



Talladega County Commission

Talladega County, Alabama

October 1, 2023 through September 30, 2024

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 Talladega County Commission, Talladega County, Alabama, for the period October 1, 2023 through September 30, 2024, by Examiners Danielle Parris, Caitlin Miller and Brandi Smoke. I, Danielle Parris, 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,

Danielle S. Parris
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**Talladega County Commission
October 1, 2023 through September 30, 2024**

The Talladega County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Talladega County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 20. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Talladega County.

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

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

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

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 20, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Kelvin Cunningham, Chairman; Patricia Lyle, County Administrator; and Commissioners: Darrell Ingram, Tony Haynes, Malley Limbaugh and Phillip Morris. Also in attendance were the following representatives from the Department of Examiners of Public Accounts: BriAnna Upchurch, Audit Manager; and Danielle Parris, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of Talladega County Commission and County Administrator
Talladega, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Talladega County Commission, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Talladega County Commission as listed in the table of contents as Exhibits 1 through 11.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Talladega County Commission, as of September 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States (***Government Auditing Standards***). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Talladega 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 Talladega County Commission's basic financial statements for the year ended September 30, 2024, reflect the provisions of the Governmental Accounting Standards Board's (GASB) Statement Number 100, ***Accounting Changes and Error Corrections***. As discussed in Note 13 of the notes to the financial statements, the Talladega County Commission implemented the requirements of GASB Statement Number 100 during the fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual (Exhibits 12 through 18), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Talladega County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 19), as required by Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** (***Uniform Guidance***), is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated December 3, 2025, on our consideration of the Talladega 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 on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Talladega 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 Talladega County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 3, 2025

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Basic Financial Statements

Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 90,209,144.48	\$ 5,289,706.36	\$ 95,498,850.84
Investments	1,023,907.80	1,023,907.80	1,023,907.80
Ad Valorem Taxes Receivable	12,941,499.05	12,941,499.05	12,941,499.05
Receivables (Note 4)	2,001,392.79	60,173.69	2,061,566.48
Inventories	182,292.74	60,493.81	242,786.55
Total Current Assets	106,358,236.86	5,410,373.86	111,768,610.72
Noncurrent Assets			
Investment in Joint Venture		2,278,896.45	2,278,896.45
Cash with Fiscal Agent - Restricted	366,908.36	366,908.36	366,908.36
Capital Assets, Net (Note 5)	39,112,681.81	16,801,706.79	55,914,388.60
Total Noncurrent Assets	39,479,590.17	19,080,603.24	58,560,193.41
Total Assets	145,837,827.03	24,490,977.10	170,328,804.13
Deferred Outflow of Resources			
Unamortized Deferred Loss on Refunding	55,062.92	55,062.92	55,062.92
Deferred Outflows Related Pension Liability	3,316,806.07	48,014.54	3,364,820.61
Total Deferred Outflow of Resources	3,371,868.99	48,014.54	3,419,883.53
Liabilities			
Current Liabilities			
Accounts Payable	1,644,947.42	53,387.93	1,698,335.35
Unearned Revenue	3,162,939.24		3,162,939.24
Accrued Wages Payable	230,803.70	4,112.16	234,915.86
Customer Deposits		95,555.08	95,555.08
Accrued Interest Payable	150,236.27		150,236.27
Long-Term Liabilities:			
Portions Due and Payable Within One Year:			
Warrants Payable	1,010,000.00	1,010,000.00	1,010,000.00
Unamortized Premium	63,004.45		63,004.45
Notes Payable	276,567.82		276,567.82
Long-Term Agreement Payable	84,829.97		84,829.97
Estimated Liability for Compensated Absences	59,392.10	1,921.35	61,313.45
Total Current Liabilities	\$ 6,682,720.97	\$ 154,976.52	\$ 6,837,697.49

Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
Noncurrent Liabilities			
Portions Due and Payable After One Year:			
Warrants Payable	\$ 13,305,000.00	\$ 13,305,000.00	
Unamortized Premium	945,066.75	945,066.75	
Notes Payable	767,728.24	767,728.24	
Estimated Liability for Compensated Absences	534,528.89	17,292.17	551,821.06
Pension Liability	9,028,934.73	124,058.27	9,152,993.00
Other Postemployment Benefits Payable	7,591,173.94	86,240.00	7,677,413.94
Total Noncurrent Liabilities	<u>32,172,432.55</u>	<u>227,590.44</u>	<u>32,400,022.99</u>
 Total Liabilities	 <u>38,855,153.52</u>	 <u>382,566.96</u>	 <u>39,237,720.48</u>
Deferred Inflow of Resources			
Unavailable Revenue Property Taxes	12,941,499.05		12,941,499.05
Revenue Received in Advance - Motor Vehicle Taxes	643,572.50		643,572.50
Deferred Inflows Related to Pension Liability	983,366.01	16,267.99	999,634.00
Deferred Inflows Related to OPEB Liability	4,643,414.70	58,141.78	4,701,556.48
Total Deferred Inflow of Resources	<u>19,211,852.26</u>	<u>74,409.77</u>	<u>19,286,262.03</u>
Net Position			
Net Investment in Capital Assets	22,800,377.47	16,801,706.79	39,602,084.26
Restricted for:			
Road Projects	24,739,815.07		24,739,815.07
Facilities and Repairs	17,251,266.57		17,251,266.57
Water Infrastructure	5,160,280.86		5,160,280.86
Other Purposes	8,505,370.03		8,505,370.03
Unrestricted	<u>12,685,580.24</u>	<u>7,280,308.12</u>	<u>19,965,888.36</u>
 Total Net Position	 <u>\$ 91,142,690.24</u>	<u>\$ 24,082,014.91</u>	<u>\$ 115,224,705.15</u>

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

Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 11,728,453.97	\$ 4,296,212.99	\$ 237,022.53	\$ 6,229,277.40	\$ (965,941.05)	\$ (965,941.05)	
Public Safety	11,719,929.12	4,335,119.60	609,159.79		(6,775,649.73)	(6,775,649.73)	
Highways and Roads	6,060,561.69	74,620.52	623,078.04		(5,362,863.13)	(5,362,863.13)	
Sanitation	73,530.88				(73,530.88)	(73,530.88)	
Welfare	638,803.32				(638,803.32)	(638,803.32)	
Culture and Recreation	220,050.56				(220,050.56)	(220,050.56)	
Interest on Long-Term Debt	416,667.19				(416,667.19)	(416,667.19)	
Intergovernmental	454,890.71				(454,890.71)	(454,890.71)	
Total Governmental Activities	<u>31,312,887.44</u>	<u>8,705,953.11</u>	<u>1,469,260.36</u>	<u>6,229,277.40</u>	<u>(14,908,396.57)</u>	<u>(14,908,396.57)</u>	
Business-Type Activities							
Water	1,177,420.42	1,098,812.58				(78,607.84)	(78,607.84)
Total Business-Type Activities	<u>1,177,420.42</u>	<u>1,098,812.58</u>				<u>(78,607.84)</u>	<u>(78,607.84)</u>
Total Primary Government	<u>\$ 32,490,307.86</u>	<u>\$ 9,804,765.69</u>	<u>\$ 1,469,260.36</u>	<u>\$ 6,229,277.40</u>	<u>(14,908,396.57)</u>	<u>(78,607.84)</u>	<u>(14,987,004.41)</u>
General Revenues and Transfers:							
Taxes:							
Property Taxes for General Purposes					10,464,566.15	10,464,566.15	
Property Taxes for Specific Purposes					3,801,948.22	3,801,948.22	
County Sales and Use Taxes					8,308,278.39	8,308,278.39	
Miscellaneous Taxes					5,557,123.64	5,557,123.64	
Loss on Sale of Fixed Assets					(9,985.95)	(9,985.95)	
Interest Earned					4,014,306.38	243,486.53	4,257,792.91
Miscellaneous					250,217.65		250,217.65
Transfers					(5,756,986.20)	5,756,986.20	
Total General Revenues and Transfers					<u>26,629,468.28</u>	<u>6,000,472.73</u>	<u>32,629,941.01</u>
Change in Net Position					11,721,071.71	5,921,864.89	17,642,936.60
Net Position - Beginning of Year					<u>79,421,618.53</u>	<u>18,160,150.02</u>	<u>97,581,768.55</u>
Net Position - End of Year					<u>\$ 91,142,690.24</u>	<u>\$ 24,082,014.91</u>	<u>\$ 115,224,705.15</u>

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

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Two Cent Sales Tax Fund	Gasoline Tax Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 42,660,819.00	\$ 13,731,794.82	\$ 20,649,016.03	\$ 4,149,448.12	\$ 9,018,066.51	\$ 90,209,144.48
Cash with Fiscal Agent					366,908.36	366,908.36
Investments		956,002.66	67,905.14			1,023,907.80
Receivables (Note 4)	1,186,663.43	74,680.30	420,099.56	85,557.90	234,391.60	2,001,392.79
Ad Valorem Taxes Receivable	9,281,104.62		2,448,311.84		1,212,082.59	12,941,499.05
Inventories			182,292.74			182,292.74
Total Assets	<u>53,128,587.05</u>	<u>14,762,477.78</u>	<u>23,767,625.31</u>	<u>4,235,006.02</u>	<u>10,831,449.06</u>	<u>106,725,145.22</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	557,121.63	351,085.47	319,853.77	355,967.12	60,919.43	1,644,947.42
Unearned Revenue				2,857,952.46	304,986.78	3,162,939.24
Accrued Wages Payable	176,866.39		40,247.50		13,689.81	230,803.70
Total Liabilities	<u>733,988.02</u>	<u>351,085.47</u>	<u>360,101.27</u>	<u>3,213,919.58</u>	<u>379,596.02</u>	<u>5,038,690.36</u>
Deferred Inflows of Resources						
Unavailable Revenue Property Taxes	9,281,104.62		2,448,311.84		1,212,082.59	12,941,499.05
Revenue Received in Advance - Motor Vehicle Taxes	512,681.08		130,891.42			643,572.50
Total Deferred Inflows of Resources	<u>9,793,785.70</u>		<u>2,579,203.26</u>		<u>1,212,082.59</u>	<u>13,585,071.55</u>
Fund Balances						
Nonspendable:						
Inventories			182,292.74			182,292.74
Restricted for:						
Roads and Bridges		599,287.33	20,646,028.04		3,312,206.96	24,557,522.33
Facilities Construction and Repair	10,339,428.47	2,472,571.40			4,439,266.70	17,251,266.57
Water Infrastructure		4,139,194.42		1,021,086.44		5,160,280.86
Other	184,473.50	7,200,339.16			1,120,557.37	8,505,370.03
Assigned to:						
Other				367,739.42		367,739.42
Unassigned	32,076,911.36					32,076,911.36
Total Fund Balances	<u>42,600,813.33</u>	<u>14,411,392.31</u>	<u>20,828,320.78</u>	<u>1,021,086.44</u>	<u>9,239,770.45</u>	<u>88,101,383.31</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 53,128,587.05</u>	<u>\$ 14,762,477.78</u>	<u>\$ 23,767,625.31</u>	<u>\$ 4,235,006.02</u>	<u>\$ 10,831,449.06</u>	<u>\$ 106,725,145.22</u>

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

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

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 88,101,383.31

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 39,112,681.81

Deferred inflows and outflows of resources related to the pension plan are applicable to future periods and, therefore, are not reported in the governmental funds. 2,333,440.06

Deferred inflows and outflows of resources related to the OPEB plan are applicable to future periods and, therefore, are not reported in the governmental funds. (4,643,414.70)

Certain liabilities are not due and payable in the current period and, therefore, are reported as liabilities in the funds. At year-end, these consisted of:

	Current Liabilities	Noncurrent Liabilities
Warrants Payable	\$ 1,010,000.00	\$ 13,305,000.00
Unamortized - Premiums	63,004.45	945,066.75
Unamortized - Loss on Refunding	(3,441.43)	(51,621.49)
Accrued Interest Payable	150,236.27	
Other Postemployment Benefits Payable		7,591,173.94
Notes Payable (Notes from Direct Borrowing)	276,567.82	767,728.24
Long-Term Agreement Payable	84,829.97	
Pension Liability		9,028,934.73
Compensated Absences	59,392.10	534,528.89
Total Long-Term Liabilities	\$ 1,640,589.18	\$ 32,120,811.06
		<u>(33,761,400.24)</u>
Total Net Position - Governmental Activities (Exhibit 1)		<u>\$ 91,142,690.24</u>

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

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

	General Fund	Formerly Major Fund Two Cent Bridge Fund	Two Cent Sales Tax Fund	Gasoline Tax Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 10,918,904.88		\$ 5,143,893.40	\$ 2,844,820.76		\$ 1,411,916.52	\$ 20,319,535.56
Licenses and Permits	406,594.41			14,656.66			421,251.07
Intergovernmental	5,694,297.44			2,988,438.79	5,760,517.08	2,551,615.14	16,994,868.45
Charges for Services	5,567,331.34					973,414.76	6,540,746.10
Miscellaneous	2,445,319.11		453,130.67	964,686.44	312,561.70	387,006.08	4,562,704.00
Total Revenues	25,032,447.18		5,597,024.07	6,812,602.65	6,073,078.78	5,323,952.50	48,839,105.18
Expenditures							
Current:							
General Government	5,730,955.34		4,557,326.14	238,115.80		1,268,475.46	11,794,872.74
Public Safety	9,821,381.70		606,973.73			725,238.01	11,153,593.44
Highways and Roads				5,058,009.02			5,058,009.02
Sanitation			70,000.00		3,530.88		73,530.88
Welfare			378,903.32			259,900.00	638,803.32
Culture and Recreation			220,050.56				220,050.56
Intergovernmental	454,890.71						454,890.71
Capital Outlay	626,259.85		47,635.50	2,052,353.44		324,139.53	3,050,388.32
Debt Service:							
Principal Retirement	276,567.82					1,000,000.00	1,276,567.82
Interest and Fiscal Charges						424,880.26	424,880.26
Total Expenditures	16,910,055.42		5,880,889.25	7,348,478.26	3,530.88	4,002,633.26	34,145,587.07
Excess (Deficiency) of Revenues Over Expenditures	8,122,391.76		(283,865.18)	(535,875.61)	6,069,547.90	1,321,319.24	14,693,518.11
Other Financing Sources (Uses)							
Transfers In	547,671.39			12,908,427.55		1,236,150.13	14,692,249.07
Sale of Capital Assets				261,877.05			261,877.05
Transfers Out	(889,771.81)		(13,768,188.33)		(5,756,986.20)	(34,288.93)	(20,449,235.27)
Total Other Financing Sources (Uses)	(342,100.42)		(13,768,188.33)	13,170,304.60	(5,756,986.20)	1,201,861.20	(5,495,109.15)
Net Change in Fund Balances	7,780,291.34		(14,052,053.51)	12,634,428.99	312,561.70	2,523,180.44	9,198,408.96
Fund Balances - Beginning of Year	34,820,521.99	11,835,677.38	851,922.63	8,669,324.57	708,524.74	22,017,003.04	78,902,974.35
Change within Financial Reporting Entity		(11,835,677.38)	27,611,523.19	(475,432.78)		(15,300,413.03)	
Fund Balances - Beginning of Year, as Restated (Note 13)	34,820,521.99		28,463,445.82	8,193,891.79	708,524.74	6,716,590.01	78,902,974.35
Fund Balances - End of Year	\$ 42,600,813.33		\$ 14,411,392.31	\$ 20,828,320.78	\$ 1,021,086.44	\$ 9,239,770.45	\$ 88,101,383.31

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

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)	\$ 9,198,408.96
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 \$3,050,388.32 exceeded Depreciation \$2,862,059.12 in the current period.	188,329.20
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 differs from the change in fund balance by the book value of the capital assets sold.	(271,863.00)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	1,276,567.82
The costs of deferred charges and discounts on the issuance of warrants are amortized over the life of the debt in the Statement of Activities.	
Amortization of Loss on Early Retirement of Debt	\$ (3,441.43)
Amortization of Premium on Debt Issued	<u>63,004.45</u>
Total	59,563.02
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 Compensated Absences	\$ (69,344.52)
Net Change in Pension Liability	1,219,439.84
Net Change in OPEB Liability	108,315.89
Net Change in Accrued Interest Payable	<u>11,654.50</u>
Total Additional Expenditures	1,270,065.71
Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$ 11,721,071.71</u>

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

***Statement of Net Position
Proprietary Fund
September 30, 2024***

**Enterprise Fund
Water
System Fund**

Assets

Current Assets

Cash and Cash Equivalents	\$ 5,289,706.36
Receivables (Note 4)	60,173.69
Inventories	60,493.81
Total Current Assets	<u>5,410,373.86</u>

Noncurrent Assets

Investment in Joint Venture	2,278,896.45
Capital Assets, Net (Note 5)	<u>16,801,706.79</u>
Total Noncurrent Assets	<u>19,080,603.24</u>
Total Assets	<u>24,490,977.10</u>

Deferred Outflow of Resources

Deferred Outflows Related to Pension Liability	<u>48,014.54</u>
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Liabilities

Current Liabilities

Accounts Payable	53,387.93
Accrued Wages Payable	4,112.16
Customer Deposits	95,555.08
Compensated Absences	1,921.35
Total Current Liabilities	<u>154,976.52</u>

Noncurrent Liabilities

Compensated Absences	17,292.17
Pension Liability	<u>124,058.27</u>
Other Postemployment Benefits Payable	<u>86,240.00</u>
Total Noncurrent Liabilities	<u>227,590.44</u>
Total Liabilities	<u>382,566.96</u>

Deferred Inflow of Resources

Deferred Inflows Related to Pension Liability	16,267.99
Deferred Inflows Related to OPEB Liability	<u>58,141.78</u>
Total Deferred Outflow of Resources	<u>74,409.77</u>

Net Assets

Invested in Capital Assets	16,801,706.79
Unrestricted	<u>7,280,308.12</u>
Total Net Position	<u>\$ 24,082,014.91</u>

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

***Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended September 30, 2024***

	Enterprise Fund Water System Fund
<u>Operating Revenues</u>	
Charges for Services	\$ 1,098,392.58
Miscellaneous	420.00
Total Operating Revenues	<u>1,098,812.58</u>
<u>Operating Expenses</u>	
Employee Salaries and Benefits	230,832.84
Materials and Supplies	52,445.58
Loss on Joint Venture	43,678.11
Professional services	1,958.42
Repairs and Maintenance	131,559.38
Utilities and Postage	40,105.61
Insurance	12,093.55
Depreciation	340,368.16
Purchase of Water	288,946.79
Miscellaneous	<u>35,431.98</u>
Total Operating Expenses	<u>1,177,420.42</u>
Operating Income (Loss)	<u>(78,607.84)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Revenue	243,486.53
Total Nonoperating Revenues (Expenses)	<u>243,486.53</u>
Income (Loss) Before Transfers	164,878.69
<u>Operating Transfers</u>	
Transfers In	<u>5,756,986.20</u>
Changes in Net Position	5,921,864.89
Net Position - Beginning of Year	<u>18,160,150.02</u>
Net Position - End of Year	<u>\$ 24,082,014.91</u>

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

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2024

	Enterprise Fund
	Water
	System Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 1,082,474.95
Other Operating Revenue	420.00
Payments to Suppliers	(807,470.63)
Payments to Employees	(246,293.83)
Net Cash Provided (Used) by Operating Activities	<u>29,130.49</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers In - Coronavirus State and Local Fiscal Recovery Funds	5,756,986.20
Net Cash Provided (Used) by Noncapital Financing Activities	<u>5,756,986.20</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Sale of Certificate of Deposit	781,527.37
Purchase of Capital Assets	(6,954,515.11)
Investment in Joint Venture	43,678.11
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,129,309.63)</u>
<u>Cash Flows from Investing Activities</u>	
Interest and Dividends	243,486.53
Net Cash Provided (Used) by Investing Activities	<u>243,486.53</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(99,706.41)
Cash and Cash Equivalents - Beginning of Year	5,389,412.77
Cash and Cash Equivalents - End of Year	<u>\$ 5,289,706.36</u>

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

Enterprise Fund
Water
System Fund

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	\$ (78,607.84)
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Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities

Depreciation Expense	340,368.16
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(1,561.43)
Increase in Inventory	(29,086.11)
Increase in Accounts Payable	(172,165.10)
Increase in Customer Deposits Payables	(14,356.20)
Decrease in Wages Payable	795.57
Increase in Compensated Absences	2,735.80
Pension and OPEB Activity	<u>(18,992.36)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 29,130.49</u>

Statement of Fiduciary Net Position
September 30, 2024

	Custodial Funds
<u>Assets</u>	
Cash and Cash Equivalents	\$ 1,835,228.18
Receivables (Note 4)	90,926.43
Total Assets	<u>1,926,154.61</u>
<u>Liabilities</u>	
Accounts Payable	1,550,771.93
Total Liabilities	<u>1,550,771.93</u>
<u>Net Position</u>	
Held in Trust for Other Purposes	375,382.68
Total Net Position	<u>\$ 375,382.68</u>

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

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

	Custodial Funds
<u>Additions</u>	
Contributions from:	
Taxes	\$ 46,097,258.48
Intergovernmental	891,059.23
Court Fees	1,534,826.74
Miscellaneous	25,725.71
Total Additions	<u>48,548,870.16</u>
<u>Deductions</u>	
General Government	467,657.19
Public Safety	708,135.58
Payments to Other Entities	<u>47,232,700.00</u>
Total Deductions	<u>48,408,492.77</u>
Changes in Net Position	140,377.39
Net Position - Beginning of Year	<u>235,005.29</u>
Net Position - End of Year	<u>\$ 375,382.68</u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as 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 expenditures of special county property taxes for building and maintaining public buildings, roads, and bridges.
- ◆ **Two Cent Sales Tax Fund** – This fund is used to account for the proceeds of the Special Two Cent Sales Tax and to distribute the tax to various county funds and agencies.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditure of gasoline taxes for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and rights-of-way. This fund is also used to report the expenditure of the two mill tax revenues collected for building and maintaining county roads.
- ◆ **Coronavirus State and Local Fiscal Recovery Fund** – This fund is used to account for the expenditures of federal funds received to assist in the recovery from the COVID pandemic.

The Commission reports the following major enterprise fund:

- ◆ **Water System Fund** – This fund is used to account for the cost of providing water services to county residents.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

Governmental Fund Types

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

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

- ◆ **Custodial Funds** – These funds are used to report fiduciary activities 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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 is reported as other financing sources.

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

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

New Accounting Standards

The following GASB Statement(s) was/were implemented during the audit period:

GASB Statement Number 100, ***Accounting Changes and Error Corrections*** – This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, consistent, and comparable information for making decisions or assessing accountability. Accounting changes include changes in accounting principles, changes in estimates, and changes to or within the financial reporting entity and describe the transactions or other events that constitute those changes. See Note 13 for the impact this change had on the financial statements.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit.

Investments, which consist of certificates of deposit, are reported at cost.

2. Receivables

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

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects. Receivables in the proprietary fund consist of amounts due from customers of the water system.

3. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Notes to the Financial Statements

For the Year Ended September 30, 2024

4. Restricted Assets

Certain general obligation and special revenue bonds as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. Cash held by the fiscal agent is considered restricted.

5. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Governmental Activities:		
Buildings and Improvements	\$ 5,000	40 years
Equipment and Furniture	\$ 5,000	5 – 20 years
Roads	\$250,000	20 years
Bridges	\$ 50,000	40 years
Business-Type Activities:		
Buildings and Improvements	\$ 5,000	40 years
Equipment and Furniture	\$ 5,000	5 – 6 years
Infrastructure	\$ 5,000	25 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

6. Deferred Outflows of Resources

Deferred outflows of resources are reported in the government-wide and proprietary fund 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.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities or business-type activities statement of net position. Warrant premiums and discounts are deferred and amortized over the life of the bonds. Warrants payable are reported at gross with separate line items for the applicable warrant premium or discount. Warrant issuance costs are reported as an expense in the period incurred.

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

8. Compensated Absences

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

Annual Leave

Permanent full-time employees earn annual leave as follows:

Completed Years of Continuous Service	Vacation Leave Earned
1-7 Years	80 Hours Per Year
8-14 Years	120 Hours Per Year
15 Years	128 Hours Per Year
16 Years	136 Hours Per Year
17 Years	144 Hours Per Year
18-19 Years	152 Hours Per Year
20 Years and Over	160 Hours Per Year

Notes to the Financial Statements

For the Year Ended September 30, 2024

Upon separation, employees may be paid up to the unused amount of annual leave earned only in the current fiscal year.

Sick Leave

All full-time employees earn one day of sick leave per month. Sick leave falls into two categories: leave earned prior to 1990 and leave earned after 1990. Any sick leave earned prior to 1990 may be carried forward. Sick leave earned after 1990 may be accumulated up to sixty days, but only one-half of the post 1990 accumulated sick leave is payable upon an employee's retirement.

The Commission uses the termination method to accrue its sick leave liability. Under this method an accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Compensatory Leave

Compensatory leave is provided to full-time law enforcement employees in accordance with the Fair Labor Standards Act and Alabama Law. Those employees may choose compensatory time in lieu of overtime pay in accordance with the provisions of the *Code of Alabama 1975*, Section 36-21-4.1. Earned compensatory time not used within two pay periods is paid to employees at the overtime rate. Other employees are paid overtime in accordance with the Fair Labor Standards Act, with no compensatory time provision.

9. Deferred Inflows of Resources

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

10. Net Position/Fund Balances

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

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

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

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items and long-term receivables.
- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- C. Committed fund balances consist of amounts that are subject to a specific purpose imposed by formal action of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.

Notes to the Financial Statements

For the Year Ended September 30, 2024

- D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

E. Pensions

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

F. Postemployment Benefits Other Than Pensions (OPEB)

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP). Capital projects funds adopt project-length budgets. All appropriations lapse at fiscal year-end. An official budget was not adopted for the Coronavirus State and Local Fiscal Recovery Fund; however, all expenditures were approved by the Commission to ensure compliance with the federal guidelines.

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

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

Note 3 – Deposits and Investments

A. Deposits

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

All of the Commission's investments were in certificates of deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

Notes to the Financial Statements

For the Year Ended September 30, 2024

B. Cash with Fiscal Agent

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

As of September 30, 2024, the Commission had the following investments in cash held by fiscal agent:

Investment Type	Amortized Cost	Investment Maturity
Fidelity Institutional Money Market Funds	<u>\$366,908.36</u>	Within One Year

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

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. At September 30, 2024, the Commission's money market fund was rated AAAm by Standard & Poor's Corporation.

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission does not have a formal investment policy that allows an investment in any one issuer that is in excess of five percent.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 4 – Receivables

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

Governmental Funds	General Fund	Two Cent Sales Tax Fund	Gasoline Tax Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Receivables:						
Accounts Receivable	\$ 266,505.55	\$38,901.41	\$236,342.05	\$85,557.90	\$ 28,140.27	\$ 655,447.18
Intergovernmental	920,157.88	35,778.89	183,757.51		206,251.33	1,345,945.61
Total Receivables	\$1,186,663.43	\$74,680.30	\$420,099.56	\$85,557.90	\$234,391.60	\$2,001,392.79

Proprietary Fund	Water System Fund	Enterprise Funds	Total
Receivables:			
Accounts Receivable		\$60,173.69	\$60,173.69

Fiduciary Funds	Custodial Funds
Receivables:	
Intergovernmental	\$90,926.43
Total Receivables	\$90,926.43

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At September 30, 2024, the various components of unearned revenues reported in the governmental funds were as follows:

	Unearned
Grant Funds Received Prior to Meeting Eligibility Requirements	\$2,857,952.46
Unexpended Reappraisal Funds	304,986.78
Total Unearned Revenue for Governmental Funds	\$3,162,939.24

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 5 – Capital Assets

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

	Balance 10/01/2023	Additions/ Reclassification (*)	Retirements/ Reclassifications (*)	Balance 09/30/2024
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,192,040.50	\$	\$	\$ 1,192,040.50
Construction in Progress	47,593.37	32,652.33	(80,245.70)	
Infrastructure in Progress	112,745.60	28,839.53		141,585.13
Total Capital Assets, Not Being Depreciated	<u>1,352,379.47</u>	<u>61,491.86</u>	<u>(80,245.70)</u>	<u>1,333,625.83</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	27,800,851.62	80,245.70		27,881,097.32
Equipment and Furniture	24,726,977.33	2,988,896.46	(1,839,593.56)	25,876,280.23
Infrastructure – Bridges and Roads	24,962,972.24			24,962,972.24
Total Capital Assets Being Depreciated	<u>77,490,801.19</u>	<u>3,069,142.16</u>	<u>(1,839,593.56)</u>	<u>78,720,349.79</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(13,704,524.16)	(643,325.07)		(14,347,849.23)
Equipment and Furniture	(19,615,432.74)	(1,585,884.23)	1,567,730.56	(19,633,586.41)
Infrastructure – Bridges and Roads	(6,327,008.15)	(632,849.82)		(6,959,857.97)
Total Accumulated Depreciation	<u>(39,646,965.05)</u>	<u>(2,862,059.12)</u>	<u>1,567,730.56</u>	<u>(40,941,293.61)</u>
Total Capital Assets, Being Depreciated, Net	<u>37,843,836.14</u>	<u>207,083.04</u>	<u>(271,863.00)</u>	<u>37,779,056.18</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,196,215.61</u>	<u>\$ 268,574.90</u>	<u>\$ (352,108.70)</u>	<u>\$ 39,112,681.81</u>
(*) Reclassification – The amount of \$80,245.70 was reclassified from Construction in Progress to Buildings and Improvements.				

	Balance 10/01/2023	Additions	Retirements	Balance 09/30/2024
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 48,006.00	\$	\$	\$ 48,006.00
Construction in Progress	7,362,399.05	6,879,921.10		14,242,320.15
Total Capital Assets, Not Being Depreciated	<u>7,410,405.05</u>	<u>6,879,921.10</u>		<u>14,290,326.15</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	2,909,470.50			2,909,470.50
Improvements Other than Buildings	12,599,719.23			12,599,719.23
Computer and Communication Equipment	581,924.38	74,594.00		656,518.38
Total Capital Assets Being Depreciated	<u>16,091,114.11</u>	<u>74,594.00</u>		<u>16,165,708.11</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,863,373.63)	(2,048.75)		(2,865,422.38)
Improvements Other than Buildings	(9,901,505.33)	(330,206.07)		(10,231,711.40)
Computer and Communication Equipment	(549,080.35)	(8,113.34)		(557,193.69)
Total Accumulated Depreciation	<u>(13,313,959.31)</u>	<u>(340,368.16)</u>		<u>(13,654,327.47)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,777,154.80</u>	<u>(265,774.16)</u>		<u>2,511,380.64</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,187,559.85</u>	<u>\$ 6,614,146.94</u>	<u>\$</u>	<u>\$ 16,801,706.79</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	\$ 433,007.42
Public Safety	996,417.36
Highway	1,432,634.34
Total Depreciation Expense – Governmental Activities	<u>\$2,862,059.12</u>

	Current Year Depreciation Expense
Business-Type Activities:	
Water	\$340,368.16
Total Depreciation Expense – Business-Type Activities	<u>\$340,368.16</u>

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

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

Benefits Provided

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

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

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

Contributions

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

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2024 the Commission's active employee contribution rate was 6.2% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 7.4% of covered employee payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2024, was 8.52% of pensionable pay for Tier 1 employees, and 6.79% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$680,575.61 for the year ended September 30, 2024.

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

B. Net Pension Liability

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

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2022	\$35,599,222	\$35,183,062	\$35,183,062
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 through September 30, 2023	838,059	838,059	838,059
(d) Transfers Among Employers		(894,489)	(894,489)
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 through September 30, 2023	(2,374,934)	(2,374,934)	(2,374,934)
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	\$36,626,023	\$35,284,370	\$35,284,370
(g) Difference between Expected and Actual		\$ (1,341,653)	
(h) Less Liability Transferred for Immediate Recognition		(894,489)	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		\$ (447,164)	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change(Gain)/Loss			\$

Actuarial Assumptions

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

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

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

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	15.00%	2.80%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	<hr style="border: 0.5px solid black; width: 100%; border-collapse: collapse; margin-bottom: 2px;"/> 100.00%	<hr style="border: 0.5px solid black; width: 100%; border-collapse: collapse; margin-bottom: 2px;"/>

(*) Includes assumed rate of inflation of 2.00%.

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

Discount Rate

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

C. Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at September 30, 2022	\$35,599,222	\$25,134,518	\$10,464,704
Changes for the Year:			
Service cost	838,059		838,059
Interest	2,563,676		2,563,676
Differences between expected and actual experience	(447,164)		(447,164)
Contributions – employer		593,248	(593,248)
Contributions – employee		548,099	(548,099)
Net investment income		3,124,934	(3,124,934)
Benefit payments, including refunds of employee contributions	(2,374,934)	(2,374,934)	
Transfers among employers	(894,489)	(894,489)	
Net Changes	<u>(314,852)</u>	<u>996,858</u>	<u>(1,311,710)</u>
Balances at September 30, 2023	<u>\$35,284,370</u>	<u>\$26,131,376</u>	<u>\$ 9,152,994</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Commission's Net Pension Liability	\$13,416,167	\$9,152,994	\$5,569,977

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2023. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2024, the Commission recognized pension expense of \$1,888,622.00. At September 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,029,091	\$999,634
Changes of assumptions	497,566	
Net difference between projected and actual earnings on pension plan investments	1,157,588	
Employer contributions subsequent to the measurement date	680,576	
Total	\$3,364,821	\$999,634

Notes to the Financial Statements

For the Year Ended September 30, 2024

The \$680,576 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending:	
September 30, 2025	\$ 525,447
2026	\$ 377,557
2027	\$1,099,996
2028	\$ (318,389)
2029	\$ 0
Thereafter	\$ 0

Note 7 – Other Postemployment Benefits (OPEB)

A. General Information about the OPEB Plan

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

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

Benefits Provided

Medical and dental insurance benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier 1" members). Employees hired on and after January 1, 2013 (called "Tier 2" members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Employees Covered by Benefit Terms

At September 30, 2024, the following employees were covered by the benefit terms:

Status	Total	Employee Only	Employee and Dependent
Active	195	164	31
Retired	55	53	2
Total	250	217	33

B. Total OPEB Liability

The Commission's total OPEB liability of \$7,677,414, as of reporting date September 30, 2024, was measured as of September 30, 2024, determined by an actuarial valuation as of September 30, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2024, actuarial valuation was determined using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Salary Scale	3.50%
Discount Rate	4.06% (1.56% real rate of return plus 2.50% inflation)
Healthcare Cost Trend Rates	Level 4.50%

The discount rate was selected by reviewing the recently published S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on the RPH-2014 mortality table with Projection MP-2021.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Changes in the Net OPEB Liability

Balance at October 1, 2023	\$ 7,953,630
Changes for the Year:	
Service Cost	281,507
Interest Cost	389,253
Differences – Expected and Actual Experience	(1,659,143)
Changes in Assumptions	861,545
Benefit payments	(149,378)
Net Changes	<u>(276,216)</u>
Balance at September 30, 2024	<u>\$ 7,677,414</u>

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

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.06%) or 1-percentage point higher (5.06%) than the current discount rate:

	1% Decrease (3.06%)	Current Discount (4.06%)	1% Increase (5.06%)
Total OPEB Liability	\$9,228,272	\$7,677,414	\$6,508,235

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

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (3.50%) or 1-percentage point higher (5.50%) than the current healthcare trend rates:

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
Total OPEB Liability	\$6,440,723	\$7,677,414	\$9,324,851

Notes to the Financial Statements

For the Year Ended September 30, 2024

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the Commission recognized OPEB income of \$2,578,044. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources as follows related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$2,091,470
Changes of assumptions or other inputs		2,610,086
OPEB contributions after the measurement date		
Total	\$	\$4,701,556

Amounts reported as deferred flow of resources related to OPEB will be recognized as OPEB expense as follows.

Year Ending:	
September 30, 2025	\$(2,226,032)
2026	\$(1,281,929)
2027	\$ (772,785)
2028	\$ (150,491)
2029	\$ (45,145)
Thereafter	\$ 0

Note 8 – Long-Term Debt

The Limited Obligation Warrants, Series 2002D, dated February 1, 2002, were issued for the purpose of acquiring, constructing and equipping certain improvements to the B. B. Comer Library.

On March 1, 2013, the Commission issued General Obligation Refunding Warrants, Series 2013A, for \$7,435,000 in order to refund its Revenue Warrants, Series 2003A, 2003B and 2003C.

In October 2015, the Commission approved a Long-Term Agreement Payable in the amount of \$833,260.00 for county software and hardware updates for the County.

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

In March 2018, the Commission approved a proposal from Motorola Solutions for a “zone separate and IP simulcast upgrade to 700Mhz” to the County’s public safety radio system at a cost of \$2,701,006. The approved proposal included an agreement with Motorola for annual payments over a ten-year period beginning April 2019.

On December 30, 2020, the Commission issued the 2020A and the 2020B General Obligation Refunding Warrants for the purpose of refunding the General Obligations Warrants, Series 2010A.

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2024:

	Debt Outstanding 10/01/2023	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2024	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable	\$15,315,000.00	\$	\$1,000,000.00	\$14,315,000.00	\$1,010,000.00
Deferred Amounts:					
Premium	1,071,075.65		63,004.45	1,008,071.20	63,004.45
Other Liabilities:					
Notes from Direct Borrowing	1,320,863.88		276,567.82	1,044,296.06	276,567.82
Long-Term Agreement Payable	169,219.97		84,390.00	84,829.97	84,829.97
OPEB Payable	7,863,036.00		271,862.06	7,591,173.94	
Net Pension Liability	10,319,968.52		1,291,033.79	9,028,934.73	
Estimated Liability for Compensated Absences	524,576.47	69,344.52		593,920.99	59,392.10
Governmental Activities Long-Term Liabilities	36,583,740.49	69,344.52	2,986,858.12	33,666,226.89	1,493,794.34
Business-Type Activities:					
Other Liabilities:					
OPEB Liability	90,594.00		4,354.00	86,240.00	
Net Pension Liability	144,734.48		20,676.21	124,058.27	
Estimated Liability for Compensated Absences	16,477.72	2,735.80		19,213.52	1,921.35
Total Business-Type Activities	<u>\$ 251,806.20</u>	<u>\$ 2,735.80</u>	<u>\$ 25,030.21</u>	<u>\$ 229,511.79</u>	<u>\$ 1,921.35</u>

Payments on the 2020A and 2020B Warrants are made from the Metro Jail Fund and the Pledged Tobacco and Court Tax Funds.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission’s governmental funds.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

Fiscal Year Ending	Total Warrants Payable		Total Notes from Direct Borrowing		Long-Term Agreement Payable	Total Principal and Interest Requirements
	Principal	Interest	Principal	Interest	Principal	
September 30, 2025	\$ 1,010,000.00	\$ 401,293.38	\$ 276,567.82	\$ 31,901.80	\$ 84,829.97	\$ 1,772,691.17
2026	1,035,000.00	383,960.50	244,666.02			1,695,528.32
2027	1,055,000.00	364,456.00	257,565.58	21,699.23		1,698,720.81
2028	1,070,000.00	339,562.50	265,496.64	11,071.17		1,686,130.31
2029	1,110,000.00	304,418.75				1,414,418.75
2030-2034	4,720,000.00	1,007,200.00				5,727,200.00
2035-2039	3,550,000.00	443,250.00				3,993,250.00
2040-2042	765,000.00	22,950.00				787,950.00
Total	<u>\$14,315,000.00</u>	<u>\$3,267,091.13</u>	<u>\$1,044,296.06</u>	<u>\$64,672.20</u>	<u>\$84,829.97</u>	<u>\$18,775,889.39</u>

Deferred Charges on Refunding, Discounts and Premiums

The Commission has deferred charges on refunding and bond and premiums in connection with the issuance of its General Obligation Warrants, Series 2020A. The deferred charges and premiums are being amortized using the straight-line method over the life of the bonds.

	Deferred Charges on Refunding	Premium
Total Deferred Charges on Refunding and Premium	\$68,828.64	\$1,260,089.00
Amount Amortized Prior Years	10,324.29	189,013.35
Balance Deferred Loss on Refunding and Premium	58,504.35	1,071,075.65
Current Amount Amortized	3,441.43	63,004.45
Balance Deferred Charges on Refunding and Premium	<u>\$55,062.92</u>	<u>\$1,008,071.20</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 9 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission participates in the ACCA (Alabama County Commissioners Association) Liability Self-Insurance Fund, Inc. for standard and cyber liability and property coverage. Coverage is provided up to \$1,000,000 per occurrence with a \$3,000,000 aggregate limit and \$225,000 equitable defense cost.

The Commission also participates in ACCA Liability Self-Insurance Fund, Inc. for worker's compensation coverage. Premiums are determined by the carrier's manual of rules, classifications, rates and rating plans.

The ACCA Liability Self Insurance Fund, Inc. is established under Section 11-30-2, ***Code of Alabama 1975***. The fund is governed by a fifteen-member board of trustees who are appointed and are elected or appointed officials of counties participating in the fund. Each year, a qualified actuary prepares a report upon which the Board of Trustees determines contribution amounts needed from each participating county for the coming year. Each participating county is required to contribute the annual amount set by the Board of Trustees.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

The Commission provides medical and dental insurance benefits through the Local Government Health Insurance Program. They may choose to participate in a plan administered by Blue Cross/Blue Shield which functions as a public entity risk pool. This plan is self-sustaining through member premiums. Monthly premiums are determined annually by the plan's actuary and are based on the pool's claims experience, considering any remaining fund balance on hand available for claims.

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

Note 10 – Interfund Transactions

Interfund Transfers

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

	Transfers Out				
	General Fund	Two Cent Sales Tax Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Totals
Transfers In:					
General Fund	\$ 513,382.46		\$ 34,288.93	\$ 547,671.39	
Gasoline Tax Fund	200,000.00	12,708,427.55		12,908,427.55	
Other Governmental Funds	689,771.81	546,378.32		1,236,150.13	
Total Governmental Funds	889,771.81	13,768,188.33		34,288.93	14,692,249.07
Enterprise/Water Systems		5,756,986.20		5,756,986.20	
Total Business-Type Funds		5,756,986.20		5,756,986.20	
Totals	\$889,771.81	\$13,768,188.33	\$5,756,986.20	\$34,288.93	\$20,449,235.27

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

Note 11 – Related Organizations

The Commission appoints a majority of the board members of the Talladega County Emergency Communications District (E-911), the Central Talladega County Water District, the Fayetteville Water and Fire Protection Authority, the Hollins Water Authority and the Sycamore Water and Sewer Authority. The Commission, however, is not financially accountable, because it does not impose its will or have a financial benefit or burden relationship, for any of these organizations. Therefore, these organizations are not considered part of the Commission's financial reporting entity. These organizations are considered related organizations of the County Commission.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 12 – Joint Ventures

The Commission is involved in a joint venture with the Shelby County Commission. The counties each own a 50% share of a water filtration plant located on the Coosa River. The plant provides water to customers in both Talladega and Shelby Counties. As of September 30, 2024, the operations of the Talladega/Shelby Filtration Plant are recorded as a separate entity. Only the equity share of Talladega County's investment in the joint venture is shown on the financial statements. As of September 30, 2024, Talladega County's investment in the joint venture was \$2,278,896.45. Records of the Filtration Plant are maintained by personnel of the Shelby County Public Works Department. Financial Statements of the Talladega/Shelby Filtration Plant may be obtained from the Shelby County Commission Public Works Department.

Note 13 – Restatements

Change within Financial Reporting Entity

During the fiscal year ended September 30, 2024, the Board adopted new accounting guidance by implementing the provisions of GASB Statement Number 100, ***Accounting Changes and Error Corrections***, which establishes criteria for identifying a change within the financial reporting entity. The Commission modified the presentation of the various sales tax funds based on changes in the law setting up the tax and a re-evaluation of the substantial portion calculation of these funds. The substantial portion calculation is used to determine if a fund should be reported as a special revenue fund or combined with another fund for reporting purposes in accordance with GASB Statement Number 54. The implementation of this statement resulted in a restatement of beginning fund balance to reclassify amounts previously reported as separate funds or as sub-funds of other major funds. These amounts are now combined into the Two Cent Sales Tax Fund.

	Reporting Units Affected by Adjustments to		
	General Fund	Two Cent Bridge Fund	Two Cent Sales Tax Fund
Fund Balance, September 30, 2023, as Previously Reported	\$34,820,521.99	\$ 11,835,677.38	\$ 851,922.63
Fund Restatements:			
Change within Financial Reporting Entity		(11,835,677.38)	27,611,523.19
Fund Balance, September 30, 2024, as Restated	\$34,820,521.99	\$	\$28,463,445.82

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

and Restatements of Beginning Balances

Gasoline Tax Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total
\$8,669,324.57	\$708,524.74	\$ 22,017,003.04	\$78,902,974.35
(475,432.78)		(15,300,413.03)	
\$8,193,891.79	\$708,524.74	\$ 6,716,590.01	\$78,902,974.35

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Required Supplementary Information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 838,059	\$ 842,393	\$ 708,480	\$ 706,729	\$ 670,367	\$ 644,006	\$ 684,666	\$ 672,848	\$ 666,721	\$ 660,909
Interest	2,563,676	2,377,645	2,404,604	2,279,777	2,167,797	2,058,995	1,975,170	1,859,947	1,758,025	1,664,459
Changes in benefit terms		28,868		346,992						
Difference between expected and actual experience	(447,164)	1,534,078	(1,416,204)	203,103	228,607	262,240	(79,879)	(52,183)	178,201	
Changes of assumptions		1,094,644			148,983			793,829		
Benefit payments, including refunds of employee contributions	(2,374,934)	(2,059,813)	(1,923,408)	(1,812,105)	(1,634,576)	(1,689,651)	(1,427,953)	(1,437,302)	(1,220,561)	(1,091,011)
Transfers among employers	(894,489)	(68,550)	(113,846)	(47,713)	110,863	133,418	60,450	394,922		
Net change in total pension liability	(314,852)	2,654,621	754,270	1,676,783	1,543,058	1,557,991	1,212,454	2,232,061	1,382,386	1,234,357
Total pension liability - beginning	35,599,222	32,944,601	32,190,331	30,513,548	28,970,490	27,412,499	26,200,045	23,967,984	22,585,598	21,351,241
Total pension liability - ending (a)	\$ 35,284,370	\$ 35,599,222	\$ 32,944,601	\$ 32,190,331	\$ 30,513,548	\$ 28,970,490	\$ 27,412,499	\$ 26,200,045	\$ 23,967,984	\$ 22,585,598
Plan fiduciary net position										
Contributions - employer	\$ 593,248	\$ 661,327	\$ 623,743	\$ 574,416	\$ 572,245	\$ 581,124	\$ 556,562	\$ 608,263	\$ 597,438	\$ 648,696
Contributions - employee	548,099	629,593	584,182	487,268	499,907	464,188	456,476	451,218	433,212	479,870
Net investment income	3,124,934	(3,747,217)	5,475,718	1,376,856	618,867	2,082,305	2,603,014	1,894,621	219,014	1,986,047
Benefit payments, including refunds of employee contributions	(2,374,934)	(2,059,813)	(1,923,408)	(1,812,105)	(1,634,576)	(1,689,651)	(1,427,953)	(1,437,302)	(1,220,561)	(1,091,011)
Transfers among employers	(894,489)	(68,550)	(113,846)	(47,713)	110,863	133,418	60,450	394,922	20,723	(23,743)
Net change in plan fiduciary net position	996,858	(4,584,660)	4,646,389	578,722	167,306	1,571,384	2,248,549	1,911,722	49,826	1,999,859
Plan fiduciary net position - beginning	25,134,518	29,719,178	25,072,789	24,494,067	24,326,761	22,755,377	20,506,828	18,595,106	18,545,280	16,545,421
Plan fiduciary net position - ending (b)	\$ 26,131,376	\$ 25,134,518	\$ 29,719,178	\$ 25,072,789	\$ 24,494,067	\$ 24,326,761	\$ 22,755,377	\$ 20,506,828	\$ 18,595,106	\$ 18,545,280
County's net pension liability - ending (a) - (b)	\$ 9,152,994	\$ 10,464,704	\$ 3,225,423	\$ 7,117,542	\$ 6,019,481	\$ 4,643,729	\$ 4,657,122	\$ 5,693,217	\$ 5,372,878	\$ 4,040,318
Plan fiduciary net position as a percentage of the total pension liability	74.06%	70.60%	90.21%	77.89%	80.27%	83.97%	83.01%	78.27%	77.58%	82.11%
Covered-employee payroll (*)	\$ 8,970,249	\$ 9,351,969	\$ 9,011,223	\$ 8,655,027	\$ 8,776,459	\$ 8,529,606	\$ 8,434,256	\$ 8,858,443	\$ 8,503,452	\$ 8,466,033
Commission's net pension liability as a percentage of covered-employee payroll	102.04%	111.90%	35.79%	82.24%	68.59%	54.44%	55.22%	64.27%	63.18%	47.72%

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (*)	\$ 680,576	\$ 593,248	\$ 661,327	\$ 623,743	\$ 574,416	\$ 572,245	\$ 581,124	\$ 556,562	\$ 608,263	\$ 597,438
Contributions in relation to the actuarially determined contribution (*)	\$ 680,576	\$ 593,248	\$ 661,327	\$ 623,743	\$ 574,416	\$ 572,245	\$ 581,124	\$ 556,562	\$ 608,263	\$ 597,438
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 9,199,720	\$ 8,970,249	\$ 9,351,969	\$ 9,011,223	\$ 8,655,027	\$ 8,776,459	\$ 8,529,606	\$ 8,434,256	\$ 8,858,443	\$ 8,503,452
Contributions as a percentage of covered payroll	7.40%	6.61%	7.07%	6.92%	6.64%	6.52%	6.81%	6.60%	6.87%	7.03%

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

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rates for the period October 1 2023 to September 30, 2024:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	21.4 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25-6.00% including inflation
Investment rate of return	7.45% net of pension plan investment expense, including inflation

Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 281,507	\$ 281,507	\$ 560,852	\$ 560,852	\$ 858,784	\$ 858,784	\$ 825,278
Interest	389,253	365,798	304,162	288,410	907,116	815,964	795,567
Benefit payments	(149,378)	(161,764)	(149,757)	(148,659)	(279,344)	(297,456)	(288,902)
Experience (gain)/loss	(1,659,143)		(1,534,764)		(459,076)		
Changes in assumptions	861,545		(4,744,720)		(10,319,412)		
Net change in OPEB liability	(276,216)	485,541	(5,564,227)	700,603	(9,291,932)	1,377,292	1,331,943
Total OPEB liability - beginning	7,953,630	7,468,089	13,032,316	12,331,713	21,623,645	20,246,353	18,914,410
Total OPEB liability - ending	\$ 7,677,414	\$ 7,953,630	\$ 7,468,089	\$ 13,032,316	\$ 12,331,713	\$ 21,623,645	\$ 20,246,353
Covered-employee payroll	\$ 7,936,517	\$ 7,459,760	\$ 7,459,760	\$ 7,668,144	\$ 7,668,144	\$ 8,382,653	\$ 8,382,653
OPEB liability as a percentage of covered-employee payroll	96.74%	106.62%	100.11%	169.95%	160.82%	257.96%	241.53%

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

Schedule of the Employer's Contributions - Other Postemployment Benefits (OPEB)
For the Year Ended September 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Contractually determined contribution (*)	\$ 149,738	\$ 161,764	\$ 149,757	\$ 135,517	\$ 279,344	\$ 297,456	\$ 301,398
Contributions in relation to the contractually determined contribution	\$ 149,738	\$ 161,764	\$ 149,757	\$ 135,517	\$ 279,344	\$ 297,456	\$ 301,398
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$
Covered-employee payroll	\$ 7,936,517	\$ 7,459,760	\$ 7,459,760	\$ 7,668,144	\$ 7,668,144	\$ 8,382,653	\$ 8,382,653
OPEB liability as a percentage of covered employee payroll	1.89%	2.17%	2.01%	1.77%	3.64%	3.55%	3.60%

(*) Per Actuary Report, there were no actuarially determined contributions (ADC). However, premiums charged to the employer by the Plan are shown here.

This schedule is intended to show information for 10 years. Additional years should 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, 2024

	Budgeted Amounts		Actual Amounts		Budget to GAAP Differences	Actual Amounts	
	Original	Final	Budgetary Basis			GAAP Basis	
Revenues							
Taxes	\$ 7,060,000.00	\$ 7,060,000.00	\$ 7,471,226.84	(1)	\$ 3,447,678.04	\$ 10,918,904.88	
Licenses and Permits	377,000.00	377,000.00	388,279.03	(1)	18,315.38	406,594.41	
Intergovernmental	3,837,500.00	3,837,500.00	5,064,079.44	(1)	630,218.00	5,694,297.44	
Charges for Services	4,331,200.00	4,331,200.00	5,121,675.25	(1)	445,656.09	5,567,331.34	
Miscellaneous	737,000.00	737,000.00	2,181,484.79	(1)	263,834.32	2,445,319.11	
Total Revenues	<u>16,342,700.00</u>	<u>16,342,700.00</u>	<u>20,226,745.35</u>		<u>4,805,701.83</u>	<u>25,032,447.18</u>	
Expenditures							
Current:							
General Government	6,317,900.00	6,317,900.00	5,730,955.34			5,730,955.34	
Public Safety	11,727,330.80	11,724,400.00	9,821,381.70			9,821,381.70	
Intergovernmental	465,000.00	465,000.00	454,890.71			454,890.71	
Capital Outlay	790,500.00	910,500.00	626,259.85			626,259.85	
Debt Service:							
Principal Retirement	290,000.00	290,000.00	276,567.82			276,567.82	
Total Expenditures	<u>19,590,730.80</u>	<u>19,707,800.00</u>	<u>16,910,055.42</u>			<u>16,910,055.42</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,248,030.80)</u>	<u>(3,365,100.00)</u>	<u>3,316,689.93</u>		<u>4,805,701.83</u>	<u>8,122,391.76</u>	
Other Financing Sources (Uses)							
Transfers In	5,520,000.00	5,520,000.00	4,941,345.60	(2)	(4,393,674.21)	547,671.39	
Transfers Out	(1,630,000.00)	(1,630,000.00)	(282,000.00)	(2)	(607,771.81)	(889,771.81)	
Total Other Financing Sources (Uses)	<u>3,890,000.00</u>	<u>3,890,000.00</u>	<u>4,659,345.60</u>		<u>(5,001,446.02)</u>	<u>(342,100.42)</u>	
Net Change in Fund Balances	641,969.20	524,900.00	7,976,035.53		(195,744.19)	7,780,291.34	
Fund Balances - Beginning of Year			<u>32,530,554.54</u>	(3)	<u>2,289,967.45</u>	<u>34,820,521.99</u>	
Fund Balances - End of Year	<u>\$ 641,969.20</u>	<u>\$ 524,900.00</u>	<u>\$ 40,506,590.07</u>		<u>\$ 2,094,223.26</u>	<u>\$ 42,600,813.33</u>	

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

Explanation of differences:

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

(1) Revenues			
Public Buildings, Roads and Bridges Fund	\$ 3,706,488.54		
Public Highway and Traffic Fund	645,331.99		
Pledged Court Proceeds Fund	<u>453,881.30</u>	\$ 4,805,701.83	
(2) Other Financing Sources/(Uses) Net			
Public Buildings, Roads and Bridges Fund	\$ (3,750,000.00)		
Public Highway and Traffic Fund	(643,674.21)		
Pledged Court Proceeds	<u>(607,771.81)</u>	<u>(5,001,446.02)</u>	
Net Increase/(Decrease) in Fund Balance- Budget to GAAP		\$ (195,744.19)	
(3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. (See Note 2 for a description of the Commission's budgetary accounting method.) This amount differs from the fund balance reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.			

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Taxes	\$ 5,300,000.00	\$ 5,300,000.00	\$ 5,143,893.40	\$ 453,130.67	\$ 5,143,893.40
Miscellaneous					453,130.67
Total Revenues	<u>5,300,000.00</u>	<u>5,300,000.00</u>	<u>5,597,024.07</u>		<u>5,597,024.07</u>
Expenditures					
Current:					
General Government	625,000.00	625,000.00	4,557,326.14		4,557,326.14
Public Safety	637,500.00	637,500.00	606,973.73		606,973.73
Sanitation			70,000.00		70,000.00
Health	760,000.00	760,000.00	378,903.32		378,903.32
Culture and Recreation	235,000.00	235,000.00	220,050.56		220,050.56
Capital Outlay	50,000.00	50,000.00	47,635.50		47,635.50
Total Expenditures	<u>2,307,500.00</u>	<u>2,307,500.00</u>	<u>5,880,889.25</u>		<u>5,880,889.25</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,992,500.00</u>	<u>2,992,500.00</u>	<u>(283,865.18)</u>		<u>(283,865.18)</u>
Other Financing Sources (Uses)					
Transfers Out	(1,680,000.00)	(1,680,000.00)	(13,768,188.33)		(13,768,188.33)
Total Other Financing Sources (Uses)	<u>(1,680,000.00)</u>	<u>(1,680,000.00)</u>	<u>(13,768,188.33)</u>		<u>(13,768,188.33)</u>
Net Change in Fund Balances	1,312,500.00	1,312,500.00	(14,052,053.51)		(14,052,053.51)
Fund Balances - Beginning of Year, as Restated			28,463,445.82		28,463,445.82
Fund Balances - End of Year	<u>\$ 1,312,500.00</u>	<u>\$ 1,312,500.00</u>	<u>\$ 14,411,392.31</u>		<u>\$ 14,411,392.31</u>

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	
	Original	Final				
Revenues						
Taxes	\$	\$	\$	(1)	\$ 2,844,820.76	\$ 2,844,820.76
Licenses and Permits				(1)	14,656.66	14,656.66
Intergovernmental	1,516,000.00	1,516,000.00	1,621,717.31	(1)	1,366,721.48	2,988,438.79
Miscellaneous	200,000.00	200,000.00	868,291.11	(1)	96,395.33	964,686.44
Total Revenues	1,716,000.00	1,716,000.00	2,490,008.42		4,322,594.23	6,812,602.65
Expenditures						
Current:						
General Government	473,100.00	473,100.00	238,115.80			238,115.80
Highways and Roads	7,856,700.00	7,856,700.00	5,058,009.02			5,058,009.02
Capital Outlay	3,268,000.00	3,268,000.00	2,052,353.44			2,052,353.44
Total Expenditures	11,597,800.00	11,597,800.00	7,348,478.26			7,348,478.26
Excess (Deficiency) of Revenues Over Expenditures	(9,881,800.00)	(9,881,800.00)	(4,858,469.84)		4,322,594.23	(535,875.61)
Other Financing Sources (Uses)						
Transfers In	5,434,500.00	5,434,500.00	17,226,478.47	(2)	(4,318,050.92)	12,908,427.55
Sale of Capital Assets			261,877.05			261,877.05
Total Other Financing Sources (Uses)	5,434,500.00	5,434,500.00	17,488,355.52		(4,318,050.92)	13,170,304.60
Net Change in Fund Balances	(4,447,300.00)	(4,447,300.00)	12,629,885.68		4,543.31	12,634,428.99
Fund Balances - Beginning of Year			8,193,891.79	(3)		8,193,891.79
Fund Balances - End of Year	\$	\$	\$ 20,823,777.47		\$ 4,543.31	\$ 20,828,320.78

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

Explanation of differences:

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

(1) Revenues			
Two Mill Road Fund	\$ 2,870,622.33		
Severed Mineral Fund	85,250.42		
RRR Fund	<u>1,366,721.48</u>	\$ 4,322,594.23	
(2) Other Financing Sources			
Two Mill Road Fund	\$ (2,869,521.96)		
RRR Fund	(1,363,856.39)		
Severed Mineral Fund	<u>(84,672.57)</u>	<u>(4,318,050.92)</u>	
Net Increase/(Decrease) in Fund Balance- Budget to GAAP		\$ 4,543.31	
(3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. (See Note 2 for a description of the Commission's budgetary accounting method.) This amount differs from the fund balance reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.			

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Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Total Federal Expenditures
U. S. Department of Agriculture				
Passed Through Alabama Department of Finance				
Schools and Roads - Grants to States	10.665	N.A.	\$ 45,712.52	\$ 91,425.04
Total U. S. Department of Agriculture			45,712.52	91,425.04
U. S. Department of the Interior				
Direct Program				
Payments in Lieu of Taxes	15.226	N.A.		109,918.00
Total U. S. Department of the Interior				109,918.00
U. S. Department of Justice				
Passed Through Alabama Department of Economic and Community Affairs				
Violence Against Women Formula Grant Program	16.588	2024-WF-PR-225		6,275.00
Violence Against Women Formula Grant Program	16.588	2024-WF-LE-226		22,000.00
Violence Against Women Formula Grant Program	16.588	2024-WF-PR-69		53,000.00
Violence Against Women Formula Grant Program	16.588	2024-WF-PR-SA-70		34,999.99
Total U. S. Department of Justice				116,274.99
U. S. Department of the Treasury				
Direct Program				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N.A.		5,760,517.08
COVID-19 Local Assistance and Tribal Consistency Fund	21.032	N.A.		296,743.68
Total U. S. Department of the Treasury				6,057,260.76
U. S. Department of Health and Human Services				
Passed Through Alabama Department of Public Health				
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N.A.		1,124.01
Total U. S. Department of Health and Human Services				1,124.01
U. S. Department of Homeland Security				
Passed Through Alabama Emergency Management Agency				
Emergency Management Performance Grants	97.042	N.A.		38,695.00
Total U. S. Department of Homeland Security				38,695.00
Total Expenditures of Federal Awards			\$ 45,712.52	\$ 6,414,697.80

N.A. = Not Applicable or Not Available

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

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2024

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Talladega County Commission under the programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** (*Uniform Guidance*). Because the Schedule presents only a selected portion of the operations of the Talladega County Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of the Talladega County Commission.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

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Additional Information

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

<u>Commission Members</u>		<u>Term Expires</u>
Hon. Kelvin Cunningham	Chairman	2028
Hon. Tony Haynes	Member	2026
Hon. W. Phillip Morris	Member	2028
Hon. Darrell Ingram	Member	2028
Hon. Malley Limbaugh	Member	2026

Administrative Personnel

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

Independent Auditor's Report

Members of the Talladega County Commission and County Administrator
Talladega, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Talladega County Commission (the “Commission”), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated December 3, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

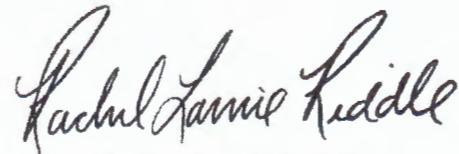
***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 3, 2025

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

Independent Auditor's Report

Members of the Talladega County Commission and County Administrator
Talladega, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Talladega County Commission's compliance with the types of compliance requirements identified as subject to audit in the ***OMB Compliance Supplement*** that could have a direct and material effect on the Talladega County Commission's major federal programs for the year ended September 30, 2024. The Talladega County Commission's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Talladega County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Talladega County Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ◆ obtain an understanding of the Talladega County Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Talladega County Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Report on Internal Control Over Compliance

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

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

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

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

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 3, 2025

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

Section I – Summary of Examiner's Results

Financial Statements

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with

2 CFR 200.516(a) of the *Uniform Guidance*?

Yes No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between

Type A and Type B programs:

\$750,000.00

Auditee qualified as low-risk auditee?

Yes No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.

Summary Schedule of Prior Audit Findings

TALLADEGA COUNTY COMMISSION



Kelvin R. Cunningham
Chairman

1 COURT SQUARE
TALLADEGA, ALABAMA 35160
P.O. BOX 6170 (35161-6170)
PHONE 256 362-1357 · FAX 256 761-2147
commission@talladegacountyal.org



Patricia Lyle
Administrator

Summary Schedule of Prior Audit Findings For the Year Ended September 30, 2024

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511, the Talladega County Commission has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2024.

Finding

Ref.

No.

Status of Prior Audit Finding

2023-001

Finding:

The Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 1400 requires capital assets to be properly valued, depreciated and reported in the government-wide and proprietary fund financial statements. To comply with this standard, policies and procedures should be in place to ensure adequate records are maintained to support the balances for capital assets. During fiscal year 2023, the Commission discovered that certain infrastructure assets for the Water System proprietary fund were not included on the capital asset listing nor recorded in the financial statements. The Commission recorded the assets in the amount of \$11,803,685.00 and the related depreciation of \$9,369,947.63 during fiscal year 2023. Procedures were not in place to ensure that Water System assets were properly recorded. As a result, beginning net position for the Water System Fund was restated in the net amount of \$2,433,737.37.

Recommendation:

Procedures should be implemented to ensure that all capital assets records are properly maintained, and amounts are accurately reported in the financial statements.

Response/Views: We agree with this finding related to water system infrastructure assets that were constructed, but not recorded, in the years 2010 and prior. The omissions, which covered several years, had gone undetected because the recording of infrastructure had been aggregated and did not contain sufficient detail to make any omissions easily discernible. It was only upon

the sale of a portion of the water system that the omissions were discovered. When trying to determine the original cost of the infrastructure being sold, several old files were discovered where the County had constructed and paid for, but not recorded, substantial portions of the County's water system

Corrective Action Planned: As there is no reasonable corrective action that can detect errors made in the distant past, the County believes that its policy of reconciling acquired assets to the general ledger annually, as well as performing bi-annual physical inventories, has prevented the recurrence of failing to record or remove assets. This policy was implemented in 2016.

Anticipated Completion Date: This corrective action was implemented in 2016 and has proven effective in the timely recording of capital assets. This corrective action is complete.

2023-002

Finding:

Generally Accepted Accounting Principles (GAAP) require all financial activity to be properly recorded in the accounting records, underlying accounting records to be maintained to support amounts in the general ledger and subsidiary listings, any adjustments made to the financial records to be adequately documented, and accurate financial statements to be prepared. Testing revealed that invoices not paid as of September 30, 2023, were incorrectly posted to cash. Instead, unpaid invoices should have been recorded as payables in the financial statements. Procedures were not in place to ensure that payables were correctly reported in the financial statements. As a result, cash and payables were understated in the financial statements. Management adjusted the financial statements to correct the errors when brought to their attention.

Recommendation:

The Commission should implement procedures to ensure financial statements are accurately prepared and presented.

Response/Views: We agree with this finding. In the accounts payable module of the County's new accounting software, for checks issued after the end of the fiscal year, there was a box to check indicating an item as "accrual," which automated the year-end accrual process. The expense was properly recorded in the prior year, but the coding behind the "accrual box" incorrectly posted the transaction to cash in the prior fiscal year. The error went undetected by staff until a review at the commencement of the audit, at which time, financial statements were corrected.

Corrective Action Planned: Upon discovering the error, the software provider was contacted, but their only response was to stop using the box. As this problem only occurred after fiscal year-end, the County ceased use of the accrual box in the accounts payable process. The County now records payables using journal entries.

Anticipated Completion Date: The County implemented the process of recording payables by journal entry in October 2023. This corrective action is complete.