

Report on the

Walker County Commission

Walker County, Alabama

October 1, 2015 through September 30, 2016

Filed: May 15, 2020



Department of Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner



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

Dear Madam:

An audit was conducted on the Walker County Commission, Walker County, Alabama, for the period October 1, 2015 through September 30, 2016. Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Josh Taylor'.

Joshua D. Taylor
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**Walker County Commission
October 1, 2015 through September 30, 2016**

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

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

An unmodified opinion was issued on the financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2016.

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

Commission members and administrative personnel, as reflected on Exhibit 14, were invited to discuss the results of this report at an exit conference, with Commissioner Keith Davis attending. Representing the Department of Examiners of Public Accounts was Joshua D. Taylor, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of the Walker County Commission and County Administrator
Jasper, Alabama

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Walker 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 Walker County Commission, as listed in the table of contents as Exhibits 1 through 8.

Management's Responsibility

The management of the Walker 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Walker County Commission, as of September 30, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

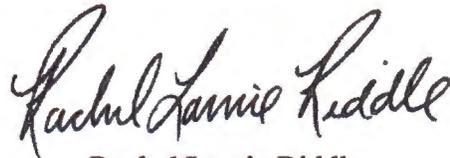
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Changes in the Net Pension Liability, the Schedule of the Employer's Contributions, the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, and Schedule of Funding Progress (Exhibits 9 through 13), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 April 23, 2020, on our consideration of the Walker 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Walker County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle

Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

April 23, 2020

Basic Financial Statements

Statement of Net Position
September 30, 2016

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 4,709,994.40
Investments	3,808,524.07
Receivables (Note 4)	463,948.29
Due from Solid Waste Authority	250,000.00
Property Taxes Receivable	5,616,152.11
Inventories	6,196.40
Prepaid Expenses	80,885.39
Capital Assets (Note 5):	
Nondepreciable	1,350,144.00
Depreciable, Net	27,286,454.39
Total Assets	<u>43,572,299.05</u>
Deferred Outflows of Resources	
Employer Pension Contributions	708,610.00
Deferred Outflows Related to Net Pension Liability	715,814.00
Total Deferred Outflows of Resources	<u>1,424,424.00</u>
Liabilities	
Accounts Payable	44,870.61
Due to Other Governments	72,948.13
Unearned Revenue	181,750.03
Accrued Landfill Bonus	250,000.00
Accrued Interest Payable	112,052.05
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Capital Leases Payable	1,539,636.40
Less: Unamortized Discount	(4,564.00)
Compensated Absences	107,560.84
Portion Due or Payable After One Year:	
Capital Leases Payable	665,592.51
Warrants Payable	17,880,000.00
Less: Unamortized Discount	(71,765.00)
Compensated Absences	968,047.70
Net Pension Liability	7,260,243.00
OPEB Liability	9,895,036.00
Board of Education Liability	545,585.46
Total Liabilities	<u>\$ 39,446,993.73</u>

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

	Governmental Activities
<u>Deferred Inflows of Resources</u>	
Unavailable Revenue - Property Taxes	\$ 5,616,152.11
Revenue Received in Advance - Motor Vehicle Taxes	382,849.81
Total Deferred Inflows of Resources	<u>5,999,001.92</u>
<u>Net Position</u>	
Net Investment in Capital Assets	8,627,698.48
Restricted for:	
Road Projects	2,259,058.32
Capital Improvement	1,283,772.34
Other Purposes	1,716,987.23
Unrestricted	<u>(14,336,788.97)</u>
Total Net Position	<u>\$ (449,272.60)</u>

Statement of Activities
For the Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities:			
General Government	\$ 7,601,146.15	\$ 3,553,234.57	\$ 161,930.89
Public Safety	7,414,475.02	481,401.41	121,141.00
Highways and Roads	6,654,127.32		2,725,778.21
Sanitation	1,629,213.81	1,599,310.92	
Health	239,725.89		
Welfare	229,212.00		
Culture and Recreation	26,400.00		
Interest on Long-Term Debt	672,802.06		
Total Governmental Activities	<u>\$ 24,467,102.25</u>	<u>\$ 5,633,946.90</u>	<u>\$ 3,008,850.10</u>

General Revenues:

- Taxes:
 - Property Taxes for General Purposes
 - Property Taxes for Specific Purposes
 - County Sales and Use Taxes
 - Miscellaneous Taxes
- Grants and Contributions Not Restricted for Specific Programs
- Interest Earned
- Miscellaneous
- 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.

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>	<u>Total Governmental Activities</u>
\$ 684,797.18	\$	(3,201,183.51)
80,883.24		(6,731,049.37)
733,195.90		(3,195,153.21)
		(29,902.89)
		(239,725.89)
		(229,212.00)
		(26,400.00)
		(672,802.06)
<u>\$ 1,498,876.32</u>		<u>(14,325,428.93)</u>

5,735,195.98
912,504.76
2,559,827.19
1,862,308.62
381,373.47
10,662.50
68,285.77
<u>11,530,158.29</u>
(2,795,270.64)
<u>2,345,998.04</u>
<u>\$ (449,272.60)</u>

Balance Sheet
Governmental Funds
September 30, 2016

	General Fund	Reappraisal Fund
<u>Assets</u>		
Cash and Cash Equivalents	\$ 2,472,698.43	\$ 181,890.03
Investments	2,884,315.74	
Receivables (Note 4)	187,382.49	
Due from Solid Waste Authority	250,000.00	
Ad Valorem Taxes Receivable	4,703,647.35	912,504.76
Inventories	6,196.40	
Prepaid Items	80,885.39	
Total Assets	<u>10,585,125.80</u>	<u>1,094,394.79</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>		
<u>Liabilities</u>		
Payables	116,576.19	140.00
Accrued Landfill Bonus	250,000.00	
Unearned Revenues		181,750.03
Total Liabilities	<u>366,576.19</u>	<u>181,890.03</u>
<u>Deferred Inflows of Resources</u>		
Unavailable Revenue - Property Taxes	4,703,647.35	912,504.76
Revenue Received in Advance - Motor Vehicle Taxes	382,849.81	
Total Deferred Inflows of Resources	<u>5,086,497.16</u>	<u>912,504.76</u>
<u>Fund Balances</u>		
Nonspendable:		
Prepaid Items	80,885.39	
Inventories	6,196.40	
Restricted for:		
County Jail	562,489.39	
Capital Improvement	721,282.95	
Road and Bridges		
Other Purposes	720,968.03	
Unassigned	3,040,230.29	
Total Fund Balances	<u>5,132,052.45</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,585,125.80</u>	<u>\$ 1,094,394.79</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 2,055,405.94	\$ 4,709,994.40
924,208.33	3,808,524.07
276,565.80	463,948.29
	250,000.00
	5,616,152.11
	6,196.40
	80,885.39
<u>3,256,180.07</u>	<u>14,935,700.66</u>
1,102.55	117,818.74
	250,000.00
	181,750.03
<u>1,102.55</u>	<u>549,568.77</u>
	5,616,152.11
	382,849.81
	<u>5,999,001.92</u>
	80,885.39
	6,196.40
	562,489.39
	721,282.95
2,259,058.32	2,259,058.32
996,019.20	1,716,987.23
	3,040,230.29
<u>3,255,077.52</u>	<u>8,387,129.97</u>
<u>\$ 3,256,180.07</u>	<u>\$ 14,935,700.66</u>

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

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 8,387,129.97

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

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported as assets in the governmental funds. 28,636,598.39

Deferred inflows and outflows of resources related to the pension plan are applicable to
future periods and, therefore, are not reported in the governmental funds. 1,424,424.00

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

	Amounts Due or Payable Within One Year (Current)	Amounts Due or Payable After One Year (Noncurrent)	
Capital Leases Payable	\$ 1,539,636.40	\$ 665,592.51	
Warrants Payable		17,880,000.00	
Less: Unamortized Discounts	(4,564.00)	(71,765.00)	
Compensated Absences	107,560.84	968,047.70	
Net Pension Liability		7,260,243.00	
OPEB Liability		9,895,036.00	
Sales Tax Liability		545,585.46	
Accrued Interest Payable	112,052.05		
Total Long-Term Liabilities	\$ 1,754,685.29	\$ 37,142,739.67	(38,897,424.96)

Total Net Position - Governmental Activities (Exhibit 1) \$ (449,272.60)

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

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

	General Fund	Reappraisal Fund
<u>Revenues</u>		
Taxes	\$ 7,928,212.80	\$ 796,755.70
Licenses and Permits	1,031,728.15	
Intergovernmental	1,562,372.96	
Charges for Services	4,322,789.97	
Miscellaneous	357,158.28	7,780.92
Total Revenues	<u>15,202,262.16</u>	<u>804,536.62</u>
<u>Expenditures</u>		
Current:		
General Government	4,339,242.89	755,302.46
Public Safety	5,880,788.97	
Highways and Roads	1,611,656.85	
Sanitation	1,407,805.03	
Health	208,956.67	
Welfare	29,292.00	
Cultural and Recreation	26,400.00	
Capital Outlay	258,822.91	26,971.00
Debt Service:		
Principal Retirement	1,496,162.61	
Interest and Fiscal Charges	84,805.53	
Total Expenditures	<u>15,343,933.46</u>	<u>782,273.46</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(141,671.30)</u>	<u>22,263.16</u>
<u>Other Financing Sources (Uses)</u>		
Transfers In	51,651.76	16,896.84
Sale of Capital Assets	68,285.77	
Proceeds from Issuance of Debt	164,384.07	
Transfers Out	(778,572.20)	(39,160.00)
Total Other Financing Sources (Uses)	<u>(494,250.60)</u>	<u>(22,263.16)</u>
Net Changes in Fund Balances	(635,921.90)	
Fund Balances - Beginning of Year	<u>5,767,974.35</u>	
Fund Balances - End of Year	<u>\$ 5,132,052.45</u>	<u>\$</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 554,959.76	\$ 9,279,928.26
1,579.00	1,033,307.15
3,884,791.42	5,447,164.38
922,452.79	5,245,242.76
232,964.09	597,903.29
<u>5,596,747.06</u>	<u>21,603,545.84</u>
182,096.13	5,276,641.48
1,390,770.46	7,271,559.43
4,458,018.65	6,069,675.50
	1,407,805.03
	208,956.67
199,920.00	229,212.00
	26,400.00
85,528.00	371,321.91
	1,496,162.61
600,980.76	685,786.29
<u>6,917,314.00</u>	<u>23,043,520.92</u>
<u>(1,320,566.94)</u>	<u>(1,439,975.08)</u>
1,097,506.67	1,166,055.27
	68,285.77
	164,384.07
(348,323.07)	(1,166,055.27)
<u>749,183.60</u>	<u>232,669.84</u>
(571,383.34)	(1,207,305.24)
<u>3,826,460.86</u>	<u>9,594,435.21</u>
<u>\$ 3,255,077.52</u>	<u>\$ 8,387,129.97</u>

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ (1,207,305.24)

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

Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,417,357.25) differs from capital outlay (\$371,321.91) in the current period. (1,046,035.34)

Proceeds from the issuance of debt are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Position but does not affect the Statement of Activities. (164,384.07)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 1,496,162.61

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

Loss on Disposition of Assets (55,415.66)

Discounts on debt issuance are reported as other financing uses in the governmental funds but are deferred and amortized in the Statement of Activities. (4,564.00)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. These items consist of:

Net Change in Compensated Absences	\$	30,158.93	
Increase in Sales Tax (Board of Education) Liability		(545,585.46)	
Increase in Estimated Liability for Other Postemployment Benefits		(1,265,034.00)	
Net Change in Pension Expense		(46,252.64)	
Net Change in Accrued Interest Payable		12,984.23	
Total Additional Expenses		(1,813,728.94)	(1,813,728.94)

Change in Net Position of Governmental Activities (Exhibit 2) \$ (2,795,270.64)

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
<u>Assets</u>		
Cash and Cash Equivalents	\$ 1,186,214.03	\$ 703,973.30
Total Assets	<u>1,186,214.03</u>	<u>703,973.30</u>
<u>Liabilities</u>		
Payable to External Parties	<u>894,383.67</u>	<u>703,973.30</u>
Total Liabilities	<u>894,383.67</u>	<u>\$ 703,973.30</u>
<u>Net Position</u>		
Held in Trust for Other Purposes	<u>291,830.36</u>	
Total Net Position	<u>\$ 291,830.36</u>	

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

***Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2016***

	Private-Purpose Trust Funds
<u>Additions</u>	
Taxes	\$ 10,717.14
Excess Land Sales	521,874.59
Miscellaneous	<u>377,957.39</u>
Total Additions	<u>910,549.12</u>
<u>Deductions</u>	
Administrative Expenses	<u>668,608.27</u>
Total Deductions	<u>668,608.27</u>
Change in Net Position	241,940.85
Net Position - Beginning of Year	<u>49,889.51</u>
Net Position - End of Year	<u><u>\$ 291,830.36</u></u>

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

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Required Supplementary Information

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

	2016	2015
<u>Total pension liability</u>		
Service cost	\$ 600,304	\$ 586,167
Interest	2,032,579	1,978,329
Changes of Assumptions	85,586	
Benefit payments, including refunds of employee contributions	(1,994,052)	(1,803,684)
Net change in total pension liability	<u>724,417</u>	<u>760,812</u>
Total pension liability - beginning	<u>26,391,769</u>	<u>25,630,957</u>
Total pension liability - ending (a)	<u>\$ 27,116,186</u>	<u>\$ 26,391,769</u>
<u>Plan fiduciary net position</u>		
Contributions - employer	\$ 577,428	\$ 557,215
Contributions - employee	347,643	354,994
Net investment income	238,582	2,255,153
Benefit payments, including refunds of employee contributions	(1,994,052)	(1,803,684)
Transfers among employers	83,375	(3,292)
Net change in plan fiduciary net position	<u>(747,024)</u>	<u>1,360,386</u>
Plan fiduciary net position - beginning	<u>20,602,967</u>	<u>19,242,581</u>
Plan fiduciary net position - ending (b)	<u>\$ 19,855,943</u>	<u>\$ 20,602,967</u>
Commission's net pension liability - ending (a) - (b)	\$ 7,260,243	\$ 5,788,802
Plan fiduciary net position as a percentage of the total pension liability	73.23%	78.07%
Covered payroll (*)	\$ 8,708,843	\$ 7,956,046
Commission's net pension liability as a percentage of covered payroll	83.37%	72.76%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2016, the measurement period is October 1, 2014 - September 30, 2015. GASB 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 (*)	\$ 708,610	\$ 577,428	\$ 557,215
Contributions in relation to the actuarially determined contribution (*)	\$ 708,610	\$ 577,428	\$ 557,215
Contribution deficiency (excess)	\$	\$	\$
Covered-employee payroll (**)	\$ 8,903,829	\$ 8,708,843	\$ 7,956,046
Contributions as a percentage of covered-employee payroll	7.96%	6.63%	7.00%

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

(**) Employer's covered payroll for fiscal year 2016 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 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	\$ 5,637,200.00	\$ 5,537,200.00	\$ 5,881,458.72
Licenses and Permits	823,420.00	823,420.00	1,031,728.15
Intergovernmental	1,173,550.00	1,173,560.00	881,004.10
Charges for Services	2,465,900.00	2,465,900.00	2,280,782.23
Miscellaneous	143,507.00	143,517.00	191,120.13
Total Revenues	<u>10,243,577.00</u>	<u>10,143,597.00</u>	<u>10,266,093.33</u>
Expenditures			
Current:			
General Government	4,110,712.89	4,336,287.90	4,106,764.76
Public Safety	5,592,431.58	5,592,431.58	5,821,777.65
Highways and Roads			
Sanitation			
Health	211,870.93	211,870.93	208,956.67
Welfare	29,492.00	29,492.00	29,292.00
Culture and Recreation	29,800.00	29,800.00	26,400.00
Capital Outlay	25,200.00	25,200.00	82,438.84
Debt Service:			
Principal Retirement			58,954.60
Interest and Fiscal Charges			8,796.30
Total Expenditures	<u>9,999,507.40</u>	<u>10,225,082.41</u>	<u>10,343,380.82</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>244,069.60</u>	<u>(81,485.41)</u>	<u>(77,287.49)</u>
Other Financing Sources (Uses)			
Transfers In		322,101.47	51,651.76
Sale of Capital Assets			68,285.77
Proceeds from Issuance of Debt			164,384.07
Transfers Out	(919,874.76)	(919,874.76)	(355,600.32)
Total Other Financing Sources (Uses)	<u>(919,874.76)</u>	<u>(597,773.29)</u>	<u>(71,278.72)</u>
Net Change in Fund Balances	(675,805.16)	(679,258.70)	(148,566.21)
Fund Balances - Beginning of Year	<u>676,574.00</u>	<u>690,176.00</u>	<u>2,303,420.96</u>
Fund Balances - End of Year	<u>\$ 768.84</u>	<u>\$ 10,917.30</u>	<u>\$ 2,154,854.75</u>

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1) (3)	\$ 2,046,754.08	\$ 7,928,212.80
		1,031,728.15
(1)	681,368.86	1,562,372.96
(1)	2,042,007.74	4,322,789.97
(1)	166,038.15	357,158.28
	<u>4,936,168.83</u>	<u>15,202,262.16</u>
(2) (4)	(232,478.13)	4,339,242.89
(2) (4)	(59,011.32)	5,880,788.97
(2) (4)	(1,611,656.85)	1,611,656.85
(2) (4)	(1,407,805.03)	1,407,805.03
		208,956.67
		29,292.00
		26,400.00
(2) (4)	(176,384.07)	258,822.91
(2) (4)	(1,437,208.01)	1,496,162.61
(2) (4)	(76,009.23)	84,805.53
	<u>(5,000,552.64)</u>	<u>15,343,933.46</u>
	<u>(64,383.81)</u>	<u>(141,671.30)</u>
		51,651.76
		68,285.77
		164,384.07
(5)	(422,971.88)	(778,572.20)
	<u>(422,971.88)</u>	<u>(494,250.60)</u>
	(487,355.69)	(635,921.90)
(6)	<u>3,464,553.39</u>	<u>5,767,974.35</u>
	<u>\$ 2,977,197.70</u>	<u>\$ 5,132,052.45</u>

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:**

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

(1) Revenues		
Solid Waste Fund	\$	1,813,267.51
Jail Fund		658,983.18
Roads and Bridges Fund		1,778,001.80
ATRIP Fund		144,519.66
Severed Materials Severance Tax Fund		6,269.93
Capital Improvement Fund		376,769.87
Walker County Airport Fund		27,018.11
Hamilton Supernumerary Fund		35,629.17
Baker Supernumerary Fund		4,008.67
Torey Supernumerary Fund		3.46
Guthrie Supernumerary Fund		4,656.90
Retiree/Employee Health Insurance Premium Fund		89,036.60
		<hr/>
(2) Expenses		
Solid Waste Fund	\$	(1,912,512.58)
Jail Fund		(1,172,893.76)
Roads and Bridges Fund		(1,630,520.41)
ATRIP Fund		(121,617.25)
Walker County Airport Fund		(31,286.64)
Hamilton Supernumerary Fund		(35,257.33)
Baker Supernumerary Fund		(44,780.64)
Tirey Supernumerary Fund		(59,011.32)
Guthrie Supernumerary Fund		(8,967.28)
Retiree/Employee Health Insurance Premium Fund		(327,455.00)
		<hr/>

\$ 4,938,164.86

(5,344,302.21)

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

(3) The Commission recognizes motor vehicle ad valorem taxes as they are received without regard to when they are earned (GAAP).

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

(5) Other Financing Sources/Uses, Net

Net Change in Fund Balance - Budget to GAAP

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

(1,996.03)

343,749.57

(422,971.88)

\$ (487,355.69)

***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	\$ 1,007,675.12	\$ 1,007,675.12	\$ 780,240.64
Miscellaneous	14,687.75	14,687.75	7,780.92
Total Revenues	<u>1,022,362.87</u>	<u>1,022,362.87</u>	<u>788,021.56</u>
Expenditures			
Current:			
General Government	939,862.87	939,862.87	785,720.24
Capital Outlay	82,500.00	82,500.00	26,971.00
Total Expenditures	<u>1,022,362.87</u>	<u>1,022,362.87</u>	<u>812,691.24</u>
Excess (Deficiency) of Revenues Over Expenditures			<u>(24,669.68)</u>
Other Financing Sources (Uses)			
Transfers In			16,896.84
Transfers Out			(39,160.00)
Total Other Financing Sources (Uses)			<u>(22,263.16)</u>
Net Change in Fund Balances			(46,932.84)
Fund Balances - Beginning of Year			<u>228,682.87</u>
Fund Balances - End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 181,750.03</u>

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

- (1) The Commission budgets ad valorem taxes as they are received, rather than on the modified accrual basis.
- (2) The Commission budgets for salaries only to the extent they are expected to be paid in the current fiscal period, rather than on the modified accrual basis (GAAP).

Net Change 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)	\$ 16,515.06	\$ 796,755.70
		7,780.92
	<u>16,515.06</u>	<u>804,536.62</u>
(2)	30,417.78	755,302.46
		26,971.00
	<u>30,417.78</u>	<u>782,273.46</u>
	<u>46,932.84</u>	<u>22,263.16</u>
		16,896.84
		<u>(39,160.00)</u>
		<u>(22,263.16)</u>
	46,932.84	
(3)	<u>(228,682.87)</u>	
	<u>\$ (181,750.03)</u>	<u>\$</u>

\$ 16,515.06

30,417.78

\$ 46,932.84

***Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended September 30, 2016***

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2014 (*)	\$0	\$16,051,461	\$16,051,461	0%	\$6,745,948	237.94%
09/30/2012	\$0	\$16,107,896	\$16,107,896	0%	\$6,470,817	248.93%
09/30/2010	\$0	\$15,062,213	\$15,062,213	0%	\$7,344,508	205.08%

(*) Includes the updated actuarial assumptions and plan design based on the introduction of a new tier of membership for those hired on or after January 1, 2013.

Additional Information

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

Commission Members

Term Expires

Hon. Billy Luster	Chairman	2016
Hon. Dan Wright	Member	2016
Hon. Keith Davis	Member	2016
Hon. Bobby Nunnelley	Member	2016
Hon. Steven Aderholt	Member	2016

Administrative Personnel

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

Independent Auditor's Report

Members of the Walker County Commission and County Administrator
Jasper, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of American 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, each major fund, and the aggregate remaining fund information of the Walker County Commission (the "Commission") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated April 23, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

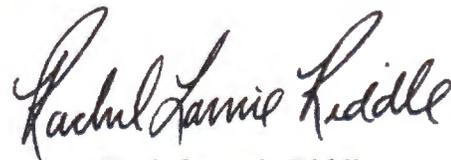
***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

Compliance and Other Matters

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

Purpose of this Report

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



Rachel Laurie Riddle
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

April 23, 2020