the City of Greensboro during fiscal year 2023. The Commission did not have policies or procedures in place to ensure accurate disbursement of the business privilege tax. As a result, the Commission owed business privilege taxes totaling \$7,138.31 to the City of Greensboro. Once this was brought to the Commission's attention during the audit, payment was made to the City of Greensboro to correct the error.

**Recommendation:**

The Commission should establish and implement procedures to ensure all business privilege taxes are distributed in accordance with the ***Code of Alabama 1975***, Section 40-14A-26(a).

***Response/Views: We agree with the finding.***

***Corrective Action Planned:*** Payment has been made to the City of Greensboro.

***Anticipated Completion Date:*** 6/26/2025

***Contact Person(s):*** Grace Pruett, County Administrator

**2023-003**

**Finding:**

The ***Code of Alabama 1975***, Section 11-8-10, provides a county commission shall not issue warrants or order the payment of money unless funds are available for payment. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and maintain policies and procedures to ensure the county does not expend more funds than it has in available resources. During the fiscal year ending September 30, 2023, the Commission expended funds in excess of funds available. The Commission did not have policies and procedures in place to ensure the availability of funds prior to disbursement. As a result, the Commission's Solid Waste Fund reported a deficit fund balance of \$44,337.01 at September 30, 2023. This finding was previously reported as Finding 2022-001 Finding-2021-001, Finding 2020-001, Finding 2019-001, Finding 2018-001, Finding 2017-001, Finding 2016-001, and Finding 1997-001.

**Recommendation:**

The Commission should establish, implement, and maintain policies and procedures to ensure compliance with the ***Code of Alabama 1975***, Section 11-8-10, and not issue warrants or order the payment of money unless funds are available for payment.

***Response/Views:*** *We agree with the finding.*

***Corrective Action Planned:*** We will not allow any fund to operate in a deficit.

***Reason for the Recurrence:*** Collections did not meet obligations.

***Anticipated Completion Date:*** 10/31/25

***Contact Person(s):*** Grace Pruett, County Administrator

A handwritten signature in blue ink, appearing to read "David L. Parker", is written over a solid blue horizontal line.

Chairman, Hale County Commission