Report on the

Washington County Commission

Washington County, Alabama

October 1, 2015 through September 30, 2016

Filed: November 30, 2018

Department of
Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner

19-039

State of Alabama
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Rachel Laurie Riddle
Chief Examiner

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, we submit this report on the results of the audit of the Washington County Commission, Washington County, Alabama, for the period October 1, 2015 through September 30, 2016.

Respectfully submitted,

Angela B. Waters
Examiner of Public Accounts

John Geary
Examiner of Public Accounts

Joshua M. Jones
Examiner of Public Accounts

Sworn to and subscribed before me this the 19th day of November, 2018.

Notary Public

Sworn to and subscribed before me this the 19th day of November, 2018.

Notary Public

Sworn to and subscribed before me this the 19th day of November, 2018.

Notary Public

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SUMMARY

Washington County Commission
October 1, 2015 through September 30, 2016

The Washington County Commission (the "Commission") is governed by a five-member body elected by the citizens of Washington County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 17. 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 Washington 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, 2016.

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

The Commission members and administrative personnel, as reflected on Exhibit 17, were invited to discuss the results of this report at an exit conference held at the offices of the County Commission. Individuals in attendance were: Sonya Kirkwood, Administrator; Commission members: Jack Allen Bailey, Jr., Joseph Abston, Willie Long, Jr. and Mark Platt. Also in attendance was a representative from the Department of Examiners of Public Accounts: Angela Waters, Examiner. The results of the report were discussed via telephone with Johnny Guy.

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Independent Auditor's Report

Independent Auditor's Report

Members of the Washington County Commission and County Administrator
Chatom, 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 Washington County Commission, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Washington 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 Washington 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 the 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 entity'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 entity'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

<u>Opinions</u>

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 Washington County Commission, as of September 30, 2016, 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.

<u>Other Matters</u>

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Schedule of Changes in the Net Pension Liability, Schedule of the Employer's Contributions, and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 16) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated November 8, 2018, on our consideration of the Washington County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Washington 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 Washington County Commission's internal control over financial reporting and compliance.

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

November 8, 2018

Basic Financial Statements

Statement of Net Position
September 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 2,861,996.56	$ 1,117,013.37	$ 3,979,009.93
Receivables (Note 4)	235,063.87	2,035,713.77	2,270,777.64
Less: Allowance for Doubtful Accounts		(1,527,611.47)	(1,527,611.47)
Ad Valorem Taxes Receivable, Net	3,121,158.66		3,121,158.66
Total Current Assets	6,218,219.09	1,625,115.67	7,843,334.76
Noncurrent Assets			
Restricted Cash and Cash Equivalents	37,836.62		37,836.62
Restricted Cash with Fiscal Agent	165,112.46		165,112.46
Capital Assets (Note 5):			
Nondepreciable	4,885,769.87		4,885,769.87
Depreciable, Net	13,468,069.50		13,468,069.50
Total Noncurrent Assets	18,556,788.45		18,556,788.45
Total Assets	24,775,007.54	1,625,115.67	26,400,123.21
Deferred Outflows of Resources			
Loss on Refunding of Debt	1,390.38		1,390.38
Employer Pension Contributions	387,928.27	11,832.93	399,761.20
Total Deferred Outflows of Resources	389,318.65	11,832.93	401,151.58
Liabilities			
Current Liabilities			
Payables (Note 7)		125,204.53	125,204.53
Unearned Revenue	203,398.60		203,398.60
Accrued Wages Payable	66,034.58		66,034.58
Long-Term Liabilities:			
Portion Due Within One Year:			
Notes Payable	34,430.64		34,430.64
Capital Leases Payable	187,290.07		187,290.07
Warrants Payable	465,000.00		465,000.00
Unamortized Premium	3,080.10		3,080.10
Less: Unamortized Discount	(540.73)		(540.73)
Estimated Liability for Compensated Absences	10,407.78		10,407.78
Total Current Liabilities	$ 969,101.04	$ 125,204.53	$ 1,094,305.57

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

	Governmental Activities	Business-Type Activities	Total
Noncurrent Liabilities			
Portion Payable After One Year:			
Notes Payable	$ 175,022.02	$	$ 175,022.02
Capital Leases Payable	792,153.16		792,153.16
Warrants Payable	2,360,000.00		2,360,000.00
Less: Unamortized Discount	(4,866.57)		(4,866.57)
Estimated Liability for Compensated Absences	93,670.07		93,670.07
Net Pension Liability	1,961,141.53	59,820.47	2,020,962.00
Landfill Closure Costs	7,754.26		7,754.26
Total Noncurrent Liabilities	5,384,874.47	59,820.47	5,444,694.94
Total Liabilities	6,353,975.51	185,025.00	6,539,000.51
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	3,121,158.66		3,121,158.66
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability	253,685.85	7,738.15	261,424.00
Total Deferred Inflows of Resources	3,374,844.51	7,738.15	3,382,582.66
Net Position			
Net Investment in Capital Assets	14,343,661.06		14,343,661.06
Restricted for:			
Highways and Roads	1,277,921.45		1,277,921.45
Debt Service	188,119.46		188,119.46
Public Safety	345,812.41		345,812.41
Capital Projects	403,959.46		403,959.46
Other Purposes	74,746.81		74,746.81
Unrestricted	(1,198,714.48)	1,444,185.45	245,470.97
Total Net Position	$ 15,435,506.17	$ 1,444,185.45	$ 16,879,691.62

Statement of Activities
For the Year Ended September 30, 2016

			Program Revenues
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**
Primary Government			
Governmental Activities			
General Government	$ 2,757,232.17	$ 648,728.19	$ 286,706.83
Public Safety	1,794,754.83	266,360.62	259,634.49
Highways and Roads	3,270,942.62		6,129,790.42
Sanitation	241,479.71	222,645.97	
Welfare	45,077.55		28,997.35
Culture and Recreation	8,000.00		
Education	63,705.84		
Interest on Long-Term Debt	111,509.52		
Total Governmental Activities	8,292,702.24	1,137,734.78	6,705,129.09
Business-Type Activities			
Solid Waste	2,027,121.00	1,788,202.15	
Total Business-Type Activities	2,027,121.00	1,788,202.15	
Total Primary Government	$ 10,319,823.24	$ 2,925,936.93	$ 6,705,129.09

General Revenues:

Taxes:

Property Taxes for General Purposes

Property Taxes for Specific Purposes

Tobacco Tax

Miscellaneous Taxes

Grants and Contributions Not Restricted for Specific Purpose

Unrestricted Investment Earnings

Miscellaneous

Gain on Sale of Capital Assets

Total General Revenues

Change 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
$ 228,342.55	$ (1,593,454.60)	$	$ (1,593,454.60)
	(1,268,759.72)		(1,268,759.72)
	2,858,847.80		2,858,847.80
	(18,833.74)		(18,833.74)
	(16,080.20)		(16,080.20)
	(8,000.00)		(8,000.00)
	(63,705.84)		(63,705.84)
	(111,509.52)		(111,509.52)
228,342.55	(221,495.82)		(221,495.82)
		(238,918.85)	(238,918.85)
		(238,918.85)	(238,918.85)
$ 228,342.55	(221,495.82)	(238,918.85)	(460,414.67)
	2,894,421.66		2,894,421.66
	616,525.90		616,525.90
	97,537.44		97,537.44
	25,794.61		25,794.61
	286,906.64		286,906.64
	6,157.17	1,254.52	7,411.69
	751,405.70		751,405.70
	97,470.35		97,470.35
	4,776,219.47	1,254.52	4,777,473.99
	4,554,723.65	(237,664.33)	4,317,059.32
	10,880,782.52	1,681,849.78	12,562,632.30
	$ 15,435,506.17	$ 1,444,185.45	$ 16,879,691.62

Balance Sheet
Governmental Funds
September 30, 2016

	General Fund	RRR Gasoline Tax Fund
Assets		
Cash and Cash Equivalents	$ 657,544.79	$ 1,096,906.14
Cash with Fiscal Agent		
Receivables (Note 4)	152,491.84	78,143.65
Due From Other Funds		
Ad Valorem Taxes Receivable, Net	2,666,881.49	
Total Assets	3,476,918.12	1,175,049.79
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Unearned Revenue		
Due To Other Funds	23,007.00	
Accrued Wages Payable	62,910.69	
Total Liabilities	85,917.69	
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	2,666,881.49	
Total Deferred Inflows of Resources	2,666,881.49	
Fund Balances		
Restricted for:		
Highways and Roads		1,175,049.79
Debt Service		
Public Safety		
Capital Projects		
Other Purposes		
Assigned to:		
Other Purposes		
Unassigned	724,118.94	
Total Fund Balances	724,118.94	1,175,049.79
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,476,918.12	$ 1,175,049.79

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

	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
	$ 206,522.49	$ 938,859.76	$ 2,899,833.18
		165,112.46	165,112.46
		4,428.38	235,063.87
		23,007.00	23,007.00
	454,277.17		3,121,158.66
	660,799.66	1,131,407.60	6,444,175.17
	203,398.60		203,398.60
			23,007.00
	3,123.89		66,034.58
	206,522.49		292,440.18
	454,277.17		3,121,158.66
	454,277.17		3,121,158.66
		102,871.66	1,277,921.45
		188,119.46	188,119.46
		345,812.41	345,812.41
		403,959.46	403,959.46
		74,746.81	74,746.81
		15,897.80	15,897.80
			724,118.94
		1,131,407.60	3,030,576.33
	$ 660,799.66	$ 1,131,407.60	$ 6,444,175.17

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2016

Total Fund Balances - Governmental Funds (Exhibit 3)		$ 3,030,576.33
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	$ 481,349.87	
Infrastructure in Progress	4,404,420.00	
Infrastructure	9,238,236.65	
Buildings and Improvements	6,335,663.24	
Construction Equipment	2,164,585.58	
Office Equipment	502,012.96	
Motor Vehicles	1,036,393.31	
Equipment Under Capital Lease	1,012,444.16	
Accumulated Depreciation	(6,821,266.40)	
Total Capital Assets		18,353,839.37
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current period expenditures and, therefore, are deferred on the Statement of Net Position.		1,390.38
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Employer Pension Contributions	$ 387,928.27	
Proportionate Share of Deferred Inflows Related to Net Pension Liability	(253,685.85)	
		134,242.42

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

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	
Warrants Payable	$ 465,000.00	$ 2,360,000.00	
Unamortized Discount	(540.73)	(4,866.57)	
Unamortized Premium	3,080.10		
Notes Payable	34,430.64	175,022.02	
Capital Leases Payable	187,290.07	792,153.16	
Compensated Absences	10,407.78	93,670.07	
Net Pension Liability		1,961,141.53	
Landfill Postclosure Care Costs		7,754.26	
Total Long-Term Liabilities	$ 699,667.86	$ 5,384,874.47	(6,084,542.33)
Total Net Position - Governmental Activities (Exhibit 1)			$ 15,435,506.17

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2016

	General Fund	RRR Gasoline Tax Fund
Revenues		
Taxes	$ 3,142,565.65	$
Licenses and Permits	32,820.37	
Intergovernmental	5,028,958.75	1,575,382.56
Charges for Services	863,881.76	
Miscellaneous	750,834.16	3,490.34
Total Revenues	9,819,060.69	1,578,872.90
Expenditures		
Current:		
General Government	2,153,055.44	
Public Safety	1,280,821.89	
Highways and Roads	346,302.55	1,982,000.47
Sanitation	284,922.98	
Welfare	9,000.00	
Culture and Recreation	8,000.00	
Education	63,705.84	
Capital Outlay	5,629,234.75	
Debt Service:		
Principal Retirement	838,033.34	
Interest and Fiscal Charges	27,627.23	
Total Expenditures	10,640,704.02	1,982,000.47
Excess (Deficiency) of Revenues Over Expenditures	(821,643.33)	(403,127.57)
Other Financing Sources (Uses)		
Transfers In	585,143.00	
Long-Term Debt Issued	801,002.00	
Sale of Capital Assets	795,445.00	
Transfers Out	(1,141,796.33)	
Total Other Financing Sources (Uses)	1,039,793.67	
Net Changes in Fund Balances	218,150.34	(403,127.57)
Fund Balances - Beginning of Year	505,968.60	1,578,177.36
Fund Balances - End of Year	$ 724,118.94	$ 1,175,049.79

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

	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
	$ 390,659.92	$ 97,537.44	$ 3,630,763.01
			32,820.37
		382,083.97	6,986,425.28
		256,650.48	1,120,532.24
	305.01	224,785.13	979,414.64
	390,964.93	961,057.02	12,749,955.54
	390,964.93	111,676.39	2,655,696.76
		426,060.33	1,706,882.22
		522,975.69	2,851,278.71
			284,922.98
		29,169.05	38,169.05
			8,000.00
			63,705.84
			5,629,234.75
		484,430.64	1,322,463.98
		85,031.26	112,658.49
	390,964.93	1,659,343.36	14,673,012.78
		(698,286.34)	(1,923,057.24)
		1,141,796.33	1,726,939.33
			801,002.00
		36,873.76	832,318.76
		(585,143.00)	(1,726,939.33)
		593,527.09	1,633,320.76
		(104,759.25)	(289,736.48)
		1,236,166.85	3,320,312.81
	$	$ 1,131,407.60	$ 3,030,576.33

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, 2016

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)		$ (289,736.48)
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 ($5,629,234.75) was more than the depreciation ($652,010.35) in the current period.		4,977,224.40
In the Statement of Activities, only the gain ($97,470.35) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds ($832,318.76) from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the net cost of the assets sold.		(734,848.41)
Proceeds from the issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Position but does not affect the Statement of Activities.		
Capital Leases Payable		(801,002.00)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not impact the Statement of Activities.		1,322,463.98
Some expenses reported in the Statement of Activities that do not require the use of the current financial resources are not reported as expenditures in the funds.		
Net Decrease in Compensated Absences	$ 3,442.56	
Net Decrease in Landfill Postclosure Care Costs	43,443.27	
Net Increase in Pension Expense	32,587.36	
Amortization of Premium on Debt Issued	3,080.08	
Amortization of Deferred Amounts on Refunding	(1,390.38)	
Amortization of Discounts on Debt Issued	(540.73)	
Total Additional Expenditures		80,622.16
Change in Net Position of Governmental Activities (Exhibit 2)		$ 4,554,723.65

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

Statement of Net Position
Proprietary Fund
September 30, 2016

	Enterprise Fund Solid Waste Disposal Authority	Total Enterprise Fund
Assets		
Current Assets		
Cash and Cash Equivalents	$ 1,117,013.37	$ 1,117,013.37
Accounts Receivable	2,035,713.77	2,035,713.77
Less: Allowance for Doubtful Accounts	(1,527,611.47)	(1,527,611.47)
Total Current Assets	1,625,115.67	1,625,115.67
Deferred Outflows of Resources		
Employer Pension Contributions	11,832.93	11,832.93
Total Deferred Outflows of Resources	11,832.93	11,832.93
Liabilities		
Current Liabilities		
Payables (Note 7)	125,204.53	125,204.53
Total Current Liabilities	125,204.53	125,204.53
Noncurrent Liabilities		
Net Pension Liability	59,820.47	59,820.47
Total Noncurrent Liabilities	59,820.47	59,820.47
Deferred Inflows of Resources		
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability	7,738.15	7,738.15
Total Deferred Inflows of Resources	7,738.15	7,738.15
Net Position		
Unrestricted	1,444,185.45	1,444,185.45
Total Net Position	$ 1,444,185.45	$ 1,444,185.45

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

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended September 30, 2016

	Enterprise Fund Solid Waste Disposal Authority	Total Enterprise Fund
Operating Revenues		
Charges for Services	$ 1,788,202.15	$ 1,788,202.15
Total Operating Revenues	1,788,202.15	1,788,202.15
Operating Expenses		
Salaries and Benefits	135,096.55	135,096.55
Contractual and Professional Services	1,236,642.59	1,236,642.59
Materials and Supplies	11,418.42	11,418.42
Utilities	10,991.95	10,991.95
Highways and Roads	577,300.15	577,300.15
Miscellaneous	55,671.34	55,671.34
Total Operating Expenses	2,027,121.00	2,027,121.00
Operating Income (Loss)	(238,918.85)	(238,918.85)
Nonoperating Revenues (Expenses)		
Interest	1,254.52	1,254.52
Total Nonoperating Revenues (Expenses)	1,254.52	1,254.52
Change in Net Position	(237,664.33)	(237,664.33)
Net Position - Beginning of Year	1,681,849.78	1,681,849.78
Net Position - End of Year	$ 1,444,185.45	$ 1,444,185.45

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, 2016

	Enterprise Fund Solid Waste Disposal Authority	Total Enterprise Fund
Cash Flows from Operating Activities		
Receipts from Customers	$ 2,153,426.10	$ 2,153,426.10
Payments to Suppliers	(2,147,965.02)	(2,147,965.02)
Payments to Employees	(135,096.55)	(135,096.55)
Net Cash Provided (Used) by Operating Activities	(129,635.47)	(129,635.47)
Cash Flows from Investing Activities		
Interest Income	1,254.52	1,254.52
Net Cash Provided (Used) by Investing Activities	1,254.52	1,254.52
Net Increase (Decrease) in Cash and Cash Equivalents	(128,380.95)	(128,380.95)
Cash and Cash Equivalents - Beginning of Year	1,245,394.32	1,245,394.32
Cash and Cash Equivalents - End of Year	1,117,013.37	1,117,013.37
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(238,918.85)	(238,918.85)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Decrease in Accounts Receivable	78,526.78	78,526.78
Increase in Deferred Outflows Related to Pensions	(5,704.31)	(5,704.31)
Increase in Accounts Payable	31,750.60	31,750.60
Increase in Net Pension Liability	2,155.98	2,155.98
Increase in Deferred Inflows Related to Pensions	2,554.33	2,554.33
Total Adjustments	109,283.38	109,283.38
Net Cash Provided by Operating Activities	$ (129,635.47)	$ (129,635.47)

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

Statement of Fiduciary Net Position
September 30, 2016

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and Cash Equivalents	$ 345,896.94	$ 339,707.22
Receivables (Note 4)	3,710.00	
Capital Assets, Net (Note 5)	41,594.00	
Total Assets	391,200.94	339,707.22
Liabilities		
Payables (Note 7)	136,772.28	339,707.22
Total Liabilities	136,772.28	$ 339,707.22
Net Position		
Net Investment in Capital Assets	41,594.00	
Held in Trust for Other Purposes	212,834.66	
Total Net Position	$ 254,428.66	

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, 2016

		Private-Purpose Trust Funds
Additions		
Contributions from:		
Charges For Services	$	138,870.65
Miscellaneous		13,522.16
Total Additions		152,392.81
Deductions		
Administrative Expenses:		
General Government		24,473.53
Public Safety		186,527.49
Capital Outlay		7,000.00
Total Deductions		218,001.02
Changes in Net Position		(65,608.21)
Net Position - Beginning of Year		320,036.87
Net Position - End of Year	$	254,428.66

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

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Based on the application of the above criteria, the following entities are component units that have been included in the accompanying financial statements as blended component units.

Blended Component Units – Blended component units are legally separate entities that exist solely to provide services (usually financing) exclusively to the County. The blended component units are as follows:

- ***Washington County Emergency Medical Rescue Board*** – The revenues and expenditures of this Board are for the purpose of providing emergency medical services to the citizens of Washington County.

- ***Washington County Solid Waste Authority*** – The revenues and expenditures are used to account for the cost of providing solid waste service to county residents.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

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

- ***RRR Gasoline Tax Fund*** – This fund is used to account for the County's share of statewide four-cent gasoline tax. These revenues are earmarked for the resurfacing, restoration, and rehabilitation of county roads. This fund is also used to report the expenditure of the 7-cents per gallon State gasoline tax revenue for the construction, improvement, maintenance and supervision of highways, bridges and roads.

- ***Reappraisal Fund*** – This fund is used to account for property taxes and other revenues required to be expended for the costs of the property reappraisal program.

The Commission reports the following major enterprise fund:

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

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.

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

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

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

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

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

1. Deposits

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

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

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

2. Receivables

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 amounts due from the State of Alabama.

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

3. Restricted Assets

Certain general obligation and special revenue warrants, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The 2007 General Obligation Warrant Construction Fund account is used to report those proceeds that are restricted for use in various construction projects. The Series 2011 State Gasoline Tax Anticipation Warrant Fund, the Series 2011 General Obligation Warrant Fund, and the Series 2014 General Obligation Warrant Fund are used to segregate resources accumulated for debt service payments.

4. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings and Improvements	$ 50,000	20 – 40 years
Equipment and Furniture	$ 5,000	5 – 10 years
Roads	$250,000	20 years
Bridges	$ 50,000	40 years

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

5. Deferred Outflows of Resources

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

6. Long-Term Obligations

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

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

7. Compensated Absences

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

Annual Leave

Employees shall accrue annual leave at the following rates to a maximum, at any one time of twenty (20) days plus any annual leave earned in the current year:

Completed Service	Vacation Credit Per Year
First Year	One Week (5 days)
Second to Tenth Year	Two Weeks (10 days)
Eleventh to Twentieth Years	Three Weeks (15 days)
Twenty-First and all Subsequent Years	Four Weeks (20 days)

Employee records will be balanced at the end of each calendar year. When department work schedules will not permit an employee to take annual leave, the employee may be paid for any earned leave, which would otherwise be forfeited. Accumulated annual leave shall be paid in full upon the employee's separation from County employment.

Sick Leave

Sick leave benefits with pay are provided for permanent full-time employees in the amount of 12 workdays per fiscal year. Sick leave benefits are accrued by all non-probationary permanent full-time employees at a rate of 1 workday per month. Unused sick leave credits may be accumulated and carried over into successive fiscal years by employees. An employee may accrue up to a maximum, at any one time, of sixty (60) days. All unused sick leave is forfeited upon separation and is not compensated to the employee.

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.

8. 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.

9. Pensions

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

10. Net Position/Fund Balances

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

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

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

- ***Unrestricted*** **–** Net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment 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. Fund balances of governmental funds are reported in classifications to indicate balances. Those classifications and associated constraints are as follows:

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

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

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

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

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

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

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund and Reappraisal Fund, with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis. Also, in the Reappraisal Fund, ad valorem taxes are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. The RRR Gasoline Tax Fund budgets on a basis of accounting consistent with GAAP. Capital projects funds adopt project-length budgets. All other governmental funds prepare budgets on the modified accrual basis of accounting with the same exceptions, as applicable. All appropriations lapse at fiscal year-end.

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

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

Note 3 – Deposits

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

Note 4 – Receivables

On September 30, 2016, receivables for the Commission's individual major funds and other governmental funds' in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	RRR Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
Receivables:				
Intergovernmental	$152,376.56	$78,143.65	$4,428.38	$234,948.59
Other Receivables	115.28			115.28
Total Receivables	$152,491.84	$78,143.65	$4,428.38	$235,063.87

	Solid Waste Fund	Total Enterprise Fund
Receivables:		
Accounts Receivable	$ 2,035,713.77	$ 2,035,713.77
Less: Allowance for Doubtful Accounts	(1,527,611.47)	(1,527,611.47)
Net Total Receivables	$ 508,102.30	$ 508,102.30

	Private-Purpose Trust Funds
Receivables:	
Intergovernmental	$3,710.00
Total Receivables	$3,710.00

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2016, was as follows:

	Balance 10/01/2015	Additions/ Reclassifications (*)	Retirements/ Reclassifications (*)	Balance 09/30/2016
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 361,349.87	$ 120,000.00	$	$ 481,349.87
Infrastructure in Progress	2,496,656.30	4,404,420.00	(2,496,656.30)	4,404,420.00
Total Capital Assets, Not Being Depreciated	2,858,006.17	4,524,420.00	(2,496,656.30)	4,885,769.87
Capital Assets Being Depreciated:				
Infrastructure	6,741,580.35	2,496,656.30		9,238,236.65
Buildings and Improvements	6,335,663.24			6,335,663.24
Construction Equipment	2,109,508.80	214,825.78	(159,749.00)	2,164,585.58
Office Equipment	502,012.96			502,012.96
Motor Vehicles	947,397.67	193,697.97	(104,702.33)	1,036,393.31
Equipment Under Capital Leases	1,098,776.16	801,002.00	(887,334.00)	1,012,444.16
Total Capital Assets Being Depreciated	17,734,939.18	3,706,182.05	(1,151,785.33)	20,289,335.90
Less Accumulated Depreciation for:				
Infrastructure	(941,780.40)	(157,616.29)		(1,099,396.69)
Buildings and Improvements	(2,668,614.52)	(138,717.56)		(2,807,332.08)
Construction Equipment	(1,486,185.03)	(187,887.82)	115,450.31	(1,558,622.54)
Office Equipment	(521,205.53)	(495.25)		(521,700.78)
Motor Vehicles	(799,256.68)	(108,055.01)	104,702.33	(802,609.36)
Equipment Under Capital Leases	(64,439.81)	(107,230.96)	140,065.82	(31,604.95)
Total Accumulated Depreciation	(6,481,481.97)	(700,002.89)	360,218.46	(6,821,266.40)
Total Capital Assets Being Depreciated, Net	11,253,457.21	3,006,179.16	(791,566.87)	13,468,069.50
Governmental Activities Capital Assets, Net	$14,111,463.38	$7,530,599.16	$(3,288,223.17)	$18,353,839.37

(*) The additions and retirements columns include a reclassification from Equipment Under Capital Lease to Construction Equipment in the amount of $104,711.00 as well as $47,992.54 in associated accumulated depreciation. Also, a reclassification in the amount of $2,496,656.30 from Infrastructure in Progress to Infrastructure is included.

	Balance 10/01/2015	Additions	Retirements	Balance 09/30/2016
Private-Purpose Trust Funds:				
Capital Assets Being Depreciated:				
Motor Vehicles	$ 176,109.89	$ 7,000.00	$(51,995.00)	$131,114.89
Total Capital Assets Being Depreciated	176,109.89	7,000.00	(51,995.00)	131,114.89
Less Accumulated Depreciation for:				
Motor Vehicles	(104,887.66)	(25,406.37)	40,773.14	(89,520.89)
Total Accumulated Depreciation	(104,887.66)	(25,406.37)	40,773.14	(89,520.89)
Total Capital Assets Being Depreciated, Net	71,222.23	(18,406.37)	(11,221.86)	41,594.00
Private-Purpose Trust Funds Capital Assets, Net	$ 71,222.23	$(18,406.37)	$(11,221.86)	$ 41,594.00

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$137,565.33
Public Safety	87,872.61
Highways and Roads	419,663.91
Welfare	6,908.50
Total Depreciation Expense – Governmental Activities	$652,010.35

	Current Year Depreciation Expense
Private-Purpose Trust Funds:	
Public Safety	$25,406.37
Total Depreciation Expense – Private-Purpose Trust Funds	$25,406.37

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

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

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 the ***Code of Alabama 1975***, Section 36-27-6.

Benefits Provided

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

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

Members are eligible for disability retirement if they have 10 years of 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 membership includes approximately 84,393 participants. As of September 30, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	22,211
Terminated employees entitled to but not yet receiving benefits	1,353
Terminated employees not entitled to a benefit	5,451
Active Members	55,164
Post-DROP participants who are still in active service	214
Total	84,393

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. However, the Commission did elect 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.

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, 2016, Washington County Commission's active employee contribution rate was 5.26 percent of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 7.78 percent of covered employee payroll.

The Washington County Commission's contractually required contribution rate for the year ended September 30, 2016 was 8.57% of pensionable pay for Tier 1 employees, and 5.69% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were $215,910.20 for the year ended September 30, 2016.

B. Net Pension Liability

The Washington County Commission's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2014, rolled forward to September 30, 2015, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward	
	Expected	Actual
Total Pension Liability as of September 30, 2014 (a)	$7,837,608	$7,528,310
Entry Age Normal Cost for October 1, 2014 - September 30, 2015 (b)	214,230	214,230
Actual Benefit Payments and Refunds for October 1, 2014 - September 30, 2015 (c)	(557,426)	(557,426)
Total Pension Liability as of September 30, 2015 =[(a) x (1.08)] + (b) – [(c) x (1.04)]	$8,099,124	$7,765,082
Difference Between Expected and Actual Experience (Gain)/Loss		$ (334,042)

Actuarial Assumptions

The total pension liability in the September 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.75-7.25%
Investment Rate of Return (*)	8.00%

(*) Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are based on the RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2014, valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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	25.00%	5.00%
U. S. Large Stocks	34.00%	9.00%
U. S. Mid Stocks	8.00%	12.00%
U. S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	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, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2014	$7,837,608	$5,889,483	$1,948,125
Changes for the Year:			
Service Cost	214,230		214,230
Interest	604,712		604,712
Difference between expected and actual experience	(334,042)		(334,042)
Contributions – Employer		200,671	(200,671)
Contributions – Employee		135,046	(135,046)
Net Investment Income		68,603	(68,603)
Benefit Payments, including Refunds of Employee Contributions	(557,426)	(557,426)	
Transfers among Employers		7,743	(7,743)
Net Changes	(72,526)	(145,363)	72,837
Balances at September 30, 2015	$7,765,082	$5,744,120	$2,020,962

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

The following table presents the Commission's pension liability calculated using the discount rate of 8%, 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 (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
Commission's net pension liability	$2,797,753	$2,020,962	$1,356,232

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, 2015. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated October 17, 2016 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.

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

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

For the year ended September 30, 2016, the Washington County Commission recognized pension expense of $175,952. At September 30, 2016, the Washington County Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$261,424
Net difference between projected and actual earnings on pension plan investments	183,851	
Employer contributions subsequent to the measurement date	215,910	
Total	$399,761	$261,424

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

Year Ending	
September 30, 2017	$(37,601)
2018	$(37,601)
2019	$(37,602)
2020	$ 35,231
2021	$ 0
Thereafter	$ 0

Note 7 – Payables

On September 30, 2016, payables for the Commission's individual major funds and fiduciary funds are as follows:

	Vendors	Due to Other Governments	Other Payables	Total Payables
Business-Type Activities:				
Solid Waste Disposal Authority Fund	$125,204.53	$	$	$125,204.53
Total Business-Type Activities	125,204.53			125,204.53
Fiduciary Funds:				
Private-Purpose Trust Funds		23,313.40	113,458.88	136,772.28
Agency Funds		163,475.69	176,231.53	339,707.22
Total Fiduciary Funds	$	$186,789.09	$289,690.41	$476,479.50

Note 8 – Lease Obligations

Capital Leases

The Commission is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled $1,012,444.16 for governmental activities at September 30, 2016. If the Commission completes the lease payments according to the schedules below, which is the stated intent of the Commission, ownership of the leased equipment will pass to the Commission. The lease purchase contracts give the Commission the right to cancel the lease with 30 days' written notice and payment of a pro rata share of the current year's lease payments. Until that time, the leased equipment will be identified separately on the balance sheet. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of September 30.

Fiscal Year Ending	Governmental Activities
September 30, 2017	$ 209,277.52
2018	209,277.54
2019	209,277.52
2020	209,277.52
2021	209,277.54
Total Minimum Lease Payments	1,046,387.64
Less: Amount Representing Interest	66,944.41
Present Value of Net Minimum Lease Payments	$ 979,443.23

Note 9 – Long-Term Debt

On September 1, 2011, State Gasoline Tax Anticipation Warrants, with variable interest rates of 1.00 to 2.25 percent, were issued to refund the outstanding State Gasoline Tax Warrants, Series 2002, and to pay the issuance expenses of the Warrants.

On December 1, 2011, General Obligation Warrants in the amount of $1,110,000 were issued for the purposes of refunding a portion of the long-term note issued on July 28, 2008 and to fund certain capital improvements.

On October 12, 2012, a long-term note was issued for the purpose of energy efficiency improvements.

On November 19, 2014, General Obligation Warrants in the amount of $1,855,000.00 were issued for the purpose of currently refunding the 2007 General Obligation Warrants maturing after February 1, 2016 and to pay issuance expense on the Warrants.

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2016:

	Debt Outstanding 10/01/2015	Additions/ Issued	Deletions/ Repaid	Debt Outstanding 09/30/2016	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
2011 State Gasoline Tax Warrants	$ 535,000.00	$	$ (265,000.00)	$ 270,000.00	$270,000.00
2011 General Obligation Warrants	925,000.00		(65,000.00)	860,000.00	65,000.00
2014 General Obligation Warrants	1,815,000.00		(120,000.00)	1,695,000.00	130,000.00
Less:					
Unamortized Discount	(5,948.03)		540.73	(5,407.30)	(540.73)
Add:					
Unamortized Premium	6,160.18		(3,080.08)	3,080.10	3,080.10
Total Warrants Payable	3,275,212.15		(452,539.35)	2,822,672.80	467,539.37
Notes Payable	243,883.30		(34,430.64)	209,452.66	34,430.64
Other Liabilities:					
Capital Lease Contracts	1,016,474.57	801,002.00	(838,033.34)	979,443.23	187,290.07
Compensated Absences	107,520.41		(3,442.56)	104,077.85	10,407.78
Net Pension Liability	1,890,460.51	70,681.02		1,961,141.53	
Landfill Postclosure Costs	51,197.53		(43,443.27)	7,754.26	
Total Other Liabilities	3,065,653.02	871,683.02	(884,919.17)	3,052,416.87	197,697.85
Total Governmental Activities Long-Term Liabilities	6,584,748.47	871,683.02	(1,371,889.16)	6,084,542.33	699,667.86
Business-Type Activities:					
Net Pension Liability	57,664.49	2,155.98		59,820.47	
Total Business-Type Activities Long-Term Liabilities	$ 57,664.49	$ 2,155.98	$	$ 59,820.47	$

Payments on the warrants payable that pertain to the Commission's governmental activities are made by the General Fund and debt service funds. The capital lease liability for the governmental activities will be liquidated by the Public Buildings, Roads and Bridges Fund. Payments on the notes payable will be made by the General Fund.

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

	Governmental Activities						
	Warrants Payable		Notes Payable		Capital Lease Contracts Payable		Total Principal and Interest Requirements
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	to Maturity
September 30, 2017	$ 465,000.00	$ 76,398.76	$ 34,430.64	$	$187,290.07	$21,987.45	$ 785,106.92
2018	190,000.00	66,136.26	34,430.64		191,493.36	17,784.18	499,844.44
2019	200,000.00	61,711.26	34,430.64		195,791.55	13,485.97	505,419.42
2020	200,000.00	56,848.76	34,430.64		200,186.84	9,090.68	500,556.92
2021	210,000.00	51,546.26	34,430.64		204,681.41	4,596.13	505,254.44
2022-2026	1,140,000.00	162,603.15	37,299.46				1,339,902.61
2027-2028	420,000.00	9,440.00					429,440.00
Total	$2,825,000.00	$484,684.45	$209,452.66	$	$979,443.23	$66,944.41	$4,565,524.75

Discounts and Premiums

The Commission has a discount in connection with the issuance of its Series 2011 General Obligation Warrants. The discount is being amortized using the straight-line method over a period of fifteen years.

The Commission has a premium in connection with the issuance of its Series 2011 Gasoline Tax Anticipation Warrants. The premium is being amortized using the straight-line method over a period of six years.

	Discounts	Premium
Total Discounts and Premium	$ 8,110.95	$ 18,480.50
Amount Amortized Prior Years	(2,162.92)	(12,320.32)
Balance Discounts and Premium	5,948.03	6,160.18
Current Amount Amortized	(540.73)	(3,080.08)
Balance Discounts and Premium	$ 5,407.30	$ 3,080.10

Pledged Revenues

The Commission has pledged a portion of the state seven cents gasoline tax to repay $1,550,000 in State Gasoline Tax Anticipation Warrants, Series 2011 issued on September 1, 2011 to advance refund the Commission's State Gasoline Tax Anticipation Warrants, Series 2002. The warrants are payable solely from a portion of the state seven cents gasoline tax that is required by law to be distributed to Washington County. Total principal and interest remaining on the bonds at September 30, 2016 is $276,075.00 payable through September 2017. For the current year, principal and interest paid was $275,912.50.

The Commission has pledged a portion of the future general ad valorem taxes to repay $1,855,000 in General Obligation Warrants, Series 2014 issued in November 2014 to refund the Commission's General Obligation Warrants, Series 2007. The warrants are payable solely from a share of proceeds of the general ad valorem taxes that is levied and collected in Washington County. Total principal and interest remaining on the bonds at September 30, 2016 is $1,816,254.45 payable through February 2028. For the current year, principal and interest paid and total general ad valorem tax revenues were $164,446.26 and $2,894,421.66, respectively.

Note 10 – Risk Management

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

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

The Commission 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.

Note 11 – Interfund Transactions

Due To/From Other Funds

The amounts due to/from other funds at September 30, 2016, were as follows:

	Due From Other Funds	
	Other Governmental Funds	Totals
Due To Other Funds:		
General Fund	$23,007.00	$23,007.00
Totals	$23,007.00	$23,007.00

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2016, were as follows:

	Transfers Out		
	General Fund	Other Governmental Funds	Totals
Transfers In:			
General Fund	$	$585,143.00	$ 585,143.00
Other Governmental Funds	1,141,796.33		1,141,796.33
Totals	$1,141,796.33	$585,143.00	$1,726,939.33

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

Note 12 – Related Organizations

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

Related Organizations
Public Parks and Recreation Board of Washington County
Leroy Water Authority
Washington County Hospital Board
Washington County Housing Authority
Washington County Water Authority
McIntosh Water and Fire Protection Authority
Tibbie Water and Fire Protection Authority
Deer Park Water and Fire Protection Authority
Frankville Water and Fire Protection Authority
Washington County E-911 Communications District

Note 13 – Subsequent Event

The Commission, due to unacceptable well monitoring samples, will incur an additional liability regarding the postclosure costs of its landfill. The amount of the liability is undeterminable at this time.

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Required Supplementary Information

Schedule of Changes in the Net Pension Liability
For the Year Ended September 30, 2016

		2015		2014
Total pension liability				
Service cost	$	214,230	$	217,544
Interest		604,712		586,103
Differences between expected and actual experience		(334,042)		
Benefit payments, including refunds of employee contributions		(557,426)		(584,644)
Net change in total pension liability		(72,526)		219,003
Total pension liability - beginning		7,837,608		7,618,605
Total pension liability - ending (a)	$	7,765,082	$	7,837,608
Plan fiduciary net position				
Contributions - employer	$	200,671	$	188,180
Contributions - employee		135,046		134,285
Net investment income		68,603		656,891
Benefit payments, including refunds of employee contributions		(557,426)		(584,644)
Other (Transfers among employers)		7,743		(222,146)
Net change in plan fiduciary net position		(145,363)		172,566
Plan fiduciary net positions - beginning		5,889,483		5,716,917
Plan fiduciary net positions - ending (b)	$	5,744,120	$	5,889,483
Commission's net pension liability - ending (a) - (b)	$	2,020,962	$	1,948,125
Plan fiduciary net position as a percentage of the total pension liability		73.97%		75.14%
Covered-employee payroll (*)	$	2,475,093	$	2,551,810
Commission's net pension liability as a percentage of covered-employee payroll		81.65%		76.34%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For the fiscal year 2016, the measurement period is October 1, 2014 through September 30, 2015. The Governmental Accounting Standards Board issued a statement "Pension Issues" in March 2016 to redefine covered payroll for fiscal year 2016.

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
For the Year Ended September 30, 2016

		2016		2015		2014
Actuarially determined contribution	$	215,910	$	207,048	$	197,111
Contributions in relation to the actuarially determined contribution	$	215,910	$	207,048	$	197,111
Contribution deficiency (excess)	$		$		$	
Covered-employee payroll	$	2,776,273	$	2,475,093	$	2,551,810
Contributions as a percentage of covered-employee payroll		7.78%		8.37%		7.72%

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 2016 were based on the September 30, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Five year smoothed market
Inflation	3%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8%, net of pension plan investment expense, including inflation

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 2,525,077.00	$ 2,525,077.00	$ 2,157,677.98
Licenses and Permits	29,000.00	29,000.00	32,820.37
Intergovernmental	770,970.00	770,970.00	590,317.64
Charges for Services	730,900.00	730,900.00	798,492.36
Miscellaneous	186,200.00	186,200.00	429,353.96
Total Revenues	4,242,147.00	4,242,147.00	4,008,662.31
Expenditures			
Current:			
General Government	2,196,320.42	2,196,320.42	2,219,395.57
Public Safety	1,452,719.00	1,452,719.00	1,280,821.89
Highways and Roads			
Sanitation	248,000.00	248,000.00	233,635.22
Welfare	9,000.00	9,000.00	9,000.00
Culture and Recreation	8,000.00	8,000.00	8,000.00
Education	75,900.00	75,900.00	63,705.84
Capital Outlay	34,000.00	34,000.00	287,222.97
Debt Service:			
Principal Retirement	185,000.00	185,000.00	
Interest and Fiscal Charges	74,318.76	74,318.76	
Total Expenditures	4,283,258.18	4,283,258.18	4,101,781.49
Excess (Deficiency) of Revenues Over Expenditures	(41,111.18)	(41,111.18)	(93,119.18)
Other Financing Sources (Uses)			
Transfers In			585,143.00
Long-Term Debt Issued			
Sale of Capital Assets			
Transfers Out	(2,000.00)	(2,000.00)	(390,514.40)
Total Other Financing Sources (Uses)	(2,000.00)	(2,000.00)	194,628.60
Net Change in Fund Balances	(43,111.18)	(43,111.18)	101,509.42
Fund Balances - Beginning of Year	55,000.00	55,000.00	112,522.84
Fund Balances - End of Year	$ 11,888.82	$ 11,888.82	$ 214,032.26

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(2)	$ 984,887.67	$ 3,142,565.65
		32,820.37
(2)	4,438,641.11	5,028,958.75
(2)	65,389.40	863,881.76
(2)	321,480.20	750,834.16
	5,810,398.38	9,819,060.69
(1)	66,340.13	2,153,055.44
		1,280,821.89
(3)	(346,302.55)	346,302.55
(3)	(51,287.76)	284,922.98
		9,000.00
		8,000.00
		63,705.84
(3)	(5,342,011.78)	5,629,234.75
(3)	(838,033.34)	838,033.34
(3)	(27,627.23)	27,627.23
	(6,538,922.53)	10,640,704.02
	(728,524.15)	(821,643.33)
		585,143.00
(4)	801,002.00	801,002.00
(4)	795,445.00	795,445.00
(4)	(751,281.93)	(1,141,796.33)
	845,165.07	1,039,793.67
	116,640.92	218,150.34
(5)	393,445.76	505,968.60
	$ 510,086.68	$ 724,118.94

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund For the Year Ended September 30, 2016

Explanation of Differences Between Actual Amounts on Budgetary Basis and Actual Amounts GAAP Basis:

The Commission budgets on the modified accrual basis of accounting with the following exception:

(1) The Commission budgets for salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis.

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

(2) Revenues		
Public Buildings, Roads and Bridges Fund	$	5,742,051.00
Waste Water Treatment Fund		65,583.79
Business Park Fund		2,636.08
Economic Development Fund		127.51
(3) Expenditures		
Public Buildings, Roads and Bridges Fund	$	6,553,974.90
Waste Water Treatment Fund		51,287.76
(4) Other Financing Sources/(Uses), Net		
Public Buildings, Roads and Bridges Fund	$	861,062.87
Waste Water Treatment Fund		(15,897.80)
Net Increase in Fund Balance - Budget to GAAP		

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

$	66,340.13
	5,810,398.38
	(6,605,262.66)
	845,165.07
$	116,640.92

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - RRR Gasoline Tax Fund
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Intergovernmental	$ 944,000.00	$ 944,000.00	$ 1,575,382.56
Miscellaneous	3,000.00	3,000.00	3,490.34
Total Revenues	947,000.00	947,000.00	1,578,872.90
Expenditures			
Current:			
Highways and Roads	1,864,000.00	1,864,000.00	1,982,000.47
Total Expenditures	1,864,000.00	1,864,000.00	1,982,000.47
Excess (Deficiency) of Revenues Over Expenditures	(917,000.00)	(917,000.00)	(403,127.57)
Other Financing Sources (Uses)			
Transfers Out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(917,000.00)	(917,000.00)	(403,127.57)
Fund Balances - Beginning of Year	917,000.00	917,000.00	1,578,177.36
Fund Balances - End of Year	$	$	$ 1,175,049.79

Budget to GAAP Differences	Actual Amounts GAAP Basis
$	$ 1,575,382.56
	3,490.34
	1,578,872.90
	1,982,000.47
	1,982,000.47
	(403,127.57)
	(403,127.57)
	1,578,177.36
$	$ 1,175,049.79

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal Fund
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 461,000.00	$ 461,000.00	$ 461,000.00
Miscellaneous			305.01
Total Revenues	461,000.00	461,000.00	461,305.01
Expenditures			
Current:			
General Government	461,000.00	461,000.00	396,588.90
Total Expenditures	461,000.00	461,000.00	396,588.90
Excess (Deficiency) of Revenues Over Expenditures			64,716.11
Net Change in Fund Balances			64,716.11
Fund Balances - Beginning of Year			141,806.38
Fund Balances - End of Year	$	$	$ 206,522.49

Explanation of Differences Between Actual Amounts on Budgetary Basis and Actual Amounts GAAP Basis:

The Commission budgets on the modified accrual basis of accounting with the following exceptions:

(1) The Commission recognizes real property ad valorem taxes as they are received without regard to when they are earned.

(2) The Commission budgets for salaries and benefits only to the extent expected to be paid, rather than on the modified accrual basis.

Net Decrease in Fund Balance - Budget to GAAP

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

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	$ (70,340.08)	$ 390,659.92
		305.01
	(70,340.08)	390,964.93
(2)	5,623.97	390,964.93
	5,623.97	390,964.93
	(64,716.11)	
	(64,716.11)	
(3)	(141,806.38)	
	$ (206,522.49)	$

	$ (70,340.08)
	5,623.97
	$ (64,716.11)

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Additional Information

Commission Members and Administrative Personnel
October 1, 2015 through September 30, 2016

Commission Members		Term Expires
Hon. Jack Allen Bailey, Jr.	Chairman	2018
Hon. Johnny Guy	Member	2016
Hon. Willie Long, Jr.	Member	2016
Hon. Joseph Abston	Member	2016
Hon. Mark Platt	Member	2018
Administrative Personnel		
Sonya Kirkwood	Administrator/Treasurer	Indefinite

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 Washington County Commission and County Administrator
Chatom, 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 Washington County Commission, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Washington County Commission's basic financial statements and have issued our report thereon dated November 8, 2018.

Internal Control Over Financial Reporting

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

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

November 8, 2018