

Report on the

Geneva County Commission

Geneva County, Alabama

October 1, 2016 through September 30, 2017

Filed: November 23, 2018



Department of Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner



Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

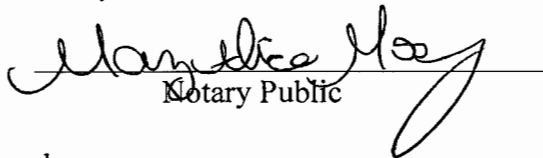
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Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

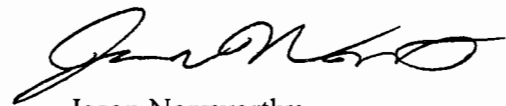
Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, as added by Act Number 2018-129, I submit this report on the results of the audit of the Geneva County Commission, Geneva County, Alabama, for the period October 1, 2016 through September 30, 2017.

Sworn to and subscribed before me this
the 11th day of October, 2018.


Notary Public

rb

Respectfully submitted,



Jason Norsworthy
Examiner of Public Accounts



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<p>Provides information required by the Governmental Accounting Standards Board (GASB) that is prepared by management of the Commission introducing the basic financial statements and providing an analytical overview of the Commission's financial activities for the year. This information has not been audited, and no opinion is provided about the information.</p>	
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Department of
Examiners of Public Accounts

SUMMARY

**Geneva County Commission
October 1, 2016 through September 30, 2017**

The Geneva County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Geneva County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 21. 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 Geneva County.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Commission complied with applicable laws and regulations. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12, as added by Act Number 2018-129.

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, 2017.

Tests performed during the audit disclosed no significant instances of noncompliance with applicable state and local laws and regulations.

Commission members and administrative personnel, as reflected on Exhibit 21, were invited to discuss the results of this report at an exit conference. Individuals in attendance were: Fred Hamic, Commission Chairman and Judge of Probate; Commissioners: Toby Seay, Bryan Hatton, Sandy Hammer, and Todd Brannon; and Chief Administrative Officer, Marietta Webster. Also in attendance were representatives from the Department of Examiners of Public Accounts: Lynn Otto, Audit Manager; and Jason Norsworthy, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of the Geneva County Commission
and Chief Administrative Officer
Geneva, Alabama

Report on the Financial Statements

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 Geneva County Commission, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Geneva County Commission as listed in the table of contents as Exhibits 1 through 11.

Management's Responsibility for the Financial Statements

The management of the Geneva County Commission 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements 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 Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Geneva County Commission, as of September 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Schedules of Changes in the Net Pension Liability, Schedules of the Employer's Contributions, and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, (Exhibits 12 through 20), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2018, on our consideration of the Geneva County Commission's internal control over financial reporting and 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 Geneva 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 Geneva County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

October 2, 2018

Management's Discussion and Analysis
(Required Supplementary Information)

**Geneva County Commission
Management's Discussion and Analysis (MD&A)
September 30, 2017**

Our discussion and analysis of the Geneva County Commission's (the "Commission") financial performance provides an overview of the Commission's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the Commission's financial statements and notes to the financial statements, which immediately follow this analysis.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments* issued June 1999.

FINANCIAL HIGHLIGHTS:

- Total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for Governmental Activities and Business-Type Accounts at the end of fiscal year ending September 30, 2017 by \$14,893,304.79.

REPORT LAYOUT:

The annual report consists of a series of financial statements. Taken together they provide a comprehensive look at the Commission. This annual report presents the following components of the financial statements:

- Government-wide financial statements provide information for the Commission as a whole and present a longer-term view of the Commission's finances.
- Fund financial statements provide detailed information for the Commission's significant funds. Governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.
- The remaining statements provide financial information about business-type activities and activities for which the Commission acts solely as a trustee or agent for the benefit of those outside of the government.
- Notes to the financial statements provide additional information that is essential to understanding the Commission's financial condition.

The report also contains required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements:

The *government-wide financial statements* are designed to present a broad overview of the Commission's financial position in a manner similar to a private-sector business. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The *Statement of Net Position* focuses on resources available for future operations. This statement presents a view of the assets the Commission owns, the liabilities it owes, the deferred inflows and outflows of resources, and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Over a period of time, increases or decreases in net position may indicate whether the Commission's financial position is improving or deteriorating. To assess the overall health of the Commission you need to consider other non-financial factors such as changes in the Commission's property tax base and the condition of the Commission's roads.

The *Statement of Activities* focuses on gross and net costs of the Commission's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Governmental activities include general government, public safety, highways and roads, health, welfare, culture and recreation, sanitation, and to a small degree, education. Property taxes, gasoline taxes, and charges for services finance most of these activities.

Fund Financial Statements:

Fund financial statements focus separately on major governmental funds. The Commission establishes many funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. The fund financial statements provide detailed information about the Commission's significant funds. The Commission's funds can be divided into three categories – governmental funds, fiduciary funds and proprietary funds.

Governmental funds – The majority of the Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Commission's operations and the basic services it provides. Governmental fund statements assist the reader in determining the short-term financial resources available to finance future programs. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide reconciliation to the government-wide financial statements.

Fiduciary funds – The Commission is responsible for assets that are held on behalf of other organizations or individuals. The Commission is responsible to ensure the assets reported in these funds are used for their intended purpose. The fiduciary activities are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The Commission cannot use these assets to finance its operations; therefore, these activities have been excluded from the Commission's other financial statements.

Proprietary funds – These funds are used, according to the GASB, to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body (the county commission) is that the cost (expenses) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

COMMENTS REGARDING THE GENEVA COUNTY COMMISSION'S MAJOR FUNDS

General Fund:

The General Fund is the primary operating fund of the Commission and is responsible for financing many functions of county government including the County Commission, Judge of Probate Office, Revenue Commissioner's Office, Sheriff Department, Jail, and the C & D Landfill. Fund balance decreased \$1,390.86.

Gasoline Tax Fund:

The County's share of the State's 7-cent gasoline tax is the funding source for this fund, which provides monies that are used by the Geneva County Road and Bridge Department to maintain the County's roads and bridges. Fund balance decreased (\$751,028.76).

Capital Improvement Fund: The County's share of revenue received from the Alabama Trust Fund. Funds may be used for public buildings, solid waste, public utilities, roads and bridges (up to 50% of funds received may be used), bonds and warrants, public health, and pensions and security. Fund balance increased \$196,146.83.

RRR Gasoline Tax Fund:

The County's share of the State's 4-cent gasoline tax, 5-cent gasoline tax and 2-cent petroleum products tax provide funds to resurface, restore and rehabilitate existing county roads and bridges, bridge replacement, and as the match on any federal aid project. Fund balance decreased (\$63,376.50).

Jail Construction Fund

The County share of the 1% sales tax revenue and the expenditures associated with the construction of the new county jail is reported in this fund.

Solid Waste Fund

The Solid Waste Fund is financed by garbage collection fees from residential customers throughout the count. The net position decreased (\$45,384.31).

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These Notes to the Financial Statements follow the presentation of the exhibits contained in this report.

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE:

The following two tables (A-1 and A-2) present the condensed information on the Commission's Net Position and Changes in Net Position for the fiscal year ended September 30, 2017.

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. In the Commission's case, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$14,893,304.79. at the close of the fiscal year. The increase in net position from the prior year was due primarily to Gasoline fund renewal of bond which created the increase of revenue for the fund.

The largest portion of the Commission's net position reflects its investment in capital assets (i.e., land, buildings, equipment, infrastructure, etc.); less any related debt used to acquire those assets to provide services to its citizens; consequently these assets are not available for future spending. Although the Commission's investment in capital assets is reported net of related debt, it should be noted that the resources necessary to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NET POSITIONS

Table A-1	2016 Government Activities	2016 Business-Type Activities	2016 Total	2017 Government Activities	2017 Business-Type Activities	2017 Total
Current Assets	10,507,616.84	549,929.68	11,057,546.52	11,775,332.95	453,144.34	12,228,477.29
Capital Assets, Net	8,875,792.41	524,200.56	9,399,992.97	8,631,018.64	595,632.11	9,226,650.75
Other Noncurrent Assets	(20,373.79)	20,373.79		(10,187.47)	10,187.47	
Total Assets	<u>19,363,035.46</u>	<u>1,094,504.03</u>	<u>20,457,539.49</u>	<u>20,396,164.12</u>	<u>1,058,963.92</u>	<u>21,455,128.04</u>
Deferred Outflows of Resources	452,446.15	38,603.87	491,050.02	449,637.79	37,983.63	487,621.42
Current Liabilities	671,327.22	150,539.63	821,866.85	601,592.20	153,968.76	755,560.96
Noncurrent Liabilities	4,019,121.83	177,857.38	4,196,979.21	3,889,988.46	185,933.21	4,075,921.67
Total Liabilities	<u>4,690,449.05</u>	<u>328,397.01</u>	<u>5,018,846.06</u>	<u>4,491,580.66</u>	<u>339,901.97</u>	<u>4,831,482.63</u>
Deferred Inflows of Resources	2,175,702.44	9,849.00	2,185,551.44	2,210,394.04	7,568.00	2,217,962.04
Net Position						
Net Investment in Capital Assets	6,690,792.41	524,200.56	7,214,992.97	6,646,018.64	595,632.11	7,241,650.75
Restricted for Debt Service	66,682.16		66,682.16	68,160.29		68,160.29
Restricted for Other Purposes	134,232.32		134,232.32	111,154.90		111,154.90
Restricted for Road Projects	2,320,718.68		2,320,718.68	1,743,276.97		1,743,276.97
Restricted for Capital Projects	3,063,438.70		3,063,438.70	5,077,833.66		5,077,833.66
Restricted for Capital Improvements	1,405,072.72		1,405,072.72	1,601,219.55		1,601,219.55
Unrestricted	<u>(731,606.87)</u>	<u>270,661.33</u>	<u>(460,945.54)</u>	<u>(1,103,836.80)</u>	<u>153,845.47</u>	<u>(949,991.33)</u>
Total Net Position	<u><u>12,949,330.12</u></u>	<u><u>794,861.89</u></u>	<u><u>13,744,192.01</u></u>	<u><u>14,143,827.21</u></u>	<u><u>749,477.58</u></u>	<u><u>14,893,304.79</u></u>

CHANGES IN NET POSITION

Table A-2	Governmental Activities 2016	Business-Type Activities 2016	Total 2016	Governmental Activities 2017	Business- Type Activities 2017	Total 2017
Revenues:						
Program Revenues:						
Charges for Services	908,861.59	831,253.30	1,740,114.89	978,428.46	812,279.73	1,790,708.19
Operating Grants and Contributions	4,541,665.07		4,541,665.07	3,096,902.79		3,096,902.79
General Revenues:						
Property Taxes for General Purposes	1,460,274.04		1,460,274.04	1,346,187.93		1,346,187.93
Property Taxes for Specific Purposes	927,649.75		927,649.75	1,010,618.17		1,010,618.17
Miscellaneous Taxes	60,857.03		60,857.03	56,950.75		56,950.75
Other County Sales Taxes & Uses	1,876,530.40		1,876,530.40	1,972,039.17		1,972,039.17
Grants & Contributions not Restricted	348,388.51		348,388.51	348,314.99		348,314.99
Interest Revenue	60,759.88	3,376.90	64,136.78	70,722.51	2,870.55	73,593.06
Gain on Disposal of Capital Assets	32,785.26		32,785.26	7,649.00		7,649.00
Miscellaneous Revenue	751,415.72	6.00	751,421.72	675,339.56	4,501.80	679,841.36
Total Revenues	10,969,187.25	834,636.20	11,803,823.45	9,563,153.33	819,652.08	10,382,805.41
Expenses:						
General Government	1,780,889.70		1,780,889.70	1,772,662.45		1,772,662.45
Public Safety	2,038,446.82		2,038,446.82	2,111,853.86		2,111,853.86
Highways and Roads	3,895,837.61		3,895,837.61	4,129,059.66		4,129,059.66
Sanitation	495,733.49	790,436.59	1,286,170.08	187,021.25	840,036.39	1,027,057.64
Health	9,660.21		9,660.21	9,660.21		9,660.21
Welfare	76,793.51		76,793.51	86,222.26		86,222.26
Culture and Recreation	3,150.00		3,150.00	1,575.00		1,575.00
Education	4,588.35		4,588.35	9,592.38		9,592.38
Interest and Fiscal Charges on Long-Term Debt	80,555.90		80,555.90	44,509.17		44,509.17
Intergovernmental	43,300.00		43,300.00	41,500.00		41,500.00
Total Expenses	8,428,955.59	790,436.59	9,219,392.18	8,393,656.24	840,036.39	9,233,692.63
Excess (deficit) revenues over expenses	2,540,231.66	44,199.61	2,584,431.27	1,169,497.09	(20,384.31)	1,149,112.78
Transfers	20,000.00	(20,000.00)		25,000.00	(25,000.00)	
Changes in net position	2,560,231.66	24,199.61	2,584,431.27	1,194,497.09	(45,384.31)	1,149,112.78
Net Position-Beginning	10,389,098.46	770,662.28	11,159,760.74	12,949,330.12	794,861.89	13,744,192.01
Net Position-Ending	12,949,330.12	794,861.89	13,744,192.01	14,143,827.21	749,477.58	14,893,304.79

Capital Assets:

As of September 30, 2017, the Geneva County Commission had invested \$8,631,018.64 (net of accumulated depreciation) in capital assets for its governmental activities (See Table A-3). This investment in capital assets includes land, infrastructure, buildings & improvements, equipment, and accumulated depreciation.

**CAPITAL ASSETS
Governmental Activities**

Table A-3

	FY 2016	FY 2017
Land	\$ 1,705,289.30	1,705,289.30
Infrastructure in Progress		
Infrastructure	5,848,842.14	5,848,842.14
Buildings & Improvements	3,081,731.13	3,081,731.13
Construction in Progress	75,722.74	123,187.20
Equipment	6,677,643.08	7,051,490.85
Equipment under Capital Lease		
Accumulated Depreciation	(8,513,435.98)	(9,179,521.98)
TOTALS	<u>8,875,792.41</u>	<u>8,631,018.64</u>

Detailed information on Capital Assets (including those of business-type activities) is located in **Note 5** of Notes to the Financial Statements.

The Commission's total revenues were approximately \$10.4 million. Approximately 47% were from program revenues and 53% was from general revenues (including 22.6% from property taxes).

The total cost of all programs and services (excluding transfers) were approximately \$9.2 million. The Commission's expenses cover a range of services. The majority of the expenses were related to general government (19.20%), public safety (22.87%) and highways and roads (44.72%).

Governmental Activities:

The total cost of all governmental activities for the year was \$8,393,656.24; however, the net cost to taxpayers for these activities was only \$4,318,324.99. Some of the costs were paid by those that directly benefited from the programs amounting to \$978,428.46 or other governments and organizations that subsidized certain programs with operating grants and contributions amounting to \$3,096,902.79. The Commission paid for the \$4,318,324.99 net cost from property taxes, miscellaneous revenues and balances on hand from the prior year.

General Fund Budgetary Highlights:

The County Commission has established an annual budget process whereby all departments submit an annual budget request to the Commission for the coming year's operating expenses. The Commission reviews, adjusts as necessary and then adopts an original budget to fund the operating needs of each department. Throughout the year, the original budget may be amended to reflect changes in funding needs. The final budgets were overall reflective of the funds' operations.

Long-Term Liabilities Outstanding:

As of September 30, 2017, the Geneva County Commission decreased its outstanding liabilities by \$122,961.63 in its governmental activities.

**OUTSTANDING DEBT
Governmental Activities**

Table A-4

	FY 2016	FY 2017
Warrants Payable/Long-Term Note	2,185,000.00	1,985,000.00
Compensated Absences	86,194.32	97,911.69
Net Pension Liability	1,956,546.94	2,021,867.94
TOTALS	4,227,741.26	4,104,779.63

Additional information on long-term debt (including that of business-type activities) is located in **Note 8** of Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES:

The most significant factors impacting the County's financial position are increasing costs in the law enforcement area, as well as maintaining the County's road system. Major contributing factors on the County's budget are the increasing fuel and employee benefits costs.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general review of the Commission's finances and to illustrate the Commission's accountability for monies received. If you have any questions concerning this report or should you require additional information, please contact Fred Hamic, County Commission Chairman, 200 N. Commerce Street, Geneva, Alabama 36340 or by telephone at (334) 684-5641.

Basic Financial Statements

Statement of Net Position
September 30, 2017

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 9,294,360.39	\$ 356,872.26	\$ 9,651,232.65
Receivables (Note 4)	358,778.70	96,272.08	455,050.78
Ad Valorem Taxes Receivable	1,946,259.74		1,946,259.74
Inventories	175,934.12		175,934.12
Total Current Assets	11,775,332.95	453,144.34	12,228,477.29
<u>Noncurrent Assets</u>			
Internal Balances	(10,187.47)	10,187.47	
Capital Assets (Note 5):			
Nondepreciable	1,828,476.50		1,828,476.50
Depreciable, Net	6,802,542.14	595,632.11	7,398,174.25
Total Noncurrent Assets	8,620,831.17	605,819.58	9,226,650.75
Total Assets	20,396,164.12	1,058,963.92	21,455,128.04
<u>Deferred Outflows of Resources</u>			
Deferred Employer Pension Contributions	189,834.39	15,556.03	205,390.42
Proportionate Share of Collective Deferred Outflows Related to Defined Benefit Pension Plans	259,803.40	22,427.60	282,231.00
Total Deferred Outflows of Resources	449,637.79	37,983.63	487,621.42
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Payables	133,333.75	19,341.23	152,674.98
Unearned Revenue	114,684.61	122,913.21	237,597.82
Accrued Wages Payable	124,835.17	10,486.53	135,321.70
Accrued Interest Payable	13,947.50		13,947.50
Long-Term Liabilities:			
Portion Due Within One Year:			
Compensated Absences	9,791.17	1,227.79	11,018.96
Warrants Payable	205,000.00		205,000.00
Total Current Liabilities	\$ 601,592.20	\$ 153,968.76	\$ 755,560.96

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

	Governmental Activities	Business-Type Activities	Total
<u>Noncurrent Liabilities</u>			
Long-Term Liabilities:			
Portion Due After One Year:			
Compensated Absences	\$ 88,120.52	\$ 11,050.15	\$ 99,170.67
Warrants Payable	1,780,000.00		1,780,000.00
Net Pension Liability	2,021,867.94	174,883.06	2,196,751.00
Total Noncurrent Liabilities	<u>3,889,988.46</u>	<u>185,933.21</u>	<u>4,075,921.67</u>
Total Liabilities	<u>4,491,580.66</u>	<u>339,901.97</u>	<u>4,831,482.63</u>
<u>Deferred Inflows of Resources</u>			
Unavailable Revenue - Property Tax	1,946,259.74		1,946,259.74
Revenue Received in Advance - Motor Vehicle Tax	177,525.30		177,525.30
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability	86,609.00	7,568.00	94,177.00
Total Deferred Inflows of Resources	<u>2,210,394.04</u>	<u>7,568.00</u>	<u>2,217,962.04</u>
<u>Net Position</u>			
Net Investment in Capital Assets	6,646,018.64	595,632.11	7,241,650.75
Restricted for:			
Debt Service	68,160.29		68,160.29
Capital Projects	5,077,833.66		5,077,833.66
Capital Improvements	1,601,219.55		1,601,219.55
Highways and Roads	1,743,276.97		1,743,276.97
Other Purposes	111,154.90		111,154.90
Unrestricted	<u>(1,103,836.80)</u>	<u>153,845.47</u>	<u>(949,991.33)</u>
Total Net Position	<u>\$ 14,143,827.21</u>	<u>\$ 749,477.58</u>	<u>\$ 14,893,304.79</u>

Statement of Activities
For the Year Ended September 30, 2017

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
Primary Government			
Governmental Activities			
General Government	\$ 1,772,662.45	\$ 763,822.98	\$ 415,524.75
Public Safety	2,111,853.86	118,574.45	387,645.50
Highways and Roads	4,129,059.66	37,043.30	2,198,682.57
Sanitation	187,021.25	58,254.41	2,887.39
Health	9,660.21	18.10	77,314.39
Welfare	86,222.26	415.86	14,074.61
Culture and Recreation	1,575.00	9.50	24.55
Education	9,592.38	39.48	102.02
Interest and Fiscal Charges	44,509.17		
Intergovernmental	41,500.00	250.38	647.01
Total Governmental Activities	8,393,656.24	978,428.46	3,096,902.79
Business-Type Activities			
Solid Waste	840,036.39	812,279.73	
Total Business-Type Activities	840,036.39	812,279.73	
Total	\$ 9,233,692.63	\$ 1,790,708.19	\$ 3,096,902.79

General Revenues:

Taxes:
Property Taxes for General Purposes
Property Taxes for Specific Purposes
County Sales and Use Taxes
Miscellaneous Taxes
Grants and Contributions Not Restricted
for Specific Programs
Investment Earnings
Gain on Disposition of Capital Assets
Miscellaneous
Transfers
Total General Revenues and Transfers

Changes in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$	\$ (593,314.72)	\$	\$ (593,314.72)
	(1,605,633.91)		(1,605,633.91)
	(1,893,333.79)		(1,893,333.79)
	(125,879.45)		(125,879.45)
	67,672.28		67,672.28
	(71,731.79)		(71,731.79)
	(1,540.95)		(1,540.95)
	(9,450.88)		(9,450.88)
	(44,509.17)		(44,509.17)
	(40,602.61)		(40,602.61)
	<u>(4,318,324.99)</u>		<u>(4,318,324.99)</u>
		<u>(27,756.66)</u>	<u>(27,756.66)</u>
		<u>(27,756.66)</u>	<u>(27,756.66)</u>
<u>\$</u>	<u>(4,318,324.99)</u>	<u>(27,756.66)</u>	<u>(4,346,081.65)</u>
	1,346,187.93		1,346,187.93
	1,010,618.17		1,010,618.17
	1,972,039.17		1,972,039.17
	56,950.75		56,950.75
	348,314.99		348,314.99
	70,722.51	2,870.55	73,593.06
	7,649.00		7,649.00
	675,339.56	4,501.80	679,841.36
	25,000.00	(25,000.00)	
	<u>5,512,822.08</u>	<u>(17,627.65)</u>	<u>5,495,194.43</u>
	1,194,497.09	(45,384.31)	1,149,112.78
	<u>12,949,330.12</u>	<u>794,861.89</u>	<u>13,744,192.01</u>
<u>\$</u>	<u>14,143,827.21</u>	<u>\$ 749,477.58</u>	<u>\$ 14,893,304.79</u>

Balance Sheet
Governmental Funds
September 30, 2017

	General Fund	Gasoline Tax Fund
<u>Assets</u>		
Cash and Cash Equivalents	\$ 717,629.54	\$ 1,081,990.54
Receivables (Note 4)	276,546.24	69,656.41
Ad Valorem Taxes Receivable	1,716,483.88	
Due From Other Funds		173,984.39
Inventories		175,934.12
Total Assets	<u>2,710,659.66</u>	<u>1,501,565.46</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>		
<u>Liabilities</u>		
Payables	87,446.53	12,249.61
Due to Other Funds	185,220.09	10,187.47
Unearned Revenues		
Accrued Wages Payable	67,003.94	52,564.11
Total Liabilities	<u>339,670.56</u>	<u>75,001.19</u>
<u>Deferred Inflows of Resources</u>		
Unavailable Revenues - Property Taxes	1,716,483.88	
Revenue Received in Advance - Motor Vehicle Taxes	177,525.30	
Total Deferred Inflows of Resources	<u>1,894,009.18</u>	
<u>Fund Balances</u>		
Nonspendable:		
Inventory		175,934.12
Restricted for:		
Debt Service		
Capital Projects		
Highways and Roads		1,250,630.15
Public Safety		
Capital Improvements		
Office of Revenue Commissioner		
Office of Probate Judge		
Unassigned	476,979.92	
Total Fund Balances	<u>476,979.92</u>	<u>1,426,564.27</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,710,659.66</u>	<u>\$ 1,501,565.46</u>

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

Capital Improvement Fund	RRR Gasoline Tax Fund	Reappraisal Fund	Jail Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,601,219.55	\$ 191,750.90	\$ 119,948.52	\$ 5,060,897.52	\$ 520,923.82	\$ 9,294,360.39
		64.00	5,700.44	6,811.61	358,778.70
		229,775.86			1,946,259.74
			11,235.70		185,220.09
					175,934.12
<u>1,601,219.55</u>	<u>191,750.90</u>	<u>349,788.38</u>	<u>5,077,833.66</u>	<u>527,735.43</u>	<u>11,960,553.04</u>
	33,576.82	60.79			133,333.75
					195,407.56
		114,684.61			114,684.61
		5,267.12			124,835.17
	<u>33,576.82</u>	<u>120,012.52</u>			<u>568,261.09</u>
		229,775.86			1,946,259.74
					177,525.30
		<u>229,775.86</u>			<u>2,123,785.04</u>
					175,934.12
				82,107.79	82,107.79
			5,077,833.66		5,077,833.66
	158,174.08			334,472.74	1,743,276.97
				55,412.80	55,412.80
1,601,219.55					1,601,219.55
				13,707.98	13,707.98
				42,034.12	42,034.12
					476,979.92
<u>1,601,219.55</u>	<u>158,174.08</u>		<u>5,077,833.66</u>	<u>527,735.43</u>	<u>9,268,506.91</u>
<u>\$ 1,601,219.55</u>	<u>\$ 191,750.90</u>	<u>\$ 349,788.38</u>	<u>\$ 5,077,833.66</u>	<u>\$ 527,735.43</u>	<u>\$ 11,960,553.04</u>

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***Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2017***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 9,268,506.91

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. These assets consist of:

Land	\$	1,705,289.30	
Construction in Progress		123,187.20	
Infrastructure		5,848,842.14	
Buildings and Improvements		3,081,731.13	
Equipment and Vehicles		7,051,490.85	
Accumulated Depreciation		<u>(9,179,521.98)</u>	
Total Capital Assets			8,631,018.64

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

Deferred Outflow Related to Employer Pension Contributions	\$	449,637.79	
Proportionate Share of Deferred Inflow Related to Net Pension Liability		<u>(86,609.00)</u>	
			363,028.79

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

	Current Liabilities	Noncurrent Liabilities	
Accrued Interest Payable	\$ 13,947.50	\$	
Compensated Absences	9,791.17	88,120.52	
Warrants Payable	205,000.00	1,780,000.00	
Net Pension Liability		<u>2,021,867.94</u>	
Total Long-Term Liabilities	<u>\$ 228,738.67</u>	<u>\$ 3,889,988.46</u>	<u>(4,118,727.13)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 14,143,827.21

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, 2017

	General Fund	Gasoline Tax Fund
<u>Revenues</u>		
Taxes	\$ 2,160,632.69	\$
Licenses and Permits	52,596.26	
Intergovernmental	655,297.68	1,385,126.20
Charges for Services	670,971.42	
Miscellaneous	134,386.11	637,884.53
Total Revenues	3,673,884.16	2,023,010.73
<u>Expenditures</u>		
Current:		
General Government	1,411,407.48	
Public Safety	1,915,123.45	
Highways and Roads		2,407,868.40
Sanitation	185,204.09	
Health	3,000.00	
Welfare	85,402.13	
Culture and Recreation	1,575.00	
Education	6,543.87	
Intergovernmental	41,500.00	
Capital Outlay	58,168.00	350,328.77
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges		
Total Expenditures	3,707,924.02	2,758,197.17
Excess (Deficiency) of Revenues Over Expenditures	(34,039.86)	(735,186.44)
<u>Other Financing Sources (Uses)</u>		
Transfers In	25,000.00	230,000.00
Proceeds from Sale of Capital Assets	7,649.00	
Transfers Out		(245,842.32)
Total Other Financing Sources (Uses)	32,649.00	(15,842.32)
Net Changes in Fund Balances	(1,390.86)	(751,028.76)
Fund Balances - Beginning of Year	478,370.78	2,177,593.03
Fund Balances - End of Year	\$ 476,979.92	\$ 1,426,564.27

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

Capital Improvement Fund	RRR Gasoline Tax Fund	Reappraisal Fund	Jail Construction Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$ 253,124.16	\$ 1,972,039.17	\$	\$ 4,385,796.02
				85,620.00	138,216.26
248,823.81	1,041,777.21			116,731.37	3,447,756.27
			70,768.33	4,751.00	746,490.75
11,102.81	2,269.86	2,092.70	30,030.48	19,478.54	837,245.03
259,926.62	1,044,047.07	255,216.86	2,072,837.98	226,580.91	9,555,504.33
33,779.79		255,216.86			1,700,404.13
			10,978.56	120,691.14	2,046,793.15
	1,107,423.57				3,515,291.97
					185,204.09
					3,000.00
					85,402.13
					1,575.00
					6,543.87
					41,500.00
			47,464.46	10,000.00	465,961.23
				200,000.00	200,000.00
				45,842.50	45,842.50
33,779.79	1,107,423.57	255,216.86	58,443.02	376,533.64	8,297,518.07
226,146.83	(63,376.50)		2,014,394.96	(149,952.73)	1,257,986.26
				245,842.32	500,842.32
					7,649.00
(30,000.00)				(200,000.00)	(475,842.32)
(30,000.00)				45,842.32	32,649.00
196,146.83	(63,376.50)		2,014,394.96	(104,110.41)	1,290,635.26
1,405,072.72	221,550.58		3,063,438.70	631,845.84	7,977,871.65
\$ 1,601,219.55	\$ 158,174.08	\$	\$ 5,077,833.66	\$ 527,735.43	\$ 9,268,506.91

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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, 2017

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 1,290,635.26

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 \$465,961.23 exceeded depreciation \$710,735.00 in the current period. (244,773.77)

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 change in net position differs from the change in fund balances by this amount.

Sale of Capital Assets	\$	(7,649.00)
Gain on Disposition of Capital Assets		<u>7,649.00</u>

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 200,000.00

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:

Accrued Interest Payable, Current Year Increase/(Decrease)	\$	(1,333.33)
Compensated Absences, Current Year Increase/(Decrease)		11,717.37
Pension Expense, Current Year Increase/(Decrease)		<u>40,980.36</u>
		<u>(51,364.40)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 1,194,497.09

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

Statement of Net Position
Proprietary Fund
September 30, 2017

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 356,872.26
Accounts Receivable, Net (Note 4)	96,272.08
Due From Other Funds	10,187.47
Total Current Assets	<u>463,331.81</u>
<u>Noncurrent Assets</u>	
Capital Assets (Note 5):	
Depreciable, Net	<u>595,632.11</u>
Total Noncurrent Assets	<u>595,632.11</u>
Total Assets	<u>1,058,963.92</u>
<u>Deferred Outflows of Resources</u>	
Deferred Employer Pension Contributions	15,556.03
Proportionate Share of Collective Deferred Outflows Related to Defined Benefit Pension Plans	<u>22,427.60</u>
Total Deferred Outflows of Resources	<u>37,983.63</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Payables	19,341.23
Unearned Revenue	122,913.21
Salaries and Benefits Payable	10,486.53
Compensated Absences	1,227.79
Total Current Liabilities	<u>153,968.76</u>
<u>Noncurrent Liabilities</u>	
Compensated Absences	11,050.15
Net Pension Liability	<u>174,883.06</u>
Total Noncurrent Liabilities	<u>185,933.21</u>
Total Liabilities	<u>\$ 339,901.97</u>

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

	Enterprise Fund Solid Waste Fund
<u>Deferred Inflows of Resources</u>	
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability	\$ 7,568.00
Total Deferred Inflows of Resources	7,568.00
<u>Net Position</u>	
Net Investment in Capital Assets	595,632.11
Unrestricted	153,845.47
Total Net Position	\$ 749,477.58

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended September 30, 2017

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 812,279.73
Total Operating Revenues	<u>812,279.73</u>
<u>Operating Expenses</u>	
Salaries and Benefits	346,264.78
Services Provided by Others	170,392.61
Materials and Supplies	26,178.74
Operating Leases/Rentals	8,709.66
Repairs and Maintenance	97,790.04
Utilities	171.08
Communications Services	13,187.34
Insurance	34,290.00
Depreciation	97,709.26
Miscellaneous	45,342.88
Total Operating Expenses	<u>840,036.39</u>
Operating Income (Loss)	<u>(27,756.66)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Miscellaneous Revenue	4,501.80
Interest Revenue	2,870.55
Total Nonoperating Revenues (Expenses)	<u>7,372.35</u>
Income (Loss) before Transfers	(20,384.31)
Transfers Out	<u>(25,000.00)</u>
Changes in Net Position	(45,384.31)
Net Position - Beginning of Year	<u>794861.89</u>
Net Position - End of Year	<u>\$ 749,477.58</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, 2017

	Enterprise Fund Solid Waste Fund
<u>Cash Flows from Operating Activities</u>	
Cash Received for Services	\$ 804,667.33
Cash Payments to Employees	(339,461.26)
Cash Payments for Goods and Services	(394,043.47)
Net Cash Flows Provided by Operating Activities	<u>71,162.60</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Insurance Loss Recoveries and Miscellaneous Revenue	4,501.80
Loan Payments Received from Other Funds	10,186.32
Purchase of Equipment	(169,140.81)
Transfers Out	(25,000.00)
Net Cash Provided by Noncapital Financing Activities	<u>(179,452.69)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Received	2,870.55
Net Cash Flows Provided by Investing Activities	<u>2,870.55</u>
Net Increase in Cash	(105,419.54)
Cash and Cash Equivalents - Beginning of Year	<u>462,291.80</u>
Cash and Cash Equivalents - End of Year	<u><u>356,872.26</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating Income	(27,756.66)
<u>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided (Used) for Operating Activities</u>	
Depreciation	97,709.26
(Increase)/Decrease in Accounts Receivable	(8,634.20)
(Increase)/Decrease in Deferred Outflows Related to Pensions	620.24
Increase/(Decrease) in Accounts Payables	2,018.88
Increase/(Decrease) in Unearned Revenue	1,021.80
Increase/(Decrease) in Accrued Wages Payable	100.92
Increase/(Decrease) in Estimated Liability for Compensated Absences	2,875.36
(Increase)/Decrease in Deferred Inflows Related to Pensions	(2,281.00)
(Increase)/Decrease in Net Pension Liability	5,488.00
Total Adjustments	<u>98,919.26</u>
Net Cash Provided by Operating Activities	<u><u>\$ 71,162.60</u></u>

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

Statement of Fiduciary Net Position
September 30, 2017

	Private-Purpose Trust Funds	Agency Funds
<u>Assets</u>		
Cash and Cash Equivalents	\$ 245,444.34	\$ 75,770.44
Due from External Parties	630.33	
Total Assets	<u>246,074.67</u>	<u>75,770.44</u>
<u>Liabilities</u>		
Payables	42.60	0.01
Salaries and Benefits Payable		20,513.02
Due to External Parties	164,005.53	55,257.41
Total Liabilities	<u>164,048.13</u>	<u>\$ 75,770.44</u>
<u>Net Position</u>		
Held in Trust for Other Purposes	<u>\$ 82,026.54</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, 2017***

	Private-Purpose Trust Funds
<u>Additions</u>	
Fees	\$ 8,304.54
Miscellaneous	122,398.36
Interest	1,417.10
Total Additions	<u>132,120.00</u>
<u>Deductions</u>	
Administrative Expenses:	
General Government	25,605.57
Public Safety	29,658.08
Miscellaneous	94,427.53
Total Deductions	<u>149,691.18</u>
Changes in Net Position	(17,571.18)
Net Position - Beginning of Year	<u>99,597.72</u>
Net Position - End of Year	<u>\$ 82,026.54</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, 2017

Note 1 – Summary of Significant Accounting Policies

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

Based on the application of these 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 non-exchange transactions. Business-type activities are financed in whole and 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, 2017

Fund Financial Statements

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also the funds were used for the expenditure of building and maintaining public buildings, roads and bridges and expenditures associated with in-home healthcare services.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditures of the 7-cent State gasoline tax revenue for the construction, improvement, maintenance and supervision of highways, bridges and streets, and for the retirement of debt for which gasoline tax revenues have been pledged.
- ◆ **Capital Improvement Fund** – This fund is used to account for the expenditures of funds received from the Alabama Trust Fund. Funds may be used for public buildings, solid waste, public utilities, roads and bridges (up to 50% of funds received may be used), bonds and warrants, public health and pensions and security.
- ◆ **RRR Gasoline Tax Fund** – This fund is used to account for the expenditures of the following taxes: four-cents State gasoline tax, five-cents State gasoline tax, two-cents State petroleum inspection fee, and the designated portion of truck licenses for the resurfacing, restoration, and rehabilitation of existing paved county roads and bridges.
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditures related to the county's reappraisal program.
- ◆ **Jail Construction Fund** – This fund is used to account for financial resources received from a 1% sales tax revenue and expenditures associated with the construction and maintenance of the new jail.

The Commission reports the following major enterprise fund:

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

Notes to the Financial Statements

For the Year Ended September 30, 2017

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 financial resources 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 types:

Fiduciary Fund Types

- ◆ **Private-Purpose Trust Funds** – These funds are used to report all trust agreements under which principal and income benefit individuals, private organizations, or other governments.
- ◆ **Agency Funds** – These funds are used to report assets held by the Commission in a purely custodial capacity. The Commission collects these assets and transfers them to the proper individual, private organizations, or other government.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2017

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

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

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

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

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

1. Deposits and Investments

Cash 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.

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

Notes to the Financial Statements

For the Year Ended September 30, 2017

2. Receivables

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

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects, amounts due from State for gasoline taxes and amounts due from cities for housing inmates and maintenance.

Receivables in the Solid Waste Fund are amounts due from customers at September 30. These amounts are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is based upon past and present amounts billed and delinquent accounts.

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

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.

4. Restricted Assets

Certain resources set aside for the repayment of warrants, included in cash and cash equivalents on both the government-wide and fund financial statements, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by the debt covenant.

Notes to the Financial Statements
For the Year Ended September 30, 2017

5. Capital Assets

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

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 and proprietary statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and Improvements	\$ 50,000	20 – 50 Years
Roads	\$250,000	20 Years
Bridges	\$ 50,000	40 Years
Equipment and Furniture	\$ 5,000	5 – 10 Years
Motor Vehicles	\$ 5,000	5 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.

6. Deferred Outflows of Resources

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

Notes to the Financial Statements
For the Year Ended September 30, 2017

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 applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

8. Compensated Absences

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

Annual Leave

Annual leave accrues to permanent full-time employee according to the following schedule:

Completed Service	Earned Leave Per Year
Zero to two years	5 days
Over two to five years	7 days
Over five to nine years	10 days
Over ten to fifteen years	12 days
Over fifteen years	15 days

Annual leave earned but not used may be accumulated up to a maximum of ten days. Any annual leave earned in excess of the 10 day maximum must be used by December 31, or it is forfeited by the employee. Upon separation from the county service, employees are paid at their regular rate of pay for their unused annual leave.

Sick Leave

Sick leave shall be earned at the rate of one (1) work-day per month. Sick leave earned during the calendar year but not used may be accumulated up to a maximum of two thousand eighty (2080) hours, (1-year/or 52 weeks). Sick leave can be counted towards retirement service but the balances are not paid to employees who separate from the County. All unused sick leave is forfeited upon separation and is not compensated to the employee.

Notes to the Financial Statements
For the Year Ended September 30, 2017

Compensatory Leave

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Generally employees in public safety activity, emergency response activity, or seasonal activity may accumulate 480 hours, all other employees 240 hours maximum. According to the Fair Labor Standards Act, employees should be paid for compensatory leave in excess of the maximum hours stipulated. Compensatory leave is calculated at one and one –half times the regular hours. Employees that accrue compensatory leave have three months to use it or it will be paid. Compensatory time will be used for an absence before annual leave (vacation) is granted for use, unless such use of compensatory time will cause the employee to lose annual leave at the end of the year.

9. Deferred Inflows of Resources

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

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the Employees' Retirement System of Alabama (the "Plan") financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized 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 Comprehensive Annual Financial Report.

Notes to the Financial Statements

For the Year Ended September 30, 2017

11. 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** – includes 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** – 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** – 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, 2017

- D. **Assigned** – 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** – includes 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.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund with the exception of ad valorem taxes, which are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. All other governmental funds adopt budgets on the modified accrual basis of accounting, with the exception of capital projects funds, which adopt project-length budgets.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2017

Note 3 – Deposits and Investments

Deposits

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

Note 4 – Receivables

On September 30, 2017, receivables for the Commission's individual major funds, proprietary fund and other governmental funds in the aggregate are as follows:

	Accounts Receivable	Intergovernmental	Total Receivables
<u>Governmental Activities:</u>			
General Fund	\$ 3,467.23	\$273,079.01	\$276,546.24
Gasoline Tax Fund	886.54	68,769.87	69,656.41
Reappraisal Fund		64.00	64.00
Jail Construction Fund		5,700.44	5,700.44
Other Governmental Funds		6,811.61	6,811.61
Total Governmental Activities	4,353.77	354,424.93	358,778.70
<u>Business-Type Activities:</u>			
Solid Waste Fund:			
Customer Receivables	157,321.12		157,321.12
Less: Allowance for Doubtful Accounts	(61,049.04)		(61,049.04)
Net Receivables, Business-Type Activities	\$ 96,272.08	\$	\$ 96,272.08

Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance 10/01/2016	Additions	Retirements	Balance 09/30/2017
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,705,289.30	\$	\$	\$ 1,705,289.30
Construction in Progress	75,722.74	47,464.46		123,187.20
Total Capital Assets, Not Being Depreciated	<u>1,781,012.04</u>	<u>47,464.46</u>		<u>1,828,476.50</u>
Capital Assets Being Depreciated:				
Infrastructure	5,848,842.14			5,848,842.14
Buildings and Improvements	3,081,731.13			3,081,731.13
Equipment and Vehicles	6,677,643.08	418,496.77	(44,649.00)	7,051,490.85
Total Capital Assets Being Depreciated	<u>15,608,216.35</u>	<u>418,496.77</u>	<u>(44,649.00)</u>	<u>15,982,064.12</u>
Less Accumulated Depreciation for:				
Infrastructure	(1,891,795.22)	(191,229.33)		(2,083,024.55)
Buildings and Improvements	(1,735,934.44)	(52,156.65)		(1,788,091.09)
Equipment and Vehicles	(4,885,706.32)	(467,349.02)	44,649.00	(5,308,406.34)
Total Accumulated Depreciation	<u>(8,513,435.98)</u>	<u>(710,735.00)</u>	<u>44,649.00</u>	<u>(9,179,521.98)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,094,780.37</u>	<u>(292,238.23)</u>		<u>6,802,542.14</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 8,875,792.41</u>	<u>\$ (244,773.77)</u>	<u>\$</u>	<u>\$ 8,631,018.64</u>

	Balance 10/01/2016	Additions	Retirements/ Disposals	Balance 09/30/2017
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$1,030,610.00	\$169,140.81	\$	\$1,199,750.81
Total Capital Assets Being Depreciated	<u>1,030,610.00</u>	<u>169,140.81</u>		<u>1,199,750.81</u>
Less Accumulated Depreciation for:				
Equipment	(506,409.44)	(97,709.26)		(604,118.70)
Total Accumulated Depreciation	<u>(506,409.44)</u>	<u>(97,709.26)</u>		<u>(604,118.70)</u>
Total Capital Assets Being Depreciated, Net	<u>524,200.56</u>	<u>71,431.55</u>		<u>595,632.11</u>
Business-Type Activities Capital Assets, Net	<u>\$ 524,200.56</u>	<u>\$ 71,431.55</u>	<u>\$</u>	<u>\$ 595,632.11</u>

Notes to the Financial Statements
For the Year Ended September 30, 2017

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 57,036.89
Public Safety	54,725.85
Highway and Roads	588,342.10
Sanitation	921.44
Health	6,660.21
Education	3,048.51
Total Depreciation Expense – Governmental Activities	<u>\$710,735.00</u>

	Current Year Depreciation Expense
<u>Business-Type Activities:</u>	
Sanitation	<u>\$97,709.26</u>
Total Depreciation Expense – Business-Type Activities	<u>\$97,709.26</u>

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975*, 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, 2017

The ERS Board of Control consists of 13 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) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to *Code of Alabama 1975*, Section 36-27-6.

Benefits Provided

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

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

Notes to the Financial Statements
For the Year Ended September 30, 2017

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

The ERS serves approximately 875 local participating employers. These participating employers include 294 cities, 65 counties, and 516 other public entities. The ERS membership includes approximately 85,874 participants. As of September 30, 2016, membership consisted of:

Retirees and beneficiaries currently receiving benefits	23,007
Terminated employees entitled to but not yet receiving benefits	1,155
Terminated employees not entitled to a benefit	6,654
Active Members	<u>55,058</u>
Total	<u>85,874</u>

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

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.

Notes to the Financial Statements
For the Year Ended September 30, 2017

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, 2017, the Commission's active employee contribution rate was 7.30 percent of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 6.64 percent of covered employee payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2017, was 6.44% of pensionable pay for Tier 1 employees, and 6.13% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2014, 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 for governmental and business-type activities were \$189,834.39 and \$15,556.03, respectively, for the year ended September 30, 2017.

Notes to the Financial Statements
For the Year Ended September 30, 2017

B. Net Pension Liability

The Commission's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2015, rolled forward to September 30, 2016, using standard roll-forward techniques as shown in the following table:

Governmental Activities	Total Pension Liability Roll-Forward		
	Expected	Actual – 2015 Valuation Assumptions	Actual – 2016 Valuation Assumptions
(a) Total Pension Liability as of September 30, 2015	\$9,125,509	\$9,153,218	\$9,375,431
(b) Discount Rate	8.00%	8.00%	7.75%
(c) Entry Age Normal Cost for October 1, 2015 - September 30, 2016	259,897	259,897	253,089
(d) Transfers Among Employers		(41,542)	(41,542)
(e) Actual Benefit Payments and Refunds for October 1, 2015 - September 30, 2016	(559,387)	(559,387)	(559,387)
(f) Total Pension Liability as of September 30, 2016 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	\$9,533,684	\$9,522,068	\$9,732,511
(g) Difference Between Expected and Actual		\$ (11,616)	
(h) Less Liability Transferred for Immediate Recognition		(41,542)	
(i) Experience (Gain)/Loss = (g) - (h)		\$ 29,926	
(j) Difference Between Actual (2015 Assumptions) and Actual (2016 Assumptions): Assumption Change (Gain)/Loss			\$ 210,443

Notes to the Financial Statements
For the Year Ended September 30, 2017

Business-Type Activities	Total Pension Liability Roll-Forward		
	Expected	Actual – 2015 Valuation Assumptions	Actual – 2016 Valuation Assumptions
(a) Total Pension Liability as of September 30, 2015	\$790,074	\$768,969	\$809,386
(b) Discount Rate	8.00%	8.00%	7.75%
(c) Entry Age Normal Cost for October 1, 2015 - September 30, 2016	21,834	21,834	21,262
(d) Transfers Among Employers		(3,490)	(3,490)
(e) Actual Benefit Payments and Refunds for October 1, 2015 - September 30, 2016	(46,995)	(46,995)	(46,995)
(f) Total Pension Liability as of September 30, 2016 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$826,239</u>	<u>\$799,956</u>	<u>\$841,069</u>
(g) Difference Between Expected and Actual		\$ (26,283)	
(h) Less Liability Transferred for Immediate Recognition		<u>(3,490)</u>	
(i) Experience (Gain)/Loss = (g) - (h)		<u>\$ (22,793)</u>	
(j) Difference Between Actual (2015 Assumptions) and Actual (2016 Assumptions): Assumption Change (Gain)/Loss			<u>\$ 41,113</u>

Actuarial Assumptions

The total pension liability in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.25%-5.00%
Investment Rate of Return (*)	7.75%
(*) Net of pension plan investment expense	

Mortality rates for ERS were based on the sex distinct RP-2000 Combined Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after age 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

Notes to the Financial Statements

For the Year Ended September 30, 2017

The actuarial assumptions used in the September 30, 2015, valuation were based on the results of an actuarial experience study for the period October 1, 2010 through September 30, 2015.

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	17.00%	4.40%
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%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	100.00%	

(*) Includes assumed rate of inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to the Financial Statements
For the Year Ended September 30, 2017

C. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Governmental Activities			
Balances at September 30, 2015	\$9,125,509	\$7,168,961	\$1,956,548
Changes for the Year:			
Service Cost	259,897		259,897
Interest	709,394		709,394
Changes in Assumptions	232,060		232,060
Differences Between Expected and Actual Experience	6,580		6,580
Contributions – Employer		207,964	(207,964)
Contributions – Employee		212,034	(212,034)
Net Investment Income		722,613	(722,613)
Benefit Payments, including Refunds of Employee Contributions	(559,387)	(559,387)	
Transfers among Employers	(41,542)	(41,542)	
Net Changes	607,002	541,682	65,320
Balances at September 30, 2016	\$9,732,511	\$7,710,643	\$2,021,868

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Business-Type Activities			
Balances at September 30, 2015	\$790,074	\$620,680	\$169,394
Changes for the Year:			
Service Cost	21,834		21,834
Interest	59,597		59,597
Changes in Assumptions	19,496		19,496
Differences Between Expected and Actual Experience	553		553
Contributions – Employer		17,471	(17,471)
Contributions – Employee		17,813	(17,813)
Net Investment Income		60,707	(60,707)
Benefit Payments, including Refunds of Employee Contributions	(46,995)	(46,995)	
Transfers among Employers	(3,490)	(3,490)	
Net Changes	50,995	45,506	5,489
Balances at September 30, 2016	\$841,069	\$666,186	\$174,883

Notes to the Financial Statements
For the Year Ended September 30, 2017

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 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
Geneva County Commission’s Governmental Activities Net Pension Liability	\$3,051,425	\$2,021,868	\$1,149,518
Geneva County Commission’s Business-Type Activities Net Pension Liability	\$ 256,353	\$ 174,883	\$ 96,572
(Dollar amounts in thousands)			

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2016. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2016. The auditor’s report dated September 18, 2017, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

Notes to the Financial Statements
For the Year Ended September 30, 2017

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

For the year ended September 30, 2017, the governmental and business-type activities of the Geneva County Commission recognized pension expense of \$220,543.00 and \$18,528.00, respectively. At September 30, 2017, the Geneva County Commission's activities 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
<u>Governmental Activities:</u>		
Differences between expected and actual experience	\$ 5,384	\$86,609
Changes of assumptions	189,313	
Net difference between projected and actual earnings on pension plan investments	65,106	
Employer contributions subsequent to the measurement date	189,834	
Total	449,637	86,609
<u>Business-Type Activities:</u>		
Differences between expected and actual experience	452	7,568
Changes of assumptions	16,506	
Net difference between projected and actual earnings on pension plan investments	5,470	
Employer contributions subsequent to the measurement date	15,556	
Total	\$ 37,984	\$ 7,568

Notes to the Financial Statements
For the Year Ended September 30, 2017

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

Year Ending:	Deferred Inflows	
	Governmental Activities	Business-Type Activities
September 30, 2018	\$30,924	\$2,598
2019	\$30,924	\$2,598
2020	\$82,971	\$6,971
2021	\$ 6,964	\$ 585
2022	\$21,696	\$1,823

Note 7 – Contingent Liabilities

On December 1, 2008, the Geneva County Commission, the Geneva County Public Health Care Cooperative District, and the trustee entered into a funding agreement. The funding agreement obligates the Commission to appropriate funds each fiscal year to pay a portion of the principal, interest, and certain expenses on the \$9,900,000.00 Revenue Bonds, Series 2008 in the event that pledged tax revenues of the Geneva County Public Health Care Cooperative District are insufficient to pay principal and interest on the bonds in any fiscal year. On June 30, 2017, the Series 2008 Revenue Bonds were refunded by the Geneva County Public Health Care Cooperative District by issuing Series 2017 Revenue Refunding Bonds in the principal amount of \$8,582,046.78.

Note 8 – Long-Term Debt

In December 2015, the Commission issued State Gasoline Tax Anticipation Warrants, Series 2015, with variable interest rates of 1.90 to 2.45 percent, to provide funds for the refunding of the State Gasoline Tax Anticipation warrants, Series 2008, constructing road improvements, and acquiring equipment to be used in the construction, reconstruction, maintenance, widening, altering and improvement of public roads and bridges in the County.

Notes to the Financial Statements
For the Year Ended September 30, 2017

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2017:

	Debt Outstanding 10/01/2016	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2017	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
Gasoline Tax Anticipation Warrants	\$2,185,000.00	\$	\$(200,000.00)	\$1,985,000.00	\$205,000.00
Total Warrants Payable	2,185,000.00		(200,000.00)	1,985,000.00	205,000.00
Other Liabilities:					
Compensated Absences	86,194.32	11,717.37		97,911.69	9,791.17
Net Pension Liability	1,956,546.94	65,321.00		2,021,867.94	
Total Other Liabilities	2,042,741.26	77,038.37		2,119,779.63	9,791.17
Total Governmental Activities Long-Term Liabilities	\$4,227,741.26	\$77,038.37	\$(200,000.00)	\$4,104,779.63	\$214,791.17

	Debt Outstanding 10/01/2016	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2017	Amounts Due Within One Year
Business-Type Activities:					
Other Liabilities:					
Compensated Absences	\$ 9,402.58	\$2,875.36	\$	\$ 12,277.94	\$1,227.79
Net Pension Liability	169,395.06	5,488.00		174,883.06	
Total Business-Type Activities Long-Term Liabilities	\$178,797.64	\$8,363.36	\$	\$187,161.00	\$1,227.79

Payments on the warrants payable that pertain to the Commission's governmental activities are made by the Debt Service Fund.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, approximately 41% has been paid by the General Fund, 53% by the Gasoline Tax fund, and the remainder by the other governmental funds.

Notes to the Financial Statements
For the Year Ended September 30, 2017

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

Fiscal Year Ending	Gasoline Tax Anticipation Warrants		Total Principal and Interest Requirements to Maturity
	Principal	Interest	
September 30, 2018	\$ 205,000.00	\$ 41,842.50	\$ 246,842.50
2019	205,000.00	37,742.50	242,742.50
2020	210,000.00	33,642.50	243,642.50
2021	215,000.00	29,442.50	244,442.50
2022	220,000.00	25,142.50	245,142.50
2023-2026	930,000.00	54,707.50	984,707.50
Totals	<u>\$1,985,000.00</u>	<u>\$222,520.00</u>	<u>\$2,207,520.00</u>

Pledged Revenues

The Commission issued Series 2015 Tax Anticipation Refunding Warrants for the purpose of refunding the 2008 Tax Anticipation Warrants, constructing road improvements, and acquiring equipment to be used in the construction, reconstruction, maintenance, widening, altering and improvement of public roads and bridges in the County. The Commission pledged to repay the tax anticipation warrants from the proceeds of the special seven cents per gallon gasoline tax levied and collected by the State of Alabama (the "State Seven Cents Gasoline Tax") pursuant to the provisions of the *Code of Alabama 1975*, Section 40-17-30 and 40-17-140, of which the Commission receives a portion of fifty-five percent of the Net Tax Proceeds. The fifty-five percent is distributed as follows: twenty-five percent is allocated equally among the sixty-seven counties on the basis of the ratio of each county's population to the total population of the State according to the most recent federal decennial census. Future revenues of \$2,207,520.00 are pledged to repay the principal and interest on the warrants at September 2017. Proceeds of the seven cents gasoline tax in the amount of \$887,598.74 were received by the Commission during the fiscal year ended September 30, 2017 of which \$245,842.50 was used to pay principal and interest on the warrants. Principal payments on the warrants are due on June 1 of each year. Interest payment are due semiannually on June 1 and December 1 of each year. The Series 2015-10 tax anticipation warrants will mature in fiscal year 2026.

Notes to the Financial Statements

For the Year Ended September 30, 2017

Note 9 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission's individual claims experience and the experience of the Fund as a whole. Coverage is provided up to \$1,000,000 per claim for a maximum total coverage of \$3,000,000 and unlimited defense costs. Employment-related practices damage protection is limited to \$100,000 per incident with a \$5,000 deductible and unlimited defense costs.

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

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

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). Employees 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, 2017

Note 10 – Interfund Transactions

Due To/From Other Funds

The amounts of due to/from other funds at September 30, 2017, were as follows:

	Due To Other Funds		Totals
	General Fund	Gasoline Tax Fund	
Due From Other Funds:			
Gasoline Tax Fund	\$173,984.39	\$	\$173,984.39
Jail Construction Fund	11,235.70		11,235.70
Enterprise Fund:			
Solid Waste Fund		10,187.47	10,187.47
Totals	\$185,220.09	\$10,187.47	\$195,407.56

The amount due to the Solid Waste Fund from the Gasoline Tax Fund will be repaid during the next year. The amount due to the Gasoline Tax Fund from the General Fund was repaid in October 2017.

Interfund Transfers

The amounts of interfund transfers during the fiscal year ending September 30, 2017, were as follows:

	Operating Transfers Out					Totals
	Gasoline Tax Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds	Solid Waste Fund	
Transfers In:						
General Fund	\$	\$	\$	\$	\$25,000.00	\$ 25,000.00
Gasoline Tax Fund		30,000.00	200,000.00	230,000.00		230,000.00
Other Governmental Funds	245,842.32			245,842.32		245,842.32
Totals	\$245,842.32	\$30,000.00	\$200,000.00	\$475,842.32	\$25,000.00	\$500,842.32

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portion from the Gasoline Tax Fund to the debt service funds to service current-year debt requirements.

Notes to the Financial Statements

For the Year Ended September 30, 2017

Note 11 – Related Organizations

A majority of the board members of the following organizations are appointed by the Geneva County Commission:

- ◆ North Geneva County Water Authority
- ◆ Geneva County Department of Human Resources Board
- ◆ Geneva County Board of Equalization
- ◆ Geneva County Industrial Development Board
- ◆ Geneva County Health Care Authority
- ◆ Geneva County E-911 Board

The Commission, however, is not financially accountable for these organizations because the Commission does not impose its will and have a financial benefit or burden relationship with these organizations. Likewise, these organizations listed above are not considered part of the Commission's financial reporting entity. These organizations are, however, considered to be related organizations of the Geneva County Commission.

Note 12 – Subsequent Event

On December 15, 2017, the Commission, through the Geneva County Public Building Authority (the "Authority"), issued Series 2017 Lease Revenue Warrants (the "Warrants") in an amount of \$3,700,247.23 with an interest rate of 2.97%. The Warrants issued by the Authority will be used for the purpose of providing financing for a jail project in Geneva County. Warrants issued will be limited obligations of the Authority and will be paid solely from revenues received from the Commission pursuant to a lease agreement for the use of the jail project by the Commission.

Note 13 – Tax Abatements

The Geneva County Commission is subject to tax abatements granted by (1) the City of Samson and (2) the City of Geneva. These governments entered into property tax abatement agreements with local businesses under the State Tax Incentive Reform Act of 1992 (*Code of Alabama* Section 40-9B-1-13). Under the Act, localities may grant property tax abatements for all state and local non-educational property taxes, all construction related transaction taxes, except those local construction taxes levied for educational purposes or for capital improvement for education, and/or all mortgage and recording taxes. The abatements may be granted to any business located within or promising to relocate to Geneva County.

For the fiscal year ended September 30, 2017, total property taxes abated were \$18,663.36, including the following tax abatement agreement that exceeded 10 percent of the total amount abated:

- ◆ Property tax abatement to a peanut processor and wholesaler. The abatement amounted to \$18,618.72.

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Required Supplementary Information

Schedule of Changes in the Net Pension Liability
Governmental Activities
For the Year Ended September 30, 2017
(Dollar amounts in thousands)

	2017	2016	2015
<u>Total pension liability</u>			
Service cost	\$ 259,897	\$ 254,557	\$ 236,038
Interest	709,394	687,275	655,311
Differences between expected and actual experience	6,580	(140,843)	
Changes of assumptions	232,060		
Benefit payments, including refunds of employee contributions	(559,387)	(532,829)	(450,774)
Transfers among employees	(41,542.00)		
Net change in total pension liability	607,002	268,159	440,576
Total pension liability - beginning	9,125,509	8,857,350	8,416,775
Total pension liability - ending (a)	<u>\$ 9,732,511</u>	<u>\$ 9,125,509</u>	<u>\$ 8,857,350</u>
<u>Plan fiduciary net position</u>			
Contributions - employer	\$ 207,964	\$ 172,892	\$ 163,690
Contributions - employee	212,034	211,475	202,022
Net investment income	722,613	84,878	779,033
Benefit payments, including refunds of employee contributions	(559,387)	(532,829)	(450,774)
Other (Transfers among employers)	(41,542)	7,766	(8,842)
Net change in plan fiduciary net position	541,682	(55,818)	685,129
Plan fiduciary net positions - beginning	7,168,961	7,224,779	6,539,650
Plan fiduciary net positions - ending (b)	<u>\$ 7,710,643</u>	<u>\$ 7,168,961</u>	<u>\$ 7,224,779</u>
Commission's net pension liability - ending (a) - (b)	\$ 2,021,868	\$ 1,956,549	\$ 1,632,571
Plan fiduciary net position as a percentage of the total pension liability	79.23%	78.56%	81.57%
Covered-employee payroll (*)	\$ 3,131,983	\$ 3,086,464	\$ 2,996,348
Commission's net pension liability as a percentage of covered-employee payroll	64.56%	63.39%	54.49%

(*) Employer's covered payroll for fiscal year 2017 is the total covered payroll. For fiscal year 2017, the measurement period is October 1, 2015 - September 30, 2016. The GASB issued statement "Pension Issues" in March 2016 to redefine covered payroll for fiscal year 2017.

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

Schedule of Changes in the Net Pension Liability
Business-Type Activities
For the Year Ended September 30, 2017
(Dollar amounts in thousands)

	2017	2016	2015
<u>Total pension liability</u>			
Service cost	\$ 21,834	\$ 22,039	\$ 20,436
Interest	59,597	59,503	56,736
Differences between expected and actual experience	553	(12,194)	
Changes of assumptions	19,496		
Benefit payments, including refunds of employee contributions	(46,995)	(46,132)	(39,027)
Transfers among employees	(3,490)		
Net change in total pension liability	50,995	23,217	38,145
Total pension liability - beginning	790,074	766,857	728,712
Total pension liability - ending (a)	<u>\$ 841,069</u>	<u>\$ 790,074</u>	<u>\$ 766,857</u>
<u>Plan fiduciary net position</u>			
Contributions - employer	\$ 17,471	\$ 14,969	\$ 14,172
Contributions - employee	17,813	18,309	17,491
Net investment income	60,707	7,349	67,448
Benefit payments, including refunds of employee contributions	(46,995)	(46,132)	(39,027)
Other (Transfers among employers)	(3,490)	672	(765)
Net change in plan fiduciary net position	45,506	(4,833)	59,319
Plan fiduciary net positions - beginning	620,680	625,513	566,194
Plan fiduciary net positions - ending (b)	<u>\$ 666,186</u>	<u>\$ 620,680</u>	<u>\$ 625,512</u>
Commission's net pension liability - ending (a) - (b)	\$ 174,883	\$ 169,393	\$ 141,345
Plan fiduciary net position as a percentage of the total pension liability	79.21%	78.56%	81.57%
Covered-employee payroll (*)	\$ 263,010	\$ 267,225	\$ 259,420
Commission's net pension liability as a percentage of covered-employee payroll	66.49%	63.39%	54.49%

(*) Employer's covered payroll for fiscal year 2017 is the total covered payroll. For fiscal year 2017, the measurement period is October 1, 2015 - September 30, 2016. The GASB issued statement "Pension Issues" in March 2016 to redefine covered payroll for fiscal year 2017.

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

***Schedule of the Employer's Contributions
Governmental Activities
For the Year Ended September 30, 2017
(Dollar amounts in thousands)***

	2017	2016
Actuarially determined contribution (*)	\$ 189,834	\$ 218,236
Contributions in relation to the actuarially determined contribution	<u>\$ 189,834</u>	<u>\$ 218,236</u>
Contribution deficiency (excess)	\$	\$
Covered payroll (**)	\$ 2,858,583	\$ 3,131,983
Contributions as a percentage of covered-employee payroll	6.64%	6.97%

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

(**) Employer's covered payroll for fiscal year 2017 is the total covered payroll. For fiscal year 2017, the measurement period is October 1, 2015 - September 30, 2016.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2017 were based on the September 30, 2014 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	25 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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



<u>2015</u>		<u>2014</u>	
\$	182,575	\$	163,690
\$	182,575	\$	163,690
\$		\$	
\$	3,086,464	\$	2,996,348
	5.92%		5.46%

***Schedule of the Employer's Contributions
Business-Type Activities
For the Year Ended September 30, 2017
(Dollar amounts in thousands)***

	2017	2016
Actuarially determined contribution (*)	\$ 15,556	\$ 18,326
Contributions in relation to the actuarially determined contribution	<u>\$ 15,556</u>	<u>\$ 18,326</u>
Contribution deficiency (excess)	\$	\$
Covered payroll (**)	\$ 234,247	\$ 263,010
Contributions as a percentage of covered-employee payroll	6.64%	6.97%

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

(**) Employer's covered payroll for fiscal year 2017 is the total covered payroll. For fiscal year 2017, the measurement period is October 1, 2015 - September 30, 2016.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2017 were based on the September 30, 2014 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	25 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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



<u>2015</u>		<u>2014</u>	
\$	15,807	\$	14,172
\$	15,807	\$	14,172
\$		\$	
\$	267,222	\$	259,420
	5.92%		5.46%

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2017***

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
Revenues			
Taxes	\$ 2,326,468.00	\$ 2,326,468.00	\$ 2,143,279.00
Licenses and Permits	58,000.00	58,000.00	52,596.26
Intergovernmental	514,490.00	514,490.00	642,297.68
Charges for Services	596,700.00	596,700.00	670,971.42
Miscellaneous	115,075.00	115,075.00	134,109.43
Total Revenues	<u>3,610,733.00</u>	<u>3,610,733.00</u>	<u>3,643,253.79</u>
Expenditures			
Current:			
General Government	1,463,029.00	1,463,029.00	1,411,407.48
Public Safety	2,026,202.00	2,026,202.00	1,915,123.45
Sanitation	208,625.00	208,625.00	185,204.09
Health	3,000.00	3,000.00	3,000.00
Welfare	17,712.00	17,712.00	17,712.00
Culture and Recreation	3,150.00	3,150.00	1,575.00
Education	6,550.00	6,550.00	6,543.87
Intergovernmental	43,300.00	43,300.00	41,500.00
Capital Outlay	66,000.00	66,000.00	58,168.00
Total Expenditures	<u>3,837,568.00</u>	<u>3,837,568.00</u>	<u>3,640,233.89</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(226,835.00)</u>	<u>(226,835.00)</u>	<u>3,019.90</u>
Other Financing Sources (Uses)			
Transfers In	25,000.00	25,000.00	25,000.00
Proceeds from Sale of Capital Assets	5,000.00	5,000.00	7,649.00
Transfers Out	(51,216.00)	(51,216.00)	(51,216.00)
Total Other Financing Sources (Uses)	<u>(21,216.00)</u>	<u>(21,216.00)</u>	<u>(18,567.00)</u>
Net Change in Fund Balances	(248,051.00)	(248,051.00)	(15,547.10)
Fund Balances - Beginning of Year	<u>564,433.00</u>	<u>564,433.00</u>	<u>660,007.49</u>
Fund Balances - End of Year	<u>\$ 316,382.00</u>	<u>\$ 316,382.00</u>	<u>\$ 644,460.39</u>

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1) (2) \$	17,353.69	\$ 2,160,632.69
		52,596.26
(2)	13,000.00	655,297.68
		670,971.42
(2)	276.68	134,386.11
	<u>30,630.37</u>	<u>3,673,884.16</u>
		1,411,407.48
		1,915,123.45
		185,204.09
		3,000.00
(3)	67,690.13	85,402.13
		1,575.00
		6,543.87
		41,500.00
		58,168.00
	<u>67,690.13</u>	<u>3,707,924.02</u>
	<u>(37,059.76)</u>	<u>(34,039.86)</u>
		25,000.00
		7,649.00
(4)	51,216.00	32,649.00
	<u>51,216.00</u>	<u>32,649.00</u>
	14,156.24	(1,390.86)
(5)	(181,636.71)	478,370.78
	<u>(181,636.71)</u>	<u>478,370.78</u>
	<u>\$ (167,480.47)</u>	<u>\$ 476,979.92</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2017***

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

- (1) The Commission budgets revenues as they are collected, rather than on the modified accrual basis (GAAP).

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

(2) Revenues In-Home Services	<u>\$ 13,276.68</u>
(3) Expenditures In-Home Services	<u>\$ (67,690.13)</u>
(4) Transfers Out In-Home Services	<u>\$ 51,216.00</u>

Net Increase in Fund Balance - Budget to GAAP

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

\$ 17,353.69

13,276.68

(67,690.13)

51,216.00

\$ 14,156.24

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2017***

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Intergovernmental	\$ 1,615,420.00	\$ 1,615,420.00	\$ 1,385,126.20
Miscellaneous	582,625.00	582,625.00	637,884.53
Total Revenues	<u>2,198,045.00</u>	<u>2,198,045.00</u>	<u>2,023,010.73</u>
Expenditures			
Current:			
Highways and Roads	2,831,431.00	2,831,431.00	2,407,868.40
Capital Outlay	10,187.00	10,187.00	350,328.77
Total Expenditures	<u>2,841,618.00</u>	<u>2,841,618.00</u>	<u>2,758,197.17</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(643,573.00)</u>	<u>(643,573.00)</u>	<u>(735,186.44)</u>
Other Financing Sources (Uses)			
Transfers In	230,000.00	230,000.00	230,000.00
Proceeds from Sale of Capital Assets	40,000.00	40,000.00	
Transfers Out	(245,843.00)	(245,843.00)	(245,842.32)
Total Other Financing Sources (Uses)	<u>24,157.00</u>	<u>24,157.00</u>	<u>(15,842.32)</u>
Net Change in Fund Balances	(619,416.00)	(619,416.00)	(751,028.76)
Fund Balances - Beginning of Year	<u>1,280,468.00</u>	<u>1,280,468.00</u>	<u>2,177,593.03</u>
Fund Balances - End of Year	<u>\$ 661,052.00</u>	<u>\$ 661,052.00</u>	<u>\$ 1,426,564.27</u>

Budget to GAAP Differences	Actual Amounts GAAP Basis
\$	\$ 1,385,126.20
	637,884.53
	<u>2,023,010.73</u>
	2,407,868.40
	350,328.77
	<u>2,758,197.17</u>
	(735,186.44)
	230,000.00
	<u>(245,842.32)</u>
	<u>(15,842.32)</u>
	(751,028.76)
	<u>2,177,593.03</u>
<u>\$</u>	<u>\$ 1,426,564.27</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Improvement Fund
For the Year Ended September 30, 2017***

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
Revenues			
Intergovernmental	\$ 200,000.00	\$ 200,000.00	\$ 248,823.81
Miscellaneous	6,500.00	6,500.00	11,102.81
Total Revenues	<u>206,500.00</u>	<u>206,500.00</u>	<u>259,926.62</u>
Expenditures			
Current:			
General Government	200,000.00	200,000.00	33,779.79
Total Expenditures	<u>200,000.00</u>	<u>200,000.00</u>	<u>33,779.79</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,500.00</u>	<u>6,500.00</u>	<u>226,146.83</u>
Other Financing Sources (Uses)			
Transfers Out	(30,000.00)	(30,000.00)	(30,000.00)
Total Other Financing Sources (Uses)	<u>(30,000.00)</u>	<u>(30,000.00)</u>	<u>(30,000.00)</u>
Net Change in Fund Balances	(23,500.00)	(23,500.00)	196,146.83
Fund Balances - Beginning of Year	<u>1,393,085.00</u>	<u>1,393,085.00</u>	<u>1,405,072.72</u>
Fund Balances - End of Year	<u>\$ 1,369,585.00</u>	<u>\$ 1,369,585.00</u>	<u>\$ 1,601,219.55</u>

Budget to GAAP Differences	Actual Amounts GAAP Basis
\$	\$ 248,823.81
	11,102.81
	<u>259,926.62</u>
	33,779.79
	<u>33,779.79</u>
	226,146.83
	(30,000.00)
	<u>(30,000.00)</u>
	196,146.83
	<u>1,405,072.72</u>
<u>\$</u>	<u>\$ 1,601,219.55</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - RRR Gasoline Tax Fund
For the Year Ended September 30, 2017***

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
Revenues			
Intergovernmental	\$ 981,000.00	\$ 981,000.00	\$ 1,041,777.21
Miscellaneous	1,000.00	1,000.00	2,269.86
Total Revenues	<u>982,000.00</u>	<u>982,000.00</u>	<u>1,044,047.07</u>
Expenditures			
Current:			
Highways and Roads	1,093,000.00	1,093,000.00	1,107,423.57
Total Expenditures	<u>1,093,000.00</u>	<u>1,093,000.00</u>	<u>1,107,423.57</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(111,000.00)</u>	<u>(111,000.00)</u>	<u>(63,376.50)</u>
Net Change in Fund Balances	(111,000.00)	(111,000.00)	(63,376.50)
Fund Balances - Beginning of Year	<u>210,423.00</u>	<u>210,423.00</u>	<u>221,550.58</u>
Fund Balances - End of Year	<u>\$ 99,423.00</u>	<u>\$ 99,423.00</u>	<u>\$ 158,174.08</u>

Budget to GAAP Differences	Actual Amounts GAAP Basis
\$	\$ 1,041,777.21
	2,269.86
	<u>1,044,047.07</u>
	 1,107,423.57
	<u>1,107,423.57</u>
	 (63,376.50)
	 (63,376.50)
	 221,550.58
<u>\$</u>	<u>\$ 158,174.08</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal Fund
For the Year Ended September 30, 2017***

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
Revenues			
Taxes	\$ 300,689.00	\$ 300,689.00	\$ 253,124.16
Miscellaneous	1,225.00	1,225.00	2,092.70
Total Revenues	<u>301,914.00</u>	<u>301,914.00</u>	<u>255,216.86</u>
Expenditures			
Current:			
General Government	373,816.00	373,816.00	255,216.86
Total Expenditures	<u>373,816.00</u>	<u>373,816.00</u>	<u>255,216.86</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(71,902.00)</u>	<u>(71,902.00)</u>	
Net Change in Fund Balances	(71,902.00)	(71,902.00)	
Fund Balances - Beginning of Year	<u>73,127.00</u>	<u>73,127.00</u>	
Fund Balances - End of Year	<u>\$ 1,225.00</u>	<u>\$ 1,225.00</u>	<u>\$</u>

Budget to GAAP Differences	Actual Amounts GAAP Basis
\$	\$ 253,124.16
	2,092.70
	<u>255,216.86</u>
	<u>255,216.86</u>
	<u>255,216.86</u>
\$	\$

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Additional Information

Commission Members and Administrative Personnel
October 1, 2016 through September 30, 2017

Commission Members

Term Expires

Hon. Fred Hamic	Chairman	January 2019
Hon. Gary Shields	Member	November 2016
Hon. Johnny Windham	Member	November 2016
Hon. Toby Seay	Member	November 2018
Hon. Bryan Hatton	Member	November 2018
Hon. Sandy Hammer	Member	November 2018
Hon Todd Brannon	Member	November 2020

Administrative Personnel

Mrs. Marietta Webster	Chief Administrative Officer	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 Geneva County Commission and Chief Administrative Officer
Geneva, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Geneva County Commission, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Geneva County Commission's basic financial statements and have issued our report thereon dated October 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Geneva County Commission's internal control over financial reporting (internal control) to determine the 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 Geneva County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Geneva County Commission's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

October 2, 2018