

Report on the

St. Clair County Commission

St. Clair County, Alabama

October 1, 2018 through September 30, 2019

Filed: April 2, 2021



Department of Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner



Rachel Laurie Riddle
Chief Examiner

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

Dear Madam:

An audit was conducted on the St. Clair County Commission, St. Clair County, Alabama, for the period October 1, 2018 through September 30, 2019, by Examiners Brittany Parker and Allie Freeman. I, Brittany Parker, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Brittany Parker'.

Brittany Parker
Examiner of Public Accounts

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Table of Contents

	<i>Page</i>
Summary	A
Contains items pertaining to state and local legal compliance, Commission operations and other matters.	
Independent Auditor's Report	B
Reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations in accordance with generally accepted accounting principles (GAAP).	
<u>Basic Financial Statements</u>	1
Provides the minimum combination of financial statements and notes to the financial statements that is required for the fair presentation of the Commission's financial position and results of operations in accordance with GAAP.	
Exhibit #1 Statement of Net Position	2
Exhibit #2 Statement of Activities	4
Exhibit #3 Balance Sheet – Governmental Funds	5
Exhibit #4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Exhibit #5 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Exhibit #6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Exhibit #7 Statement of Fiduciary Net Position	10
Exhibit #8 Statement of Changes in Fiduciary Net Position	11
Notes to the Financial Statements	12

Table of Contents

	<i>Page</i>
<u>Required Supplementary Information</u>	44
Provides information required by the Governmental Accounting Standards Board (GASB) to supplement the basic financial statements. This information has not been audited and no opinion is provided about the information.	
Exhibit #9 Schedule of Changes in the Employer’s Net Pension Liability	45
Exhibit #10 Schedule of the Employer’s Contributions – Pension	46
Exhibit #11 Schedule of Changes in the Employer’s Other Postemployment Benefits (OPEB) Liability	47
Exhibit #12 Schedule of the Employer’s Contributions – Other Postemployment Benefits (OPEB)	48
Exhibit #13 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	49
Exhibit #14 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Gasoline Tax Fund	51
Exhibit #15 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Local County Road Fund	53
Exhibit #16 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Reappraisal Fund	54
<u>Additional Information</u>	55
Provides basic information related to the entity, including reports and items required by generally accepted government auditing standards.	
Exhibit #17 Commission Members and Administrative Personnel – a listing of the Commission members and administrative personnel.	56

Table of Contents

Page

Exhibit #18	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> – a report on internal controls related to the financial statements and on whether the Commission complied with laws and regulations which could have a direct and material effect on the Commission’s financial statements.	57
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Department of
Examiners of Public Accounts

SUMMARY

**St. Clair County Commission
October 1, 2018 through September 30, 2019**

The St. Clair County Commission (the “Commission”) is governed by a five-member body elected by the citizens of St. Clair County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 17. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of St. Clair 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 basic 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.

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 17, were invited to discuss the results of this report at an exit conference. Individuals in attendance were: County Administrator: Tina Morgan; and County Commissioners: Jeff Brown and Ricky Parker. Also in attendance were representatives of the Department of Examiners of Public Accounts: Amanda Hensley, Audit Manager; Brittany Parker, Examiner; and Allie Freeman, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of the St. Clair County Commission and County Administrator
Ashville, 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 St. Clair County Commission, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the St. Clair 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

Management 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 of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 St. Clair County Commission, as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

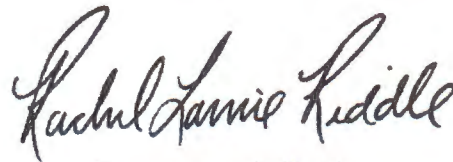
Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated March 12, 2021, on our consideration of the St. Clair 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 St. Clair 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 St. Clair County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

March 12, 2021

Basic Financial Statements

Statement of Net Position
September 30, 2019

	Governmental Activities
<u>Assets</u>	
Cash and Cash Equivalents	\$ 19,235,386.71
Cash with Fiscal Agent	291,355.48
Accounts Receivable	342,580.33
Ad Valorem Taxes Receivable	8,604,760.99
Due from Other Governments	951,177.98
Sales Tax Receivable	837,548.30
Notes Receivable (Note 12)	2,558,571.25
Capital Assets (Note 4):	
Nondepreciable	2,676,334.02
Depreciable, Net	35,253,003.13
Total Assets	<u>70,750,718.19</u>
<u>Deferred Outflows of Resources</u>	
Loss on Refunding of Debt	642,651.83
Employer Pension Contributions	1,134,051.93
Deferred Outflows Related to Net Pension Liability	1,043,031.00
Employer Other Postemployment Benefits (OPEB) Contributions	439,740.51
Deferred Outflows Related to Other Postemployment Benefits (OPEB) Liability	23,602.00
Total Deferred Outflows of Resources	<u>3,283,077.27</u>
<u>Liabilities</u>	
Accounts Payable	186,291.61
Unearned Revenue	32,585.57
Accrued Wages Payable	315,361.08
Accrued Interest Payable	163,057.64
Long-Term Liabilities:	
Portions Payable Within One Year:	
Warrants Payable	1,855,000.00
Deferred Charges - Unamortized Discount	(1,071.71)
Deferred Charges - Unamortized Premium	84,625.54
Portions Payable After One Year:	
Warrants Payable	22,875,000.00
Deferred Charges - Unamortized Premium	636,233.26
Estimated Liability for Compensated Absences	3,058,452.49
Net Pension Liability	8,431,568.00
Other Postemployment Benefit (OPEB) Obligation	10,539,826.00
Total Liabilities	<u>\$ 48,176,929.48</u>

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

	Governmental Activities
<u>Deferred Inflows of Resources</u>	
Unavailable Revenue - Property Taxes	\$ 8,467,834.83
Revenue Received in Advance - Motor Vehicle Taxes	506,566.64
Deferred Inflows Related to Net Pension Liability	2,343,165.00
Deferred Inflows Related to Other Postemployment Benefits (OPEB) Liability	701,526.00
Total Deferred Inflows of Resources	<u>12,019,092.47</u>
<u>Net Position</u>	
Net Investment in Capital Assets	25,740,188.05
Restricted for:	
Debt Service	128,297.84
Road Projects	3,532,163.13
Public Safety	1,703,820.54
Juvenile Services	357,418.36
Other Purposes	1,428,802.53
Unrestricted	<u>(19,052,916.94)</u>
Total Net Position	<u>\$ 13,837,773.51</u>

Statement of Activities
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	and Changes in Net Position Total Governmental Activities
Primary Government					
Governmental Activities					
General Government	\$ 9,937,274.76	\$ 3,054,474.27	\$ 614,430.70	\$	\$ (6,268,369.79)
Public Safety	13,712,455.33	2,659,507.74	758,436.86		(10,294,510.73)
Highways and Roads	7,330,665.53	44,226.87	3,931,433.04	12,000.00	(3,343,005.62)
Sanitation	911,508.00	197,836.33			(713,671.67)
Health	514,780.37				(514,780.37)
Welfare	75,960.00				(75,960.00)
Culture/Recreation	259,340.53				(259,340.53)
Education	142,747.87				(142,747.87)
Interest on Long-Term Debt	922,154.49				(922,154.49)
Intergovernmental	143,098.83				(143,098.83)
Total Governmental Activities	\$ 33,949,985.71	\$ 5,956,045.21	\$ 5,304,300.60	\$ 12,000.00	(22,677,639.90)
General Revenues:					
Taxes:					
Property Taxes for General Purposes					5,260,057.78
Property Taxes for Specific Purposes					4,147,432.01
County Sales and Use Taxes					9,416,916.65
Miscellaneous Taxes					5,364,180.99
Grants and Contributions Not Restricted to Specific Programs					1,694,874.43
Interest Earned					43,675.66
Miscellaneous					3,243,027.87
Gain on Disposition of Capital Assets					152,203.71
Total General Revenues					29,322,369.10
Change in Net Position					6,644,729.20
Net Position - Beginning of Year					7,193,044.31
Net Position - End of Year					\$ 13,837,773.51

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

Balance Sheet
Governmental Funds
September 30, 2019

	General Fund	Gasoline Tax Fund	Local County Road Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 12,692,254.66	\$ 503,568.06	\$ 2,486,363.08	\$ 46,669.70	\$ 3,506,531.21	\$ 19,235,386.71
Cash with Fiscal Agent					291,355.48	291,355.48
Accounts Receivable	53,345.13		289,235.20			342,580.33
Ad Valorem Taxes Receivable	6,971,161.16			1,633,599.83		8,604,760.99
Sales Tax Receivable	837,548.30					837,548.30
Interfund Receivables	109,950.30					109,950.30
Due from Other Governments	382,605.36	186,828.11		10,000.00	371,744.51	951,177.98
Notes Receivable (Note 12)	100,000.00					100,000.00
Total Assets	21,146,864.91	690,396.17	2,775,598.28	1,690,269.53	4,169,631.20	30,472,760.09
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	178,375.36			580.52	7,335.73	186,291.61
Interfund Payables					109,950.30	109,950.30
Unearned Revenue				32,585.57		32,585.57
Accrued Wages Payable	221,338.33	52,306.66		23,503.61	18,212.48	315,361.08
Total Liabilities	399,713.69	52,306.66		56,669.70	135,498.51	644,188.56
Deferred Inflows of Resources						
Unavailable Revenue Property Taxes	6,834,235.00			1,633,599.83		8,467,834.83
Revenue Received in Advance - Motor Vehicle Taxes	506,566.64					506,566.64
Total Deferred Inflows of Resources	7,340,801.64			1,633,599.83		8,974,401.47
Fund Balances						
Restricted for:						
Juvenile Services					357,418.36	357,418.36
Debt Service					317,788.82	317,788.82
Highways and Roads		638,089.51	2,775,598.28		118,475.34	3,532,163.13
Public Safety					1,703,820.54	1,703,820.54
Other Purposes					1,428,802.53	1,428,802.53
Assigned to:						
Other Purposes	4,011,597.36				107,827.10	4,119,424.46
Unassigned	9,394,752.22					9,394,752.22
Total Fund Balances	13,406,349.58	638,089.51	2,775,598.28		4,034,132.69	20,854,170.06
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 21,146,864.91	\$ 690,396.17	\$ 2,775,598.28	\$ 1,690,269.53	\$ 4,169,631.20	\$ 30,472,760.09

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) \$ 20,854,170.06

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

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported as assets in governmental funds. 37,929,337.15

All notes receivables are not due and payable in the current period and, therefore, are
not reported as notes receivables in the funds. 2,458,571.25

Loss on refunding of debt are reported as deferred outflows of resources and are
not available to pay for current period expenditures and, therefore, are deferred on
the Statement of Net Position. 642,651.83

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

Deferred Outflows Related to Net Pension Liability	\$ 2,177,082.93	
Deferred Inflows Related to Net Pension Liability	<u>(2,343,165.00)</u>	(166,082.07)

Deferred outflows and inflows of resources related to Other Postemployment
Benefits (OPEB) are applicable to future periods and, therefore, are not
reported in the governmental funds.

Deferred Outflows Related to OPEB Liability	\$ 463,342.51	
Deferred Inflows Related to OPEB Liability	<u>(701,526.00)</u>	(238,183.49)

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

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

	Current Liabilities	Noncurrent Liabilities	
Warrants Payable	\$ 1,855,000.00	\$ 22,875,000.00	
Unamortized - Discounts	(1,071.71)		
Unamortized - Premiums	84,625.54	636,233.26	
Accrued Interest Payable	163,057.64		
Net Pension Liability		8,431,568.00	
Other Postemployment Benefits Obligation		10,539,826.00	
Compensated Absences		3,058,452.49	
Total Long-Term Liabilities	\$ 2,101,611.47	\$ 45,541,079.75	<u>(47,642,691.22)</u>
Total Net Position - Governmental Activities (Exhibit 1)			<u><u>\$ 13,837,773.51</u></u>

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2019

	General Fund	Gasoline Tax Fund	Local County Road Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 18,892,995.22	\$	\$ 3,638,954.82	\$ 1,644,594.89	\$ 12,042.50	\$ 24,188,587.43
Licenses and Permits	137,340.86				256,637.50	393,978.36
Intergovernmental	1,720,277.89	2,024,725.94	222,951.12	10,000.00	3,033,220.08	7,011,175.03
Charges for Services	3,659,774.03	44,226.87		1,500.00	1,856,565.95	5,562,066.85
Miscellaneous	427,957.95	710,562.55	23,927.34	11,254.90	2,213,000.79	3,386,703.53
Total Revenues	24,838,345.95	2,779,515.36	3,885,833.28	1,667,349.79	7,371,466.82	40,542,511.20
Expenditures						
Current:						
General Government	6,736,659.00			1,579,311.29	968,277.24	9,284,247.53
Public Safety	9,870,048.90				3,315,206.44	13,185,255.34
Highways and Roads	5,000.00	3,664,398.15	1,689,255.30		1,363,874.51	6,722,527.96
Sanitation	911,508.00					911,508.00
Health	439,877.85					439,877.85
Welfare	75,960.00					75,960.00
Culture/Recreation	201,162.36				1,806.00	202,968.36
Education	142,747.87					142,747.87
Capital Outlay	607,179.90	73,526.00	991,391.93	88,038.50	436,124.90	2,196,261.23
Debt Service:						
Principal Retirement					1,795,000.00	1,795,000.00
Interest and Fiscal Charges	2,257.50				934,247.22	936,504.72
Intergovernmental	143,098.83					143,098.83
Total Expenditures	19,135,500.21	3,737,924.15	2,680,647.23	1,667,349.79	8,814,536.31	36,035,957.69
Excess (Deficiency) of Revenues Over Expenditures	5,702,845.74	(958,408.79)	1,205,186.05		(1,443,069.49)	4,506,553.51
Other Financing Sources (Uses)						
Transfers In		1,015,000.00			1,949,209.45	2,964,209.45
Sale of Capital Assets	542,783.45	57,133.00	416,002.44		9,350.00	1,025,268.89
Other Financing Sources	100,000.00					100,000.00
Transfers Out	(2,957,809.45)		(6,400.00)			(2,964,209.45)
Total Other Financing Sources (Uses)	(2,315,026.00)	1,072,133.00	409,602.44		1,958,559.45	1,125,268.89
Net Change in Fund Balances	3,387,819.74	113,724.21	1,614,788.49		515,489.96	5,631,822.40
Fund Balances - Beginning of Year	10,018,529.84	524,365.30	1,160,809.79		3,518,642.73	15,222,347.66
Fund Balances - End of Year	\$ 13,406,349.58	\$ 638,089.51	\$ 2,775,598.28	\$	\$ 4,034,132.69	\$ 20,854,170.06

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 Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 5,631,822.40

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 depreciation (\$2,014,229.20) differs from capital outlay (\$2,196,261.23) in the current period. 182,032.03

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 1,795,000.00

In the Statement of Activities, only the gain 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 cost of the capital assets sold. (873,065.18)

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 Increase in Compensated Absences	\$	(21,259.56)	
Amortization of Bond Discounts/Premiums/ Gain or Loss on Refunding		2,456.90	
Net Change in Other Postemployment Benefits		(224,617.52)	
Net Decrease in Accrued Interest Payable		11,893.33	
Net Change in Pension Expense		340,466.80	
Total Additional Expenditures		108,939.95	108,939.95

In the Statement of Revenues, Expenditures and Changes in Fund Balances, revenues that are associated with Notes Receivable are recorded on the modified accrual basis of accounting (i.e. when they are both measurable and available). In the Statement of Activities, revenues are recorded when earned based on the accrual basis using the economic resources measurement focus. (200,000.00)

Change in Net Position of Governmental Activities (Exhibit 2) \$ 6,644,729.20

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

Statement of Fiduciary Net Position
September 30, 2019

	Private-Purpose Trust Funds	Agency Funds
<u>Assets</u>		
Cash and Cash Equivalents	\$ 2,324,614.89	\$ 60,486.68
Due from Other Governments		82,774.73
Capital Assets, Net of Depreciation (Note 4)	11,254.57	
Total Assets	<u>2,335,869.46</u>	<u>143,261.41</u>
<u>Liabilities</u>		
Due to Original Property Owner	1,145,003.14	
Due to Other Governments		143,261.41
Total Liabilities	<u>1,145,003.14</u>	<u>\$ 143,261.41</u>
<u>Net Position</u>		
Net Investment in Capital Assets	11,254.57	
Held in Trust for Other Purposes	1,179,611.75	
Total Net Position	<u>\$ 1,190,866.32</u>	

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

***Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2019***

	Private-Purpose Trust Funds
<u>Additions</u>	
Contributions by:	
State and Local Governments	\$ 17,643.08
Fees	395,259.53
Miscellaneous	199,853.81
Total Additions	<u>612,756.42</u>
<u>Deductions</u>	
Administrative Expenses	516,376.89
Depreciation	4,501.83
Total Deductions	<u>520,878.72</u>
Changes in Net Position	91,877.70
Net Position - Beginning of Year	<u>1,098,988.62</u>
Net Position - End of Year	<u>\$ 1,190,866.32</u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2019

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Notes to the Financial Statements

For the Year Ended September 30, 2019

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. Employee dental insurance is also accounted for in the General Fund as well as the following sub-funds: Contingent and Operations Center Funds. The fund is also used to report the expenditures for building and maintaining public buildings, roads and bridges.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditures of gasoline taxes for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and right-of-ways.
- ◆ **Local County Road Fund** – This fund is used to account for a four cent per gallon local excise tax on gasoline and diesel fuel sold in the County to be used to maintain roads and bridges.
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditures of special county property taxes for the reappraisal of real property located in the County.

The Commission reports the following 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.

Notes to the Financial Statements

For the Year Ended September 30, 2019

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, 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.

Notes to the Financial Statements
For the Year Ended September 30, 2019

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.

Investments are reported at fair value, based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost, and certificates of deposit, which are reported at cost. The Commission reports all money market investments – U. S. Treasury bills and bankers' acceptances having a remaining maturity at time of purchase of one year or less – at amortized cost.

2. Receivables

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

Millage rates for property taxes are levied 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 due from other governments include amounts due from grantors for grants issued for specific programs and capital projects. Receivables also include various licenses, taxes, and fees collected and not yet remitted to the Commission and amounts due for housing the inmates of various cities in the County.

3. Restricted Assets

Certain general obligation warrants as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants. Cash held by the fiscal agent is considered restricted.

Notes to the Financial Statements
For the Year Ended September 30, 2019

4. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, 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
Buildings	\$ 50,000	20 – 40 Years
Equipment and Furniture	\$ 5,000	5 – 10 Years
Infrastructure – Roads	\$250,000	40 Years
Infrastructure – Bridges	\$ 50,000	40 Years

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

5. Deferred Outflows of Resources

Deferred outflows of resources are reported in the government-wide 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. Bond/Warrant premiums and discounts are deferred and amortized over the life of the bond/warrants.

Notes to the Financial Statements
For the Year Ended September 30, 2019

Bonds/Warrants payable are reported gross with the applicable bond/warrant premium or discount reported separately. Bond/Warrant issuance costs are reported as an expense in the period incurred.

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

7. Compensated Absences

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

Annual Leave

After completing a 90-day probationary period, employees earn annual leave as follows:

Upon initial eligibility	4 hours each pay period
After 5 years	5 hours each pay period
After 10 years	6 hours each pay period
After 15 years	7 hours each pay period
After 20 years	8 hours each pay period

Unused annual leave in excess of 30 days at the end of any calendar year shall be forfeited. Employees may carry forward to the next calendar year 30 days or less in leave. Upon separation or termination, employees are paid, up to maximum for annual leave. Leave time paid upon termination or resignation, including retirement, must be taken in a lump-sum payment.

Sick Leave

Sick leave benefits are available to employees who have completed the 90-day probationary period. Employees earn four hours of leave every biweekly pay period to a maximum of 1200 hours. Sick leave days do not carryover or accumulate beyond the maximum and employees receive no monetary payment for sick leave credits. Unused sick leave up to 600 hours shall be paid upon death or retirement of an eligible county employee. Sick leave may be converted to retirement service credit.

Notes to the Financial Statements

For the Year Ended September 30, 2019

The Commission uses the termination 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.

8. Deferred Inflows of Resources

Deferred inflows of resources are reported in the government-wide and 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 components are reported on the government-wide financial statements and are required to be classified for accounting and reporting purposes into the following net position categories:

- ◆ **Net Investment in Capital Assets** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.
- ◆ **Restricted** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- ◆ **Unrestricted** – 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.

Notes to the Financial Statements

For the Year Ended September 30, 2019

Fund balance is reported in the fund financial statements under the following five categories:

- ◆ 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.
- ◆ Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- ◆ Committed fund balances consist of amounts that are subject to a specific purpose imposed by formal action of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- ◆ Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- ◆ 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.

Notes to the Financial Statements

For the Year Ended September 30, 2019

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 net 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 the benefit terms.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

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

Notes to the Financial Statements
For the Year Ended September 30, 2019

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

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.

B. Investments of the 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.

As of September 30, 2019, the Commission’s cash with fiscal agent was invested as follows:

Investment Type	Amortized Cost	Investment Maturity
Fidelity Investments Money Market Treasury Only	\$291,355.48	Varies
Totals	<u>\$291,355.48</u>	

The investment policy approved by the Commission on February 14, 2006, applies primarily to non-fiscal agent deposits, all of which were properly categorized as cash or cash equivalents at September 30, 2019.

Notes to the Financial Statements

For the Year Ended September 30, 2019

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Commission’s investment policy limits the Commission’s investments to maturities of less than one year.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. 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 be rated in the highest rating category of Standard & Poor’s Corporation and Moody’s Investors Service, Inc. The Commission has no formal policy regarding credit risk. The Commission’s investments in money market funds were rated AAAM by Standard & Poor’s Corporation and AAA-mf by Moody’s Investors Service.

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 a formal investment policy that limits the amount of securities that can be held by counterparties. However, the Commission’s deposits with Fidelity Investments Money Market Treasury Only Funds do not involve this type of risk as “counterparties” relate to “swap” transactions which are not allowable under the bond covenants.

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 policy that limits the amount the Commission may invest in any one issuer.

Notes to the Financial Statements
For the Year Ended September 30, 2019

Note 4 – Capital Assets

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

	Balance 10/01/2018	Additions	Deletions	Balance 09/30/2019
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,638,734.02	\$	\$	\$ 2,638,734.02
Construction in Progress	19,200.00	18,400.00		37,600.00
Total Capital Assets, Not Being Depreciated	<u>2,657,934.02</u>	<u>18,400.00</u>		<u>2,676,334.02</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	27,998,043.86			27,998,043.86
Construction Equipment	3,895,303.89	303,788.93	(48,764.00)	4,150,328.82
Equipment and Furniture	9,954,209.75	1,874,072.30	(1,344,219.81)	10,484,062.24
Infrastructure	15,245,378.36			15,245,378.36
Total Capital Assets, Being Depreciated	<u>57,092,935.86</u>	<u>2,177,861.23</u>	<u>(1,392,983.81)</u>	<u>57,877,813.28</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(8,991,683.50)	(698,965.50)		(9,690,649.00)
Construction Equipment	(2,591,801.33)	(279,466.68)	48,764.00	(2,822,504.01)
Equipment and Furniture	(6,945,912.71)	(876,706.30)	471,154.63	(7,351,464.38)
Infrastructure	(2,601,102.04)	(159,090.72)		(2,760,192.76)
Total Accumulated Depreciation	<u>(21,130,499.58)</u>	<u>(2,014,229.20)</u>	<u>519,918.63</u>	<u>(22,624,810.15)</u>
Total Capital Assets, Being Depreciated, Net	<u>35,962,436.28</u>	<u>163,632.03</u>	<u>(873,065.18)</u>	<u>35,253,003.13</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 38,620,370.30</u>	<u>\$ 182,032.03</u>	<u>\$ (873,065.18)</u>	<u>\$ 37,929,337.15</u>

	Balance 10/01/2018	Additions	Deletions	Balance 09/30/2019
Fiduciary Funds:				
Capital Assets, Being Depreciated:				
Equipment and Furniture	\$113,361.59	\$	\$	\$113,361.59
Total Capital Assets, Being Depreciated	<u>113,361.59</u>			<u>113,361.59</u>
Less Accumulated Depreciation for:				
Equipment and Furniture	(97,605.19)	(4,501.83)		(102,107.02)
Total Capital Assets, Being Depreciated, Net	<u>15,756.40</u>	<u>(4,501.83)</u>		<u>11,254.57</u>
Total Fiduciary Funds Capital Assets, Net	<u>\$ 15,756.40</u>	<u>\$(4,501.83)</u>	<u>\$</u>	<u>\$ 11,254.57</u>

Notes to the Financial Statements
For the Year Ended September 30, 2019

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 702,975.42
Public Safety	573,052.30
Highway and Roads	601,652.11
Health	80,177.20
Total Depreciation Expense – Governmental Activities	<u>\$2,014,229.20</u>

	Current Year Depreciation Expense
<u>Fiduciary Funds:</u>	
Depreciation	<u>\$4,501.83</u>

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.

Notes to the Financial Statements

For the Year Ended September 30, 2019

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 county, city, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6.

Benefits Provided

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

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

Notes to the Financial Statements
For the Year Ended September 30, 2019

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 who are still in active service	141
Total	<u>90,999</u>

Contributions

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2019

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 County's active employee contribution rate was 5.26 percent of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 9.98 percent of covered employee payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2019 was 10.63% of pensionable pay for Tier 1 employees, and 7.63% 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 \$1,134,051.93 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:

	Expected	Actual	Actual
(a) Total Pension Liability as of September 30, 2017	\$39,439,401	\$38,289,478	\$38,495,119
(b) Discount Rate	7.75%	7.75%	7.70%
(c) Entry Age Normal Cost for the Period October 1, 2017 - September 30, 2018	862,496	862,496	870,064
(d) Transfers Among Employers		(235,210)	(235,210)
(e) Actual Benefit Payments and Refunds for the Period October 1, 2017 - September 30, 2018	(2,009,655)	(2,009,655)	(2,009,655)
(f) Total Pension Liability as of September 30, 2018 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$41,270,921</u>	<u>\$39,796,669</u>	<u>\$40,007,071</u>
(g) Difference Between Expected and Actual		\$ (1,474,252)	
(h) Less Liability Transferred for Immediate Recognition		<u>(235,210)</u>	
(i) Experience (Gain)/Loss = (g) - (h)		<u>\$ (1,239,042)</u>	
(j) Difference between Actual at 7.70% and Actual at 7.75% [Assumption Change (Gain)/Loss] =			<u>\$ 210,402</u>

Notes to the Financial Statements

For the Year Ended September 30, 2019

Actuarial Assumptions

The total pension liability in the September 30, 2018 valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2017, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.25% - 5.00%
Investment Rate of Return (*)	7.70%
(*) Net of pension plan investment expense	

Mortality rates for ERS 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 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2017, 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 on September 30, 2016, which became effective at the beginning of fiscal year 2016.

Notes to the Financial Statements
For the Year Ended September 30, 2019

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. 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.

Notes to the Financial Statements
For the Year Ended September 30, 2019

C. Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2017	\$39,439,401	\$29,493,484	\$ 9,945,917
Changes for the Year:			
Service Cost	862,496		862,496
Interest	2,978,679		2,978,679
Changes of Assumptions	210,402		210,402
Differences Between Expected and Actual Experience	(1,239,042)		(1,239,042)
Contributions – Employer		1,038,754	(1,038,754)
Contributions – Employee		587,228	(587,228)
Net Investment Income		2,700,902	(2,700,902)
Benefit Payments, including Refunds of Employee Contributions	(2,009,655)	(2,009,655)	
Transfers among Employers	(235,210)	(235,210)	
Net Changes	567,670	2,082,019	(1,514,349)
Balances at September 30, 2018	\$40,007,071	\$31,575,503	\$ 8,431,568

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	\$13,064,558	\$8,431,568	\$4,509,892

Notes to the Financial Statements

For the Year Ended September 30, 2019

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 \$753,670. 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
Differences between expected and actual experience	\$ 287,505.00	\$1,310,535.00
Changes of assumptions	755,526.00	
Net difference between projected and actual earnings on pension plan investments		1,032,630.00
Employer contributions subsequent to the measurement date	1,134,051.93	
Total	<u>\$2,177,082.93</u>	<u>\$2,343,165.00</u>

The \$1,134,051.93 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other 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	\$ (68,891)
2021	\$(397,665)
2022	\$(367,432)
2023	\$(280,656)
2024	\$(168,630)
Thereafter	\$ (16,860)

Notes to the Financial Statements
For the Year Ended September 30, 2019

Note 6 – Other Postemployment Benefits (OPEB)

A. General Information about OPEB

Plan Description

The Commission provides certain continuing health care and life insurance benefits for its retired employees. The Commission’s Other Postemployment Benefits Plan (the “OPEB Plan”) is a single-employer defined benefit OPEB Plan administered by the Commission. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Commission. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52, ***Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit.***

Benefits Provided

The Commission pays for continuing health benefits for eligible Commission employees under the Commission’s health benefit plan. A retiree with 25 years of service will have health insurance paid by the Commission for 10 years or until age 65 whichever comes first. A retiree with 30 years of service will have health insurance provided until age 65. Eligible retirees will have 100% of their medical and prescription benefits paid for by the Commission. Medical, drug, and vision benefits are offered for pre-Medicare retirees. For fiscal year 2019, the Commission contributed \$439,740.51 to cover approximately 31 participants.

Retired employees also may elect to participate in a dental insurance plan in which the full cost of coverage is paid by the retiree.

Employees Covered by Benefit Terms

At September 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	23
Inactive Members Entitled to but Not Yet Receiving Benefits	
Active Employees	<u>270</u>
Total Membership	<u><u>293</u></u>

Notes to the Financial Statements
For the Year Ended September 30, 2019

B. Total OPEB Liability

The Commission's total OPEB liability of \$10,539,826 as of the reporting date September 30, 2019, was measured as of September 30, 2018, and was determined by an actuarial valuation as of September 30, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2018 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	.025%
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 Medical and Prescription Drug	7.25% for 2018 decreasing to an Ultimate rate of 4.75% by 2028

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of the measurement date.

Mortality rates for active employees were based on the sex-distinct RP-2000 Employee 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 increases used in the September 30, 2018, valuation were based on the actuarial experience study for the period October 1, 2010 through September 30, 2015 and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 29, 2016.

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, 2018 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2018 valuation.

Notes to the Financial Statements
For the Year Ended September 30, 2019

Discount Rate

The discount rate used to measure the total OPEB liability was 4.18%. Since the prior measurement date, the discount rate has changed from 3.57% to 4.18% due to a change in the Municipal Bond Rate.

Changes in the Total OPEB Liability

Total OPEB Liability as of September 30, 2017	\$10,487,482
Changes for the Year:	
Service Cost at the End of the Year	448,402
Interest on Total OPEB Liability and Cash Flows	366,864
Difference Between Expected and Actual Experience	(333,247)
Changes of Assumptions or Other Inputs	(3,587)
Net Benefit Payments	(426,088)
Net Changes	52,344
Total OPEB Liability as of September 30, 2018	\$10,539,826

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Commission, 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 (3.18%) or 1-percentage point higher (5.18%) than the current discount rate:

	1% Decrease (3.18%)	Current Rate (4.18%)	1% Increase (5.18%)
Total OPEB Liability	\$11,495,995	\$10,539,826	\$9,669,985

Notes to the Financial Statements
For the Year Ended September 30, 2019

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Total OPEB Liability	\$9,466,965	\$10,539,826	\$11,788,465

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 \$689,200. 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	\$ 23,602.00	\$283,434.00
Changes of assumptions or Other Inputs		418,092.00
Employer contributions subsequent to the measurement date	439,740.51	
Total	<u>\$463,342.51</u>	<u>\$701,526.00</u>

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

Measurement Period Ending:	
September 30, 2019	\$(133,811)
2020	\$(133,811)
2021	\$(133,811)
2022	\$(133,811)
2023	\$(107,940)
Thereafter	\$ (34,740)

Notes to the Financial Statements

For the Year Ended September 30, 2019

Note 7 – Contingent Liabilities

Under the provisions of Act Number 79-357, Acts of Alabama, a sheriff is eligible to become a supernumerary sheriff upon retirement after sixteen (16) years of service credit as a law enforcement officer, twelve (12) of which have been as a sheriff, and who has attained the age of fifty-five (55) years. The St. Clair County Sheriff, who has elected to participate in this retirement plan, makes monthly contributions out of his salary as required by law. The Commission has a responsibility to properly manage these funds in order to provide the necessary monthly payments to the Sheriff when he retires. Should the Sheriff decide to withdraw from the plan for whatever reason, the Commission is obligated to refund the Sheriff's total contribution which at September 30, 2019 amounted to \$89,320.39.

During the 2010 fiscal year, the County entered into a debt guarantee agreement with the Coosa Valley Water Supply District, Incorporation. In the agreement, the County guarantees 25% of certain General Obligation Warrants, Series 2009 issued by the Coosa Valley Water Supply District, Incorporation if the revenues generated by the sale of water are not sufficient to pay the debt service.

The Commission is a defendant in various lawsuits. Management is unable to predict the outcome of the litigation, but believes it has strong grounds upon which to defend these proceedings. Accordingly, no provisions for possible loss, if any, are included in the financial statements.

Note 8 – Long-Term Debt

In November 1999, Gasoline Tax Anticipation Warrants were issued to restore, resurface and rehabilitate roads in the County. These warrants are to be repaid with funds received from the State four-cent gasoline tax. In 2005, warrants were issued to refund the 1999 warrants and to obtain funds to be used for road resurfacing. The interest rate on these warrants varied from 2.7 percent to 4 percent.

In December 2008, the Commission issued General Obligation Warrants, Series 2008, in the amount of \$10,000,000 to finance the renovation of the Ashville Courthouse and road, bridge, water, and sewer improvements. The interest rates on these warrants range from 3 to 5 percent.

In November 2010, the Commission issued General Obligation Warrants, Series 2010, in the amount of \$11,850,000.00 to provide a portion of the amount the County has agreed to contribute to the construction and development of a new hospital facility to be owned by the St. Clair County Health Care Authority. The interest rates on these warrants range from 2 to 4 percent. Pursuant a Development Agreement entered into by the County, St. Clair Health Care Authority, St. Vincent's Health System, St. Vincent's St. Clair, LLC and the City of Pell City, hospital lease revenues received by the Authority must be paid to the County to enable the County to make debt service on the Warrants.

Notes to the Financial Statements

For the Year Ended September 30, 2019

In July 2011, the Commission issued General Obligation Warrants in the amount of \$4,000,000.00 for the purpose of financing the cost of acquiring certain public facilities. The interest rate on these warrants is 3.1 percent. In addition, the City of Pell City has agreed to pay to the County an amount equal to the lessor of (i) \$50,000 per year or (ii) one-half of the debt service of Warrants.

On September 30, 2015, the Commission issued General Obligation Warrants, Series 2015-A, in the amount of \$9,860,000 that was used to partially refund the General Obligation Warrants, Series 2008.

On November 17, 2016, the Commission issued General Obligation Refunding Warrants, Series 2016, in the amount of \$4,230,000. This warrant replaces and combines the 2006 and 2007A General Obligation Warrants. The 2006 and 2007A General Obligations were fully defeased, as of September 30, 2017.

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

	Debt Outstanding 10/01/2018	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2019	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
2016 General Obligation Warrants	\$ 3,265,000.00	\$	\$ (715,000.00)	\$ 2,550,000.00	\$ 735,000.00
2015 General Obligation Warrants	9,705,000.00		(95,000.00)	9,610,000.00	315,000.00
2011 General Obligation Warrants	4,000,000.00			4,000,000.00	
2010 General Obligation Warrants	8,750,000.00		(485,000.00)	8,265,000.00	500,000.00
2008 General Obligation Warrants	205,000.00		(205,000.00)		
Total General Obligation Warrants	25,925,000.00		(1,500,000.00)	24,425,000.00	1,550,000.00
Gas Tax Warrants:					
2005 Gasoline Tax Warrants	600,000.00		(295,000.00)	305,000.00	305,000.00
Total Warrants Payable	26,525,000.00		(1,795,000.00)	24,730,000.00	1,855,000.00
Plus: Unamortized Premium	805,484.34		(84,625.54)	720,858.80	84,625.54
Less: Unamortized Discount	(2,908.87)		1,837.16	(1,071.71)	(1,071.71)
Total Warrants Payable, Net	27,327,575.47		(1,877,788.38)	25,449,787.09	1,938,553.83
Other Liabilities:					
Estimated Liability for Compensated Absences	3,037,192.93	21,259.56		3,058,452.49	
Net Pension Liability	9,945,917.00		(1,514,349.00)	8,431,568.00	
Net OPEB Liability	10,487,472.00	52,354.00		10,539,826.00	
Total Other Liabilities	23,470,581.93	73,613.56	(1,514,349.00)	22,029,846.49	
Total Long-Term Debt	\$50,798,157.40	\$73,613.56	\$(3,392,137.38)	\$47,479,633.58	\$1,938,553.83

Payments on the General Obligation Warrants payable are made by the General Fund and Debt Service Funds. The Gasoline Tax Anticipation Warrants are paid by RRR Gasoline Tax Fund.

The compensated absences liability will be liquidated by various governmental funds.

Notes to the Financial Statements
For the Year Ended September 30, 2019

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

Fiscal Year Ending	General Obligation Warrants Payable		Gasoline Tax Warrants Payable		Total Principal and Interest Requirements
	Principal	Interest	Principal	Interest	
September 30, 2020	\$ 1,550,000.00	\$ 738,862.50	\$305,000.00	\$6,100.00	\$ 2,599,962.50
2021	5,595,000.00	691,912.50			6,286,912.50
2022	1,775,000.00	633,987.50			2,408,987.50
2023	1,875,000.00	568,837.50			2,443,837.50
2024	1,970,000.00	501,425.00			2,471,425.00
2025-2029	9,365,000.00	1,355,818.75			10,720,818.75
2030-2032	2,295,000.00	186,000.00			2,481,000.00
Total	<u>\$24,425,000.00</u>	<u>\$4,676,843.75</u>	<u>\$305,000.00</u>	<u>\$6,100.00</u>	<u>\$29,412,943.75</u>

Deferred Loss on Refunding, Discounts and Premiums

The Commission has discounts in connection with the issuance of its 2005 Gasoline Tax Anticipation Warrants which are being amortized using the straight-line method over a period of 14 years and nine months.

The Commission has premiums in connection with the issuance of its 2010 General Obligation Warrants which are being amortized using the straight-line method over a period of 21 years.

The Commission has premiums and a deferred loss on refunding in connection with the issuance of its 2015-A General Obligation Warrants, which are being amortized using the straight-line method over a period of 12 years.

	Deferred Loss on Refunding	Discount	Premium
Total Deferred Loss on Refunding, Discount and Premium at October 1	\$1,202,913.99	\$ 27,098.15	\$1,112,166.55
Amount Amortized Prior Years	(479,930.68)	(24,189.28)	(306,682.21)
Balance, October 1, 2018	722,983.31	2,908.87	805,484.34
Current Year Amortized	(80,331.48)	(1,837.16)	(84,625.54)
Balance Deferred Loss on Refunding, Discount and Premium at September 30	<u>\$ 642,651.83</u>	<u>\$ 1,071.71</u>	<u>\$ 720,858.80</u>

Notes to the Financial Statements

For the Year Ended September 30, 2019

Pledged Revenues

The Commission issued Series 2005 Gasoline Tax Anticipation Refunding Warrants for the purpose of refunding the Series 1999 Gasoline Tax Anticipation Warrants and to obtain funds to be used for road resurfacing. The Commission pledged to repay the gasoline tax anticipation warrants from the County's portion of the proceeds of the four-cent gasoline tax levied by the State of Alabama. Future revenues of \$311,100 are pledged to repay the principal and interest on the warrants as of September 30, 2019. Proceeds of the four-cent gasoline tax in the amount of \$869,837.68 were received by the Commission during the fiscal year ended September 30, 2019, of which \$313,100 was used to pay principal and interest on the warrants. The Series 2005 Gasoline Tax Anticipation Refunding warrants will mature in fiscal year 2020.

Prior Year Defeasance of Debt

In prior years, the Commission defeased certain revenue warrants by placing the proceeds of the new warrants in an irrevocable trust to provide for all future debt service payments of the old warrants. Accordingly, the trust account assets and the liability for the defeased debt are not included on the Commission's financial statements. At September 30, 2019, the total of \$8,860,000.00 of warrants outstanding are considered defeased.

Note 9 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission's individual claims experience and the experience of the Fund as a whole.

Coverage is provided up to \$1,000,000 per claim for a maximum total coverage of \$3,000,000 and unlimited defense costs. Employment-related practices damage protection is limited to \$1,000,000 per incident with a \$5,000 deductible and unlimited defense costs. County specific coverages and limits can be added by endorsement.

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

Notes to the Financial Statements
For the Year Ended September 30, 2019

The Commission purchases commercial insurance for its other risks of loss, including buildings and contents insurance for all properties, employee dishonesty insurance, and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Commission is self-insured with regard to employee dental insurance. The Administrative Services Agreement between the Commission and Blue Cross and Blue Shield of Alabama requires the Commission to deposit a monthly fee to cover the costs of claims incurred during the previous month. The maximum employee benefit is \$1,200.00 per employee per calendar year. Employees are personally liable for any additional costs.

The schedule below presents the changes in claims liabilities for the current and previous two years for employee dental insurance:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2016-2017	\$ 9,036.00	\$201,318.13	\$(171,654.31)	\$ 38,699.82
2017-2018	\$ 38,699.82	\$135,059.66	\$(193,892.41)	\$(20,132.93)
2018-2019	\$(20,132.93)	\$209,420.42	\$(189,287.49)	\$ 0.00

Note 10 – Interfund Transactions

Interfund Receivables and Payables

The interfund receivables and payables at September 30, 2019, were as follows:

	Interfund Receivables	
	General Fund	Totals
<u>Interfund Payables:</u>		
Other Governmental Funds	\$109,950.30	\$109,950.30
Totals	\$109,950.30	\$109,950.30

Notes to the Financial Statements
For the Year Ended September 30, 2019

Interfund Transfers

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

	Transfers Out			Totals
	General Fund	Local County Road Fund	Other Governmental Funds	
Transfers In:				
Gasoline Tax Fund	\$1,015,000.00	\$	\$	\$1,015,000.00
Other Governmental Funds	1,942,809.45	6,400.00		1,949,209.45
Totals	\$2,957,809.45	\$6,400.00	\$	\$2,964,209.45

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portion from the General Fund to the Debt Service Funds to service current-year debt requirements.

Note 11 – Related Organizations

A majority of the board members of the Cook Springs Water Authority; New London Water Sewer and Fire Protection Authority; Wolf Creek Water, Sewer and Fire Protection Authority; St. Clair County Library Board; St. Clair County Mental Retardation Development and Disabilities Board; St. Clair County Historical Development Commission; St. Clair County Department of Human Resources Board of Directors; St. Clair County Public Park and Recreation Board; St. Clair County Industrial Development Board; Pinedale Water, Sewer and Fire Protection Authority; St. Clair Airport Authority and the St. Clair County Health Care Authority are appointed by the St. Clair County Commission. The County, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship, for any of these agencies and the agencies are not considered part of the Commission’s financial reporting entity. These agencies are considered related organizations of the County Commission.

Note 12 – Notes Receivable

The Commission has made loans to various governmental entities for the purposes of economic development, sewer/improvement projects, and other capital improvements. The majority of the loans are to be repaid after the sale of development property. The remaining loans are to be repaid over a three to ten year period. A total of \$2,558,571.25 was outstanding at September 30, 2019. Of this amount, \$100,000 is due and payable in the next year.

Notes to the Financial Statements
For the Year Ended September 30, 2019

Note 13 – Tax Abatements

St. Clair County, municipalities and industrial boards within St. Clair County utilize the *Code of Alabama 1975*, Section 40-9B-13 to grant tax abatements. As of the fiscal year ending September 30, 2019, there were several existing abatements that involved, or had the effect of, decreasing the county and municipalities' taxes which would otherwise have been collected. The agreements causing the real and personal property taxes to be abated were entered into by municipalities and/or industrial boards. In addition, the county commission along with various municipalities within the county have also entered into certain economic agreements whereby a portion of sales tax collected are rebated to the companies also a party to the agreements. A summary of the tax abatements and rebates effecting the County as of September 30, 2019 are presented below.

Pursuant to Amendment 772 Constitution of Alabama, St. Clair County Commission sales tax rebates are listed below:

Purpose	Number Rebates	County Sales Tax Rebated
Retail	8	<u>\$203,990.62</u>

Municipalities/Industrial Board Abatements

Granting Jurisdiction	Purpose	County Property Taxes Abated	County Sales Tax Abated
City of Ashville	Expansion	\$ 4,057.13	\$
City of Leeds	New Industry	5,299.36	
City of Moody	Expansion	44,789.58	
City of Moody	New Industry	41,251.98	
City of Riverside	New Industry	12,922.80	
Pell City Industrial	Expansion	91,821.94	35,417.85
Pell City Industrial	New Industry	5,857.90	4,865.46
St. Clair County ID	New Industry	1,194.60	
St. Clair County ID	Expansion	41,651.28	
Town of Steele IDB	Expansion	109,279.94	155,000.00
Total		<u>\$358,126.51</u>	<u>\$195,283.31</u>

Notes to the Financial Statements
For the Year Ended September 30, 2019

Note 14 – Subsequent Event

Recently, the United States has 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. Federal grant revenues and expenditures are anticipated to be significantly impacted by this pandemic due to the Coronavirus Aid, Relief, and Economic Act (“CARES Act”), which awarded funds to various state and local governments for necessary expenditures incurred due to the public health emergency with respect to COVID-19. The Commission is eligible for up to \$2,505,734.00 of Federal funds that can be expended through December 30, 2020, for eligible expenditures as a result of the pandemic. The Commission has already received \$45,160.00 in Election Reimbursements from the Secretary of State through CARES Act. Otherwise, the Commission does not anticipate that there will be any other significant increase or decrease in revenues or costs associated with the aftermath of COVID-19. Budgets have not been significantly impacted at this time. However, the duration and severity of its effects is still indeterminable.

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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	\$ 862,496.00	\$ 860,341.00	\$ 867,265.00	\$ 806,990.00	\$ 767,044.00
Interest	2,978,679.00	2,871,260.00	2,707,513.00	2,534,604.00	2,423,991.00
Differences between expected and actual experience	(1,239,042.00)	(411,923.00)	255,050.00	484,002.00	
Changes of assumptions	210,402.00		1,123,006.00		
Benefit payments, including refunds of employee contributions	(2,009,655.00)	(1,609,339.00)	(1,720,553.00)	(1,607,908.00)	(2,008,857.00)
Transfers among employers	(235,210.00)	(124,118.00)	(83,288.00)		
Net change in total pension liability	567,670.00	1,586,221.00	3,148,993.00	2,217,688.00	1,182,178.00
Total pension liability - beginning	39,439,401.00	37,853,180.00	34,704,187.00	32,486,499.00	31,304,321.00
Total pension liability - ending (a)	\$ 40,007,071.00	\$ 39,439,401.00	\$ 37,853,180.00	\$ 34,704,187.00	\$ 32,486,499.00
Plan fiduciary net position					
Contributions - employer	\$ 1,038,754.00	\$ 1,071,748.00	\$ 1,164,262.00	\$ 1,064,205.00	\$ 1,024,626.00
Contributions - employee	587,228.00	593,987.00	562,071.00	526,722.00	496,892.00
Net investment income	2,700,902.00	3,351,566.00	2,426,095.00	279,088.00	2,544,953.00
Benefit payments, including refunds of employee contributions	(2,009,655.00)	(1,609,339.00)	(1,720,553.00)	(1,607,908.00)	(2,008,857.00)
Other (Transfers among employers)	(235,210.00)	(124,118.00)	(83,288.00)	132,148.00	(89,880.00)
Net change in plan fiduciary net position	2,082,019.00	3,283,844.00	2,348,587.00	394,255.00	1,967,734.00
Plan fiduciary net position - beginning	29,493,484.00	26,209,640.00	23,861,053.00	23,466,798.00	21,499,064.00
Plan fiduciary net position - ending (b)	\$ 31,575,503.00	\$ 29,493,484.00	\$ 26,209,640.00	\$ 23,861,053.00	\$ 23,466,798.00
Net pension liability - ending (a) - (b)	\$ 8,431,568.00	\$ 9,945,917.00	\$ 11,643,540.00	\$ 10,843,134.00	\$ 9,019,701.00
Plan fiduciary net position as a percentage of the total pension liability	78.92%	74.78%	69.24%	68.76%	72.24%
Covered payroll (*)	\$ 10,798,114.00	\$ 10,349,897.00	\$ 9,878,438.00	\$ 9,895,953.00	\$ 9,343,630.00
Net pension liability as a percentage of covered payroll	78.08%	96.10%	117.87%	109.57%	96.53%

(*) 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 Contributions - Pension
For the Year Ended September 30, 2019

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 1,134,052.00	\$ 1,038,754.00	\$ 1,071,478.00	\$ 1,164,262.00	\$ 1,064,205.00	\$ 1,024,626.00
Contributions in relation to the actuarially determined contribution (*)	\$ 1,134,052.00	\$ 1,038,754.00	\$ 1,071,748.00	\$ 1,164,262.00	\$ 1,064,205.00	\$ 1,024,626.00
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 11,365,478.00	\$ 10,798,114.00	\$ 10,349,897.00	\$ 9,878,438.00	\$ 9,895,953.00	\$ 9,343,630.00
Contributions as a percentage of covered payroll	9.98%	9.62%	10.36%	11.79%	10.75%	10.97%

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

(**) Employer's covered payroll for fiscal year 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 for the period October 1, 2018 to September 30, 2019:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	23.0 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 Net Pension Liability For the Year Ended September 30, 2019

	2018	2017
Total OPEB Liability		
Service cost at end of year	\$ 448,402.00	\$ 489,723.00
Interest	366,864.00	305,612.00
Differences between expected and actual experience	(333,247.00)	33,668.00
Changes of assumptions or other inputs	(3,587.00)	(592,031.00)
Benefit payments	(426,088.00)	(357,261.00)
Net change in total OPEB liability	52,344.00	(120,289.00)
Total OPEB Liability - Beginning	10,487,482.00	10,607,771.00
Total OPEB Liability - Ending	\$ 10,539,826.00	\$ 10,487,482.00
Covered-employee payroll	\$ 11,042,635.00	\$ 10,713,026.00
Net pension liability as a percentage of covered-employee payroll	95.45%	97.89%

Notes to Schedule:

Benefit Changes . There were no changes of benefit terms for the year ended September 30, 2019.

Changes in Assumptions . The discount rate as of September 30, 2017 was 3.57% and it changed to 4.18% as of September 30, 2018.

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 (*)	\$ 439,741.00	\$ 408,981.00
Contributions in relation to the actuarially determined contribution	<u>\$ 439,741.00</u>	<u>\$ 408,981.00</u>
Contribution deficiency (excess)	\$	\$
Covered employee payroll	\$ 11,365,478.00	\$ 11,042,635.00
Contributions as a percentage of covered employee payroll	3.87%	3.70%

(*) There were no actuarially determined contribution rates. Amounts reported are the premium payments made during the fiscal year.

Methods and assumptions used to determine contribution rates:

Notes to Schedule

Valuation date: September 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Asset valuation method	Market Value
Inflation	2.75% annually
Healthcare cost trend rates	7.25% annually
Salary increases	3.25-5.00% annually
Discount Rate	4.18%
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, 50% unisex blend
Turnover	Age specific table with an average of 15% when applied to the active census.

Note: 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 Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Taxes	\$ 15,507,498.09	\$ 15,608,113.29	\$ 16,262,175.78	(1) (2) \$ 2,630,819.44	\$ 18,892,995.22
Licenses and Permits	136,355.00	136,355.00	137,340.86		137,340.86
Intergovernmental	1,296,799.16	1,730,025.14	1,694,614.72	(2) 25,663.17	1,720,277.89
Charges for Services	3,432,897.00	3,529,167.14	3,659,774.03		3,659,774.03
Miscellaneous	301,172.09	361,762.36	421,401.76	(2) 6,556.19	427,957.95
Total Revenues	20,674,721.34	21,365,422.93	22,175,307.15	2,663,038.80	24,838,345.95
Expenditures					
Current:					
General Government	6,912,504.39	7,158,157.92	6,728,394.00	(3) (8,265.00)	6,736,659.00
Public Safety	10,808,276.48	11,007,531.86	9,870,048.90		9,870,048.90
Highways and Roads				(3) (5,000.00)	5,000.00
Sanitation	911,515.00	911,515.00	911,508.00		911,508.00
Health	537,963.50	537,963.50	439,877.85		439,877.85
Welfare	76,661.00	76,661.00	75,960.00		75,960.00
Culture and Recreation	215,887.78	218,525.78	201,162.36		201,162.36
Education	156,681.36	156,681.36	142,747.87		142,747.87
Capital Outlay	1,692,420.00	1,692,420.00	180,027.90	(3) (427,152.00)	607,179.90
Intergovernmental	170,314.75	175,364.75	143,098.83		143,098.83
Debt Service:					
Interest and Fiscal Charges	2,257.50	2,257.50	2,257.50		2,257.50
Total Expenditures	21,484,481.76	21,937,078.67	18,695,083.21	(440,417.00)	19,135,500.21
Excess (Deficiency) of Revenues Over Expenditures	(809,760.42)	(571,655.74)	3,480,223.94	2,222,621.80	5,702,845.74
Other Financing Sources (Uses)					
Transfers In	1,927,123.32	2,006,662.20			
Sale of Capital Assets				(4) 542,783.45	542,783.45
Other Financing Sources			100,000.00		100,000.00
Transfers Out	(2,007,326.23)	(2,072,833.23)	(1,536,842.20)	(4) (1,420,967.25)	(2,957,809.45)
Total Other Financing Sources (Uses)	(80,202.91)	(66,171.03)	(1,436,842.20)	(878,183.80)	(2,315,026.00)
Net Change in Fund Balances	(889,963.33)	(637,826.77)	2,043,381.74	1,344,438.00	3,387,819.74
Fund Balances - Beginning of Year	6,375,731.84	5,976,792.87	7,730,451.01	(5) 2,288,078.83	10,018,529.84
Fund Balances - End of Year	\$ 5,485,768.51	\$ 5,338,966.10	\$ 9,773,832.75	\$ 3,632,516.83	\$ 13,406,349.58

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

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

The Commission budgets on the modified accrual basis of accounting except as shown below:

(1) The Commission recognizes motor vehicle ad valorem taxes as they are received without regard to when they are earned. \$ (17,076.73)

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

(2) Revenues:	
Public Building Roads and Bridges Fund - Taxes	2,656,150.79
Public Building Roads and Bridges Fund - Motor Vehicle Ad Valorem Taxes	(8,254.62)
Public Building Roads and Bridges Fund - Intergovernmental	25,663.17
Public Building Roads and Bridges Fund - Miscellaneous	6,556.19
(3) Expenditures:	
Public Building Roads and Bridges Fund - General Government	(8,265.00)
Public Building Roads and Bridges Fund - Highways and Roads	(5,000.00)
Public Building Roads and Bridges Fund - Capital Outlay	(427,152.00)
(4) Other Financing Sources/(Uses), Net:	
Public Buildings, Roads and Bridges Fund - Sale of Capital Assets	542,783.45
Public Buildings, Roads and Bridges Fund - Transfers Out	(1,420,967.25)
Net Increase in Fund Balance - Budget to GAAP	\$ 1,344,438.00

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

***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 Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final				
Revenues						
Intergovernmental	\$ 1,606,675.56	\$ 1,606,675.56	\$ 1,666,648.34	(1)	\$ 358,077.60	\$ 2,024,725.94
Charges for Services	37,000.00	41,753.50	44,226.87			44,226.87
Miscellaneous	724,771.41	724,771.41	710,472.03	(1)	90.52	710,562.55
Total Revenues	<u>2,368,446.97</u>	<u>2,373,200.47</u>	<u>2,421,347.24</u>		<u>358,168.12</u>	<u>2,779,515.36</u>
Expenditures						
Current:						
Highways and Roads	4,283,616.00	4,304,203.00	3,664,398.15			3,664,398.15
Capital Outlay	74,526.00	74,526.00	73,526.00			73,526.00
Total Expenditures	<u>4,358,142.00</u>	<u>4,378,729.00</u>	<u>3,737,924.15</u>			<u>3,737,924.15</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,989,695.03)</u>	<u>(2,005,528.53)</u>	<u>(1,316,576.91)</u>		<u>358,168.12</u>	<u>(958,408.79)</u>
Other Financing Sources (Uses)						
Transfers In	2,028,376.00	2,028,376.00	1,376,500.00	(2)	(361,500.00)	1,015,000.00
Sale of Capital Assets			57,133.00			57,133.00
Total Other Financing Sources (Uses)	<u>2,028,376.00</u>	<u>2,028,376.00</u>	<u>1,433,633.00</u>		<u>(361,500.00)</u>	<u>1,072,133.00</u>
Net Change in Fund Balances	38,680.97	22,847.47	117,056.09		(3,331.88)	113,724.21
Fund Balances - Beginning of Year	<u>372,646.71</u>	<u>290,823.37</u>	<u>443,449.34</u>	(3)	<u>80,915.96</u>	<u>524,365.30</u>
Fund Balances - End of Year	<u>\$ 411,327.68</u>	<u>\$ 313,670.84</u>	<u>\$ 560,505.43</u>		<u>\$ 77,584.08</u>	<u>\$ 638,089.51</u>

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

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

The Commission budgets on the modified accrual basis of accounting except as shown below:

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

(1) Revenues:			
Public Highway and Traffic Fund - Intergovernmental	\$	307,246.90	
Public Highway and Traffic Fund - Miscellaneous		72.81	
Severed Material Tax Fund - Intergovernmental		50,830.70	
Severed Material Tax Fund - Miscellaneous		<u>17.71</u>	\$ 358,168.12
(2) Other Financing Sources (NET):			
Public Highway and Traffic Fund	\$	(320,000.00)	
Severed Material Tax Fund		<u>(41,500.00)</u>	<u>(361,500.00)</u>
Net Decrease in Fund Balance - Budget to GAAP			<u>\$ (3,331.88)</u>

(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 - Local County Road Fund
For the Year Ended September 30, 2019***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Taxes	\$ 3,530,000.00	\$ 3,530,000.00	\$ 3,638,954.82	\$	\$ 3,638,954.82
Intergovernmental	222,951.12	222,951.12	222,951.12		222,951.12
Miscellaneous	22,149.17	22,149.17	23,927.34		23,927.34
Total Revenues	3,775,100.29	3,775,100.29	3,885,833.28		3,885,833.28
Expenditures					
Current:					
Highways and Roads	2,894,825.60	2,894,825.60	1,689,255.30		1,689,255.30
Capital Outlay	991,403.50	991,403.50	991,391.93		991,391.93
Total Expenditures	3,886,229.10	3,886,229.10	2,680,647.23		2,680,647.23
Excess (Deficiency) of Revenues Over Expenditures	(111,128.81)	(111,128.81)	1,205,186.05		1,205,186.05
Other Financing Sources (Uses)					
Sale of Capital Assets			416,002.44		416,002.44
Transfers Out			(6,400.00)		(6,400.00)
Total Other Financing Sources (Uses)			409,602.44		409,602.44
Net Change in Fund Balances	(111,128.81)	(111,128.81)	1,614,788.49		1,614,788.49
Fund Balances - Beginning of Year	495,372.17	485,672.17	1,160,809.79		1,160,809.79
Fund Balances - End of Year	\$ 384,243.36	\$ 374,543.36	\$ 2,775,598.28	\$	\$ 2,775,598.28

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Taxes	\$ 1,677,180.46	\$ 1,677,180.46	\$ 1,644,594.89	\$	\$ 1,644,594.89
Intergovernmental		10,000.00	10,000.00		10,000.00
Charges for Services	1,500.00	1,500.00	1,500.00		1,500.00
Miscellaneous	4,443.00	4,443.00	11,254.90		11,254.90
Total Revenues	1,683,123.46	1,693,123.46	1,667,349.79		1,667,349.79
Expenditures					
Current:					
General Government	1,594,929.96	1,604,929.96	1,579,311.29		1,579,311.29
Capital Outlay	88,193.50	88,193.50	88,038.50		88,038.50
Total Expenditures	1,683,123.46	1,693,123.46	1,667,349.79		1,667,349.79
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$	\$	\$

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Additional Information

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

Commission Members	Term Expires
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Hon. Paul Manning	Chairman	2022
Hon. Jeff Brown	Member	2022
Hon. Ricky A. Parker	Member	2020
Hon. Tommy Bowers	Member	2020
Hon. James S. (Jimmy) Roberts	Member	Deceased

Administrative Personnel

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

Independent Auditor's Report

Members of the St. Clair County Commission and County Administrator
Ashville, 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 St. Clair 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 March 12, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

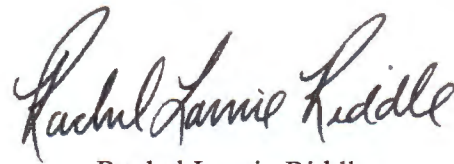
***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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***.

Purpose of this Report

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

March 12, 2021