Report on the

Chilton County Commission

Chilton County, Alabama

October 1, 2018 through September 30, 2019

Filed: October 8, 2021

Department of Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner

21-431

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Rachel Laurie Riddle
Chief Examiner

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

Dear Madam:

An audit was conducted on the Chilton County Commission, Chilton County, Alabama, for the period October 1, 2018 through September 30, 2019. 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,

Teresa Dekle
Examiner of Public Accounts

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Department of

Examiners of Public Accounts

SUMMARY

Chilton County Commission
October 1, 2018 through September 30, 2019

The Chilton County Commission (the "Commission") is governed by a seven-member body elected by the citizens of Chilton County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 16. 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 Chilton 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, 2019.

Financial statements for the fiscal year ending September 30, 2019, were not prepared by management until April 30, 2021. The Commission's failure to prepare timely financial statements may impact the relevance of the financial information presented to users of the financial statements.

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

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 16, were invited to discuss the results of this report at an exit conference. Individuals in attendance were: County Administrator, Sylvia Singleton and County Commissioner: Joseph Parnell. Representing the Department of Examiners of Public Accounts was Teresa Dekle, Audit Manager.

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Independent Auditor's Report

Independent Auditor's Report

Members of the Chilton County Commission and County Administrator
Clanton, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chilton County Commission, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Chilton County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 8.

Management's Responsibility for the Financial Statements

The management of the Chilton County Commission is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Chilton County Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chilton County Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Chilton County Commission as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Changes in the Employer's Net Pension Liability, Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions, and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 15) 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 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 September 16, 2021, on our consideration of the Chilton County Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Chilton 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 Chilton 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

September 16, 2021

Basic Financial Statements

Statement of Net Position
September 30, 2019

		Governmental Activities
Assets		
Cash and Cash Equivalents	$	8,596,194.15
Investments		984,837.89
Due from Other Governments		520,025.57
Ad Valorem Property Taxes Receivable		6,970,884.60
Prepaid Items		9,562.47
Cash with Fiscal Agent		312,429.24
Capital Assets (Note 4):		
Nondepreciable		10,642,196.01
Depreciable, Net		24,444,755.32
Total Assets		52,480,885.25
Deferred Outflows of Resources		
Employer Pension Contribution		355,731.00
Employer Other Postemployment Benefit (OPEB) Contribution		82,101.00
Deferred Outflows Related to Pension Plan		761,026.00
Total Deferred Outflows of Resources		1,198,858.00
Liabilities		
Accounts Payable		45,374.82
Accrued Wages Payable		201,119.49
Due to Other Governments		138.00
Accrued Interest Payable		26,417.10
Unearned Revenues		205,437.99
Long-Term Liabilities (Note 9):		
Portion Due Within One Year		1,956,759.06
Portion Due After One Year		10,252,752.23
Total Liabilities		12,687,998.69
Deferred Inflows of Resources		
Deferred Inflows Related to Pension Benefit Plan		659,590.00
Deferred Inflows Related to Other Postemployment Benefit (OPEB) Plan		578,240.00
Unavailable Revenue - Property Taxes		6,915,291.80
Unavailable Revenue - Motor Vehicle Taxes		547,659.80
Total Deferred Inflows of Resources	$	8,700,781.60

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

	Governmental Activities
Net Position	
Net Investment in Capital Assets	$ 32,577,544.91
Restricted for:	
Highways and Roads	2,323,985.18
Debt Service	286,012.14
Other Purposes	2,781,684.43
Unrestricted	(5,678,263.70)
Total Net Position	$ 32,290,962.96

Statement of Activities
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Total Governmental Activities
Governmental Activities:					
General Government	$ 5,296,556.75	$ 1,908,767.45	$ 679,848.18	$	$ (2,707,941.12)
Public Safety	7,048,898.24	380,500.69	114,616.25		(6,553,781.30)
Highways and Roads	4,842,393.91	121,481.16	2,691,492.80		(2,029,419.95)
Sanitation	55,222.06				(55,222.06)
Health	187,216.00		31,046.28		(156,169.72)
Welfare	80,849.58				(80,849.58)
Culture and Recreation	319,925.07	128,807.59			(191,117.48)
Interest and Fiscal Charges	132,657.74				(132,657.74)
Total Governmental Activities	$ 17,963,719.35	$ 2,539,556.89	$ 3,517,003.51	$	(11,907,158.95)
General Revenues:					
Taxes:					
Property Taxes - General Purposes					4,998,324.68
Property Taxes - Specific Purposes					2,387,244.68
Donation of Assets					1,178,240.27
Gain on Sale of Capital Assets					1,027.33
Miscellaneous Taxes					1,156,547.39
Investment Earnings					79,134.83
Miscellaneous					1,312,415.75
Total General Revenues					11,112,934.93
Changes in Net Position					(794,224.02)
Net Position - Beginning of Year, as Restated (Note 15)					33,085,186.98
Net Position - End of Year					$ 32,290,962.96

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

Balance Sheet
Governmental Funds
September 30, 2019

	General Fund	Trade School Fund	Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 3,296,262.75	$ 1,444,558.39	$ 1,628,973.35	$ 2,226,399.66	$ 8,596,194.15
Cash with Fiscal Agent				312,429.24	312,429.24
Investments	280,588.79		704,249.10		984,837.89
Due from Other Governments	380,831.24		58,858.88	80,335.45	520,025.57
Ad Valorem Property Taxes Receivable	5,901,793.32	552,814.85		516,276.43	6,970,884.60
Due from Other Funds	5,214.13		19,330.45	82,838.47	107,383.05
Prepaid Items	9,562.47				9,562.47
Total Assets	9,874,252.70	1,997,373.24	2,411,411.78	3,218,279.25	17,501,316.97
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	44,786.70	161.40	202.11	224.61	45,374.82
Accrued Wages Payable	129,618.69		43,857.83	27,642.97	201,119.49
Due to Other Funds	24,434.48	100.00	77,952.99	4,895.58	107,383.05
Due to Other Governments	138.00				138.00
Unearned Revenues				205,437.99	205,437.99
Total Liabilities	198,977.87	261.40	122,012.93	238,201.15	559,453.35
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	5,857,975.81	541,039.56		516,276.43	6,915,291.80
Unavailable Revenue - Motor Vehicle Taxes	472,008.20	75,651.60			547,659.80
Total Deferred Inflows of Resources	6,329,984.01	616,691.16		516,276.43	7,462,951.60
Fund Balances					
Nonspendable:					
Prepaid Items	9,562.47				9,562.47
Restricted for:					
Highways and Roads			1,573,876.50	750,108.68	2,323,985.18
Debt Service				312,429.24	312,429.24
Other Purposes		1,380,420.68		1,401,263.75	2,781,684.43
Assigned	280,588.79		715,522.35		996,111.14
Unassigned	3,055,139.56				3,055,139.56
Total Fund Balances	3,345,290.82	1,380,420.68	2,289,398.85	2,463,801.67	9,478,912.02
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 9,874,252.70	$ 1,997,373.24	$ 2,411,411.78	$ 3,218,279.25	$ 17,501,316.97

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

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2019

Total Fund Balances - Governmental Funds (Exhibit 3)			$ 9,478,912.02
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.			35,086,951.33
Deferred outflows and inflows of resources related to the pension plan are applicable to future periods and, therefore, are not reported in the governmental funds.			457,167.00
Deferred outflows and inflows of resources related to the other postemployment benefit plan are applicable to future periods and, therefore, are not reported in the governmental funds.			(496,139.00)
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	Amounts Due or Payable After One Year	
Accrued Interest Payable	$ 26,417.10	$	
Warrants Payable	515,000.00	1,235,000.00	
Notes Payable	1,290,158.81	22,439.75	
Capital Lease Payable	149,230.96	1,047,576.90	
Compensated Absences	2,369.29	260,883.58	
Net Pension Liability		3,244,776.00	
Other Postemployment Benefits (OPEB) Liability		4,442,076.00	
Total Long-Term Liabilities	$ 1,983,176.16	$ 10,252,752.23	(12,235,928.39)
Total Net Position - Governmental Activities (Exhibit 1)			$ 32,290,962.96

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, 2019

	General Fund	Trade School Fund	Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 6,084,293.59	$ 1,152,277.05	$ 1,214,442.20	$ 243,802.01	$ 8,694,814.85
Licenses and Permits	118,721.64				118,721.64
Fines and Forfeitures	1,084.40				1,084.40
Charges for Services	1,683,809.66			281,238.09	1,965,047.75
Intergovernmental	1,232,330.74	11,203.48	1,374,079.99	2,044,394.81	4,662,009.02
Miscellaneous	140,068.47	2,620.57	373,249.42	32,611.61	548,550.07
Total Revenues	9,260,308.50	1,166,101.10	2,961,771.61	2,602,046.52	15,990,227.73
Expenditures					
Current:					
General Government	2,909,473.88	887,047.73		1,129,416.86	4,925,938.47
Public Safety	5,977,110.91			779,374.25	6,756,485.16
Highways and Roads			3,829,399.54		3,829,399.54
Sanitation	55,222.06				55,222.06
Health	187,216.00				187,216.00
Welfare	45,500.00				45,500.00
Culture and Recreation	41,455.00			247,837.02	289,292.02
Capital Outlay	194,658.62		1,304,191.00	40,727.33	1,539,576.95
Debt Service:					
Principal Retirement	67,182.04		121,820.88	505,000.00	694,002.92
Interest and Fiscal Charges	6,672.84		80,280.30	44,652.50	131,605.64
Total Expenditures	9,484,491.35	887,047.73	5,335,691.72	2,747,007.96	18,454,238.76
Excess (Deficiency) of Revenues Over Expenditures	(224,182.85)	279,053.37	(2,373,920.11)	(144,961.44)	(2,464,011.03)
Other Financing Sources (Uses)					
Proceeds from Sale of Assets			1,079,754.68		1,079,754.68
Proceeds from Debt Issued	52,250.00		1,246,591.00		1,298,841.00
Operating Transfers In			349,186.18	410,409.56	759,595.74
Operating Transfers Out	(55,861.62)	(108,000.00)	(302,409.56)	(293,324.56)	(759,595.74)
Total Other Financing Sources (Uses)	(3,611.62)	(108,000.00)	2,373,122.30	117,085.00	2,378,595.68
Net Changes in Fund Balances	(227,794.47)	171,053.37	(797.81)	(27,876.44)	(85,415.35)
Fund Balances - Beginning of Year, as Restated (Note 15)	3,573,085.29	1,209,367.31	2,290,196.66	2,491,678.11	9,564,327.37
Fund Balances - End of Year	$ 3,345,290.82	$ 1,380,420.68	$ 2,289,398.85	$ 2,463,801.67	$ 9,478,912.02

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

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, 2019

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5)			$	(85,415.35)
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 differs from depreciation expense in the current period.				
Capital Outlay	$	1,539,576.95		
Depreciation		(1,476,772.49)		62,804.46
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the changes in net position differs from the change in fund balance by the book value of the capital assets sold.				
Proceeds from the Sale of Capital Assets	$	(1,079,754.68)		
Gain/(Loss) on Disposition of Capital Assets		1,027.33		(1,078,727.35)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:				
Donated Capital Assets				1,178,240.27
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.				694,002.92
Issuance of long term debt provides current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Position and does not affect the Statement of Activities.				(1,298,841.00)

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

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

Net Change in Accrued Interest Payable	$	(1,052.10)	
Net Change in Compensated Absences		(2,933.87)	
Net Change Pension Expense		34,896.00	
Net Change in Other Postemployment Benefits Expense		(297,198.00)	
			(266,287.97)
Change in Net Position of Governmental Activities (Exhibit 2)			$ (794,224.02)

Statement of Fiduciary Net Position
September 30, 2019

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and Cash Equivalents	$ 488,903.29	$ 237,597.47
Investments	4,283,536.73	
Receivables from External Parties		94,067.05
Total Assets	4,772,440.02	331,664.52
Liabilities		
Payables to External Parties	885,868.09	60,829.27
Accrued Employee Expenses		270,835.25
Total Liabilities	885,868.09	$ 331,664.52
Net Position		
Held in Trust for Individuals, Organizations and Other Governments	$ 3,886,571.93	

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, 2019

		Private-Purpose Trust Funds
Additions		
Contributions from the Public	$	2,921.33
Investment Earnings		74,110.77
Gain/(Loss) on Investments		62,074.74
Total Additions		139,106.84
Deductions		
Payments to Beneficiaries		2,897.33
Investment Fees		60,339.33
Total Deductions		63,236.66
Changes in Net Position		75,870.18
Net Position - Beginning of Year, as Restated (Note 15)		3,810,701.75
Net Position - End of Year	$	3,886,571.93

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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 and fiduciary – are presented. The emphasis of fund financial statements is on major governmental 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. This fund is also used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges.

- ***Trade School Fund*** **–** This fund is used to account for the operation and maintenance of the County Trade School.

- ***Gasoline Tax Fund*** **–** This fund is used to account for the expenditures of gasoline taxes activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and right-of-ways.

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.

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 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.

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

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

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

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit. The Commission's investments consist of certificates of deposit and are reported at cost.

2. Receivables

Millage rates for property taxes are levied by the Commission. 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 include amounts due from other governmental agencies for taxes and fees collected but not yet remitted.

3. Restricted Assets

Certain general obligation bonds, as well as certain resources set aside for their repayment, are considered restricted assets because they are maintained in separate bank accounts and their use is limited by applicable debt covenants. Other resources derived from the collection of taxes and fees established by local laws and legislation are restricted by law.

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 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 are as follows:

	Capitalization Threshold	Estimated Useful Life
Land and Improvements – Inexhaustible	$ 5,000	5 – 20 Years
Infrastructure – Roads	$250,000	20 Years
Infrastructure – Bridges	$ 50,000	50 Years
Buildings and Improvements	$ 10,000	40 Years
Motor Vehicles	$ 5,000	5 – 10 Years
Construction Equipment	$ 10,000	5 – 10 Years
Equipment and Furniture	$ 5,000	5 – 10 Years
Equipment Under Capital Lease	$ 5,000	10 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. 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. In the governmental fund financial statements, the face amount of debt is reported as other financing sources.

7. Compensated Absences

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

Annual Leave

Full-time employees, with less than five (5) years of service, earn one (1) day of annual leave per month. Those with five (5) to ten (10) years of service earn fifteen (15) days of annual leave per year. Employees whose years of service fall between ten (10) and fifteen (15) earn eighteen (18) days per year. An employee who has more than fifteen (15) years of service earn twenty-one (21) days per year. Employees may carry over a maximum of twelve (12) days. An employee leaving county service is paid for his/her unused annual leave up to one hundred nine-two (192) hours.

Sick Leave

Full-time employees, with less than five (5) years of service, earn one-half (1/2) day of sick leave per month. Those with five (5) or more years of service earn one (1) day of sick leave per month. The maximum accumulation of sick leave is one hundred fifty (150) days. An employee retiring at the age of sixty (60) with ten (10) years of service is paid one-half (1/2) of his/her sick leave to the maximum accumulation.

The Commission uses the termination payment method to accrue its sick leave liability. Under this method an accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals. Based on these facts, no accruals for sick leave are reflected in the accompanying financial statements.

8. Deferred Inflows of Resources

Deferred inflows of resources are reported in the government-wide and governmental fund 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. Net Position/Fund Balances

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

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

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

- ***Unrestricted*** – The net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

Fund balance is reported in governmental funds in the fund financial statements under the following five categories.

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

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

C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution 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 resolution 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 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 bund 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.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

E. Pensions

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

F. Postemployment Benefits Other Than Pensions (OPEB)

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

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Annual budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for all funds. 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 and Investments

A. Deposits and Investments

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

B. Cash with Fiscal Agent

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

The Commission has deposits totaling $312,429.24 in the debt service funds (other governmental funds) which is shown as cash with fiscal agent on the fund financial statements and as restricted assets on the government-wide financial statements. These funds are invested in Morgan Stanley Treasury Advisory Funds, which is a money market fund investing in short-term U. S. Treasury securities.

Interest Rate Risk

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

Credit Risk

State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in are to be rated in the highest rating category of Standard & Poor’s Corporation and Moody’s Investors Service, Inc. The Commission does not have a formal policy relating to credit risk.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have an investment policy that limits the amount of securities that can be held by counterparties. The Commission’s deposits that are invested by the fiscal agent are held by the counterparty but not in the name of the Commission.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Commission does not have a formal investment policy that limits the amount the Commission may invest in any one issuer.

Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance 10/01/2018 (*)	Additions/ Reclassifications	Deletions/ Reclassifications	Ending Balance 09/30/2019
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 8,773,116.97	$ 1,046,400.00	$	$ 9,819,516.97
Land and Improvements – Inexhaustible	822,679.04			822,679.04
Total Capital Assets, Not Being Depreciated	9,595,796.01	1,046,400.00		10,642,196.01
Capital Assets Being Depreciated:				
Land and Improvements – Exhaustible	143,921.00			143,921.00
Infrastructure – Roads	5,970,422.58			5,970,422.58
Infrastructure – Bridges	25,722,584.00			25,722,584.00
Buildings and Improvements	10,018,265.93			10,018,265.93
Motor Vehicles	3,931,446.59	1,509,647.00	(1,257,040.57)	4,184,053.02
Construction Equipment (*)	1,156,175.61			1,156,175.61
Equipment and Furniture	1,279,936.85	161,770.22	(88,210.45)	1,353,496.62
Construction Equipment Under Capital Lease (*)	1,286,744.25			1,286,744.25
Software	528,890.42		(528,890.42)	
Total Capital Assets Being Depreciated	50,038,387.23	1,671,417.22	(1,874,141.44)	49,835,663.01
Less Accumulated Depreciation for:				
Land and Improvements - Exhaustible	(90,811.50)	(5,339.78)		(96,151.28)
Infrastructure - Roads	(4,439,380.77)	(93,189.71)		(4,532,570.48)
Infrastructure - Bridges	(10,627,551.32)	(461,173.02)		(11,088,724.34)
Buildings and Improvements	(4,893,459.59)	(223,090.17)		(5,116,549.76)
Motor Vehicles	(2,302,958.86)	(395,685.09)	236,358.59	(2,462,285.36)
Construction Equipment (*)	(749,229.07)	(66,602.16)		(815,831.23)
Equipment and Furniture	(1,006,638.67)	(103,018.15)	88,210.45	(1,021,446.37)
Construction Equipment Under Capital Lease (*)	(128,674.46)	(128,674.41)		(257,348.87)
Software	(470,845.05)		470,845.05	
Total Accumulated Depreciation	(24,709,549.29)	(1,476,772.49)	795,414.09	(25,390,907.69)
Total Capital Assets Being Depreciated, Net	25,328,837.94	194,644.73	(1,078,727.35)	24,444,755.32
Total Governmental Activities Capital Assets, Net	$ 34,924,633.95	$ 1,241,044.73	$(1,078,727.35)	$ 35,086,951.33

(*) The Commission reclassified the beginning balances for Construction Equipment and related depreciation expense in the amount of $1,286,744.25 and $128,674.45, respectively, as Construction Equipment Under Capital Lease.

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 105,382.41
Public Safety	292,413.08
Highways and Roads	1,012,994.37
Welfare	35,349.58
Culture and Recreation	30,633.05
Total Depreciation Expense – Governmental Activities	$1,476,772.49

Note 5 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Employees' Retirement System of Alabama (ERS), an agent 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.

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 serves approximately 909 local participating employers. The ERS membership includes approximately 90,999 participants. As of September 30, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	24,818
Terminated employees entitled to but not yet receiving benefits	1,426
Terminated employees not entitled to a benefit	7,854
Active Members	56,760
Post-DROP participants still in active service	141
Total	90,999

Contributions

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

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

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, 2019, the Commission's active employee contribution rate was 6.19 percent of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 5.73 percent of covered payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2019, was 7.56 percent of pensionable pay for Tier 1 employees and 4.26 percent of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2016, 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 $355,731 for the year ended September 30, 2019.

B. Net Pension Liability

The Commission's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2017, rolled forward to September 30, 2018, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward		
	Expected	Actual	Actual
Total Pension Liability as of September 30, 2017 (a)	$16,193,137	$16,402,900	$16,491,673
Discount Rate (b)	7.75%	7.75%	7.70%
Entry Age Normal Costs for October 1, 2017 – September 30, 2018 (c)	464,046	464,046	468,003
Transfers Among Employers (d)		576,418	576,418
Actual Benefit Payments and Refunds for October 1, 2017 – September 30, 2018 (e)	(1,134,413)	(1,134,413)	(1,134,413)
Total Pension Liability (f) as of September 30, 2018 [(a) x (1 + (b))] + (c) + (d) + [(e) x (1.05*(b))]	$16,733,780	$17,536,217	$17,627,864
Difference between Expected and Actual Experience (Gain)/Loss (g)		$ 802,437	
Less Liability Transferred for Immediate Recognition (h)		576,418	
Experience (Gain)/Loss = (g) – (h)		$ 226,019	
Difference between Actual at 7.70% and Actual at 7.75% [Assumption Change (Gain)/Loss]			$ 91,647

Actuarial Assumptions

The total pension liability as of September 30, 2018, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2017. The key actuarial assumptions are summarized below.

Inflation	2.75 %
Salary Increases	3.25% - 5.00%
Investment Rate of Return (*)	7.70%

(*) Net of pension plan investment expense

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

The actuarial assumptions used in the September 30, 2017, 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, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	17.00%	4.40%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stock	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash	3.00%	1.50%
Total	100.00%	

(*) Includes assumed rate of inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. 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, 2017	$16,193,137	$13,075,335	$3,117,802
Changes for the Year:			
Service Cost	464,046		464,046
Interest	1,211,010		1,211,010
Changes in Assumptions	91,647		91,647
Difference between Expected and Actual Experience	226,019		226,019
Contributions – Employer		328,905	(328,905)
Contributions – Employee		322,437	(322,437)
Net Investment Income		1,214,406	(1,214,406)
Benefit Payments, including Refunds of Employee Contributions	(1,134,413)	(1,134,413)	
Transfers Among Employers	576,418	576,418	
Net Changes	1,434,727	1,307,753	126,974
Balances at September 30, 2018	$17,627,864	$14,383,088	$3,244,776

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

The following table presents the Commission's net pension liability calculated using the discount rate of 7.70%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increase (8.70%)
Commission's Net Pension Liability	$5,304,011	$3,244,776	$1,534,561

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, 2018. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2018. The auditor's report dated September 17, 2019, 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.

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

For the year ended September 30, 2019, the Commission recognized pension expense of $320,835. At September 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 367,325	$201,526
Changes of assumptions	393,701	
Net difference between projected and actual earnings on pension plan investments		458,064
Employer contributions subsequent to the measurement date	355,731	
Total	$1,116,757	$659,590

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, 2020	$ 66,242
2021	$(86,661)
2022	$ (7,885)
2023	$ 81,279
2024	$ 48,461
Thereafter	$

Note 6 – Other Postemployment Benefits (OPEB)

A. Plan Description

The Commission contributes to the Local Government Health Insurance Programs, an agent multiple employer defined benefit postemployment healthcare plan administered by the State Insurance Board. The plan provides medical, drug and dental insurance benefits to eligible retirees. Eligible retirees include: Tier 1 employees (hired before 1/1/2013) that retire with 25 years of consecutive service, regardless of age; Tier 1 employees that retire with 10 years of service and are 60 years old or are determined to be disabled by the Social Security Administration or the Retirement Systems of Alabama’s Medical Board; Tier 2 employees (hired on or after 1/1/2013) that retire with 10 years of service and is 62 years old (56 years old for full-time certified firefighter, police officer, or correction officer) or is determined disabled by the Social Security Administration or the Retirement Systems of Alabama’s Medical Board, but have not reached the age when Medicare becomes effective. 100% of the retiree's coverage is paid by the Commission. The ***Code of Alabama 1975***, Sections 11-91-1 through 11-91-8, gives authority to the Commission to establish and amend benefit provisions. The plan does not issue a stand-alone financial report.

B. Benefits Provided

In accordance with Act Number 630, Acts of Alabama 1975, the Commission contributes $11,301 annually towards the cost of current-year premiums for eligible retirees’ medical insurance premiums. For fiscal year 2019, the Commission contributed $82,101 to cover approximately 7 participants.

C. Total Other Postemployment Benefit (OPEB) Liability

The Commission’s total OPEB Plan liability of $4,442,076 was measured as of September 30, 2018, and was determined by actuarial valuation as of the date. The benefit liabilities have been rolled forward to September 30, 2019, using standard roll-forward techniques.

D. Actuarial Assumptions

The total OPEB Plan liability in the September 30, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Real wage growth	0.25%
Wage inflation	3.00%
Salary increases, including wage inflation	3.25% - 5.00%
Municipal bond index rate:	
Prior measurement date	3.57%
Measurement date	4.18%
Health care cost trends:	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

The discount rate used to measure the total OPEB liability was based on the September average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates for active employees were based on the sex distinct RP-2000 Employee Mortality Table projected with Scale BB to 2020 with an adjustment factor of 70% for males and 50% for females. Post-retirement mortality rates on the sex distinct RP-2000 Blue Collar Mortality Table projected with Scale BB to 2020. An adjustment of 125% at all ages for males and 120% for females beginning at age 78 was made for service retirements and beneficiaries. An adjustment of 130% for females at all ages was made for disability retirements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the September 30, 2017, valuation were based on the results of an actuarial experience study for the period October 1, 2010 to September 30, 2015.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2017, valuation were based on a review of recent plan experience done concurrently with the September 30, 2018, valuation.

E. Changes in the Total Other Postemployment Benefit (OPEB) Liability (TOL)

Total OPEB Liability as of September 30, 2017	$4,353,467
Changes for the Year:	
Service Cost at the End of the Year*	279,347
Interest on Total OPEB Liability and Cash Flows	154,725
Difference Between Expected and Actual Experience	(39,526)
Changes of Assumptions or Other Inputs	(266,748)
Benefit Payments	(39,189)
Net Changes	88,609
Total OPEB Liability as of September 30, 2018	$4,442,076

(*) The service cost includes interest for the year.

F. Sensitivity of the Total Other Postemployment Benefit (OPEB) Liability to Changes in the Health Care Cost Trend Rate

The following presents the total OPEB liability of the Commission, calculated using the health care cost trend rates, as well as what the Commission's total OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$3,779,190	$4,442,076	$5,250,903

G. Sensitivity of the Total Other Postemployment Benefit (OPEB) Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Commission, calculated using the discount rate of 4.18%, as well as what the Commission's total OPEB liability would be if it were calculated using a Discount Rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease 3.18%	Current Rate 4.18%	1% Increase 5.18%
Total OPEB Liability	$5,013,202	$4,442,076	$3,941,525

H. Other Postemployment Benefit (OPEB) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the Commission recognized OPEB expense of $342,489. At September 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ 79,028
Changes of assumptions or other inputs		499,212
Employer Contributions subsequent to the measurement date	82,101	
Total	$82,101	$578,240

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

Year Ending:	
September 30, 2020	$(91,583)
2021	$(91,583)
2022	$(91,583)
2023	$(91,583)
2024	$(91,583)
Thereafter	$(24,742)

Note 7 – Short-Term Debt

In March 2018, the Commission entered into a short-term note payable with a local bank totaling $1,108,007 to finance the purchase of eight dump trucks. The note bears interest at 3.25%, payable quarterly beginning June 2018 and continuing through March 2019, at which time the full principal amount becomes due. Payments on this short-term note are made by the Gasoline Tax Fund. Short-term debt activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Proceeds	Repaid	Ending Balance
Note Payable	$1,108,007	$	$1,108,007	$

Note 8 – Capital Leases

Capital Leases

The Commission is obligated under certain leases accounted for as capital leases. 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 30th.

Fiscal Year Ending:	Governmental Activities
September 30, 2020	$ 186,176.34
2021	169,389.73
2022	160,946.59
2023	800,101.97
Total Minimum Lease Payments	1,316,614.63
Less: Amounts Representing Interest	(119,806.77)
Present Value of Net Minimum Principal Lease Payments	$1,196,807.86

Note 9 – Long-Term Debt

In September 2012, the Commission issued its $2,265,000 Four Cent Gasoline Tax Anticipation Warrants to provide funding for the resurfacing, restoration and rehabilitation of paved roads, streets, and bridges in the County. The Warrants bear interest at rates ranging from 1% to 2.4%, payable semi-annually beginning March 2013 and continuing through March 2022. Payments on the warrants are made by the Four Cent Debt Service Fund.

In September 2012, the Commission issued its $2,860,000 Seven Cent Gasoline Tax Anticipation Warrants to provide funding for the resurfacing, restoration and rehabilitation of paved roads, streets, and bridges in the County. The Warrants bear interest at rates ranging from 1.15% to 2.45%, payable semi-annually beginning March 2013 and continuing through March 2023. Payments on the warrants are made by the Seven Cent Debt Service Fund.

On September 1, 2015, the Commission entered into a loan agreement to finance the purchase of computer equipment at $130,074. Payments of $2,454 per month for 60 months at 5.17% interest began in September of 2015 and will continue through August of 2020. Payments on the loan are made by the General Fund.

On February 23, 2016, the Commission entered into a loan agreement to finance the purchase of a 2016 truck for the Emergency Management Agency department at $35,984. Payments of $1,059 per month for 36 months at 3.75% interest began in March of 2016 and will continue through February of 2019. Payments on the loan are made by the General Fund and were repaid during the fiscal year.

On February 25, 2018, the Commission entered into a capital lease for the purchase of accounting software totaling $67,671. Payments of $2,110.76 per month for 36 months at 7.69% interest began in February of 2018 and will continue through January of 2021. Payments on the lease are made by the General Fund.

On March 14, 2018, the Commission entered into a loan agreement for the purchase of five Caterpillar motor graders totaling $1,286,744.25. Annual payments of $160,947 per year for four years at 2.99% interest began in March of 2019 and will continue through March 2022, then a final balloon payment will be due in March 2023 at which point the motor graders will be sold back to the finance company and the remaining balance of the loan will be paid off. Payments on the loan are made by the Gasoline Tax Fund.

On December 13, 2018, the Commission entered into a loan agreement to finance the purchase a vehicle for the Emergency Management Agency department at $52,250. Payments of $1,531.04 per month for 36 months at 3.45% interest began in January of 2019 and will continue through December of 2021. Payments on the loan are made by the General Fund.

On March 19, 2019, the Commission entered into a loan agreement for the purchase of eight 2019 dump trucks and a 2019 lowboy trailer for the road department totaling $1,246,591. Quarterly interest payments will be made beginning June 16, 2019 and will continue through June 2021 at a rate of 3.390% per annum based on a year of 360 days until paid in full. One principal payment will be made on July 20, 2020.

The following is a summary of long-term debt obligations for the Commission for the year ended September 30, 2019:

	Debt Outstanding 10/1/2018 (*)	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2019	Amount Due Within One Year
Governmental Activities:					
Warrants Payable:					
Four Cent Gas Tax Warrants	$ 950,000.00	$	$(230,000.00)	$ 720,000.00	$ 235,000.00
Seven Cent Gas Tas Warrants	1,305,000.00		(275,000.00)	1,030,000.00	280,000.00
Total Warrants Payable	2,255,000.00		(505,000.00)	1,750,000.00	515,000.00
Notes Payable:					
Computer Equipment (Server)	53,630.55		(27,319.26)	26,311.29	26,311.29
EMA Vehicle	5,246.05		(5,246.05)		-
EMA Vehicle		52,250.00	(12,553.73)	39,696.27	17,256.52
Heavy Duty Equipment		1,246,591.00		1,246,591.00	1,246,591.00
Total Notes Payable	58,876.60	1,298,841.00	(45,119.04)	1,312,598.56	1,290,158.81
Other Liabilities:					
Capital Lease Payable – Motor Graders (*)	1,286,744.25		(121,938.58)	1,164,805.67	125,538.44
Capital Lease Payable – Accounting Software	53,947.49		(21,945.30)	32,002.19	23,692.52
Total Capital Lease Payable	1,340,691.74		(143,883.88)	1,196,807.86	149,230.96
Compensated Absences	260,319.00	2,933.87		263,252.87	2,369.29
Net Pension Liability	3,117,802.00	126,974.00		3,244,776.00	
Total Other Postemployment Benefits Liability	4,353,467.00	88,609.00		4,442,076.00	
Total Other Liabilities	9,072,279.74	218,516.87	(143,883.88)	9,146,912.73	151,600.25
Total Governmental Activities Long-Term Liabilities	$11,386,156.34	$1,517,357.87	$(694,002.92)	$12,209,511.29	$1,956,759.06

(*) The Commission properly classified the Motor Graders as a Capital Lease Payable instead of a Notes Payable as previously reported.

Payments on the warrants payable that pertain to the Commission’s governmental activities are made by the General Fund and Debt Service Funds.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds on a pay-as-you-go basis.

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

	Warrants Payable		Notes Payable	
Fiscal Year Ending	Principal	Interest	Principal	Interest
September 30, 2020	$ 515,000.00	$33,445.00	$1,290,158.81	$23,165.36
2021	525,000.00	22,601.25	17,873.10	499.38
2022	535,000.00	10,562.50	4,566.65	26.58
2023	175,000.00	2,143.75		
Totals	$1,750,000.00	$68,752.50	$1,312,598.56	$23,691.32

Pledged Revenues

The Commission issued Gasoline Tax Anticipation Refunding Warrants, Series 2012, for the purpose of refunding the Gasoline Tax Anticipation Warrants, Series 2006. The Commission pledged to repay the gasoline tax anticipation warrants from the County's portion of the proceeds of the four-cent and seven-cent gasoline tax levied by the State of Alabama. Future revenues of $1,818,752.50 are pledged to repay the principal and interest on the warrants as of September 30, 2019. Proceeds of the four-cent and seven-cent gasoline tax revenues in the amount of $549,652.50 were used to pay principal and interest on the warrants during 2019. The Gasoline Tax Anticipation Refunding Warrants, Series 2012, will mature in fiscal year 2023.

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 a commercial insurance carrier. Coverage is provided up to $1,000,000 per claim. 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.

Capital Lease Payable Principal	Capital Lease Payable Interest	Total Principal and Interest Requirements to Maturity
$ 149,230.96	$ 36,945.38	$2,047,945.51
137,755.86	31,633.87	735,363.46
133,370.11	27,576.48	711,102.32
776,450.93	23,651.04	977,245.72
$1,196,807.86	$119,806.77	$4,471,657.01

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

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). Employees may choose between two options. They may choose to participate in a plan administered by Blue Cross/Blue Shield which functions as a public entity risk pool. This plan is self-sustaining through member premiums. Monthly premiums are determined annually by the plan's actuary and are based on the pool's claims experience, considering any remaining fund balance on hand available for claims.

Note 11 – Interfund Transactions

Due To/From Other Funds

The amounts due to/from other funds at September 30, 2019, were as follows:

	Interfund Receivables			
	General Fund	Gasoline Tax Fund	Other Governmental Funds	Totals
Interfund Payables:				
General Fund	$	$19,330.45	$ 5,104.03	$ 24,434.48
Trade School Fund	100.00			100.00
Gasoline Tax Fund	218.55		77,734.44	77,952.99
Other Governmental Funds	4,895.58			4,895.58
Totals	$5,214.13	$19,330.45	$82,838.47	$107,383.05

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2019, were as follows:

	Transfers In		
	Gasoline Tax Fund	Other Governmental Funds	Totals
Transfers Out:			
General Fund	$ 55,861.62	$	$ 55,861.62
Trade School Fund		108,000.00	108,000.00
Gasoline Tax Fund		302,409.56	302,409.56
Other Governmental Funds	293,324.56		293,324.56
Total	$349,186.18	$410,409.56	$759,595.74

Note 12 – Related Organizations

A majority of the members of the boards of the Chilton County Airport Authority, Chilton County Transit Authority, Chilton County Water Authority, Chilton County Hospital, Chilton County Medical Center Board, Chilton County Industrial Development Board, and the Chilton County Solid Waste Authority are appointed by the Chilton 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 agencies and these agencies are not considered part of the Commission's financial reporting entity. These agencies are considered related organizations of the County Commission.

Note 13 – Abatements

The Commission is subject to tax abatements granted by the (1) City of Clanton and (2) the City of Maplesville. These governments entered into property tax abatement agreements with local businesses under the State Tax Incentive Reform Act of 1992, ***Code of Alabama 1975***, Section 40-9B-(1-3). Under this Act, localities may grant property tax abatements for all state and local noneducational property taxes, all construction related transaction taxes, except those local construction taxes levied for educational purposes or for capital improvement for education, and/or all mortgage and recording taxes. The abatements may be granted to any business located within or promising to relocate to Chilton County. These programs have the stated purpose of increasing business activity and employment in the County.

For the fiscal year September 30, 2019, total property taxes abated were $59,331.52, including the following tax abatement agreements:

Granting Jurisdiction	Type	Property Tax
City of Clanton	Auto body parts supplier	$26,871.42
City of Maplesville	Paper Products	198.40
City of Clanton	Metal finisher	1,658.19
City of Clanton	Pressure treated wood products	11,280.59
City of Clanton	Restaurant supply store	19,322.92
Total		$59,331.52

The following tax abatements exceeded 10 percent of the total amount abated:

- A 60 percent property tax abatement to an auto body parts suppling business for increasing the size of its facilities and increasing employment. The abatement amounted to $26,871.42.

- A 60 percent property tax abatement to a pressure treated wood products manufacturing business for increasing the sizes of its facilities and increasing employment. The abatement amounted to $11,280.59.

- A 60 percent property tax abatement to a restaurant supplier business for increasing the size of its facilities and increasing employment. The abatement amounted to $19,322.92.

Note 14 – Subsequent Events

On December 18, 2019, the Commission issued a General Obligation Warrant, Series 2019, for $5,000,000. The purpose of the warrant is to provide funds to finance paving and resurfacing of roads located in Chilton County.

On March 3, 2020, the Commission entered into a note payable totaling $1,314,910.25 to finance the purchase of eight dump trucks and a lowboy tractor with an interest rate of 3.35%. This note is fifteen-month note due May 2020 with interest payment due quarterly.

On October 28, 2020, the Commission issued a General Obligation Warrant, Series 2020, for $5,000,000. The purpose of the warrant is to provide funds to finance paving and resurfacing of roads located in Chilton County.

The United States encountered a COVID-19 pandemic which is adversely affecting the nation. On March 13, 2020, the President of the United States declared a state of emergency in response to the COVID-19 pandemic. Subsequently, on the same day, the Governor of Alabama declared a state of emergency. As a result, the operations of federal, state, and local governments including educational institutions have been modified to ensure the safety of its citizenry as well as its employees. As a result of the pandemic, there was not a substantial impact on the Commission's revenues from several key sources. The Commission's gasoline taxes decreased by $133,465.43 but during the 2020 fiscal year the Commission began receiving the Rebuild Alabama Gasoline taxes. The Commission received $507,466.21 during the 2020 fiscal year. Beginning October 1, 2019, the Commission had local legislation enacted to assess sales and use tax in the amount of $4,991,427.79. Also, the Commission's ad valorem collections increased by $426,545.47 in the 2020 fiscal year. Overall, the Commission did not suffer a significant financial impact due to the COVID-19 pandemic.

Note 15 – Restatements

The Commission made the following restatements to correct various errors from the prior periods.

During 2019, net prior period adjustments totaling $977,004.37 were recorded to adjust various prior year asset, liability and fund balance amounts in the Governmental Funds which also resulted in the beginning net position to be restated.

	General Fund	Trade School Fund	Gasoline Tax Fund	Other Governmental Funds	Total
Fund Balances – September 30, 2018, as Previously Reported	$4,234,763.00	$1,168,676.00	$ 39,814.00	$3,144,070.00	$ 8,587,323.00
Restatement for Prior Period Errors in Governmental Funds	(661,677.71)	40,691.31	2,250,382.66	(652,391.89)	977,004.37
Fund Balances – September 30, 2018	$3,573,085.29	$1,209,367.31	$2,290,196.66	$2,491,678.11	$ 9,564,327.37
Net Position – September 30, 2018, as Previously Reported					$32,108,182.61
Correction of Prior Period Errors in Fund Balances					977,004.37
Net Position – September 30, 2018, as Restated					$33,085,186.98

	Fiduciary Fund
Net Position, September 30, 2018, as Previously Reported	$3,968,391.00
Restatement to Correct Prior Period Errors	(157,689.25)
Net Position, September 30, 2018, as Restated	$3,810,701.75

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Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability
For the Year Ended September 30, 2019

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 464,046	$ 466,832	$ 473,133	$ 477,906	$ 493,375
Interest	1,211,010	1,146,765	1,126,171	1,087,264	1,030,057
Differences between expected and actual experience	226,019	269,422	(245,371)	(206,732)	
Changes of assumptions	91,647		597,811		
Benefit payments, including refunds of employee contributions	(1,134,413)	(1,047,845)	(919,368)	(824,839)	(791,835)
Transfers among employers	576,418	37,078	(248,313)		
Net change in total pension liability	1,434,727	872,252	784,063	533,599	731,597
Total pension liability - beginning	16,193,137	15,320,885	14,536,822	14,003,223	13,271,626
Total pension liability - ending (a)	$ 17,627,864	$ 16,193,137	$ 15,320,885	$ 14,536,822	$ 14,003,223
Plan fiduciary net position					
Contributions - employer	$ 328,905	$ 334,452	$ 386,759	$ 374,049	$ 397,673
Contributions - employee	322,437	307,638	304,088	284,836	294,401
Net investment income	1,214,406	1,505,067	1,125,532	133,116	1,216,373
Benefit payments, including refunds of employee contributions	(1,134,413)	(1,047,845)	(919,368)	(824,839)	(791,835)
Transfers among employers	576,418	37,078	(248,313)	39,455	(40,983)
Net change in plan fiduciary net position	1,307,753	1,136,390	648,698	6,617	1,075,629
Plan fiduciary net position - beginning	13,075,335	11,938,945	11,290,247	11,283,630	10,208,001
Plan fiduciary net position - ending (b)	$ 14,383,088	$ 13,075,335	$ 11,938,945	$ 11,290,247	$ 11,283,630
Net pension liability - ending (a) - (b)	$ 3,244,776	$ 3,117,802	$ 3,381,940	$ 3,246,575	$ 2,719,593
Plan fiduciary net position as a percentage of the total pension liability	81.59%	80.75%	77.93%	77.67%	80.58%
Covered payroll (*)	$ 5,947,037	$ 5,541,972	$ 5,679,443	$ 5,439,820	$ 5,459,149
Net pension liability as a percentage of covered payroll	54.56%	56.26%	59.55%	59.68%	49.82%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2019, the measurement period is October 1, 2017 through September 30, 2018. GASB issued a statement Pension Issues in March 2016, to redefine covered payroll for fiscal year 2017.

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

Schedule of the Employer's Contribution - Pension
For the Year Ended September 30, 2019

	2019	2018	2017	2016	2015
Actuarially determined contribution (*)	$ 355,731	$ 328,905	$ 334,452	$ 386,759	$ 374,049
Contributions in relation to the actuarially determined contribution	$ 355,731	$ 328,905	$ 334,452	$ 386,759	$ 374,049
Contribution deficiency (excess)	$	$	$	$	$
Covered payroll (**)	$ 6,209,229	$ 5,947,037	$ 5,541,792	$ 5,679,443	$ 5,439,820
Contributions as a percentage of covered payroll	5.73%	5.53%	6.04%	6.81%	6.88%

(*) 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 the Employer's Contributions is based on the 12 month period of the underlying financial statement.

(**) Employer's covered payroll for fiscal year 2019 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 2019 were based on the September 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent closed
Remaining amortization period	25.8 years
Asset valuation method	Five year smoothed market
Inflation	2.875%
Salary increases	3.375 - 5.125%, including inflation
Investment rate of return	7.875%, 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 Changes in the Employer's Other Postemployment Benefits (OPEB) Liability September 30, 2019

	2018	2017
Total OPEB Liability		
Service cost	$ 279,347	$ 305,852
Interest	154,725	127,268
Difference between expected and actual experience	(39,526)	(59,626)
Changes of assumptions	(266,748)	(356,688)
Benefit payments	(39,189)	(13,813)
Net change in total OPEB liability	88,609	2,993
Total OPEB Liability - Beginning	4,353,467	4,350,474
Total OPEB Liability - Ending	$ 4,442,076	$ 4,353,467
Covered-employee payroll	$ 5,947,037	$ 5,656,734
Commission's total OPEB liability as a percentage of covered-employee payroll	74.69%	76.96%

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

Schedule of the Employer's Contributions - Other Postemployment Benefits (OPEB) For the Year Ended September 30, 2019

	2019	2018
Actuarially determined contribution	$ 82,101	$ 75,999
Contributions in relation to the actuarially determined contribution	$ 82,101	$ 75,999
Contribution deficiency (excess)	$	$
Covered-employee payroll	$ 6,202,229	$ 5,947,037
Contributions as a percentage of covered-employee payroll	1.32%	1.28%

Notes to Schedule

Valuation date: September 30, 2017

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2018 were based on the September 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2018 to September 30, 2019:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, open
Remaining amortization period	7.89 years
Asset valuation method	Market Value
Inflation	2.75% annually
Healthcare cost trend rates	5.00 to 7.50%
Salary increases	3.25 - 5.00% annually
Discount Rate	4.18% per annum, compounded annually
Retirement age	The earlier of 30 years of service at any age or attainment of age 60 and 25 years of service; employees hired on and after January 1, 2013 are not eligible to retire until age 62.
Mortality	RP-2000 without projection, 70% for males and 50% for females.

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, 2019

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
Taxes	$ 5,162,593.00	$ 5,162,593.00	$ 4,743,814.06	(1)	$ 1,340,479.53	$ 6,084,293.59
Licenses and Permits	74,745.00	74,745.00	118,721.64			118,721.64
Fines and Forfeitures	1,000.00	1,000.00	1,084.40			1,084.40
Charges for Services	1,615,142.00	1,615,142.00	1,683,809.66			1,683,809.66
Intergovernmental	694,764.00	851,515.69	1,189,822.64	(1)	42,508.10	1,232,330.74
Miscellaneous	131,342.00	182,367.60	137,063.96	(1)	3,004.51	140,068.47
Total Revenues	7,679,586.00	7,887,363.29	7,874,316.36		1,385,992.14	9,260,308.50
Expenditures						
Current:						
General Government	2,665,482.00	2,649,977.00	2,590,460.09	(2)	(319,013.79)	2,909,473.88
Public Safety	5,472,884.00	5,886,973.29	5,977,110.91			5,977,110.91
Highways and Roads	53,686.00	53,686.00	55,222.06			55,222.06
Sanitation	215,823.00	187,216.00	187,216.00			187,216.00
Health	46,500.00	46,500.00	45,500.00			45,500.00
Welfare	41,455.00	41,455.00	41,455.00			41,455.00
Capital Outlay	232,950.00	231,750.00	194,658.62			194,658.62
Debt Service:						
Principal Retirement	20,695.00	20,695.00	67,182.04			67,182.04
Interest and Fiscal Charges	6,250.00	6,250.00	6,672.84			6,672.84
Total Expenditures	8,755,725.00	9,124,502.29	9,165,477.56		(319,013.79)	9,484,491.35
Excess (Deficiency) of Revenues Over Expenditures	(1,076,139.00)	(1,237,139.00)	(1,291,161.20)		1,066,978.35	(224,182.85)
Other Financing Sources (Uses)						
Proceeds from Debt Issued	52,000.00	52,000.00	52,250.00			52,250.00
Transfers In	1,074,139.00	1,202,139.00				
Transfers Out	(50,000.00)	(17,000.00)	(55,861.62)			(55,861.62)
Total Other Financing Sources (Uses)	1,076,139.00	1,237,139.00	(3,611.62)			(3,611.62)
Net Change in Fund Balances			(1,294,772.82)		1,066,978.35	(227,794.47)
Fund Balances - Beginning of Year, as Restated			5,851,975.69	(3)	(2,278,890.40)	3,573,085.29
Fund Balances - End of Year	$	$	$ 4,557,202.87		$ (1,211,912.05)	$ 3,345,290.82

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2019

Explanation of differences:

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

(1) Revenues		
Public Buildings, Roads and Bridges Fund	$	1,385,992.14
(2) Expenditures		
Public Buildings, Roads and Bridges Fund		(319,013.79)
Net Change in Fund Balance - Budget to GAAP	$	1,066,978.35

(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 effect of transactions such as those described above.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Trade School Fund
For the Year Ended September 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
Revenues					
Taxes	$ 1,239,632.00	$ 1,239,632.00	$ 1,152,277.05	$	$ 1,152,277.05
Intergovernmental			11,203.48		11,203.48
Miscellaneous	900.00	900.00	2,620.57		2,620.57
Total Revenues	1,240,532.00	1,240,532.00	1,166,101.10		1,166,101.10
Expenditures					
Current:					
General Government	892,745.00	892,745.00	887,047.73		887,047.73
Culture and Recreation	203,287.00	203,287.00			
Total Expenditures	1,096,032.00	1,096,032.00	887,047.73		887,047.73
Excess (Deficiency) of Revenues Over Expenditures	144,500.00	144,500.00	279,053.37		279,053.37
Other Financing Sources (Uses)					
Transfers Out	(144,500.00)	(144,500.00)	(108,000.00)		(108,000.00)
Total Other Financing Sources (Uses)	(144,500.00)	(144,500.00)	(108,000.00)		(108,000.00)
Net Change in Fund Balances			171,053.37		171,053.37
Fund Balances - Beginning of Year			1,209,367.31		1,209,367.31
Fund Balances - End of Year	$	$	$ 1,380,420.68	$	$ 1,380,420.68

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Taxes	$ 1,136,081.00	$ 1,159,081.00	$ 1,214,442.20	$	$ 1,214,442.20
Intergovernmental	1,205,000.00	1,213,500.00	1,374,079.99		1,374,079.99
Miscellaneous	339,420.00	339,420.00	373,249.42		373,249.42
Total Revenues	2,680,501.00	2,712,001.00	2,961,771.61		2,961,771.61
Expenditures					
Current:					
Highways and Roads	2,535,058.00	2,641,419.62	3,829,399.54		3,829,399.54
Capital Outlay	1,580,100.00	1,589,974.00	1,304,191.00		1,304,191.00
Debt Service:					
Principal Retirement	1,298,406.00	1,298,406.00	121,820.88		121,820.88
Interest and Fiscal Charges	46,720.00	46,720.00	80,280.30		80,280.30
Total Expenditures	5,460,284.00	5,576,519.62	5,335,691.72		5,335,691.72
Excess (Deficiency) of Revenues Over Expenditures	(2,779,783.00)	(2,864,518.62)	(2,373,920.11)		(2,373,920.11)
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	1,298,406.00	1,298,406.00	1,079,754.68		1,079,754.68
Proceeds from Debt Issued	1,298,406.00	1,298,406.00	1,246,591.00		1,246,591.00
Transfers In	434,255.00	518,990.62	349,186.18		349,186.18
Transfers Out	(251,284.00)	(251,284.00)	(302,409.56)		(302,409.56)
Total Other Financing Sources (Uses)	2,779,783.00	2,864,518.62	2,373,122.30		2,373,122.30
Net Change in Fund Balances			(797.81)		(797.81)
Fund Balances - Beginning of Year, as Restated			2,290,196.66		2,290,196.66
Fund Balances - End of Year	$	$	$ 2,289,398.85	$	$ 2,289,398.85

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Additional Information

Commission Members and Administrative Personnel
October 1, 2018 through September 30, 2019

Commission Members		**Term Expires**
Hon. George Allen Caton	Chairman	2020
Hon. Jimmie Hardee, Jr.	Vice-Chairman	2020
Hon. Gregory L. Moore	Member	2020
Hon. Joseph Scott Parnell	Member	2020
Hon. Joseph John Headley	Member	2020
Hon. David Matthew Mims	Member	2020
Hon. Phillip Steven Langston	Member	2020

Administrative Personnel

Sylvia Singleton	County Administrator	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 Chilton County Commission and County Administrator
Clanton, 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, each major fund, and the aggregate remaining fund information of the Chilton County Commission (the "Commission") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated September 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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' 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

<u>Compliance and Other Matters</u>

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

<u>Purpose of this Report</u>

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 Chilton County Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Chilton County Commission'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

September 16, 2021