

Report on the

# Escambia County Commission

Escambia County, Alabama

October 1, 2015 through September 30, 2017

Filed: January 1, 2021



## Department of Examiners of Public Accounts

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*Rachel Laurie Riddle, Chief Examiner*



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*Chief Examiner*

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

Dear Madam:

An examination was conducted on the Escambia County Commission, Escambia County, Alabama, for the period October 1, 2015 through September 30, 2017. 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 examination.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Misty C. Medders'. The signature is written in a cursive, flowing style.

Misty C. Medders  
Examiner of Public Accounts

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Escambia County Commission  
October 1, 2015 through September 30, 2017**

The Escambia County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Escambia County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 1. 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 Escambia County.

The objectives of a traditional audit are to determine whether the financial statements present fairly the financial position and results of financial operations. It is a standard business and best practice for governments to reconcile, adjust and close financial accounts at the end of each accounting cycle and to prepare financial statements. Financial statements are used to communicate to management, citizens, investors, creditors and other stakeholders the resources received by the County, how those resources were used and what resources remain at the end of each reporting period. Financial statements are the core of financial reporting and are the principal means of communicating financial information to external users.

Several attempts were made to obtain year-end financial statements in order to perform a financial statement audit of the Commission’s activities and the results of its operations. However, the Commission did not prepare auditable financial statements for at least two (2) fiscal years as indicated in Finding 2017-001. These fiscal years include the periods October 1, 2015 through September 30, 2016 and October 1, 2016 through September 30, 2017. In January 2020, the Commission requested the Department perform a legal compliance examination of the Commission for the 2016 and 2017 fiscal years and indicated that they planned to prepare financial statements for subsequent fiscal years. The Chief Examiner approved this request and we performed a legal compliance examination in lieu of traditional financial statement audits for the 2016 and 2017 fiscal years.

The Commission’s failure to have traditional financial statement audits for the above referenced fiscal years may impact the Commission’s credit rating and/or ability to borrow money in the future. Additionally, if the Commission expended \$750,000 or more in federal awards during any fiscal year, its failure to have the federal awards audited as required by the Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* may result in the loss of future federal funding.

This report presents the results of an examination of the Commission and a review of compliance by the Commission with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

The following instance of noncompliance with state and local laws and regulations and other matters was found during the examination as shown on the Schedule of State and Local Compliance and Other Findings and it is summarized below.

**CURRENT FINDING**

- ◆ 2017-001 relates to the Commission's failure to produce financial statements, including a Schedule of Expenditures of Federal Awards, for the fiscal years ended September 30, 2016 and September 30, 2017.

The Commission members and administrative personnel, as reflected on Exhibit 1, were invited to discuss the results of this examination at an exit conference held at the offices of the County Commission. The following individuals attended the exit conference: Tony Sanks, Administrator and Raymond Wiggins, County Commissioner. Also present were representatives from the Department of Examiners of Public Accounts: Lynn Otto, Audit Manager; and Misty Medders, Examiner.

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*Schedule of State and Local  
Compliance and Other Findings*

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***Schedule of State and Local Compliance and Other Findings***  
***For the Period October 1, 2015 through September 30, 2017***

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Ref. No.	Finding/Noncompliance
2017-001	<p><b><u>Finding:</u></b></p> <p>The Governmental Accounting Standards Board provides a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. Pursuant to the <i>Code of Alabama 1975</i>, Section 41-5A-21, the Chief Examiner of Public Accounts has prescribed the Alabama County Commission Finance Manual as the required accounting system for all County Commissions and as such, each county commission must have the ability to produce a complete set of financial statements in a timely manner. Additionally, any entity that expends more in federal awards than the thresholds established under Title 2 U. S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i> during any fiscal year is required to report the federal expenditures on the Schedule of Expenditures of Federal Awards and to have a single audit conducted for that year. The Commission did not produce financial statements, including the Schedule of Expenditures of Federal Awards, for the 2016 and 2017 fiscal years covered by this examination period. As a result, a financial audit could not be conducted and a determination could not be made as to whether a federal single audit was necessary.</p> <p><b><u>Recommendation:</u></b></p> <p>The Commission should prepare financial statements at the end of each fiscal year in a timely manner to enable a financial statement audit to be performed. In addition, the Commission should determine whether a Single Audit is required and, if so, prepare a Schedule of Expenditures of Federal Awards to enable a Single Audit to be performed.</p>

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# *Additional Information*



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***Commission Members and Administrative Personnel***  
***October 1, 2015 through September 30, 2017***

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<b>Commission Members</b>		<b>Term Expires</b>
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Hon. Raymond Wiggins	Chairman	2020
Hon. David M. Stokes	Member	2022
Hon. Larry W. White	Member	2018
Hon. Brandon Smith	Member	2020
Hon. David A. Quarker	Member	2018

**Administrative Personnel**

Tony Sanks	Administrator	Indefinite
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