



St. Clair County Commission

St. Clair County, Alabama

October 1, 2023 through September 30, 2024

Filed: March 6, 2026

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

Rachel Laurie Riddle, *Chief Examiner* | 334-777-0500 | www.alexaminers.gov



Rachel Laurie Riddle
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Examiners of Public Accounts

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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, 2023 through September 30, 2024, by Examiners Jacob Perdue and Harrison Whitley. I, Jacob Perdue, 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 'Jacob Perdue'.

Jacob Perdue
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**St. Clair County Commission
October 1, 2023 through September 30, 2024**

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 in Exhibit 18. 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, including those applicable to its major federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

An unmodified opinion was issued on the financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2024.

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

EXIT CONFERENCE

The Commission members and administrative personnel, as reflected on Exhibit 18, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Tina Morgan, County Administrator; Stanley D. Batemon, Chairman; and Ricky A. Parker, Commissioner. Representing the Department of Examiners of Public Accounts were Adam Vann, Audit Manager; Jacob Perdue, Examiner; and Harrison Whitley, 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 Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the St. Clair County Commission as listed in the table of contents as Exhibits 1 through 8.

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, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 (***Government Auditing Standards***). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the St. Clair County Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the St. Clair County Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and **Government Auditing Standards** will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and **Government Auditing Standards**, we:

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ obtain an understanding of internal control relevant to the audit 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 St. Clair County Commission's internal control. Accordingly, no such opinion is expressed.
- ◆ evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the St. Clair County Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 is the responsibility of management and, 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.

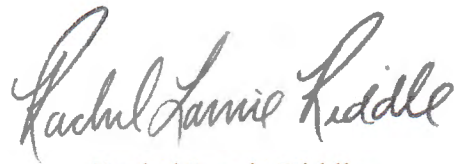
Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Clair County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 17), as required by Title 2 U. S. *Code of Federal Regulations* Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*** is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 29, 2026, on our consideration of the St. Clair County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

January 29, 2026

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Basic Financial Statements

Statement of Net Position

September 30, 2024

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 34,812,917.47
Cash with Fiscal Agent	2,811.08
Investments	5,231,453.37
Accounts Receivable	372,907.64
Ad Valorem Taxes Receivable	13,278,114.16
Due from Other Governments	2,564,403.03
Sales Tax Receivable	1,064,162.43
Notes Receivable (Note 13)	8,676,596.00
Prepaid Expenses	10,000.00
Capital Assets (Note 5):	
Nondepreciable	45,730,327.22
Depreciable, Net	36,787,479.68
Total Assets	<u>148,531,172.08</u>
Deferred Outflows of Resources	
Loss on Refunding of Debt	240,994.43
Employer Pension Contributions	1,553,996.57
Deferred Outflows Related to Net Pension Liability	3,032,222.99
Employer Other Postemployment Benefits (OPEB) Contributions	850,016.77
Deferred Outflows Related to Other Postemployment Benefits (OPEB) Liability	1,037,804.00
Total Deferred Outflows of Resources	<u>6,715,034.76</u>
Liabilities	
Accounts Payable	64,744.42
Unearned Revenue (Note 4)	1,594,182.48
Accrued Wages Payable	760,396.17
Accrued Interest Payable	241,430.48
Long-Term Liabilities (Note 9):	
Portions Payable Within One Year:	
Warrants Payable	2,040,000.00
Notes from Direct Borrowing	75,919.11
Deferred Charges - Unamortized Premium	167,716.38
Deferred Charges - Unamortized Discount	(6,756.00)
Portions Payable After One Year:	
Warrants Payable	34,955,000.00
Notes from Direct Borrowing	331,613.76
Deferred Charges - Unamortized Premium	2,373,467.32
Deferred Charges - Unamortized Discount	(175,656.00)
Estimated Liability for Compensated Absences	4,424,752.57
Net Pension Liability	13,914,791.00
Other Postemployment Benefit (OPEB) Liability	14,061,143.00
Total Liabilities	<u>\$ 74,822,744.69</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	\$ 13,125,717.17
Revenue Received in Advance - Motor Vehicle Taxes	838,232.95
Deferred Inflows Related to Net Pension Liability	114,052.00
Deferred Inflows Related to Other Postemployment Benefits (OPEB) Liability	2,145,866.00
Total Deferred Inflows of Resources	<u>16,223,868.12</u>
<u>Net Position</u>	
Net Investment in Capital Assets	50,646,890.04
Restricted for:	
Road Projects	4,824,874.22
Public Safety	3,506,927.12
Capital Projects	2,705,292.69
Juvenile Services	672,427.82
Other Purposes	4,292,779.20
Unrestricted	<u>(2,449,597.06)</u>
Total Net Position	<u>\$ 64,199,594.03</u>

Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions		
Governmental Activities					
General Government	\$ 14,520,505.37	\$ 4,177,790.56	\$ 3,121,751.61	\$	\$ (7,220,963.20)
Public Safety	23,082,927.35	3,116,746.13	1,255,532.85		(18,710,648.37)
Highways and Roads	12,039,620.04	250,000.00	3,488,368.67	1,974,656.57	(6,326,594.80)
Sanitation	911,508.00	379,967.00			(531,541.00)
Health	392,534.73				(392,534.73)
Welfare	84,389.00				(84,389.00)
Culture/Recreation	662,016.97	62,930.12			(599,086.85)
Education	244,089.07				(244,089.07)
Intergovernmental	2,898,239.14				(2,898,239.14)
Interest on Long-Term Debt	1,324,964.09				(1,324,964.09)
Paying Agent Fee	1,485.00				(1,485.00)
Total Governmental Activities	<u>\$ 56,162,278.76</u>	<u>\$ 7,987,433.81</u>	<u>\$ 7,865,653.13</u>	<u>\$ 1,974,656.57</u>	<u>(38,334,535.25)</u>

General Revenues:

Taxes:	
Property Taxes for General Purposes	8,316,603.85
Property Taxes for Specific Purposes	5,821,889.91
County Sales and Use Tax	13,029,011.14
Miscellaneous Taxes	5,577,589.01
Grants and Contributions Not Restricted for Specific Programs	4,285,858.72
Interest Earned	1,952,941.06
Miscellaneous	2,747,595.65
Gain on Disposition of Capital Assets	17,626.90
Total General Revenues	<u>41,749,116.24</u>
Changes in Net Position	3,414,580.99
Net Position - Beginning of Year	<u>60,785,013.04</u>
Net Position - End of Year	<u>\$ 64,199,594.03</u>

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

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Gasoline Tax Fund	Reappraisal Fund	Coronavirus State and Local Fiscal Recovery Fund	New Pell City Jail Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 19,106,811.97	\$ 219,162.80	\$ 497,548.04	\$ 1,141,250.35	\$ 2,705,292.69	\$ 11,142,851.62	\$ 34,812,917.47
Cash with Fiscal Agent						2,811.08	2,811.08
Investments	5,231,453.37						5,231,453.37
Accounts Receivable	45,559.26	20,811.66				306,536.72	372,907.64
Ad Valorem Taxes Receivable	10,869,386.35		2,408,727.81				13,278,114.16
Sales Tax Receivable	1,064,162.43						1,064,162.43
Interfund Receivables	169,101.71						169,101.71
Due from Other Governments	1,456,504.70	199,331.33	1,472.02			907,094.98	2,564,403.03
Notes Receivable (Note 13)	100,000.00					830,000.00	930,000.00
Prepaid Expenses	10,000.00						10,000.00
Total Assets	38,052,979.79	439,305.79	2,907,747.87	1,141,250.35	2,705,292.69	13,189,294.40	58,435,870.89
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts Payable	64,744.42						64,744.42
Interfund Payables						169,101.71	169,101.71
Unearned Revenue (Note 4)			452,932.13	1,141,250.35			1,594,182.48
Accrued Wages Payable	554,629.20	116,223.22	46,087.93			43,455.82	760,396.17
Total Liabilities	619,373.62	116,223.22	499,020.06	1,141,250.35		212,557.53	2,588,424.78
Deferred Inflows of Resources							
Unavailable Revenue Property Taxes	10,716,989.36		2,408,727.81				13,125,717.17
Revenue Received in Advance - Motor Vehicle Taxes	838,232.95						838,232.95
Total Deferred Inflows of Resources	11,555,222.31		2,408,727.81				13,963,950.12
Fund Balances							
Restricted for:							
Juvenile Services						672,427.82	672,427.82
Capital Projects					2,705,292.69		2,705,292.69
Debt Service						2,811.08	2,811.08
Highways and Roads		323,082.57				4,501,791.65	4,824,874.22
Public Safety						3,506,927.12	3,506,927.12
Other Purposes						4,292,779.20	4,292,779.20
Assigned to:							
Other Purposes	7,599,790.43						7,599,790.43
Unassigned	18,278,593.43						18,278,593.43
Total Fund Balances	25,878,383.86	323,082.57			2,705,292.69	12,976,736.87	41,883,495.99
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 38,052,979.79	\$ 439,305.79	\$ 2,907,747.87	\$ 1,141,250.35	\$ 2,705,292.69	\$ 13,189,294.40	\$ 58,435,870.89

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, 2024***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 41,883,495.99

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.

The Cost of Capital Assets is	\$ 108,807,719.63	
Accumulated Depreciation is	<u>(26,289,912.73)</u>	82,517,806.90

All notes receivables are not due and payable in the current period and, therefore, are not reported in the governmental funds.		7,746,596.00
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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.		240,994.43
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Deferred Outflows and Inflows of Resources related to pensions are applicable to future
periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Defined Benefit Pension Plan	\$ 4,586,219.56	
Deferred Inflows Related to Defined Benefit Pension Plan	<u>(114,052.00)</u>	4,472,167.56

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	\$ 1,887,820.77	
Deferred Inflows Related to OPEB Liability	<u>(2,145,866.00)</u>	(258,045.23)

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

Long-term liabilities, including pension/OPEB obligations and warrants payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

	Current Liabilities	Noncurrent Liabilities	
Warrants Payable	\$ 2,040,000.00	\$ 34,955,000.00	
Notes From Direct Borrowing	75,919.11	331,613.76	
Unamortized Discount	(6,756.00)	(175,656.00)	
Unamortized Premiums	167,716.38	2,373,467.32	
Accrued Interest Payable	241,430.48		
Net Pension Liability		13,914,791.00	
Other Postemployment Benefits Liability		14,061,143.00	
Compensated Absences		4,424,752.57	
Total Long-Term Liabilities	<u>\$ 2,518,309.97</u>	<u>\$ 69,885,111.65</u>	<u>(72,403,421.62)</u>
Total Net Position - Governmental Activities (Exhibit 1)			<u><u>\$ 64,199,594.03</u></u>

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2024

	General Fund	Gasoline Tax Fund	Reappraisal Fund	Coronavirus State and Local Fiscal Recovery Fund	New Pell City Jail Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 27,182,517.61	\$	\$ 1,845,803.36	\$	\$	\$ 3,716,772.94	\$ 32,745,093.91
Licenses and Permits	108,156.95					143,640.00	251,796.95
Intergovernmental	3,869,421.17	1,777,839.59		2,268,916.22		6,209,991.44	14,126,168.42
Charges for Services	4,922,458.32					2,813,178.54	7,735,636.86
Miscellaneous	2,572,044.91	163,407.36	52,252.18		175,722.06	2,667,110.20	5,630,536.71
Total Revenues	38,654,598.96	1,941,246.95	1,898,055.54	2,268,916.22	175,722.06	15,550,693.12	60,489,232.85
Expenditures							
Current:							
General Government	10,160,540.08		1,823,211.04			1,141,522.95	13,125,274.07
Public Safety	17,151,334.18			366,448.10		3,826,515.61	21,344,297.89
Highways and Roads	8,185.85	6,137,318.99				4,840,659.34	10,986,164.18
Sanitation	911,508.00						911,508.00
Health	235,192.36					113,718.03	348,910.39
Welfare	84,389.00						84,389.00
Culture/Recreation	553,996.65					179.00	554,175.65
Education	244,089.07						244,089.07
Intergovernmental	2,898,239.14						2,898,239.14
Capital Outlay	3,358,605.98	65,140.00	75,800.00	1,902,468.12	1,460,485.92	1,888,485.89	8,750,985.91
Debt Service:							
Principal Retirement						2,042,999.14	2,042,999.14
Interest and Fiscal Charges	2,750.00					1,417,158.78	1,419,908.78
Paying Agent Fee						1,485.00	1,485.00
Total Expenditures	35,608,830.31	6,202,458.99	1,899,011.04	2,268,916.22	1,460,485.92	15,272,723.74	62,712,426.22
Excess (Deficiency) of Revenues Over Expenditures	3,045,768.65	(4,261,212.04)	(955.50)		(1,284,763.86)	277,969.38	(2,223,193.37)
Other Financing Sources (Uses)							
Transfers In	85,684.08	3,448,847.26				4,569,348.61	8,103,879.95
Sale of Capital Assets	11,007.50	35,600.00	955.50			21,300.00	68,863.00
Transfers Out	(5,421,843.46)					(2,682,036.49)	(8,103,879.95)
Total Other Financing Sources (Uses)	(5,325,151.88)	3,484,447.26	955.50			1,908,612.12	68,863.00
Net Change in Fund Balances	(2,279,383.23)	(776,764.78)			(1,284,763.86)	2,186,581.50	(2,154,330.37)
Fund Balances - Beginning of Year	28,157,767.09	1,099,847.35			3,990,056.55	10,790,155.37	44,037,826.36
Fund Balances - End of Year	\$ 25,878,383.86	\$ 323,082.57	\$	\$	\$ 2,705,292.69	\$ 12,976,736.87	\$ 41,883,495.99

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, 2024

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ (2,154,330.37)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differs from capital outlays in the period.

Capital Outlays	\$ 8,750,985.91	
Depreciation Expense	<u>(2,588,995.11)</u>	6,161,990.80

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 2,042,999.14

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

Proceeds from Sale of Capital Assets	\$ (68,863.00)	
Gain on Disposition of Capital Assets	<u>17,626.90</u>	(51,236.10)

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

Net Change in Compensated Absences	\$ (688,676.38)	
Amortization of Premiums/Discounts and Gain or Loss on Refunding	(849,371.11)	
Net Change in Other Postemployment Benefits	(423,068.53)	
Net Change in Accrued Interest Payable	14,315.80	
Net Change in Pension Expense	<u>(638,042.26)</u>	
Total Additional Expenditures		<u>(2,584,842.48)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 3,414,580.99

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

Statement of Fiduciary Net Position
September 30, 2024

	Custodial Funds
<u>Assets</u>	
Cash and Cash Equivalents	\$ 2,903,094.31
Due from Other Governments	51,321.37
Sales Tax Receivable	667,808.50
Capital Assets, Net (Note 5)	83,642.00
Total Assets	<u>3,705,866.18</u>
<u>Liabilities</u>	
Due to Original Property Owner	854,152.61
Due to Individuals	96,911.64
Due to Other Governments	1,604,510.35
Total Liabilities	<u>2,555,574.60</u>
<u>Net Position</u>	
Net Investment in Capital Assets	83,642.00
Held for Other Purposes	1,066,649.58
Total Net Position	<u>\$ 1,150,291.58</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, 2024

	Custodial Funds
<u>Additions</u>	
Contributions from:	
Taxes Collected for Other Entities	\$ 55,699,399.94
State and Local Governments	4,524.47
Fees	372,683.35
Miscellaneous	1,070,182.79
Total Additions	<u>57,146,790.55</u>
<u>Deductions</u>	
Taxes Paid to Other Entities	55,699,399.94
Administrative Expenses	1,602,875.78
Depreciation	22,344.00
Total Deductions	<u>57,324,619.72</u>
Changes in Net Position	(177,829.17)
Net Position - Beginning of Year	<u>1,328,120.75</u>
Net Position - End of Year	<u>\$ 1,150,291.58</u>

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

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Notes to the Financial Statements

For the Year Ended September 30, 2024

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, 2024

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 rights-of-way.
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditures of property taxes of special county property taxes for the reappraisal of real property located in the County.
- ◆ **New Pell City Jail Fund** – This fund is used to account for the bond proceeds and expenditures of building a new jail in Pell City.
- ◆ **Coronavirus State and Local Fiscal Recovery Fund** – This fund is used to account for the expenditure of the Coronavirus State and Local Fiscal Recovery Funds revenues received by the Commission.

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, 2024

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

- ◆ **Custodial Funds** – These funds are used to account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

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 notes from direct borrowing 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, 2024

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.

Notes to the Financial Statements
For the Year Ended September 30, 2024

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.

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 their original historical cost-plus ancillary charges such as transportation, installation, and site preparation costs. Donated capital assets are valued at their acquisition value (plus any ancillary costs) at the acquisition date. 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 and Improvements	\$ 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.

Notes to the Financial Statements
For the Year Ended September 30, 2024

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 applicable governmental activities Statement of Net Position. Bond/Warrant premiums and discounts are deferred and amortized over the life of the bond/warrants. 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 debt service expenditures.

7. Compensated Absences

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

Annual Leave

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 1,200 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.

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 is required to be classified for accounting and reporting purposes into the following net position categories:

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

- ◆ **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. Net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

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

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, and long-term receivables.
- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- C. Committed fund balances consist of amounts that are subject to a specific purpose imposed by formal action of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

Notes to the Financial Statements
For the Year Ended September 30, 2024

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

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 Annual Comprehensive 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

The Commission’s investments were in certificates of deposit. The total investments in certificates of deposits totaled \$6,262,702.18. These certificates of deposit are classified as “Deposits” in order to determine insurance and collateralization. However, \$5,231,453.37 of the certificates of deposit are classified as “Investments” on the financial statements due to the maturity period being greater than 90 days, and the remaining \$1,031,248.81 of the certificates of deposit are classified as “Cash and Cash Equivalents” on the financial statements due to the maturity period being 90 days.

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, 2024, the Commission’s cash with fiscal agent was invested as follows:

Investment Type	Amortized Cost	Investment Maturity
Fidelity Investments Money Market Treasury Only	\$2,811.08	Varies
Totals	<u>\$2,811.08</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, 2024.

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 Fidelity Investments Money Market Treasury Only were rated AAAM by Standard & Poor’s Corporation.

Notes to the Financial Statements
For the Year Ended September 30, 2024

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.

Note 4 – Unearned Revenue

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At September 30, 2024, the Commission reported the follow components of unearned revenue in the governmental funds:

	Unearned
Unexpended Coronavirus (CSLFRF) Funds	\$1,141,250.35
Unexpended Reappraisal Funds	452,932.13
Total Unearned Revenue for Governmental Funds	<u>\$1,594,182.48</u>

Notes to the Financial Statements
For the Year Ended September 30, 2024

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 10/01/2023	Additions/ Reclassifications (*)	Deletions/ Reclassifications (*)	Balance 09/30/2024
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,604,434.02	\$ 38,000.00	\$	\$ 3,642,434.02
Construction in Progress – Trails End	35,187,654.08	3,348,318.43		38,535,972.51
Infrastructure in Progress	2,674,572.37	877,348.32		3,551,920.69
Total Capital Assets, Not Being Depreciated	41,466,660.47	4,263,666.75		45,730,327.22
Capital Assets Being Depreciated:				
Buildings and Improvements	25,491,975.18	364,237.00	(38,000.00)	25,818,212.18
Construction Equipment	5,103,959.76	1,517,557.00	(201,544.42)	6,419,972.34
Equipment and Furniture	13,924,860.89	2,643,525.16	(1,106,797.88)	15,461,588.17
Infrastructure	15,377,619.72			15,377,619.72
Total Capital Assets, Being Depreciated	59,898,415.55	4,525,319.16	(1,346,342.30)	63,077,392.41
Less Accumulated Depreciation for:				
Buildings and Improvements	(10,384,060.79)	(642,595.58)		(11,026,656.37)
Construction Equipment	(3,391,805.47)	(359,502.11)	201,544.42	(3,549,763.16)
Equipment and Furniture	(7,815,601.55)	(1,437,191.73)	1,055,561.78	(8,197,231.50)
Infrastructure	(3,366,556.01)	(149,705.69)		(3,516,261.70)
Total Accumulated Depreciation	(24,958,023.82)	(2,588,995.11)	1,257,106.20	(26,289,912.73)
Total Capital Assets, Being Depreciated, Net	34,940,391.73	1,936,324.05	(89,236.10)	36,787,479.68
Total Governmental Activities Capital Assets, Net	\$ 76,407,052.20	\$ 6,199,990.80	\$ (89,236.10)	\$ 82,517,806.90
(*) The Additions and Deletions columns include a reclassification of Buildings and Improvements to Land in the amount of \$38,000.				

	Balance 10/01/2023	Additions	Deletions	Balance 09/30/2024
Fiduciary Funds:				
Capital Assets, Being Depreciated:				
Equipment and Furniture	\$ 172,088.59	\$ 47,259.00	\$(11,151.00)	\$ 208,196.59
Total Capital Assets, Being Depreciated	172,088.59	47,259.00	(11,151.00)	208,196.59
Less Accumulated Depreciation for:				
Equipment and Furniture	(119,234.29)	(16,471.30)	11,151.00	(124,554.59)
Total Capital Assets, Being Depreciated, Net	52,854.30	30,787.70		83,642.00
Total Fiduciary Funds Capital Assets, Net	\$ 52,854.30	\$ 30,787.70	\$	\$ 83,642.00

Notes to the Financial Statements
For the Year Ended September 30, 2024

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 879,986.92
Public Safety	750,325.19
Highway and Roads	824,907.23
Health	40,124.34
Culture/Recreation	93,651.43
Total Depreciation Expense – Governmental Activities	<u>\$2,588,995.11</u>

	Current Year Depreciation Expense
<u>Fiduciary Funds:</u>	
Depreciation	<u>\$16,471.30</u>

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Employees’ Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan (the “Plan”), was established October 1, 1945, pursuant to the ***Code of Alabama 1975***, Section 36-27 (Act Number 515, Acts of Alabama 1945). The purpose of the ERS is to provide 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 which consists of 15 trustees. Act Number 2021-390, Acts of Alabama, created two additional representatives to the ERS Board of Control effective October 1, 2021. 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, 2024

The ERS Board of Control consists of 15 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) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6.
 - d. One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6.
 - e. One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6.
 - f. One vested active employee of a participating employer other than a municipality, city or county 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

Act Number 2019-132, Acts of Alabama, allowed employers who participate in the ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6, to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act Number 2019-132, Acts of Alabama, will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 618 employers adopted Act Number 2019-132, Acts of Alabama, as of September 30, 2023.

Act Number 2019-316, Acts of Alabama, allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of the partial lump sum distribution selected.

The ERS serves approximately 884 local participating employers. The ERS membership includes approximately 113,079 participants. As of September 30, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	31,481
Terminated employees entitled to but not yet receiving benefits	2,350
Terminated employees not entitled to a benefit	20,556
Active Members	58,659
Post-DROP Retired Member Still in Active Service	33
Total	113,079

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

Employers participating in the ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6, were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676, Acts of Alabama. By adopting Act 2011-676, Acts of Alabama, Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2024, the County's active employee contribution rate was 6.55 percent of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 9.25 percent of covered employee payroll.

Notes to the Financial Statements
For the Year Ended September 30, 2024

The Commission's contractually required contribution rate for the year ended September 30, 2024, was 10.66% of pensionable pay for Tier 1 employees, and 8.45% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, 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 \$1,553,996.57 for the year ended September 30, 2024.

B. Net Pension Liability

The Commission's net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2022, rolled forward to September 30, 2023, using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) TPL as of September 30, 2022	\$49,796,331	\$50,343,857	\$50,343,857
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 - September 30, 2023	1,194,329	1,194,329	1,194,329
(d) Transfers Among Employers		637,447	637,447
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 - September 30, 2023	(3,085,500)	(3,085,500)	(3,085,500)
(f) TPL as of September 30, 2022 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$51,500,052</u>	<u>\$52,725,816</u>	<u>\$52,725,816</u>
(g) Difference between Expected and Actual		\$ 1,225,764	
(h) Less Liability Transferred for Immediate Recognition		<u>637,447</u>	
(i) Experience (Gain)/Loss = (g) – (h)		<u>\$ 588,317</u>	
(j) Difference between Actual at 7.45% and Actual at 7.75% [Assumption Change (Gain)/Loss] =			<u>\$</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Actuarial Assumptions

The total pension liability in the September 30, 2023, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected Salary Increases, including inflation:	
State and Local Employees	3.25-6.00%
State Police	4.00-7.75%
Investment Rate of Return, including inflation (*)	7.45%
(*) Net of pension plan investment expense	

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019.

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages <65, 96% ages >=65 Female: 96% all ages
FLC/State Police Service Retirees Beneficiaries	Public Safety Healthy Below Median Contingent Survivor Below Median	Male: +1, Female: none Male: +2, Female: +2	None None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2021, valuation were based on the results of an actuarial experience study for the period October 1, 2015 through September 30, 2020.

Notes to the Financial Statements
For the Year Ended September 30, 2024

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	15.00%	2.80%
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%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

(*) Includes assumed rate of inflation of 2.00%.

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. 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, 2024

C. Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 30, 2022	\$49,796,331	\$34,593,426	\$15,202,905
Changes for the year:			
Service Cost	1,194,329		1,194,329
Interest	3,594,892		3,594,892
Difference between expected and actual experience	588,317		588,317
Contributions – employer		1,238,598	(1,238,598)
Contributions – employee		952,656	(952,656)
Net investment income		4,474,398	(4,474,398)
Benefit payments, including refunds of employee contributions	(3,085,500)	(3,085,500)	
Transfers among employers	637,447	637,447	
Net changes	<u>2,929,485</u>	<u>4,217,599</u>	<u>(1,288,114)</u>
Balances at September 30, 2023	<u>\$52,725,816</u>	<u>\$38,811,025</u>	<u>\$13,914,791</u>

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 7.45%, 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 (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Commission Net Pension Liability	\$20,149,490	\$13,914,791	\$8,674,976

Notes to the Financial Statements

For the Year Ended September 30, 2024

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2023. The auditor's report 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 <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2024, the Commission recognized pension expense of \$2,192,807. At September 30, 2024, 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	\$ 660,662	\$114,052
Changes of assumptions	836,185	
Net difference between projected and actual earnings on pension plan investments	1,535,376	
Employer contributions subsequent to the measurement date	1,553,996	
Total	\$4,586,219	\$114,052

The \$1,553,996 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 ending September 30, 2025. 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, 2025	\$ 753,189
2026	\$ 715,945
2027	\$1,626,933
2028	\$ (240,928)
2029	\$ 63,032
Thereafter	\$ 0

Notes to the Financial Statements
For the Year Ended September 30, 2024

Note 7 – 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 2024, the Commission contributed \$850,016.77 to cover approximately 39 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, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	29
Inactive Members Entitled to but not yet Receiving Benefits	0
Active Employees	267
Total Membership	<u>296</u>

Notes to the Financial Statements
For the Year Ended September 30, 2024

B. Total OPEB Liability

The Commission's total OPEB liability of \$14,061,143 as of the reporting date September 30, 2024, was measured as of September 30, 2023, and was determined by an actuarial valuation as of September 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate:	
Prior Measurement Date	4.02%
Measurement Date	4.09%
Health Care Cost Trends:	
Pre-Medicare	7.00% for 2022 decreasing to an Ultimate rate of 4.5% by 2032

The Commission selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of September by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

Mortality rates were based on the Pub-2010 Below-Median Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2022, valuation were based on the actuarial experience study for the period October 1, 2015 through September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 14, 2021.

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, 2022, valuation were based on a review of recent plan experience performed concurrently with the September 30, 2022, valuation.

Notes to the Financial Statements
For the Year Ended September 30, 2024

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09 percent. Since the Prior Measurement Date, the Discount Rate has changed from 4.02% to 4.09% due to a change in the Municipal Bond Rate.

C. Changes in the Total OPEB Liability

Total OPEB Liability as of September 30, 2022	\$13,648,892
Changes for the Year:	
Service Cost at the end of the year	702,206
Interest on TOL and Cash Flows	536,235
Difference between expected and actual experience	(117,031)
Changes of assumptions or other input	(83,593)
Benefit payments	(625,566)
Net Changes	412,251
Total OPEB Liability as of September 30, 2023	\$14,061,143

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 (3.09%) or 1-percentage point higher (5.09%) than the current discount rate:

	1% Decrease (3.09%)	Current (4.09%)	1% Increase (5.09%)
Total OPEB Liability	\$15,308,988	\$14,061,143	\$12,927,075

Notes to the Financial Statements
For the Year Ended September 30, 2024

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	Current	1% Increase
Total OPEB Liability	\$12,479,404	\$14,061,143	\$15,942,934

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the Commission recognized OPEB expense of \$1,174,474 prior to recording the actual OPEB benefit amounts. At September 30, 2024, 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	\$ 395,438	\$ 226,069
Changes of assumptions or other inputs	642,366	1,919,797
Employer contributions	850,017	
Total	\$1,887,821	\$2,145,866

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

Year Ending	
September 30, 2025	\$ 6,733
2026	\$ (28,158)
2027	\$(281,501)
2028	\$(425,464)
2029	\$(270,914)
Thereafter	\$(108,758)

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 8 – Contingent Liabilities

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 9 – Long-Term Debt

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.

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.

In December 2021, the Commission issued Building Revenue Warrants, Series 2021-A, in the amount of \$25,335,000 to finance the building of a new jail in Pell City. The final maturity date is February 2051. The county passed a local act establishing a court fee to help fund the debt payment. The County estimates \$300,000 to be collected annually.

In 2022, the Commission took over the Park and Recreation Board. The Board dissolved as of February 10, 2022. The Commission took on all assets of the Board along with a Note the Board had with Metro Bank. At the time of transfer the principal balance was \$546,287.84. Yearly payments, including principal and interest, total \$92,220.42. The note will pay off in March of 2029.

Notes to the Financial Statements
For the Year Ended September 30, 2024

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2024:

	Debt Outstanding 10/01/2023	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2024	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
2015 General Obligation Warrants	\$ 7,480,000.00	\$	\$(1,390,000.00)	\$ 6,090,000.00	\$1,435,000.00
2010 General Obligation Warrants	6,150,000.00		(580,000.00)	5,570,000.00	605,000.00
2021 General Obligation Warrants	25,335,000.00			25,335,000.00	
Total General Obligation Warrants	<u>38,965,000.00</u>		<u>(1,970,000.00)</u>	<u>36,995,000.00</u>	<u>2,040,000.00</u>
Plus: Unamortized Premium	2,708,900.07		(167,716.37)	2,541,183.70	167,716.38
Less: Unamortized Discount	(189,168.00)		6,756.00	(182,412.00)	(6,756.00)
Total Warrants Payable, Net	<u>41,484,732.07</u>		<u>(2,130,960.37)</u>	<u>39,353,771.70</u>	<u>2,200,960.38</u>
Other Liabilities:					
Notes from Direct Borrowing					
2022 Park and Recreation Loan	480,532.01		(72,999.14)	407,532.87	75,919.11
Estimated Liability for					
Compensated Absences	3,736,076.19	688,676.38		4,424,752.57	
Net Pension Liability	15,202,905.00		(1,288,114.00)	13,914,791.00	
OPEB Liability	13,648,892.00	412,251.00		14,061,143.00	
Total Other Liabilities	<u>33,068,405.20</u>	<u>1,100,927.38</u>	<u>(1,361,113.14)</u>	<u>32,808,219.44</u>	<u>75,919.11</u>
Total Governmental Activities Long-Term Liabilities	<u>\$74,553,137.27</u>	<u>\$1,100,927.38</u>	<u>\$(3,492,073.51)</u>	<u>\$72,161,991.14</u>	<u>\$2,276,879.49</u>

Payments on the General Obligation Warrants payable and Notes from Direct Borrowing are made by the General Fund and Debt Service Funds.

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

Notes to the Financial Statements
For the Year Ended September 30, 2024

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

Fiscal Year Ending	General Obligation Warrants		Notes from Direct Borrowing		Total Principal and Interest Requirements
	Principal	Interest	Principal	Interest	
September 30, 2025	\$ 2,040,000.00	\$ 1,327,456.25	\$ 75,919.11	\$16,301.31	\$ 3,459,676.67
2026	2,120,000.00	1,250,137.50	78,955.90	13,264.52	3,462,357.92
2027	2,205,000.00	1,164,137.50	82,114.14	10,106.28	3,461,357.92
2028	2,295,000.00	1,074,637.50	85,398.68	6,821.74	3,461,857.92
2029	1,250,000.00	1,001,512.50	85,145.04	3,405.80	2,340,063.34
2030-2034	5,455,000.00	4,149,662.50			9,604,662.50
2035-2039	3,910,000.00	3,225,450.00			7,135,450.00
2040-2044	6,360,000.00	2,364,212.50			8,724,212.50
2045-2049	7,830,000.00	1,292,081.26			9,122,081.26
2050-2051	3,530,000.00	123,631.25			3,653,631.25
Total	\$36,995,000.00	\$16,972,918.76	\$407,532.87	\$49,899.65	\$54,425,351.28

Deferred Loss on Refunding, Discounts and Premiums

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.

The Commission has premiums and discounts in connection with the issuance of its 2021 General Obligation Warrants, which are being amortized using the straight-line method over a period of 29 years.

	Deferred Loss on Refunding	Discount	Premium
Total Deferred Loss on Refunding, Discount and Premium	\$1,202,913.99	\$202,680.00	\$3,604,891.65
Amount Amortized Prior Years	(881,588.08)	(13,512.00)	(895,991.58)
Balance, October 1, 2023	321,325.91	189,168.00	2,708,900.07
Current Year Amortized	(80,331.48)	(6,756.00)	(167,716.37)
Balance Deferred Loss on Refunding, Discount and Premium at September 30, 2024	\$ 240,994.43	\$182,412.00	\$2,541,183.70

Notes to the Financial Statements

For the Year Ended September 30, 2024

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, 2024, the total of \$5,775,000.00 of warrants outstanding are considered defeased.

Note 10 – Risk Management

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

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

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

The Commission 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.

Notes to the Financial Statements
For the Year Ended September 30, 2024

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
2021-2022	\$29,584.13	\$127,409.25	\$(161,928.63)	\$ (4,935.25)
2022-2023	\$ (4,935.25)	\$209,519.84	\$(196,838.78)	\$ 7,745.81
2023-2024	\$ 7,745.81	\$220,314.14	\$(197,551.01)	\$30,508.94

Note 11 – Interfund Transactions

Interfund Receivables and Payables

The interfund receivables and payables at September 30, 2024, were as follows:

	Interfund Receivables	
	General Fund	Total
<u>Interfund Payables:</u>		
Other Governmental Funds	\$169,101.71	\$169,101.71
Total	<u>\$169,101.71</u>	<u>\$169,101.71</u>

Notes to the Financial Statements
For the Year Ended September 30, 2024

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2024, were as follows:

	Transfers Out		Totals
	General Fund	Other Governmental Funds	
Transfers In:			
General Fund	\$	\$ 85,684.08	\$ 85,684.08
Gasoline Tax Fund	3,448,847.26		3,448,847.26
Other Governmental Funds	1,972,996.20	2,596,352.41	4,569,348.61
Totals	\$5,421,843.46	\$2,682,036.49	\$8,103,879.95

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 12 – 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 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.

Notes to the Financial Statements
For the Year Ended September 30, 2024

Note 13 – 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 \$2,036,596 was outstanding at September 30, 2024. Of this amount, \$100,000 is due and payable in the next year.

Pursuant a Development Agreement entered into by the Commission, 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 St. Clair Health Care Authority must be paid to the Commission to enable the Commission to make debt service payments on the General Obligation Warrants, Series 2010. A total of \$6,640,000.00 was outstanding at September 30, 2024. Of this amount, \$830,000 is due and payable in the next year.

Note 14 – Tax Abatements

St. Clair County, municipalities and industrial boards within St. Clair County utilize the ***Code of Alabama 1975***, Sections 40-9B-13, to grant tax abatements. As of the fiscal year ending September 30, 2024, 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 affecting the County as of September 30, 2024, are presented below.

Pursuant to Amendment 772 Constitution of Alabama, St. Clair County Commission Sales Tax Rebates are listed below:

Purpose	Number of Rebates	County Sales Tax Rebated
Retail	12	\$501,109.25

Notes to the Financial Statements
For the Year Ended September 30, 2024

Municipalities/Industrial Board Abatements

Granting Jurisdiction	Purpose	County Property Taxes Abated	County Sales Tax Abated
City of Moody	Expansion	\$ 37,731.30	\$
City of Moody	New Industry	12,493.23	
City of Riverside	New Industry	1,494.24	
Pell City Industrial	Expansion	124,603.16	32,550.14
Pell City Industrial	New Industry	32,396.54	
St. Clair County ID	Expansion	516,660.76	
Town of Steele IDB	Expansion	126,211.14	
Total		\$851,590.37	\$32,550.14

Required Supplementary Information

***Schedule of Changes in the Employer's Net Position Liability
For the Year Ended September 30, 2024***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 1,194,329	\$ 1,141,882	\$ 1,005,120	\$ 881,572	\$ 913,481	\$ 862,496	\$ 860,341	\$ 867,265	\$ 806,990	\$ 767,044
Interest	3,594,892	3,439,484	3,268,294	3,112,312	3,002,173	2,978,679	2,871,260	2,707,513	2,534,604	2,423,991
Changes of Benefit Terms		36,879		449,461						
Differences between expected and actual experience	588,317	256,390	19,514	(146,355)	(334,809)	(1,239,042)	(411,923)	255,050	484,002	
Changes of Assumptions			1,724,953			210,402		1,123,006		
Benefit payments, including refunds of employee contributions	(3,085,500)	(2,528,683)	(2,203,434)	(2,246,062)	(2,035,633)	(2,009,655)	(1,609,339)	(1,720,553)	(1,607,908)	(2,008,857)
Transfers among employers	637,447	18,466	70,369	(46,500)	(9,614)	(235,210)	(124,118)	(83,288)		
Net change in total pension liability	2,929,485	2,364,418	3,884,816	2,004,428	1,535,598	567,670	1,586,221	3,148,993	2,217,688	1,182,178
Total pension liability - beginning	49,796,331	47,431,913	43,547,097	41,542,669	40,007,071	39,439,401	37,853,180	34,704,187	32,486,499	31,304,321
Total pension liability - ending (a)	\$ 52,725,816	\$ 49,796,331	\$ 47,431,913	\$ 43,547,097	\$ 41,542,669	\$ 40,007,071	\$ 39,439,401	\$ 37,853,180	\$ 34,704,187	\$ 32,486,499
Plan fiduciary net position										
Contributions - employer	\$ 1,238,598	\$ 1,094,877	\$ 1,006,980	\$ 1,037,812	\$ 1,093,465	\$ 1,038,754	\$ 1,071,748	\$ 1,164,262	\$ 1,064,205	\$ 1,024,626
Contributions - employee	952,656	863,941	744,505	665,739	632,853	587,228	593,987	562,071	526,722	496,892
Net investment income	4,474,398	(5,113,328)	7,350,110	1,815,357	806,703	2,700,902	3,351,566	2,426,095	279,088	2,544,953
Benefit payments, including refunds of employee contributions	(3,085,500)	(2,528,683)	(2,203,434)	(2,246,062)	(2,035,633)	(2,009,655)	(1,609,339)	(1,720,553)	(1,607,908)	(2,008,857)
Other (Transfers among employers)	637,447	18,466	70,369	(46,500)	(9,614)	(235,210)	(124,118)	(83,288)	132,148	(89,880)
Net change in plan fiduciary net position	4,217,599	(5,664,727)	6,968,530	1,226,346	487,774	2,082,019	3,283,844	2,348,587	394,255	1,967,734
Plan fiduciary net position - beginning	34,593,426	40,258,153	33,289,623	32,063,277	31,575,503	29,493,484	26,209,640	23,861,053	23,466,798	21,499,064
Plan fiduciary net position - ending (b)	\$ 38,811,025	\$ 34,593,426	\$ 40,258,153	\$ 33,289,623	\$ 32,063,277	\$ 31,575,503	\$ 29,493,484	\$ 26,209,640	\$ 23,861,053	\$ 23,466,798
Net pension liability - ending (a) - (b)	\$ 13,914,791	\$ 15,202,905	\$ 7,173,760	\$ 10,257,474	\$ 9,479,392	\$ 8,431,568	\$ 9,945,917	\$ 11,643,540	\$ 10,843,134	\$ 9,019,701
Plan fiduciary net position as a percentage of the total pension liability	73.61%	69.47%	84.88%	76.45%	77.18%	78.92%	74.78%	69.24%	68.76%	72.24%
Covered payroll (*)	\$ 14,382,589	\$ 13,800,653	\$ 11,762,449	\$ 11,762,324	\$ 11,365,478	\$ 10,798,114	\$ 10,349,897	\$ 9,878,438	\$ 9,895,953	\$ 9,343,630
Net pension liability as a percentage of covered payroll	96.75%	110.16%	60.99%	87.21%	83.41%	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 2024, the measurement period is October 1, 2022 through September 30, 2023. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for fiscal year 2017.

***Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2024***

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (*)	\$ 1,553,997	\$ 1,238,598	\$ 1,094,877	\$ 1,006,980	\$ 1,037,812	\$ 1,093,465	\$ 1,038,754	\$ 1,071,478	\$ 1,164,262	\$ 1,064,205
Contributions in relation to the actuarially determined contribution (*)	\$ 1,553,997	\$ 1,238,598	\$ 1,094,877	\$ 1,006,980	\$ 1,037,812	\$ 1,093,465	\$ 1,038,754	\$ 1,071,748	\$ 1,164,262	\$ 1,064,205
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 16,795,518	\$ 14,382,589	\$ 13,800,653	\$ 11,762,449	\$ 11,762,324	\$ 11,365,478	\$ 10,798,114	\$ 10,349,897	\$ 9,878,438	\$ 9,895,953
Contributions as a percentage of covered payroll	9.25%	8.61%	7.93%	8.56%	8.82%	9.62%	9.62%	10.36%	11.79%	10.75%

(*) 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 2024 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 2024 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2023 to September 30, 2024

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	19.6 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

***Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2024***

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost at end of year	\$ 702,206	\$ 841,096	\$ 789,147	\$ 540,811	\$ 396,215	\$ 448,402	\$ 489,723
Interest	536,235	328,042	332,996	324,016	431,468	366,864	305,612
Changes of Benefit Terms				882,819			
Differences between expected and actual experience	(117,031)	(85,718)	(50,142)	999,682	2,803	(333,247)	33,668
Changes of assumptions or other inputs	(83,593)	(1,691,331)	(1,090,904)	667,245	1,499,906	(3,587)	(592,031)
Benefit payments (*)	(625,566)	(513,753)	(553,463)	(502,128)	(439,741)	(426,088)	(357,261)
Net change in total OPEB liability	412,251	(1,121,664)	(572,366)	2,912,445	1,890,651	52,344	(120,289)
Total OPEB Liability - Beginning	13,648,892	14,770,556	15,342,922	12,430,477	10,539,826	10,487,482	10,607,771
Total OPEB Liability - Ending	\$ 14,061,143	\$ 13,648,892	\$ 14,770,556	\$ 15,342,922	\$ 12,430,477	\$ 10,539,826	\$ 10,487,482
Covered-employee payroll (**)	\$ 11,904,225	\$ 11,904,226	\$ 11,252,840	\$ 11,252,840	\$ 11,042,635	\$ 11,042,635	\$ 10,713,026
Total OPEB liability as a percentage of covered-employee payroll	118.12%	114.66%	131.26%	136.35%	112.57%	95.45%	97.89%

(*) Benefit payments are net of participant contributions, include an amount for the implicit subsidy, if applicable, and includes amounts paid outside an OPEB trust, if applicable.

(**) For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

Notes to Schedule:

Benefit Changes None

Changes in Assumptions or Other Inputs The decremental and salary increase assumptions have been updated based on the most recent Alabama Employee Retirement System experience analysis. The discount rate changed from 4.02% to 4.09% for the current measurement date.

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, 2024

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution (*)	\$ 850,017	\$ 726,677	\$ 513,753	\$ 553,463	\$ 387,466	\$ 439,741	\$ 408,981
Contributions in relation to the actuarially determined contribution	\$ 850,017	\$ 726,677	\$ 513,753	\$ 553,463	\$ 387,466	\$ 439,741	\$ 408,981
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$
Covered-employee payroll	\$ 11,904,226	\$ 11,904,226	\$ 11,904,226	\$ 11,252,840	\$ 11,252,840	\$ 11,042,635	\$ 11,042,635
Contributions as a percentage of covered-employee payroll	7.14%	6.10%	4.32%	4.92%	3.44%	3.98%	3.70%

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

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, 2024

	Budgeted Amounts		Actual Amounts		Budget to GAAP		Actual Amounts
	Original	Final	Budgetary Basis		Differences		GAAP Basis
Revenues							
Taxes	\$ 22,876,319.84	\$ 23,339,576.47	\$ 23,127,570.50	(1) (2)	\$ 4,054,947.11	\$	27,182,517.61
Licenses and Permits	105,600.00	111,880.95	108,156.95				108,156.95
Intergovernmental	3,745,155.55	4,177,348.24	3,841,666.17	(2)	27,755.00		3,869,421.17
Charges for Services	4,745,392.29	4,961,589.72	4,859,528.20	(2)	62,930.12		4,922,458.32
Miscellaneous	655,059.64	1,461,452.97	1,356,000.84	(2)	1,216,044.07		2,572,044.91
Total Revenues	<u>32,127,527.32</u>	<u>34,051,848.35</u>	<u>33,292,922.66</u>		<u>5,361,676.30</u>		<u>38,654,598.96</u>
Expenditures							
Current:							
General Government	11,089,881.96	11,187,761.00	10,160,540.08				10,160,540.08
Public Safety	18,320,727.15	18,811,082.76	17,072,780.11	(3)	(78,554.07)		17,151,334.18
Highways and Roads				(3)	(8,185.85)		8,185.85
Sanitation	911,515.00	911,515.00	911,508.00				911,508.00
Health	254,666.40	261,572.10	235,192.36				235,192.36
Welfare	80,680.00	84,409.00	84,389.00				84,389.00
Culture and Recreation	144,988.41	172,650.24	157,241.64	(3)	(396,755.01)		553,996.65
Education	190,520.00	286,325.97	244,089.07				244,089.07
Capital Outlay	1,973,203.09	2,576,818.12	1,874,509.89	(3)	(1,484,096.09)		3,358,605.98
Intergovernmental	346,427.69	1,368,427.69	1,365,047.93	(3)	(1,533,191.21)		2,898,239.14
Debt Service:							
Interest and Fiscal Charges	2,750.00	2,750.00	2,750.00				2,750.00
Total Expenditures	<u>33,315,359.70</u>	<u>35,663,311.88</u>	<u>32,108,048.08</u>		<u>(3,500,782.23)</u>		<u>35,608,830.31</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,187,832.38)</u>	<u>(1,611,463.53)</u>	<u>1,184,874.58</u>		<u>1,860,894.07</u>		<u>3,045,768.65</u>
Other Financing Sources (Uses)							
Transfers In	2,789,000.00	2,729,916.88	85,684.08				85,684.08
Proceeds on Sale of Capital Assets	275,000.00	286,007.50	11,007.50				11,007.50
Transfers Out	(8,082,150.92)	(7,258,830.41)	(3,691,843.46)	(4)	(1,730,000.00)		(5,421,843.46)
Total Other Financing Sources (Uses)	<u>(5,018,150.92)</u>	<u>(4,242,906.03)</u>	<u>(3,595,151.88)</u>		<u>(1,730,000.00)</u>		<u>(5,325,151.88)</u>
Net Change in Fund Balances	(6,205,983.30)	(5,854,369.56)	(2,410,277.30)		130,894.07		(2,279,383.23)
Fund Balances - Beginning of Year	<u>21,815,521.04</u>	<u>21,815,521.04</u>	<u>20,601,153.82</u>	(5)	<u>7,556,613.27</u>		<u>28,157,767.09</u>
Fund Balances - End of Year	<u>\$ 15,609,537.74</u>	<u>\$ 15,961,151.48</u>	<u>\$ 18,190,876.52</u>		<u>\$ 7,687,507.34</u>	<u>\$</u>	<u>25,878,383.86</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2024***

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. \$ (75,190.57)

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

(2) Revenues:		
Public Building Roads and Bridges Fund - Taxes	\$ 4,175,526.29	
Public Building Roads and Bridges Fund - Motor Vehicle Ad Valorem Taxes	(45,388.61)	
Public Building Roads and Bridges Fund - Intergovernmental	27,755.00	
Public Building Roads and Bridges Fund - Miscellaneous	1,210,837.07	
Park and Recreation Fund - Charges for Services	62,930.12	
Park and Recreation Fund - Miscellaneous	5,207.00	5,436,866.87
(3) Expenditures:		
Public Building Roads and Bridges Fund - Highways and Roads	\$ (8,185.85)	
Public Building Roads and Bridges Fund - Capital Outlay	(1,434,046.34)	
Public Building Roads and Bridges Fund - Intergovernmental	(1,533,191.21)	
Public Building Roads and Bridges Fund - Culture and Recreation	(78,554.07)	
Park and Recreation Fund - Culture and Recreation	(396,755.01)	
Park and Recreation Fund - Capital Outlay	(50,049.75)	(3,500,782.23)
(4) Other Financing Sources/(Uses), Net:		
Public Buildings, Roads and Bridges Fund - Transfers Out		(1,730,000.00)
Net Change in Fund Balance - Budget to GAAP		<u>\$ 130,894.07</u>

- (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, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Intergovernmental	\$ 1,574,351.52	\$ 1,649,573.41	\$ 1,349,573.41	(1) \$ 428,266.18	\$ 1,777,839.59
Charges for Services	20,000.00	20,000.00			
Miscellaneous	190,120.00	207,289.26	161,810.65	(1) 1,596.71	163,407.36
Total Revenues	<u>1,784,471.52</u>	<u>1,876,862.67</u>	<u>1,511,384.06</u>	<u>429,862.89</u>	<u>1,941,246.95</u>
Expenditures					
Current:					
Highways and Roads	7,254,569.43	7,959,820.34	6,137,318.99		6,137,318.99
Capital Outlay	289,893.60	247,893.60	65,140.00		65,140.00
Total Expenditures	<u>7,544,463.03</u>	<u>8,207,713.94</u>	<u>6,202,458.99</u>		<u>6,202,458.99</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,759,991.51)</u>	<u>(6,330,851.27)</u>	<u>(4,691,074.93)</u>	<u>429,862.89</u>	<u>(4,261,212.04)</u>
Other Financing Sources (Uses)					
Transfers In	5,090,170.00	5,640,226.50	3,864,497.26	(2) (415,650.00)	3,448,847.26
Proceeds on Sale of Capital Assets		35,600.00	35,600.00		35,600.00
Total Other Financing Sources (Uses)	<u>5,090,170.00</u>	<u>5,675,826.50</u>	<u>3,900,097.26</u>	<u>(415,650.00)</u>	<u>3,484,447.26</u>
Net Change in Fund Balances	(669,821.51)	(655,024.77)	(790,977.67)	14,212.89	(776,764.78)
Fund Balances - Beginning of Year	<u>1,055,985.25</u>	<u>1,055,985.25</u>	<u>1,055,985.25</u>	(3) 43,862.10	<u>1,099,847.35</u>
Fund Balances - End of Year	<u>\$ 386,163.74</u>	<u>\$ 400,960.48</u>	<u>\$ 265,007.58</u>	<u>\$ 58,074.99</u>	<u>\$ 323,082.57</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2024***

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

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

(1) Revenues:			
Public Highway and Traffic Fund - Intergovernmental	\$	377,576.34	
Public Highway and Traffic Fund - Miscellaneous		1,286.99	
Severed Material Tax Fund - Intergovernmental		50,689.84	
Severed Material Tax Fund - Miscellaneous		<u>309.72</u>	\$ 429,862.89
(2) Other Financing Sources, Net			
Public Highway and Traffic Fund	\$	(362,150.00)	
Severed Material Tax Fund		<u>(53,500.00)</u>	<u>(415,650.00)</u>
Net Change in Fund Balance - Budget to GAAP			<u>\$ 14,212.89</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 - Reappraisal Fund
For the Year Ended September 30, 2024***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Taxes	\$ 2,298,735.49	\$ 2,298,735.49	\$ 1,845,803.36	\$	\$ 1,845,803.36
Miscellaneous	12,200.00	12,200.00	52,252.18		52,252.18
Total Revenues	2,310,935.49	2,310,935.49	1,898,055.54		1,898,055.54
Expenditures					
Current:					
Highways and Roads	2,235,135.49	2,235,135.49	1,823,211.04		1,823,211.04
Capital Outlay	75,800.00	75,800.00	75,800.00		75,800.00
Total Expenditures	2,310,935.49	2,310,935.49	1,899,011.04		1,899,011.04
Excess (Deficiency) of Revenues Over Expenditures			(955.50)		(955.50)
Other Financing Sources (Uses)					
Sale of Capital Assets			955.50		955.50
Total Other Financing Sources (Uses)			955.50		955.50
Net Change in Fund Balances					
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$	\$	\$

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Coronavirus State and Local Fiscal Recovery Funds
For the Year Ended September 30, 2024***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Intergovernmental	\$ 3,533,195.89	\$ 3,410,166.57	\$ 2,268,916.22	\$	\$ 2,268,916.22
Total Revenues	3,533,195.89	3,410,166.57	2,268,916.22		2,268,916.22
Expenditures					
Current:					
Public Safety	271,517.00	577,913.37	366,448.10		366,448.10
Capital Outlay	3,261,678.89	2,832,253.20	1,902,468.12		1,902,468.12
Total Expenditures	3,533,195.89	3,410,166.57	2,268,916.22		2,268,916.22
Excess (Deficiency) of Revenues Over Expenditures					
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$	\$	\$

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Supplementary Information

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Total Federal Expenditures
<u>U. S. Department of Housing and Urban Development</u>			
<u>Passed Through Alabama Department of Economic and Community Affairs</u>			
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CV-NC-20-044	\$ 90,036.00
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CY-CM-PF-17-006	<u>338,000.00</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>428,036.00</u>
Total U. S. Department of Housing and Urban Development			<u>428,036.00</u>
<u>U. S. Department of Transportation</u>			
<u>Passed Through Alabama Department of Transportation</u>			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	N/A	639,718.00
Formula Grants for Rural Areas and Tribal Transit Program (N)	20.509	N/A	<u>168,049.00</u>
Total Formula Grants for Rural Areas and Tribal Transit Program			<u>807,767.00</u>
Total U. S. Department of Transportation			<u>807,767.00</u>
<u>U. S. Department of the Treasury</u>			
<u>Direct Program</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>2,268,916.22</u>
Total U. S. Department of the Treasury			<u>2,268,916.22</u>
<u>U. S. Department of Health and Human Services</u>			
<u>Passed Through the Alabama Department of Public Health</u>			
Public Health Emergency Preparedness	93.069	C20115250	<u>45,000.00</u>
Total U. S. Department of Health and Human Services			<u>45,000.00</u>
<u>U. S. Department of Homeland Security</u>			
<u>Passed Through Alabama Emergency Management Agency</u>			
Emergency Management Performance Grants	97.042	23EMF	<u>55,861.00</u>
Total U. S. Department of Homeland Security			<u>55,861.00</u>
Total Expenditures of Federal Awards			<u>\$ 3,605,580.22</u>

(N) = Non-Cash Assistance
N/A = Not Available/Not Applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

***Notes to the Schedule of Expenditures
of Federal Awards
For the Year Ended September 30, 2024***

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the St. Clair County Commission under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the St. Clair County Commission, it is not intended to and does not present the financial position or changes in net position of the St. Clair County Commission.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The St. Clair County Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

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Additional Information

***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 (***Government Auditing Standards***), the 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, 2024, and the related notes to the financial statements, which collectively comprise the St. Clair County Commission's basic financial statements, and have issued our report thereon dated January 29, 2026.

Report on Internal Control Over Financial Reporting

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

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

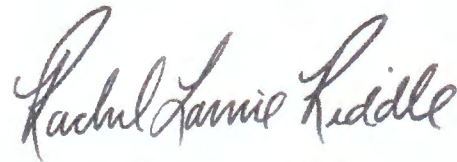
***Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards***

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Clair County Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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

January 29, 2026

***Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required
by the Uniform Guidance***

Independent Auditor's Report

Members of the St. Clair County Commission and County Administrator
Ashville, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the St. Clair County Commission's compliance with the types of compliance requirements identified as subject to audit in the ***OMB Compliance Supplement*** that could have a direct and material effect on each of the St. Clair County Commission's major federal programs for the year ended September 30, 2024. The St. Clair County Commission's major federal programs are identified in the Summary of Examiner's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the St. Clair County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***); and the audit requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***. Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the St. Clair County Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the St. Clair County Commission's compliance with the compliance requirements referred to above.

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the St. Clair County Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the St. Clair County Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, ***Government Auditing Standards***, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the St. Clair County Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, ***Government Auditing Standards***, and the *Uniform Guidance*, we:

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the St. Clair County Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ◆ obtain an understanding of the St. Clair County Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the St. Clair County Commission's internal control over compliance. Accordingly, no such opinion is expressed.

***Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required
by the Uniform Guidance***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

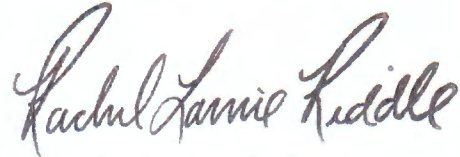
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

***Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required
by the Uniform Guidance***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

January 29, 2026

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

Section I – Summary of Examiner's Results

Financial Statements

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with

2 CFR 200.516(a) of the *Uniform Guidance*?

_____ Yes X No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
20.509	Formula Grants for Rural Areas and Tribal Transit Program

Dollar threshold used to distinguish between

Type A and Type B programs:

\$750,000.00

Auditee qualified as low-risk auditee?

_____ Yes X No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.