Lowndes County Commission

Lowndes County, Alabama

October 1, 2021 through September 30, 2022

Filed: January 2, 2026

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

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

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Rachel Laurie Riddle
Chief Examiner

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

Dear Madam:

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

Respectfully submitted,

Brooke P. Warren
Examiner of Public Accounts

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Department of

Examiners of Public Accounts

SUMMARY

Lowndes County Commission
October 1, 2021 through September 30, 2022

The Lowndes County Commission (the "Commission") is governed by a five-member body elected by the citizens of Lowndes County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 14. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, and health and welfare services to the citizens of Lowndes County.

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

An unmodified opinion was issued on the financial statements, which means that the Commission's financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2022.

Financial statements for the fiscal year ending September 30, 2022, were not prepared by management until June 3, 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, 2022, was issued by the Department on August 8, 2025.

AUDIT FINDING

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

- 2022-001: The Commission failed to maintain appropriate documentation to support transfers made from the Gasoline Tax Fund.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 14, were invited to discuss the results of this report. County Commissioner W. Dickson Farrior attended the exit conference. Representing the Department of Examiners of Public Accounts were Miranda Bonner, Audit Manager; and Examiners Brooke Warren and Shimiya Jones.

Schedule of State and Local Compliance and Other Findings

Ref. No.	Finding/Noncompliance
2022-001	**Finding:** The ***Code of Alabama 1975,*** Section 40-17-359, provides the authority of the Commission's Gasoline Tax Fund, which accounts for the expenditures of the 7-cent State Gasoline Tax Fund. Revenue is to be used for the construction, improvement, maintenance, and supervision of highways, bridges, and streets, and for the retirement of bonds for which gasoline tax revenues have been pledged. During the fiscal year ending September 30, 2022, the Commission transferred $125,000.00 from the Gasoline Tax Fund to the Capital Improvement Fund. The Commission did not provide documentation to support the allowable purpose of the transfer. The Commission recorded an interfund receivable in the Gasoline Tax Fund and an interfund payable in the Capital Improvement Fund at September 30, 2022 to account for the amount to be repaid. The Commission did not have policies and procedures in place to ensure adequate documentation was maintained for Commission transfers. As a result, we are unable to determine if all 7-cent gasoline tax revenues were used for allowable purposes. **Recommendation:** The Commission should spend 7-cent State Gasoline Tax revenues in accordance with the ***Code of Alabama 1975***, Section 40-17-359.

Independent Auditor's Report

Independent Auditor's Report

Members of the Lowndes County Commission and County Administrator
Hayneville, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lowndes County Commission, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Lowndes County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 8.

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

Basis for Opinions

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

Emphasis of Matter

The Lowndes County Commission's basic financial statements for the year ended September 30, 2022, reflect the provisions of the Governmental Accounting Standards Board's (GASB) Statement Number 87, ***Leases***. As discussed in Notes 5 and 8 to the financial statements, the Lowndes County Commission implemented the requirements of GASB Statement Number 87 during the fiscal year. Our opinion on the basic financial statements is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lowndes 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 Lowndes 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 Lowndes 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, Schedule of the Employer's Contributions – Pension and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 13), be presented to supplement the basic financial statements. Such information, 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 assurance 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 December 10, 2025, on our consideration of the Lowndes 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 Lowndes 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 Lowndes County Commission's internal control over financial reporting and compliance.

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 10, 2025

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Basic Financial Statements

Statement of Net Position
September 30, 2022

		Governmental Activities
Assets		
Cash and Cash Equivalents	$	4,901,045.80
Cash with Fiscal Agent		55.58
Receivables (Note 4)		866,610.51
Ad Valorem Taxes Receivable		5,659,380.08
Capital Assets (Note 5):		
Nondepreciable		2,602,480.80
Depreciable, Net		5,368,069.10
Total Assets		19,397,641.87
Deferred Outflows of Resources		
Employer Pension Contribution		149,811.28
Deferred Outflows Related to Defined Benefits Pension Plan		460,104.00
Total Deferred Outflows of Resources		609,915.28
Liabilities		
Payables (Note 7)		364,696.60
Unearned Revenue		1,333,324.41
Accrued Wages Payable		173,088.98
Accrued Interest Payable		83,690.30
Long-Term Liabilities (Note 8):		
Portion Due Within One Year		1,138,775.20
Portion Due After One Year		9,656,702.67
Total Liabilities		12,750,278.16
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes		5,659,380.08
Revenue Received in Advance - Motor Vehicle Taxes		206,809.48
Deferred Inflows Related to Net Pension Liability/(Asset)		1,415,939.00
Total Deferred Inflows of Resources		7,282,128.56
Net Position		
Net Investment in Capital Assets		(3,242,928.60)
Restricted for:		
Highways, Roads and Bridges		587,393.67
Other Purposes		926,654.26
Unrestricted		1,704,031.10
Total Net Position	$	(24,849.57)

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

Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs		Expenses		Program Revenues: Charges for Services		Program Revenues: Operating Grants and Contributions		Program Revenues: Capital Grants and Contributions		Net (Expenses) Revenues and Changes in Net Position: Total Governmental Activities
Governmental Activities										
General Government	$	7,605,546.89	$	118,588.58	$	1,233,323.82	$		$	(6,253,634.49)
Public Safety		3,556,109.05		2,437.00		110,133.45				(3,443,538.60)
Highways and Roads		4,186,996.79		167,085.43		3,858,292.15				(161,619.21)
Sanitation				17,304.00						17,304.00
Welfare		143,731.25								(143,731.25)
Interest and Fiscal Charges		276,819.28								(276,819.28)
Total Governmental Activities	$	15,769,203.26	$	305,415.01	$	5,201,749.42	$			(10,262,038.83)
General Revenues:										
Taxes:										
Property Taxes for General Purposes										6,752,851.37
General Sales Tax										2,183,844.02
Other County Sales and Use Taxes										1,149,723.56
Miscellaneous Taxes										71,340.25
Investment Earnings										41,259.94
Miscellaneous										515,574.65
Total General Revenues										10,714,593.79
Changes in Net Position										452,554.96
Net Position - Beginning of Year										(477,404.53)
Net Position - End of Year									$	(24,849.57)

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

Balance Sheet
Governmental Funds
September 30, 2022

	General Fund	Gasoline Tax Fund	ARPA Revenue Reduction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 1,303,590.75	$ 1,115,100.71	$ 1,250,214.35	$ 1,232,139.99	$ 4,901,045.80
Cash with Fiscal Agent	55.58				55.58
Receivables (Note 4)	307,725.80	335,274.71		223,610.00	866,610.51
Ad Valorem Taxes Receivable	5,410,213.80			249,166.28	5,659,380.08
Interfund Receivables	88,975.00				88,975.00
Total Assets	7,110,560.93	1,450,375.42	1,250,214.35	1,704,916.27	11,516,066.97
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Payables (Note 7)	223,433.32	80,787.32		60,475.96	364,696.60
Interfund Payables				88,975.00	88,975.00
Unearned Revenues			1,245,063.89	88,260.52	1,333,324.41
Accrued Wages Payable	111,167.98	46,368.69		15,552.31	173,088.98
Total Liabilities	334,601.30	127,156.01	1,245,063.89	253,263.79	1,960,084.99
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	5,410,213.80			249,166.28	5,659,380.08
Revenue Received in Advance - Motor Vehicle Taxes	206,809.48				206,809.48
Total Deferred Inflows of Resources	5,617,023.28			249,166.28	5,866,189.56
Fund Balances					
Restricted for:					
Debt Service				33,193.55	33,193.55
Highways, Roads and Bridges		417,115.83		207,984.21	625,100.04
Other Purposes		58,709.61	5,150.46	862,794.19	926,654.26
Assigned to:					
Other Purposes		847,393.97		1,393.96	848,787.93
Unassigned	1,158,936.35			97,120.29	1,256,056.64
Total Fund Balances	1,158,936.35	1,323,219.41	5,150.46	1,202,486.20	3,689,792.42
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,110,560.93	$ 1,450,375.42	$ 1,250,214.35	$ 1,704,916.27	$ 11,516,066.97

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

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

Total Fund Balances - Governmental Funds (Exhibit 3)					$ 3,689,792.42
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.					7,970,549.90
Deferred outflows and inflows of resources related to the pension plan are applicable to future periods and, therefore, are not reported in the governmental funds.					(806,023.72)
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:					
		Current Liabilities		Noncurrent Liabilities	
Warrants Payable	$	725,470.00	$	9,129,560.00	
Notes from Direct Borrowing		344,076.06		1,014,372.44	
Compensated Absences		69,229.14		623,062.23	
Net Pension Liability/(Asset)				(1,110,292.00)	
	$	1,138,775.20	$	9,656,702.67	(10,795,477.87)
Interest on long-term debt is not accrued in the governmental funds but rather is recognized as an expenditure when due.					(83,690.30)
Total Net Position - Governmental Activities (Exhibit 1)					$ (24,849.57)

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

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

	General Fund	Gasoline Tax Fund	ARPA Revenue Reduction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 9,184,714.19	$ 24,949.63	$	$ 443,809.57	$ 9,653,473.39
Licenses and Permits	47,433.84				47,433.84
Intergovernmental	1,167,161.05	1,438,345.98	644,097.11	2,456,431.09	5,706,035.23
Charges for Services	80,385.24	53,449.25		124,146.68	257,981.17
Miscellaneous	98,274.75	188,020.36	3,639.13	266,900.35	556,834.59
Total Revenues	10,577,969.07	1,704,765.22	647,736.24	3,291,287.69	16,221,758.22
Expenditures					
Current:					
General Government	6,825,697.33		421,857.11	559,751.05	7,807,305.49
Public Safety	2,993,905.61		36,601.00	453,669.77	3,484,176.38
Highways and Roads		1,492,684.84	185,639.00	1,958,502.98	3,636,826.82
Welfare	143,731.25				143,731.25
Capital Outlay	225,541.87	1,486,291.95		30,847.00	1,742,680.82
Debt Service:					
Principal Retirement	907,500.00	827,891.99		12,970.00	1,748,361.99
Interest and Fiscal Charges	250,757.73	15,928.74		10,132.81	276,819.28
Total Expenditures	11,347,133.79	3,822,797.52	644,097.11	3,025,873.61	18,839,902.03
Excess (Deficiency) of Revenues Over Expenditures	(769,164.72)	(2,118,032.30)	3,639.13	265,414.08	(2,618,143.81)
Other Financing Sources (Uses)					
Transfers In	346,155.31	708,568.10		652,676.41	1,707,399.82
Proceeds from Sale of Capital Assets		448,865.03			448,865.03
Long-Term Debt Issued		1,178,010.00			1,178,010.00
Transfers Out	(900,460.91)	(779,056.39)		(27,882.52)	(1,707,399.82)
Total Other Financing Sources (Uses)	(554,305.60)	1,556,386.74		624,793.89	1,626,875.03
Net Changes in Fund Balances	(1,323,470.32)	(561,645.56)	3,639.13	890,207.97	(991,268.78)
Fund Balances - Beginning of Year	2,482,406.67	1,884,864.97	1,511.33	312,278.23	4,681,061.20
Fund Balances - End of Year	$ 1,158,936.35	$ 1,323,219.41	$ 5,150.46	$ 1,202,486.20	$ 3,689,792.42

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

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

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5)		$ (991,268.78)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($1,742,680.82) differed from depreciation ($530,178.39) in the current period.		1,212,502.43
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the changes in net position differ from changes in fund balances by the cost of the capital assets sold.		
Proceeds From the Sale of Capital Assets	$ (448,865.03)	
Gain (Loss) on the Sale of Capital Assets	(283,092.70)	
Book Value of Assets Sold		(731,957.73)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This is the amount by which debt issued exceeded repayments:		
Debt Issued:		
Notes from Direct Borrowing	$ (1,178,010.00)	
Repayments:		
Principal Retirement	1,748,361.99	
Net Adjustment		570,351.99
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These items consist of:		
Net Change in Accrued Interest Payable	$ 13,010.62	
Net Change in Compensated Absences	(61,731.00)	
Net Change in Pension Expense	(344,206.67)	
Net Adjustment		392,927.05
Change in Net Position of Governmental Activities (Exhibit 2)		$ 452,554.96

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

Statement of Fiduciary Net Position
September 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
Assets		
Cash and Cash Equivalents	$ 362,064.43	$ 254,734.92
Receivables (Note 4)		2,572.44
Total Assets	362,064.43	257,307.36
Liabilities		
Payables (Note 7)		123,847.08
Total Liabilities		123,847.08
Net Position		
Held in Trust for Individuals, Organizations and Other Governments	$ 362,064.43	$ 133,460.28

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

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

	Private-Purpose Trust Funds	Custodial Funds
Additions		
Contributions from:		
Taxes and Fees for Other Governments	$	$ 2,946,575.98
Investment Earnings	1,800.54	1,318.07
Total Additions	1,800.54	2,947,894.05
Deductions		
Excess from Land Sales		211.82
Fire Protection		114,920.00
Juvenile Services		30,701.98
Taxes and Fees Paid to Other Agencies		2,797,620.75
Total Deductions		2,943,454.55
Changes in Net Position	1,800.54	4,439.50
Net Position - Beginning of Year	360,263.89	129,020.78
Net Position - End of Year	$ 362,064.43	$ 133,460.28

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

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

The Commission is a general purpose local government governed by separately elected commissioners. Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of the above criteria, there are no component units that should be included as part of the financial reporting entity of the Commission.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

- ***General Fund*** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also, the fund is used to report the expenditure of special county property taxes for building and maintaining public buildings, roads and bridges as well as the expenditure of motor vehicle license taxes and fees and drivers' license revenues for public buildings and furnishings.

- ***Gasoline Tax Fund*** – This fund is used to account for the expenditures of the gasoline taxes for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and rights-of-way.

- ***ARPA Revenue Reduction Fund*** – This fund is used to account for the expenditures of federal monies received from the American Rescue Plan Act that was passed by Congress in March of 2021.

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

Governmental Fund Types

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

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

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

- ***Private-Purpose Trust Funds*** – These funds are used to account for all fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and are held in a trust that meets the criteria in GASB 84.

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

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

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

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

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

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

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

2. Receivables

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

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

Receivables due from other governments include amounts due from state and local governments.

3. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported 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.

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

	Capitalization Threshold	Estimated Useful Life
Buildings and Improvements	$ 50,000	20 – 50 years
Infrastructure – Roads	$250,000	40 years
Infrastructure – Bridges	$ 50,000	40 years
Equipment and Furniture	$ 5,000	20 – 50 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.

4. 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 government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

5. Long-Term Obligations

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

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

6. Compensated Absences

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

Annual Leave

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

Continuous Years Service Completed	Per Pay Period
Less than One Year	2 hours
Over One Year through Three Years	3 hours
Over Three Years through Ten Years	4 hours
Over Ten Years	5 hours

Upon separation or retirement an employee may be paid for any accrued/unused annual leave at his/her rate of pay, not to exceed 480 hours.

Sick Leave

The Commission uses the vesting method to accrue its sick leave liability. Under this method an accrual for sick leave liability is based on the sick leave accumulated at the balance sheet date by those employees who are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. Sick leave accrues to permanent full-time employees at the same rates established for annual leave. Upon separation or retirement, an employee may be paid for any accrued/unused sick leave at his/her rate of pay, not to exceed 240 hours.

Compensatory Leave

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Generally, employees in public safety activity or emergency response activity may accumulate 480 hours and all other employees, 240 hours. 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.

7. Deferred Inflows of Resources

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

8. Net Position/Fund Balances

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

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

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

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

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

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

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

- Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.

- Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

E. Pensions

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

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds, except ad valorem taxes are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. All annual appropriations lapse at year-end.

The present statutory basis for county budgeting operations is the County Financial Control Act of 1935, as amended by Act Number 2007-488, Acts of Alabama. According to the terms of the law, at some meeting in September of each year, but in any event 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 such purposes. The appropriations must not exceed the total revenues available for appropriation plus any balances on hand. Expenditures may not legally exceed appropriations.

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

Note 3 – Deposits

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

Note 4 – Receivables

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

	Governmental Activities				Fiduciary Activities
	General Fund	Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds	Custodial Funds
Receivables:					
Intergovernmental	$ 22,449.56	$126,043.29	$ 77,582.25	$226,075.10	$
Sales Tax Receivable	63,041.26			63,041.26	
Accounts Receivable	222,234.98	209,231.42	146,027.75	577,494.15	2,572.44
Total Receivables	$307,725.80	$335,274.71	$223,610.00	$866,610.51	$2,572.44

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenues recognition in connection with resources that have been received but not yet earned. On September 30, 2022, the various components of unearned revenues reported in the governmental funds were as follows:

Grant Funds Received Prior to Meeting Eligibility Requirements	$1,245,063.89
Unexpended Reappraisal Funds	88,260.52
Total Unearned Revenue for Governmental Funds	$1,333,324.41

Note 5 – Capital Assets

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

	Balance 10/01/2021 (*)	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 09/30/2022
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land and Improvements – Inexhaustible	$ 2,602,480.80	$	$	$ 2,602,480.80
Total Capital Assets, Not Being Depreciated	2,602,480.80			2,602,480.80
Capital Assets Being Depreciated:				
Infrastructure	1,141,409.85			1,141,409.85
Buildings and Improvements	5,056,258.93			5,056,258.93
Equipment and Vehicles	6,838,978.73	1,742,680.82	(910,107.00)	7,671,552.55
Total Capital Assets Being Depreciated	13,036,647.51	1,742,680.82	(910,107.00)	13,869,221.33
Less Accumulated Depreciation for:				
Infrastructure	(441,414.58)	(28,535.24)		(469,949.82)
Buildings and Improvements	(3,084,216.94)	(110,100.16)		(3,194,317.10)
Equipment and Vehicles	(4,623,491.59)	(391,542.99)	178,149.27	(4,836,885.31)
Total Accumulated Depreciation	(8,149,123.11)	(530,178.39)	178,149.27	(8,501,152.23)
Total Capital Assets Being Depreciated, Net	4,887,524.40	1,212,502.43	(731,957.73)	5,368,069.10
Total Governmental Activities Capital Assets, Net	$ 7,490,005.20	$1,212,502.43	$(731,957.73)	$ 7,970,549.90

(*) Beginning capital assets previously reported as Equipment and Vehicles Under Lease were reclassified to Equipment and Vehicles. This reclassification was due to the implementation of GASB Statement Number 87, Leases during the fiscal year ending September 30, 2022.

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$167,964.36
Public Safety	75,288.68
Highways and Roads	286,925.35
Total Depreciation Expense – Governmental Activities	$530,178.39

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

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

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

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

Benefits Provided

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

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.

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

Act Number 2019-132, Acts of Alabama, allowed employees who participate in the ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6, to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employees adopting Act 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 2019-132, Acts of Alabama.

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

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

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

The County membership includes approximately 180 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	34
Vested inactive members	1
Non-vested inactive members	49
Active Members	96
Post-Drop participants who are still in active service	
Total	180

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. ERS local participating employers are not required by statute to increase contribution rates for their members.

Employers participating in the ERS pursuant to the ***Code of Alabama 1975***, Section 36-7-26, 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, 2022, the Commission's active employee contribution rate was 5.60 percent of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 3.81 percent of covered employee payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2022, was 4.36 percent of pensionable pay for Tier 1 employees, and 2.04 percent of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were $149,811.28 for the year ended September 30, 2022.

B. Net Pension Liability/(Asset)

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

	Total Pension Liability Roll-Forward			
	Expected	Actual Before Act 2019-132	Actual After Act 2019-132	Actual After 2020 Experience Study
(a) Total Pension Liability as of September 30, 2020	$11,548,422	$11,266,113	$11,266,113	$11,603,995
(b) Discount Rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 through September 30, 2021	266,415	266,415	266,415	295,839
(d) Transfers Among Employers		(1,753)	(1,753)	(1,753)
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 through September 30, 2021	(459,105)	(459,105)	(459,105)	(459,105)
(f) Total Pension Liability as of September 30, 2021 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	$12,227,285	$11,921,485	$11,921,485	$12,286,372
(g) Difference between Expected and Actual		$ (305,800)		
(h) Less Liability Transferred for Immediate Recognition		(1,753)		
(i) Difference between Expected and Actual – Experience (Gain)/Loss		$ (304,047)		
(j) Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss			$	
(k) Difference between Actual TPL Before and After 2020 Experience Study – Assumption Change (Gain)/Loss				$ 364,887

Actuarial Assumptions

The total pension liability/(asset) as of September 30, 2021, was determined using the annual actuarial funding valuation report prepared as of September 30, 2020, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

(*) Net of pension plan investment expense

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

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

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

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

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

(*) Includes assumed rate of inflation of 2.00%

Discount Rate

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

C. Changes in Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at September 30, 2020	$11,548,422	$11,087,766	$ 460,656
Changes for the Year:			
Service Cost	266,415		266,415
Interest	871,553		871,553
Changes of Assumptions	364,887		364,887
Difference between Expected and Actual Experience	(304,047)		(304,047)
Contributions – Employer		120,792	(120,792)
Contributions – Employee		202,075	(202,075)
Net Investment Income		2,446,889	(2,446,889)
Benefit Payments, including Refunds of Employee Contributions	(459,105)	(459,105)	
Transfers Among Employers	(1,753)	(1,753)	
Net Changes	737,950	2,308,898	(1,570,948)
Balances at September 30, 2021	$12,286,372	$13,396,664	$(1,110,292)

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Commission's Net Pension Liability/(Asset)	$299,954	$(1,110,292)	$(2,304,443)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2021. The auditor's report dated August 19, 2022, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

D. Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the Commission recognized pension income of $209,942. At September 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$113,271	$ 454,383
Changes of assumptions	346,833	
Net differences between projected and actual earnings on plan investments		961,556
Employer contributions subsequent to the measurement date	149,811	
Total	$609,915	$1,415,939

The $149,811.00 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 net position liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending:	
September 30, 2023	$(204,992)
2024	$(190,569)
2025	$(272,085)
2026	$(295,664)
2027	$ 7,475
Thereafter	$ 0

Note 7 – Payables

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

	Vendors	Due to Other Governments	Due to External Parties	Total Payables
Governmental Activities:				
General Fund	$123,086.59	$100,346.73	$	$223,433.32
Gasoline Tax Fund	80,787.32			80,787.32
Other Governmental Funds	5,733.47	54,742.49		60,475.96
Total Governmental Activities	209,607.38	155,089.22		364,696.60
Fiduciary Activities:				
Custodial Funds	33.45		123,813.63	123,847.08
Total Fiduciary Activities	$ 33.45	$	$123,813.63	$123,847.08

Note 8 – Long-Term Debt

The Commission issued $81,800 in General Obligation Warrants, Series 2009, to provide funds for the construction and equipping of the Collirene Fire Station and to satisfy the Anticipation Note, Series 2007, with First Lowndes Bank.

On March 21, 2016, the Commission issued General Obligation Warrants, Series 2016-USDA to purchase E-911 equipment and six weather sirens in the amount of $389,100.

On April 7, 2021, the Commission issued General Obligation Warrants, Series 2021-A, in the amount of $9,285,000 to current refund the General Obligation Warrants, Series 2011 and the General Obligation Refunding Warrants, Series 2014-A. The Commission also received $1,494,371.50 for various capital improvements. The extent of the remedies afforded to the registered owners of the Warrants, and the enforceability of the Authorizing Resolution, are subject to (a) the provisions of existing Alabama law exempting from levy and sale under any process, judgment or decree all property (real and personal) belonging to municipalities in Alabama and used for municipal purposes, (b) the provisions of the United States Bankruptcy Code, (c) the exercise of judicial discretion in appropriate cases, including law-imposed requirement that the County, may pay, prior to the payment of debt service on its obligations, the expenses of providing necessary and appropriate governmental services, and (d) the provisions of other statutes that may hereafter be enacted by the Congress of the United States or the Legislature of Alabama extending the time for payment of indebtedness of public bodies such as the County or imposing other constraints upon the enforcement of rights of holders of securities issued by such public bodies.

On April 7, 2021, the Commission issued General Obligation Warrants, Series 2021-B, in the amount of $905,000 to current refund the General Obligation Warrants, Series 2014-B. The Commission also received $279,086.83 for various capital improvements. The extent of the remedies afforded to the registered owners of the Warrants, and the enforceability of the Authorizing Resolution, are subject to (a) the provisions of existing Alabama law exempting from levy and sale under any process, judgment or decree all property (real and personal) belonging to municipalities in Alabama and used for municipal purposes, (b) the provisions of the United States Bankruptcy Code, (c) the exercise of judicial discretion in appropriate cases, including law-imposed requirement that the County, may pay, prior to the payment of debt service on its obligations, the expenses of providing necessary and appropriate governmental services, and (d) the provisions of other statutes that may hereafter be enacted by the Congress of the United States or the Legislature of Alabama extending the time for payment of indebtedness of public bodies such as the County or imposing other constraints upon the enforcement of rights of holders of securities issued by such public bodies.

On October 11, 2019, the Commission entered into a note from direct borrowing in the amount of $400,800 at an interest rate of 4.2% for the purpose of financing road projects within the County. On January 1, 2021, the Commission extended this note from direct borrowing in the amount of $200,250 at the same interest rate. In the event of default, the lender may require the entire unpaid principal balance and accrued interest to be repaid immediately and the County to pay all legal fees and expenses relating to the collection of these funds. The Commission repaid this note from direct borrowing during the fiscal year.

On May 21, 2020, the Commission entered into a note from direct borrowing agreement for $327,689 to purchase an asphalt paver for the Highway Department.

On June 23, 2022, the Commission entered into a note from direct borrowing agreement in the amount of $766,640 to purchase four dump trucks for the Highway Department.

On September 13, 2022, the Commission entered into a note from direct borrowing agreement in the amount of $411,370 to purchase two dump trucks for the Highway Department.

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

	Debt Outstanding 10/01/2021 (*)	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2022	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable and Notes from Direct Borrowing:					
Notes from Direct Borrowing	$ 1,208,580.49	$1,178,010.00	$(1,028,141.99)	$ 1,358,448.50	$ 344,076.06
General Obligation Warrants, Series 2009	61,000.00		(2,250.00)	58,750.00	2,500.00
General Obligation Warrants, Series 2016-USDA	324,250.00		(12,970.00)	311,280.00	12,970.00
General Obligation Warrants, Series 2021-A	9,285,000.00		(400,000.00)	8,885,000.00	415,000.00
General Obligation Warrants, Series 2021-B	905,000.00		(305,000.00)	600,000.00	295,000.00
Total Notes and Warrants Payable	11,783,830.49	1,178,010.00	(1,748,361.99)	11,213,478.50	1,069,546.06
Other Liabilities:					
Compensated Absences	754,022.37		(61,731.00)	692,291.37	69,229.14
Net Pension Liability/(Asset)	460,656.00		(1,570,948.00)	(1,110,292.00)	
Total Other Liabilities	1,214,678.37		(1,632,679.00)	(418,000.63)	69,229.14
Total Governmental Activities Long-Term Liabilities	$12,998,508.86	$1,178,010.00	$(3,381,040.99)	$10,795,477.87	$1,138,775.20

(*) Debt outstanding at October 1, 2021, previously reported as Capital Lease Contracts Payable totaling $1,008,330.49 were reclassified to Notes from Direct Borrowing. This reclassification was made due to the implementation of GASB Statement Number 87, ***Leases*** during fiscal year ended September 30, 2022.

Payments on the warrants payable are made by the 2005 Reserve Fund and the General Fund. The notes from direct borrowing were repaid by the Gasoline Tax Fund.

The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund (60%), Gasoline Tax Fund (32%), the Reappraisal Fund (3%), and the E-911 Fund (5%).

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

	Warrants Payable		Notes from Direct Borrowing		Total Principal and Interest
Fiscal Year Ending	Principal	Interest	Principal	Interest	Requirements
September 30, 2023	$ 725,470.00	$ 233,362.57	$ 344,076.06	$ 49,736.37	$ 1,352,645.00
2024	740,470.00	216,404.13	356,673.58	37,138.85	1,350,686.56
2025	555,720.00	195,745.70	346,237.41	24,144.58	1,121,847.69
2026	575,720.00	176,026.94	311,461.45	12,059.66	1,075,268.05
2027	590,720.00	158,483.19			749,203.19
2028-2032	3,200,850.00	540,675.65			3,741,525.65
2033-2037	3,339,350.00	187,326.67			3,526,676.67
2038-2042	74,850.00	14,815.61			89,665.61
2043-2046	51,880.00	4,053.12			55,933.12
Totals	$9,855,030.00	$1,726,893.58	$1,358,448.50	$123,079.46	$13,063,451.54

Note 9 – Risk Management

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. Premiums are based on a rate per $100 of remuneration for each class of employee which is adjusted by an experience modifier for the individual county. At year-end, pool participants are eligible to receive refunds of unused premiums and the related investment earnings. The Commission may qualify for additional discounts based on losses and premium size. Employment-related practices damage protection is limited to $2,000,000 per incident with a $25,000 deductible. Defense expenses are payable within the limits of insurance.

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 disasters. The Commission has purchased general liability insurance through a commercial insurance carrier. Coverage is provided up to $1,000,000 per claim for a maximum total coverage of $3,000,000. The Commission also purchases commercial insurance for other risks of loss, including property and casualty insurance. Settled claims resulting from these claims have not exceeded commercial insurance coverage in any of the past three years.

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

Employees may choose to participate in a plan administered by Blue Cross/Blue Shield which functions as a public entity risk pool. The plan is self-sustaining through member premiums. Monthly premiums are determined annually by the plan's actuary and are based on the pool's claims experience, considering any remaining fund balance on hand available for claims.

Note 10 – Interfund Transactions

Interfund Receivables and Payables

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

	Due From Other Funds	
	General Fund	Total Governmental Funds
Due To Other Funds:		
Other Governmental Funds	$88,975.00	$88,975.00
Totals	$88,975.00	$88,975.00

Interfund Transfers

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

	Transfers In			
	General Fund	Gasoline Tax Fund	Other Governmental Funds	Totals
Transfers Out:				
General Fund	$	$708,568.10	$191,892.81	$ 900,460.91
Gasoline Tax Fund	333,552.31		445,504.08	779,056.39
Other Governmental Funds	12,603.00		15,279.52	27,882.52
Totals	$346,155.31	$708,568.10	$652,676.41	$1,707,399.82

The Commission typically used transfers to fund ongoing operating subsidies.

Note 11 – Related Organizations

The Commission appoints a majority of the members to the board for several entities, which include: the Lowndes County Water Authority, the Lowndes County Industrial Development Board, and Lowndes County Public Building Authority. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship for these entities, and they are not considered part of the Commission's financial reporting entity. They are considered related organizations of the County Commission.

Note 12 – Subsequent Events

At its June 24, 2024 meeting, the Commission approved a bid for paving Julian Town Road and Collirene Cutoff Road for $821,363.50.

At its April 29, 2025 meeting, the Commission approved to sell 5 dump trucks and purchase 6 new dump trucks from Kenworth of Montgomery for $1,360,410.00.

Required Supplementary Information

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	$ 266,415	$ 254,434	$ 252,934	$ 252,770	$ 274,168	$ 260,587	$ 253,269	$ 233,475
Interest	871,553	843,688	786,886	782,959	738,795	702,290	671,526	631,930
Differences between expected and actual experience	(304,047)	(48,379)	209,182	(428,399)	2,610	(84,100)	(176,450)	
Changes of assumptions	364,887			56,658		231,333		
Benefit payments, including refunds of employee contributions	(459,105)	(567,300)	(479,940)	(441,415)	(393,504)	(360,364)	(367,215)	(373,694)
Transfers among employers	(1,753)	(174,652)	12,297	(86,702)	(28,257)	21,031		
Net change in total pension liability	737,950	307,791	781,359	135,871	593,812	770,777	381,130	491,711
Total pension liability - beginning	11,548,422	11,240,631	10,459,272	10,323,401	9,729,589	8,958,812	8,577,682	8,085,971
Total pension liability - ending (a)	$ 12,286,372	$ 11,548,422	$ 11,240,631	$ 10,459,272	$ 10,323,401	$ 9,729,589	$ 8,958,812	$ 8,577,682
Plan fiduciary net position								
Contributions - employer	$ 120,792	$ 114,651	$ 148,449	$ 143,865	$ 154,941	$ 193,129	$ 175,806	$ 167,694
Contributions - employee	202,075	192,435	184,134	173,160	171,050	175,278	157,784	148,046
Net investment income	2,446,889	611,090	274,863	921,390	1,147,481	831,411	95,588	864,987
Benefit payments, including refunds of employee contributions	(459,105)	(567,300)	(479,940)	(441,415)	(393,504)	(360,364)	(367,215)	(373,694)
Transfers among employers	(1,753)	(174,652)	12,297	(86,702)	(28,257)	21,031	26,721	30,957
Net change in plan fiduciary net position	2,308,898	176,224	139,803	710,298	1,051,711	860,485	88,684	837,990
Plan fiduciary net positions - beginning	11,087,766	10,911,542	10,771,739	10,061,441	9,009,730	8,149,245	8,060,561	7,222,571
Plan fiduciary net positions - ending (b)	$ 13,396,664	$ 11,087,766	$ 10,911,542	$ 10,771,739	$ 10,061,441	$ 9,009,730	$ 8,149,245	$ 8,060,561
Commission's net pension liability/(asset) - ending (a) - (b)	$ (1,110,292)	$ 460,656	$ 329,089	$ (312,467)	$ 261,960	$ 719,859	$ 809,567	$ 517,121
Plan fiduciary net position as a percentage of the total pension liability/(asset)	109.04%	96.01%	97.07%	102.99%	97.46%	92.60%	90.96%	93.97%
Covered payroll (*)	$ 3,687,011	$ 3,508,475	$ 3,234,865	$ 3,165,162	$ 3,151,305	$ 3,224,543	$ 2,981,542	$ 2,818,684
Commission's net pension liability/(asset) as a percentage of covered payroll	-30.11%	13.13%	10.17%	-9.87%	8.31%	22.32%	27.15%	18.35%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2022, the measurement period is October 1, 2020 through September 30, 2021. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

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

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

		2022		2021		2020		2019		2018		2017		2016		2015		2014
Actuarially determined contribution (*)	$	149,811	$	120,792	$	114,651	$	148,449	$	143,865	$	154,941	$	193,129	$	175,806	$	167,694
Contributions in relation to the actuarially determined contribution (*)	$	149,811	$	120,792	$	114,651	$	148,449	$	143,865	$	154,941	$	193,129	$	175,806	$	167,694
Contribution deficiency (excess)	$		$		$		$		$		$		$		$		$	
Covered payroll (**)	$	3,927,483	$	3,687,011	$	3,508,475	$	3,234,865	$	3,165,162	$	3,151,305	$	3,224,543	$	2,981,542	$	2,818,684
Contributions as a percentage of covered payroll		3.81%		3.28%		3.27%		4.59%		4.55%		4.92%		5.99%		5.90%		5.95%

(*) 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.

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	4.5 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
Revenues						
Taxes	$ 3,318,344.00	$ 3,318,344.00	$ 6,443,250.33	(1) (2)	$ 2,741,463.86	$ 9,184,714.19
Licenses and Permits	55,500.00	55,500.00	43,166.11	(2)	4,267.73	47,433.84
Intergovernmental	606,599.00	606,599.00	1,167,161.05			1,167,161.05
Charges for Services	136,093.00	136,093.00	80,385.24			80,385.24
Fines and Forfeitures	1,200.00	1,200.00				
Miscellaneous	37,087.00	37,087.00	87,667.41	(2)	10,607.34	98,274.75
Total Revenues	4,154,823.00	4,154,823.00	7,821,630.14		2,756,338.93	10,577,969.07
Expenditures						
Current:						
General Government	3,416,802.09	3,416,802.09	3,829,647.79	(3)	2,996,049.54	6,825,697.33
Public Safety	2,518,997.09	2,518,997.09	2,993,905.61			2,993,905.61
Welfare	140,147.02	140,147.02	143,731.25			143,731.25
Capital Outlay	45,000.00	45,000.00	225,541.87			225,541.87
Debt Service:						
Principal Retirement	160,000.00	160,000.00	202,500.00	(3)	705,000.00	907,500.00
Interest and Fiscal Charges	4,500.00	4,500.00	15,399.73	(3)	235,358.00	250,757.73
Total Expenditures	6,285,446.20	6,285,446.20	7,410,726.25		3,936,407.54	11,347,133.79
Excess (Deficiency) of Revenues Over Expenditures	(2,130,623.20)	(2,130,623.20)	410,903.89		(1,180,068.61)	(769,164.72)
Other Financing Sources (Uses)						
Transfers In	3,134,995.00	3,134,995.00	346,155.31			346,155.31
Transfers Out	(1,000,065.59)	(1,000,065.59)	(800,460.91)	(4)	(100,000.00)	(900,460.91)
Total Other Financing Sources (Uses)	2,134,929.41	2,134,929.41	(454,305.60)		(100,000.00)	(554,305.60)
Net Change in Fund Balances	4,306.21	4,306.21	(43,401.71)		(1,280,068.61)	(1,323,470.32)
Fund Balances - Beginning of Year			(31,562.79)	(5)	2,513,969.46	2,482,406.67
Fund Balances - End of Year	$ 4,306.21	$ 4,306.21	$ (74,964.50)		$ 1,233,900.85	$ 1,158,936.35

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

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

(1) The Commission budgets motor vehicle ad valorem tax when collected, rather than on the modified accrual basis (GAAP).			$	(21,168.05)
Some amounts are combined with the General Fund for reporting purposes, but are budgeted separately.				
(2) Revenues				
One Cent Sales Tax Fund	$	985,751.37		
Economic Development Fund		901,488.82		
Public Buildings, Roads and Bridges Fund		890,266.79		2,777,506.98
(3) Expenditures				
One Cent Sales Tax Fund	$	(1,918,050.00)		
Economic Development Fund		(1,055,857.54)		
Public Buildings, Roads and Bridges Fund		(962,500.00)		(3,936,407.54)
(4) Other Financing Sources/(Uses), Net				
Public Buildings, Roads and Bridges Fund	$	(100,000.00)		(100,000.00)
Net Change in Fund Balance - Budget to GAAP			$	(1,280,068.61)

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

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
Revenues						
Taxes	$	$	$	(1)	$ 24,949.63	$ 24,949.63
Intergovernmental	755,300.00	755,300.00	997,406.62	(1)	440,939.36	1,438,345.98
Charges for Services	15,000.00	15,000.00	53,449.25			53,449.25
Miscellaneous	282,000.00	282,000.00	158,431.60	(1)	29,588.76	188,020.36
Total Revenues	1,052,300.00	1,052,300.00	1,209,287.47		495,477.75	1,704,765.22
Expenditures						
Current:						
Highways and Roads	1,788,739.93	1,788,739.93	1,258,615.63	(2)	234,069.21	1,492,684.84
Capital Outlay			1,486,291.95			1,486,291.95
Debt Service:						
Principal Retirement	83,520.00	83,520.00	827,891.99			827,891.99
Interest and Fiscal Charges	14,000.00	14,000.00	15,928.74			15,928.74
Total Expenditures	1,886,259.93	1,886,259.93	3,588,728.31		234,069.21	3,822,797.52
Excess (Deficiency) of Revenues Over Expenditures	(833,959.93)	(833,959.93)	(2,379,440.84)		261,408.54	(2,118,032.30)
Other Financing Sources (Uses)						
Transfers In	860,029.28	860,029.28	666,000.00	(3)	42,568.10	708,568.10
Proceeds from Sale of Capital Assets			448,865.03			448,865.03
Long-Term Debt Issued			1,178,010.00			1,178,010.00
Transfers Out			(523,987.44)	(3)	(255,068.95)	(779,056.39)
Total Other Financing Sources (Uses)	860,029.28	860,029.28	1,768,887.59		(212,500.85)	1,556,386.74
Net Change in Fund Balances	26,069.35	26,069.35	(610,553.25)		48,907.69	(561,645.56)
Fund Balances - Beginning of Year			1,680,841.50	(4)	204,023.47	1,884,864.97
Fund Balances - End of Year	$ 26,069.35	$ 26,069.35	$ 1,070,288.25		$ 252,931.16	$ 1,323,219.41

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

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

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

(1) Revenues		
Public Highway and Traffic Fund	$ 55,527.44	
Capital Improvement Fund	86,238.68	
Severed Material Severance Tax Fund	353,711.63	$ 495,477.75
(2) Expenditures		
Public Highway and Traffic Fund	$ (56,000.00)	
Capital Improvement Fund	(129,063.19)	
Severed Material Severance Tax Fund	(49,006.02)	(234,069.21)
(3) Other Financing Sources/(Uses), Net		
Public Highway and Traffic Fund		
Capital Improvement Fund	$ (190,984.21)	
Severed Material Severance Tax Fund	(21,516.64)	(212,500.85)
Net Change in Fund Balance - Budget to GAAP		$ 48,907.69

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

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

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	$ 475,000.00	$ 475,000.00	$ 644,097.11	$	$ 644,097.11
Miscellaneous			3,639.13		3,639.13
Total Revenues	475,000.00	475,000.00	647,736.24		647,736.24
Expenditures					
Current:					
General Government			421,857.11		421,857.11
Public Safety			36,601.00		36,601.00
Highways and Roads	475,000.00	475,000.00	185,639.00		185,639.00
Total Expenditures	475,000.00	475,000.00	644,097.11		644,097.11
Excess (Deficiency) of Revenues Over Expenditures			3,639.13		3,639.13
Net Change in Fund Balances			3,639.13		3,639.13
Fund Balances - Beginning of Year			1,511.33		1,511.33
Fund Balances - End of Year	$	$	$ 5,150.46	$	$ 5,150.46

Additional Information

Commission Members and Administrative Personnel

October 1, 2021 through September 30, 2022

Commission Members		**Term Expires**
Hon. Charlie King, Jr.	Chairman	November 2028
Hon. W. Dickson Farrior	Member	November 2028
Hon. Joseph Barganier	Member	November 2026
Hon. Robert Harris	Member	November 2026
Hon. Joshua Simmons	Member	November 2024
Administrative Personnel		
Jacquelyn J. Thomas	County Administrator	December 2025

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

Independent Auditor's Report

Members of the Lowndes County Commission and County Administrator
Hayneville, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lowndes County Commission, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Lowndes County Commission's basic financial statements, and have issued our report thereon dated December 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Lowndes County Commission's Response to the Finding

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

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

Purpose of this Report

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

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 10, 2025

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Auditee Response

Lowndes County Commission

Post Office Box 65
Hayneville, Alabama 36040
Phone: 334-548-2331
FAX: 334-548-5101

Commissioners
Charlie King Jr. - Chairman
Dickson Farrior - Vice Chairman
Joseph Barganier
Robert Harris
Fletcher Hayes

Jacquelyn J. Thomas
Administrator
Kimberly West
Asst. Administrator
Geraldine Ingram
Purchasing Clerk
David Butts
Engineer
Kelsie Garrett
Clerk

November 20, 2025

Auditee Response
For the Year Ended September 30, 2022

As required by the governmental auditing standards, the Lowndes County Commission has prepared and hereby submits the following Auditee Response for the finding included in the Schedule of State and Local Compliance and Other Findings as shown below.

Finding Ref. No.	Corrective Action Plan Details
2022-001	***Finding:*** The ***Code of Alabama 1975,*** Section 40-17-359, provides the authority of the Commission's Gasoline Tax Fund, which accounts for the expenditures of the 7-cent State Gasoline Tax Fund. Revenue is to be used for the construction, improvement, maintenance, and supervision of highways, bridges, and streets, and for the retirement of bonds for which gasoline tax revenues have been pledged. During the fiscal year ending September 30, 2022, the Commission transferred $125,000.00 from the Gasoline Tax Fund to the Capital Improvement Fund. The Commission did not provide documentation to support the allowable purpose of the transfer. The Commission recorded an interfund receivable in the Gasoline Tax Fund and an interfund payable in the Capital Improvement Fund at September 30, 2022 to account for the amount to be repaid. The Commission did not have policies and procedures in place to ensure adequate documentation was maintained for Commission transfers. As a result, we are unable to determine if all 7-cent gasoline tax revenues were used for allowable purposes. ***Recommendation:*** The Commission should ensure all 7-cent State Gasoline Tax revenues are used in accordance with the ***Code of Alabama 1975***, Section 40-17-359.

Response/Views: We agree with the finding. Our intentions were not to circumvent the law but to place the funds in reserve for a later date.

Corrective Action Planned: Journal entries have been entered in the system changing the transfer to an interfund payable and receivable.

Anticipated Completion Date: The funds in its entirety will be paid back within 60 days of the date of this letter.

Contact Person(s): Kimberly West (334) 548-2331

Charlie King, Jr., Chairman
Lowndes County Commission