Elmore County Commission

Elmore County, Alabama

October 1, 2022 through September 30, 2023

Filed: August 14, 2026

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

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

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Rachel Laurie Riddle
Chief Examiner

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

Dear Madam:

An audit was conducted on the Elmore County Commission, Elmore County, Alabama, for the period October 1, 2022 through September 30, 2023, by Examiners Caitlin G. Baker and Cassi Taylor. I, Caitlin G. Baker, 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,

Caitlin G. Baker

Caitlin G. Baker
Examiner of Public Accounts

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Examiners of Public Accounts

SUMMARY

Elmore County Commission
October 1, 2022 through September 30, 2023

The Elmore County Commission (the "Commission") is governed by a five-member body elected by the citizens of Elmore County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 12. 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 Elmore 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, 2023.

Financial statements for the fiscal year ending September 30, 2023, were not prepared by management until October 1, 2025. The Commission's failure to prepare timely financial statements may impact the relevance of the financial information presented to users of the financial statements. Also, the failure to have timely audits of federal awards performed, 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*), could result in the loss of future federal funding.

AUDIT FINDINGS

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

- 2023-001: The Commission budgeted expenditures in excess of revenues estimated to be available. This finding was previously reported in Finding 2022-001 and Finding 2021-001.

An instance was found with the Commission's internal controls over financial reporting and/or its internal controls over compliance for its federal assistance programs (Exhibit 15) and it is summarized below.

- 2023-002: The Commission failed to perform a periodic physical inventory of capital assets.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 12, were invited to discuss the results of this report at an exit conference. Individuals in attendance were County Commissioners Henry Hines, Desirae Lewis Jackson, Dennis Hill and Bart Mercer. Also in attendance were representatives from the Department of Examiners of Public Accounts Chris Newton, Audit Manager and Caitlin Baker, Examiner.

Schedule of State and Local Compliance and Other Findings

Ref. No.	Finding/Noncompliance
2023-001	**Finding:** The ***Code of Alabama 1975***, Section 11-8-3(b), requires the Commission to budget appropriations that are not in excess of the estimated total revenues available for appropriations. For fiscal year 2023, the Elmore County Commission (the "Commission") budgeted expenditures in excess of the estimated revenues available in the Reappraisal Fund. The Commission did not ensure budgeted appropriations did not exceed available revenues. As a result, the Commission adopted an annual budget containing a deficit balance. This finding was previously reported as Finding 2022-001 and Finding 2021-001. **Recommendation:** The Commission should comply with the ***Code of Alabama 1975***, Section 11-8-3(b), and ensure that budgeted appropriations do not exceed available revenues.

Independent Auditor's Report

Independent Auditor's Report

Members of the Elmore County Commission and Chief Operations Officer
Wetumpka, 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 Elmore County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Elmore County Commission's basic financial statements 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 Elmore County Commission, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Elmore 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.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the Elmore County Commission implemented the provisions of GASB Statement Number 96, ***Subscription-Based Information Technology Arrangements***, during the current fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Elmore 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 misstatements, 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 Elmore 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 Elmore 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 and the Schedules of the Employer's Contributions (Exhibits 9 and 10), 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis (MD&A) and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, 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 Elmore County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 11), 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 July 21, 2026, on our consideration of the Elmore 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 Elmore 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 Elmore County Commission's internal control over financial reporting and compliance.

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

July 21, 2026

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Basic Financial Statements

Statement of Net Position
September 30, 2023

		Governmental Activities
Assets		
Cash and Cash Equivalents	$	27,715,754.98
Cash with Fiscal Agent		870,860.66
Investments		9,172,760.25
Receivables (Note 4)		3,476,427.61
Ad Valorem Taxes Receivable		10,015,429.92
Prepaid Items		3,393.41
Capital Assets (Note 5):		
Nondepreciable		14,589,261.98
Depreciable, Net		30,718,603.35
Total Assets		96,562,492.16
Deferred Outflows of Resources		
Employer Pension Contribution		713,475.75
Deferred Outflows Related to Pension Benefit Plan		4,528,878.00
Total Deferred Outflows of Resources		5,242,353.75
Liabilities		
Payables (Note 8)		2,962,364.84
Unearned Revenue		6,884,883.00
Accrued Wages Payable		459,206.95
Long-Term Liabilities (Note 9):		
Portion Due or Payable Within One Year:		
Warrants Payable		1,320,000.00
Notes from Direct Borrowing		129,180.64
Compensated Absences		93,970.35
Portion Due or Payable After One Year:		
Warrants Payable		43,970,000.00
Notes from Direct Borrowing		1,292,309.50
Compensated Absences		845,733.19
Net Pension Liability		6,305,847.00
Total Liabilities		64,263,495.47
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes		10,015,429.92
Revenue Received in Advance - Motor Vehicle Taxes		619,964.52
Deferred Inflows Related to Net Pension Liability		1,653,889.00
Total Deferred Inflows of Resources	$	12,289,283.44

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

	Governmental Activities
Net Position	
Net Investment in Capital Assets	$ 15,644,045.20
Restricted for:	
Road Projects	3,143,537.78
Debt Service	876,332.88
Capital Improvements	591,343.16
Other Purposes	3,747,825.73
Unrestricted	1,248,982.25
Total Net Position	$ 25,252,067.00

Statement of Activities
For the Year Ended September 30, 2023

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Total Governmental Activities**
Primary Government					
Governmental Activities					
General Government	$ 9,692,943.54	$ 2,669,860.37	$ 6,105,076.68	$	$ (918,006.49)
Public Safety	15,851,717.60	1,650,631.64	2,297,673.48		(11,903,412.48)
Highways and Roads	11,586,309.82	798,027.29	5,566,668.19	500,945.48	(4,720,668.86)
Health	50,687.00				(50,687.00)
Welfare	49,400.61				(49,400.61)
Culture and Recreation	6,606,217.66				(6,606,217.66)
Education	657,171.43				(657,171.43)
Interest and Fiscal Charges	1,971,228.86				(1,971,228.86)
Total Governmental Activities	$ 46,465,676.52	$ 5,118,519.30	$ 13,969,418.35	$ 500,945.48	(26,876,793.39)

General Revenues:	
Taxes:	
Property Taxes for General Purposes	5,500,547.69
Property Taxes for Specific Purposes	3,859,003.88
General Sales Tax	1,743,620.60
Special Sales Tax	1,200,826.06
Miscellaneous Taxes	2,313,923.60
Grants and Contributions Not Restricted for Specific Programs	3,589,452.68
Gain on Disposition of Capital Assets	767,196.71
Investment Earnings	1,264,117.19
Miscellaneous	2,483,528.45
Total General Revenues	22,722,216.86
Changes in Net Position	(4,154,576.53)
Net Position - Beginning of Year	29,406,643.53
Net Position - End of Year	$ 25,252,067.00

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

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Gasoline Tax Fund	Reappraisal Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	$ 21,275,385.36	$ 1,060,560.84	$ 170,725.90	$ 275,429.28	$ 4,933,653.60	$ 27,715,754.98
Cash with Fiscal Agent	870,860.66					870,860.66
Investments	1,290,105.52			7,647,828.35	234,826.38	9,172,760.25
Receivables (Note 4)	2,689,811.80	268,655.18	56,712.00	28,969.96	432,278.67	3,476,427.61
Ad Valorem Taxes Receivable	8,702,302.12		1,313,127.80			10,015,429.92
Interfund Receivables	1,240,449.99	264,583.64	23,056.10	256,970.06	22,790.84	1,807,850.63
Prepaid Items	3,393.41					3,393.41
Total Assets	36,072,308.86	1,593,799.66	1,563,621.80	8,209,197.65	5,623,549.49	53,062,477.46
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Payables (Note 8)	1,674,497.81	100,584.56	6,942.06	136,189.60	1,044,150.81	2,962,364.84
Unearned Revenue			63,805.15	6,821,077.85		6,884,883.00
Interfund Payables	567,400.64	105,592.20	160,161.11	948,039.75	26,656.93	1,807,850.63
Accrued Wages Payable	312,040.25	89,601.23	19,585.68	20,497.17	17,482.62	459,206.95
Total Liabilities	2,553,938.70	295,777.99	250,494.00	7,925,804.37	1,088,290.36	12,114,305.42
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	8,702,302.12		1,313,127.80			10,015,429.92
Revenue Received in Advance - Motor Vehicle Taxes	619,964.52					619,964.52
Total Deferred Inflows of Resources	9,322,266.64		1,313,127.80			10,635,394.44
Fund Balances						
Nonspendable:						
Prepaid Expenses	3,393.41					3,393.41
Restricted for:						
Capital Projects	17,309,915.58				329,097.59	17,639,013.17
Highways and Roads		1,298,021.67			1,845,516.11	3,143,537.78
Debt Service	876,332.88					876,332.88
Other Purposes	1,373,224.84				2,371,207.48	3,744,432.32
Assigned for:						
Other Purposes				283,393.28		283,393.28
Unassigned	4,633,236.81				(10,562.05)	4,622,674.76
Total Fund Balances	24,196,103.52	1,298,021.67		283,393.28	4,535,259.13	30,312,777.60
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 36,072,308.86	$ 1,593,799.66	$ 1,563,621.80	$ 8,209,197.65	$ 5,623,549.49	$ 53,062,477.46

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, 2023

Total Fund Balances - Governmental Funds (Exhibit 3)			$ 30,312,777.60
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds (Note 5).			45,307,865.33
Deferred outflows and inflows of resources related to the pension plan are applicable to future periods and, therefore, are not reported in the governmental funds.			3,588,464.75
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:			
	Amounts Due or Payable Within One Year	Amounts Due or Payable After One Year	
Notes from Direct Borrowing	$ 129,180.64	$ 1,292,309.50	
General Obligation Warrant	1,320,000.00	43,970,000.00	
Liability for Compensated Absences	93,970.35	845,733.19	
Net Pension Liability		6,305,847.00	
Total Long-Term Liabilities	$ 1,543,150.99	$ 52,413,889.69	(53,957,040.68)
Total Net Position - Governmental Activities (Exhibit 1)			$ 25,252,067.00

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General Fund	Gasoline Tax Fund	Reappraisal Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 13,373,564.03	$	$ 1,166,845.38	$	$ 77,512.42	$ 14,617,921.83
Licenses and Permits	354,640.17				341,887.22	696,527.39
Intergovernmental	5,710,598.57	2,004,518.81		4,882,379.95	5,326,057.04	17,923,554.37
Charges for Services	3,373,804.71	12,978.67			466,805.83	3,853,589.21
Fines and Forfeits	15.40				25,046.94	25,062.34
Miscellaneous	2,783,451.15	895,831.46	14,977.93	183,032.14	549,955.46	4,427,248.14
Total Revenues	25,596,074.03	2,913,328.94	1,181,823.31	5,065,412.09	6,787,264.91	41,543,903.28
Expenditures						
Current:						
General Government	6,848,891.46		1,011,723.31	1,281,952.53	55,836.64	9,198,403.94
Public Safety	11,917,803.45			1,459,165.35	1,735,777.84	15,112,746.64
Highways and Roads	2,285,388.49	3,529,488.49		1,439,943.25	3,274,787.91	10,529,608.14
Health	50,687.00					50,687.00
Welfare	49,400.61					49,400.61
Culture and Recreation	6,596,561.88					6,596,561.88
Education	657,171.43					657,171.43
Capital Outlay	8,932,603.18	2,225,812.66	170,100.00	642,790.13	292,284.60	12,263,590.57
Debt Service:						
Principal Retirement	1,320,000.00	1,666,059.34				2,986,059.34
Interest and Fiscal Charges	1,922,563.76	48,665.10				1,971,228.86
Total Expenditures	40,581,071.26	7,470,025.59	1,181,823.31	4,823,851.26	5,358,686.99	59,415,458.41
Excess (Deficiency) of Revenues Over Expenditures	(14,984,997.23)	(4,556,696.65)		241,560.83	1,428,577.92	(17,871,555.13)
Other Financing Sources (Uses)						
Transfers In	694,538.96	667,699.75				1,362,238.71
Sale of Capital Assets	56,803.70	1,898,270.88			24,878.15	1,979,952.73
Debt Issued		1,481,845.00				1,481,845.00
Transfer Out	(650,000.00)	(300,000.00)			(412,238.71)	(1,362,238.71)
Total Other Financing Sources (Uses)	101,342.66	3,747,815.63			(387,360.56)	3,461,797.73
Net Change in Fund Balances	(14,883,654.57)	(808,881.02)		241,560.83	1,041,217.36	(14,409,757.40)
Fund Balances - Beginning of Year	39,079,758.09	2,106,902.69		41,832.45	3,494,041.77	44,722,535.00
Fund Balances - End of Year	$ 24,196,103.52	$ 1,298,021.67	$	$ 283,393.28	$ 4,535,259.13	$ 30,312,777.60

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, 2023

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)		$ (14,409,757.40)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlays 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 capital outlays differed from depreciation in the current period.		
Depreciation Expense	$ (2,008,731.12)	
Capital Outlay Expenditures	12,263,590.57	
Net Adjustment		10,254,859.45
In the Statement of Activities, only the gain or loss on the sale of capital assets is recognized, whereas, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold, net of accumulated depreciation.		
Sale of Capital Assets	$ (1,979,952.73)	
Gain/(Loss) on Disposition of Capital Assets	767,196.71	
Net Adjustment		(1,212,756.02)
The issuance of debt is reported as other financing sources in governmental funds and thus contributes to the change in fund balance. However, in the Statement of Net Position, issuing debt increases long-term liabilities and does not affect the Statement of Activities.		
Debt Issued:		
Proceeds from issuance:		(1,481,845.00)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Position.		2,986,059.34
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. These consist of:		
Net decrease in Estimated Liability for Compensated Absences	$ 117,119.51	
Net increase in Pension Expense	(408,256.41)	
Net Adjustment		(291,136.90)
Change in Net Position of Governmental Activities (Exhibit 2)		$ (4,154,576.53)

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

Statement of Fiduciary Net Position
September 30, 2023

	Private-Purpose Trust Funds	Custodial Funds
Assets		
Cash and Cash Equivalents	$ 130,000.05	$ 243,551.66
Investments	454,586.26	
Total Assets	584,586.31	243,551.66
Net Position		
Held for Individuals and Other Agencies	584,586.31	243,551.66
Total Net Position	$ 584,586.31	$ 243,551.66

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, 2023

	Private-Purpose Trust Funds	Custodial Funds
Additions		
Taxes, Licenses and Fees	$	$ 32,699,620.64
Fiduciary Fund		19,506.53
Probate Judge Fiduciary Funds	18,865.85	
Amounts Received from Inmates		710,100.45
Miscellaneous	1,792.55	983.70
Total Additions	20,658.40	33,430,211.32
Deductions		
Payment to Beneficiaries		68,956.12
Amounts Paid on Behalf of Inmates		698,716.18
Payments to Other Governments		32,750,596.43
Other Associations		10.00
Other Counties	15,074.42	7,103.72
Total Deductions	15,074.42	33,525,382.45
Changes in Net Position	5,583.98	(95,171.13)
Net Position - Beginning of Year	579,002.33	338,722.79
Net Position - End of Year	$ 584,586.31	$ 243,551.66

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

Note 1 – Summary of Significant Accounting Policies

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Commission does not allocate indirect expenses to the various functions. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds in the Other Governmental Funds' column.

The Commission reports the following major governmental funds:

- ***General Fund*** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily receives revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission.

- ***Gasoline Tax Fund*** – This fund is used to account for the seven-cent State gasoline tax revenue for construction, improvement, maintenance, and supervision of highways, bridges and streets. As presented, this Fund also includes the revenues received from the Severed Material Severance Tax.

- ***Reappraisal Fund*** – This fund is used to account for property taxes and other revenues required to be expended for the costs of the property reappraisal program.

- ***American Rescue Plan Fund*** – This fund is used to account for the proceeds of federal monies received from the American Rescue Plan Act that was passed by Congress in March of 2021.

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.

- ***Capital Projects Funds*** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

- ***Private-Purpose Trust Funds*** – These funds are used to account for all fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds or investments trust funds and are held in a trust that meets the criteria in GASB 84.

- ***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. Non-exchange 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 leases are reported as other financing sources.

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

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

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit. Investments are reported at fair value, with the exception of certificates of deposit which are reported at cost, and money market funds which are reported 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 at the first regular meeting of the Commission in February of each year. 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 and amounts due from the State for taxes and cost-sharing.

Receivables from external parties are amounts that are being held in trustee or custodial capacity by the fiduciary funds.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Restricted Assets

The Commission’s general obligation warrants, as well as certain resources set aside for their repayment, shown in cash with fiscal agent are considered restricted assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Debt service accounts are used to segregate resources accumulated for debt service payments.

5. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer systems, and similar items), are reported in the government-wide financial statements. Such assets are valued at 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. Right-to-use assets are recorded at the present value of payments expected to be made during the term of the agreement plus any upfront payments and ancillary charges paid to place the asst in service. 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. Intangible right-to-use assets are amortized over the shorter of the agreement term or the asset's estimated useful life, unless the agreement contains a purchase option the Commission is reasonably certain will be exercised. In those instances, the right-to-use asset is amortized over the asset's 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	$ 5,000	40 Years
Equipment and Furniture	$ 5,000	5 – 10 Years
Roads	$250,000	20 Years
Bridges	$ 50,000	40 Years
Right to Use Assets:		
Subscription Based Agreements	$100,000	Varies

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.

6. Deferred Outflows of Resources

Deferred outflows of resources are reported in the Statement of Net Position. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

7. Right-to-Use Assets

The Commission entered into a certain subscription-based agreement to use vendor-provided information technology (IT). In accordance with GASB Statement Number 96, Subscription-Based Information Technology Agreements (SBITAs) result in an intangible right-to-use asset and a subscription obligation on the Statement of Net Position. The Commission capitalizes SBITA items that are greater than $100,000 over the subscription term and the initial term exceeds 12 months.

An intangible right-to-use asset represents the Commission's right to use an underlying asset for the lease or subscription term. Lease and/or subscription obligations represent the Commission's liability to make lease and/or subscription payments arising from the lease and/or subscription agreement. Intangible right-to-use assets, lease obligations, and subscription obligations are recognized based on the present value of lease and/or subscription payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease and/or subscription are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease and/or subscription liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease and/or subscription term or useful life of the underlying asset. Prepayments made before the commencement of the lease and/or subscription are reported as intangible right-to-use assets in progress.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bonds/Warrant premiums and discounts, as well as issuance costs, are expensed in the year in which the bond/warrant was issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

9. Compensated Absences

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

Annual Leave

All unclassified and full-time classified employees will earn vacation leave with pay in accordance with these policies and procedures. The vacation leave year shall commence on January 1 and conclude on December 31 of each year. All eligible employees will earn vacation leave according to the schedule below:

Completed Years of Continuous Service	Vacation Leave Earned
0 – 1 year	5 days per year
Over 1 – 10 years	10 days per year
Over 10 – 20 years	15 days per year
Over 20 years	20 days per year

A day of vacation leave shall be equivalent to the normal shift and/or hours worked by the subject employee earning vacation leave.

Vacation leave credits will be accrued each pay period by an eligible employee in which he/she is eligible to earn vacation leave. However, an employee shall not earn any leave credit for any pay period in which he/she is in a non-pay status for more than five (5) scheduled working days.

Upon separation from County service, an individual will be paid for any accrued vacation leave. Probationary employees that are terminated during the probationary period shall not be paid for any accrued vacation leave.

Sick Leave

Sick leave is a benefit provided to unclassified and full-time classified employees to ensure that eligible employees who are unable to work due to illness or injury do not feel compelled to do so for financial reasons.

Unclassified and full-time classified employees shall earn sick leave credit at the rate of one (1) day per full month worked for exempt employees and unexempt employees, totaling twelve (12) days of sick leave per year. A day of sick leave shall be equivalent to the normal shift and/or hours worked by the subject employee earning sick leave. Eligible employees may not accrue more than 2000 hours of sick leave credit. A probationary employee will accrue sick leave credits and may be authorized to use them while he/she is in the probationary period. Any policy and procedure described herein that may conflict with those of the Retirement Systems of Alabama (RSA) shall be resolved in favor of the RSA policy and/or procedure.

Eligible employees will not earn any sick leave credit for any pay period in which they are in a non-pay status for more than five (5) working days.

No employee will be paid for unused sick leave when he/she separates from County service. However, employees that retire from County service may transfer accrued, unused sick leave toward retirement credit, unless such, at any time, is precluded by the policies, procedures, rules and/or guidelines of the Retirement Systems of Alabama. Any policy and procedure described herein that may conflict with those of the Retirement Systems of Alabama shall be resolved in favor of the RSA policy and/or procedure.

Compensatory Leave

All full-time hourly classified and probationary employees shall be eligible to earn compensatory time for hours worked in excess of 40 (86 bi-weekly for law enforcement and corrections) hours per week. Employees that are compensated on a salary basis are not eligible for compensatory time. Compensatory time will be calculated on a time and one-half basis for hours actually worked over 40 (86 bi-weekly for law enforcement and corrections) per week. Work must be performed at the employee's regular workstation as evidenced by clocking in and clocking out to qualify for compensatory time. Work performed at home will not be considered in calculation of compensatory time.

The ***Code of Alabama 1975***, Section 36-21-4.1, provides that any non-elected law enforcement officer in the service of a county who has worked overtime be given the choice of overtime pay or compensatory leave. Under this statute, officers must make an election at the end of each month with regard to overtime earned during that month. Any overtime to be received as salary is to be paid the following month and any overtime to be taken as compensatory leave must be taken in the calendar year in which it is earned. Under this provision, deputies may accrue compensatory leave, but it must be used in the calendar year in which it is earned and there is no provision to pay out any unused compensatory leave.

10. 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.

11. Net Position/Fund Balances

Net position is reported on the government-wide and fiduciary fund 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 and intangible right-to-use assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.

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

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

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

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

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

- ***Committed*** – Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.

- ***Assigned*** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission delegated the Commission Chairman or Chief Operations Officer to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.

- ***Unassigned*** – Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

E. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the Employees' Retirement System of Alabama (the "Plan") financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized as revenues 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.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds except the capital projects funds, which adopt project-length budgets. The American Rescue Plan Fund did not approve a formal budget due to uncertainty of allowable expenditures related to this grant. Expenditures of the American Rescue Plan Fund were authorized by the Commission throughout the fiscal year. 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

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.

The Commission has $1,229,518.16 invested in certificates of deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

Cash with Fiscal Agent and Investments

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 building obligation such as bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of any such state.

As of September 30, 2023, the Commission reported the following amounts as cash with fiscal agent:

Investment Type	Amortized Cost	Rating	Maturities
Money Market Funds:			
Fidelity Treasury Only	$811,443.66	AAAm	90 days or less
Morgan Stanley Institutional Liquidity Funds	59,417.00	AAAm	180 days or less
Total Investment	$870,860.66		

As of September 30, 2023, in addition to the Certificates of Deposits reported as investments, the Commission reported the following amounts as investments in the governmental and fiduciary financial statements:

		Investment Maturities in Years	
Investment Type	Fair Value	Less than 1	1-5
Securities:			
U. S. Treasury Securities	$7,262,285.17	$4,423,710.94	$2,838,574.23
Total (*)	$7,262,285.17	$4,423,710.94	$2,838,574.53

(*) The funds invested above are invested in Level 1 inputs.

	Amortized Cost	Maturity	Ratings
Goldman Sachs Financial Square Government Fund	$1,135,543.18	180 days or less	AAAm

Fair Value Measurement

The Commission categorizes its fair value measurements within the fair value hierarchy established by the Governmental Accounting Standards Board 72 standard. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. GASB Statement Number 40 requires that governments provide information about the credit risk associated with their investments by disclosing the credit quality ratings of investment in debt securities as described by nationally recognized statistical rating organizations such as Standard & Poor's, Moody's Investors Service, and Fitch Ratings, rating agencies, as of the date of the financial statements. The Commission does not have a formal investment policy requiring investments to be rated in the highest category rating. As of September 30, 2023, the Commission's investments in the Money Market Funds and Goldman Sachs Financial Square Government Funds were rated AAAm by Standard and Poor's and AAA-mf by Moody's. The U. S. Treasuries investments has a credit rating of AA+ from both Standard and Poor's and Fitch.

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.

Concentrations of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission does not have a formal investment policy that limits the amount of securities that can be held by counterparties.

Note 4 – Receivables

On September 30, 2023, receivables for the Commission's individual major funds and other governmental funds in the aggregate, are as follows:

Governmental Funds	General Fund	Gasoline Tax Fund	Reappraisal Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Receivables:						
Accounts Receivable	$ 373,832.26	$ 2,748.00	$56,700.00	$28,969.96	$	$ 462,250.22
Intergovernmental Receivable	2,292,700.06	265,907.18	12.00		300,736.60	2,859,355.84
Sales Taxes Receivable	20,251.94				56,919.79	77,171.73
External Parties	3,027.54				74,622.28	77,649.82
Total Receivables	$2,689,811.80	$268,655.18	$56,712.00	$28,969.96	$432,278.67	$3,476,427.61

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At September 30, 2023, the various components of unearned revenues reported in the governmental funds were as follows:

	Unearned
American Rescue Plan Funds Received Prior to Meeting Eligibility Requirements	$6,821,077.85
Unexpended Reappraisal Fund	63,805.15
Total Unearned Revenue for Governmental Funds	$6,884,883.00

Note 5 – Capital and Intangible Right-to-Use Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance 10/01/2022	Additions/ Reclassifications (*)	Deletions/ Reclassifications (*)	Balance 09/30/2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 2,036,981.20	$ 610,000.00	$	$ 2,646,981.20
Construction in Progress	5,319,864.94	7,707,426.34	(1,085,010.50)	11,942,280.78
Total Capital Assets, Not Being Depreciated	7,356,846.14	8,317,426.34	(1,085,010.50)	14,589,261.98
Capital Assets Being Depreciated:				
Bridges	7,647,885.28			7,647,885.28
Roads	27,401,522.50			27,401,522.50
Buildings and Improvements	21,384,816.39	1,111,789.16		22,496,605.55
Equipment and Furniture	13,752,017.55	3,749,285.57	(2,185,656.77)	15,315,646.35
Subscription Based IT Assets		170,100.00		170,100.00
Total Capital Assets Being Depreciated	70,186,241.72	5,031,174.73	(2,185,656.77)	73,031,759.68
Less Accumulated Depreciation for:				
Bridges	(4,691,406.23)	(182,716.08)		(4,874,122.31)
Roads	(21,900,651.75)	(16,766.95)		(21,917,418.70)
Buildings and Improvements	(7,280,844.71)	(528,443.58)		(7,809,288.29)
Equipment and Furniture	(7,404,423.27)	(1,260,644.51)	972,900.75	(7,692,167.03)
Subscription Based IT Assets		(20,160.00)		(20,160.00)
Total Accumulated Depreciation	(41,277,325.96)	(2,008,731.12)	972,900.75	(42,313,156.33)
Total Capital Assets Being Depreciated, Net	28,908,915.76	3,022,443.61	(1,212,756.02)	30,718,603.35
Total Governmental Activities Capital Assets, Net	$ 36,265,761.90	$11,339,869.95	$(2,297,766.52)	$ 45,307,865.33

(*) Included in the "Additions/Reclassifications" and the "Deletions/Reclassifications" columns are reclassifications from Construction in Progress (CIP) to Buildings and Improvements in the amount of $1,085,010.50.

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 203,402.70
Public Safety	738,970.96
Highways and Roads	1,056,701.68
Culture and Recreation	9,655.78
Total Depreciation Expense – Governmental Activities	$2,008,731.12

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.

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 to 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act Number 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 formula method. 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 equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30th are paid to the beneficiary.

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 608 employers adopted Act Number 2019-132, Acts of Alabama as of September 30, 2022.

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 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, membership consisted of:

Retirees and beneficiaries currently receiving benefits	30,598
Terminated employees entitled to but not yet receiving benefits	2,286
Terminated employees not entitled to a benefit	18,689
Active Members	57,278
Post-DROP participants who are still in active service	39
Total	108,890

Contributions

Tier 1 covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of ERS were required 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 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, 2023, the Elmore County Commission's active employee contribution rate was 6.49 percent of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 5.78 percent of covered payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2023, was 6.79% of pensionable pay for Tier 1 employees, and 4.76% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, 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 $713,475.75 for the year ended September 30, 2023.

B. Net Pension Liability

The Commission's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2021, rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	$29,936,732	$29,170,882	$29,191,035
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2021 through September 30, 2022	963,784	963,784	964,598
(d) Transfers Among Employers		(471,684)	(471,684)
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 through September 30, 2022	(1,478,221)	(1,478,221)	(1,478,221)
(f) Total Pension Liability as of September 30, 2022 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	$31,597,518	$30,302,928	$30,325,396
(g) Difference between Expected and Actual		$ (1,294,590)	
(h) Less Liability Transferred for Immediate Recognition		(471,684)	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		$ 822,906	
(j) Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss			$ 22,468

Actuarial Assumptions

The total pension liability as of September 30, 2022, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

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	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	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.

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.

C. Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 30, 2021	$29,936,732	$28,105,344	$1,831,388
Changes for the Year:			
Service cost	963,784		963,784
Interest	2,175,223		2,175,223
Changes in benefit terms	22,468		22,468
Differences between expected and actual experience	(822,906)		(822,906)
Contributions – employer		688,057	(688,057)
Contributions – employee		736,856	(736,856)
Net investment income		(3,560,803)	3,560,803
Benefit payments, including refunds of employee contributions	(1,478,221)	(1,478,221)	
Transfers among employers	(471,684)	(471,684)	
Net Changes	388,664	(4,085,795)	4,474,459
Balances at September 30, 2022	$30,325,396	$24,019,549	$6,305,847

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 Discount Rate (7.45%)	1% Increase (8.45%)
Commission's Net Pension Liability	$10,297,449	$6,305,847	$3,010,479

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, 2022. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2022. 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 www.rsa-al.gov.

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

For the year ended September 30, 2023, the Commission recognized pension expense of $1,117,143. At September 30, 2023, 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	$ 700,856.00	$1,653,889
Changes of assumptions	934,025.00	
Net difference between projected and actual earnings on pension plan investments	2,893,997.00	
Employer contributions subsequent to the measurement date	713,475.75	
Total	$5,242,353.75	$1,653,889

The $713,475.75 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, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending:	
September 30, 2024	$ 769,515
2025	$ 600,029
2026	$ 566,859
2027	$1,067,894
2028	$ (115,720)
Thereafter	$ (13,488)

Note 7 – Contingent Liabilities

Under the provisions of Act Number 79-357, Acts of Alabama, a sheriff is eligible to become a supernumerary sheriff upon retirement after sixteen (16) years of service credit as a law enforcement officer, twelve (12) of which have been as a sheriff, and who has attained the age of fifty-five (55) years. The Elmore County Sheriff, who has elected to participate in this retirement plan, makes monthly contributions out of his salary as required by law. The Commission has a responsibility to properly manage these funds in order to provide the necessary monthly payments to the Sheriff when he retires. Should the Sheriff decide to withdraw from the plan for whatever reason, the Commission is obligated to refund the Sheriff's total contribution which at September 30, 2023, amounted to $156,910.94.

Note 8 – Payables

On September 30, 2023, payables for the Commission's individual major funds and other governmental funds in aggregate are as follows:

	Vendors	Intergovernmental	Total Payables
Governmental Activities:			
General Fund	$1,193,623.18	$480,874.63	$1,674,497.81
Gasoline Tax Fund	100,584.56		100,584.56
Reappraisal Fund	6,942.06		6,942.06
American Rescue Plan Funds	136,189.60		136,189.60
Other Governmental Funds	932,489.95	111,660.86	1,044,150.81
Total Governmental Activities	$2,369,829.35	$592,535.49	$2,962,364.84

Note 9 – Long-Term Debt and Subscription Based Obligations

On February 7, 2022, the Commission entered into a General Obligation Warrant, Series 2022, in the principal amount of $34,350,000.00. The proceeds derived from this issuance are to be expended for financing capital expenditures relating to the acquisition, construction, equipping and of certain sports and recreational facilities within the County, financing the costs of certain public safety capital improvements, including specifically a communications tower and the expansion of the county jail and administrative buildings. In the event of default of the terms and conditions of the warrant resolution, remedies for warrant-holders may be limited by the United States Bankruptcy Code and other similar laws affecting creditors' rights and the exercise of judicial discretion, in certain cases.

On June 17, 2016, the Commission entered into a General Obligation Warrant, Series 2016, in the principal amount of $2,175,000.00. The proceeds derived from this issuance are to be expended for the acquisition, construction, installation, and equipping of improvements to the County's infrastructure, including energy conservation improvements to County facilities. In the event of default of the terms and conditions of the warrant resolution, remedies for warrant-holders may be limited by the United States Bankruptcy Code and other similar laws affecting creditors' rights and the exercise of judicial discretion, in certain cases.

On October 1, 2015, the Commission entered into a General Obligation Warrant, Series 2015, in the principal amount $13,630,000.00. The proceeds derived from this issuance are to be expended for the retirement of a line of credit by the County to provide interim financing for some of the Improvements, otherwise known as General Obligation Warrants, Series 2013, and for the execution of the County's comprehensive capital improvement plan. In the event of default of the terms and conditions of the warrant resolution, remedies for warrant-holders may be limited by the United States Bankruptcy Code and other similar laws affecting creditors' rights and the exercise of judicial discretion, in certain cases.

On March 23, 2020, the Commission entered into an outstanding note from direct borrowing, originally issued at $244,194 with an interest rate of 1.86%. This note is secured by two lowboy tractors and contains a provision that in the event of default the bank may declare the entire principal balance and all accrued unpaid interest due immediately without notice. This was paid in full during fiscal year 2023.

On March 23, 2020, the Commission entered into an outstanding note from direct borrowing, originally issued at $995,792 with an interest rate of 1.86%. This note is secured by eight dump trucks and contains a provision that in the event of default the bank may declare the entire principal balance and all accrued unpaid interest due immediately without notice. This was paid in full during fiscal year 2023.

On March 23, 2020, the Commission entered into an outstanding note from direct borrowing, originally issued at $143,700 with an intertest rate of 1.86%. This note is secured by six dump truck bodies and contains a provision that in the event of default the bank may declare the entire principal balance and all accrued unpaid interest due immediately without notice. This was paid in full during fiscal year 2023.

On February 14, 2020, the Commission entered into an outstanding note from direct borrowing, originally issued at $1,201,990 with an interest rate of 1.86%. This note is secured by five motor graders and contains a provision that in the event of default the bank may declare the entire principal balance and all accrued unpaid interest due immediately without notice.

On March 1, 2023, the Commission entered into an outstanding note from direct borrowing, originally issued at $1,481,845 with an interest rate of 3.95%. This note is secured by five motor graders and contains a provision that in the event of default the bank may declare the entire principal balance and all accrued unpaid interest due immediately without notice.

The following is a summary of long-term debt obligations for the Commission for the year ended September 30, 2023:

	Debt Outstanding 10/01/2022	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Amounts Due within One Year
Governmental Activities:					
General Obligation Warrant, Series 2015	$10,585,000.00	$	$ (565,000.00)	$10,020,000.00	$ 595,000.00
General Obligation Warrant, Series 2016	1,675,000.00		(105,000.00)	1,570,000.00	105,000.00
General Obligation Warrant, Series 2022	34,350,000.00		(650,000.00)	33,700,000.00	620,000.00
Sub-Total Warrants Payable	46,610,000.00		(1,320,000.00)	45,290,000.00	1,320,000.00
Other Liabilities:					
Notes from Direct Borrowing:					
Two Mack P164T Tractors	124,849.38		(124,849.38)		
Eight Mack GR64 Dump Trucks	509,119.30		(509,119.30)		
Six Stampede Dump Bodies	73,469.46		(73,469.46)		
Five Cat 140 Motor Graders	898,266.34		(898,266.34)		
Five Cat 140 Motor Graders		1,481,845.00	(60,354.86)	1,421,490.14	129,180.64
Sub-Total Notes from Direct Borrowing	1,605,704.48	1,481,845.00	(1,666,059.34)	1,421,490.14	129,180.64
Compensated Absences	1,056,823.05		(117,119.51)	939,703.54	93,970.35
Net Pension Liability	1,831,388.00	4,474,459.00		6,305,847.00	
Total Other Liabilities	4,493,915.53	5,956,304.00	(1,783,178.85)	8,667,040.68	223,150.99
Total Governmental Activities Long-Term Liabilities	$51,103,915.53	$5,956,304.00	$(3,103,178.85)	$53,957,040.68	$1,543,150.99

Payments on the warrants payable that pertain to the Commission's governmental activities are made by the General Fund. The notes from direct borrowing are paid by the Gasoline Tax Fund. The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. Approximately 96% has been paid by the General Fund, 3% by the Reappraisal Fund, and 1% by other governmental funds.

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

	Governmental Activities				Total Principal and Interest Requirements to Maturity
	General Obligation Warrants		Notes from Direct Borrowings		
Fiscal Year Ending	Principal	Interest	Principal	Interest	
September 30, 2024	$ 1,320,000.00	$ 1,960,363.72	$ 129,180.64	$ 50,944.76	$ 3,460,489.12
2025	1,375,000.00	1,903,713.68	129,709.77	50,415.63	3,458,839.08
2026	1,440,000.00	1,844,663.72	135,000.86	45,124.54	3,464,789.12
2027	1,495,000.00	1,782,663.76	140,507.80	39,617.60	3,457,789.16
2028	1,560,000.00	1,717,943.72	887,091.07	15,826.02	4,180,860.81
2029-2033	8,685,000.00	7,709,721.20			16,394,721.20
2034-2038	8,100,000.00	5,986,140.36			14,086,140.36
2039-2043	6,070,000.00	4,650,080.00			10,720,080.00
2044-2048	7,640,000.00	3,084,250.00			10,724,250.00
2049-2052	7,605,000.00	973,500.00			8,578,500.00
Totals	$45,290,000.00	$31,613,040.16	$1,421,490.14	$201,928.55	$78,526,458.85

Subscription Obligation

The Commission entered into a Subscription-Based Information Technology Agreement (SBITA) on May 23, 2023 for a 3-year period. The Commission has the right-to-use the subscription-based software during the term of the agreement. A one-time upfront payment of $170,100.00 was made at the inception of the agreement and no further payments are required. The Commission adopted new accounting guidance by implementing the provisions of GASB Statement Number 96, ***Subscription-Based Information Technology Arrangements*** (SBITA) during the fiscal year ended September 30, 2023. This statement establishes uniform accounting and financial reporting for SBITAs. Under this Statement, a government is required to recognize a subscription liability and corresponding right-to-use asset (an intangible asset). However, since this new SBITA agreement was paid in full at inception, no liability is recorded as of September 30, 2023.

Note 10 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through 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 has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). Employees may choose between two options. They may choose to participate in a plan administered by Blue Cross/Blue Shield which functions as a public entity risk pool. This plan is self-sustaining through member premiums. Monthly premiums are determined annually by the plan's actuary and are based on the pool's claims experience, considering any remaining fund balance on hand available for claims. Under the second option, employees may choose to participate in United Health Care Managed Care Program.

Note 11 – Interfund Transactions

Interfund Receivables and Payables

The interfund receivables and payables during the fiscal year ended September 30, 2023, were as follows:

	Interfund Receivable					
	General Fund	Gasoline Tax Fund	Reappraisal Fund	American Rescue Plan Fund	Other Governmental Funds	Totals
Interfund Payables:						
General Fund	$	$264,583.64	$23,056.10	$256,970.06	$22,790.84	$ 567,400.64
Gasoline Tax Fund	105,592.20					105,592.20
Reappraisal Fund	160,161.11					160,161.11
American Rescue Plan Fund	948,039.75					948,039.75
Other Governmental Funds	26,656.93					26,656.93
Totals	$1,240,449.99	$264,583.64	$23,056.10	$256,970.06	$22,790.84	$1,807,850.63

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2023, were as follows:

	Transfers Out			
	General Fund	Gasoline Tax Funds	Other Governmental Funds	Totals
Transfer In:				
General Fund	$	$300,000.00	$394,538.96	$ 694,538.96
Gasoline Tax Fund	650,000.00		17,699.75	667,699.75
Totals	$650,000.00	$300,000.00	$412,238.71	$1,362,238.71

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portions to the General Fund from other governmental funds to service current-year debt requirements.

Note 12 – Related Organizations

The Elmore County Commission appoints a majority of the members of the board to several agencies. The Commission, however, is not financially accountable for these organizations because it does not impose its will and does not have a financial benefit or burden relationship with the organizations. These organizations are not considered part of the Commission's financial reporting entity. These organizations are considered related organizations of the County Commission. The following is a list of the related organizations:

Central Elmore Water and Sewer Authority
E-911 Board
Elmore Water Authority
Elmore Community Hospital
Horseshoe Bend Regional Library
The Ridge Improvement District
The Elmore County Department of Human Resources
Elmore County Economic Development Authority
Elmore County Impact Crater Commission
Montgomery Area Mental Health Authority
Elmore County Public Building Authority
Elmore County Public Education Cooperative District
Crenshaw Park Board
Elmore/Autauga Community Action
Southeast Alabama EMS Inc.
MPO Citizens Advisory Committee

Note 13 – Subsequent Events

On December 22, 2023, the Commission entered into a direct borrowing agreement with CB&S Bank, originally issued at $2,000,000 with an interest rate of 5.50%. This note is secured by 8 Mack Dump Trucks and Dump Bodies and 2 Mack Lowboy Tractors and contains a provision that in the event of default the bank may declare the entire principal balance and all accrued unpaid interest due immediately without notice.

On February 26, 2024, the Commission and City of Millbrook entered into a contract with Dubose Construction for $4,588,000 for the Marketplace at 17 Springs.

On September 9, 2024, the Commission entered into a contract with River Region Sports Fields LCC for $6,814,724 for Quality of Life Phase II Field Replacement Projects for Eclectic, Holtville, and Tallassee.

On October 15, 2024, the Commission entered into a contract with Jordan Excavating Company LLC for $5,989,695 for installation of West Elmore Sewer Group Lift Station and Sewage Transmission Main.

On October 28, 2024, the Commission agreed to sell 0.27 acres of land adjacent to Ware Road for $4,000.

On October 28, 2024, the Commission approved the purchase on 6.37 acres of land adjacent to Minnie Knight Road for $35,000.

On December 9, 2024, General Obligation Warrants in the amount of $26,015,000 were issued by Elmore County Commission for the purpose of financing certain capital improvements within the county.

On January 27, 2025, the Commission approved a land transfer with the Alabama Department of Corrections (ADOC). The transfer consists of 2 parcels totaling 128 acres, located off of 231 in Wetumpka. The Commission was only obligated to pay attorney fees for the transfer.

On February 10, 2025, the Commission approved a contract with Construction One, Inc. for improvements to the Elmore County High School Athletic Plaza in the amount of $2,622,750, as the lowest responsible bidder.

On March 10, 2025, the Commission approved the establishment of the 17 Springs Cooperative District for the promotion, development and support of economic development within the 17 Springs Recreational Facility.

On March 10, 2025, the Commission approved the establishment of the Marketplace at 17 Springs Cooperative District for the promotion, development and support of economic development within the City of Millbrook.

On April 28, 2025, the Commission approved the transfer of county owned properties located in the Marketplace at 17 Springs to the Marketplace at 17 Springs Cooperative District. The County Commission's portion of the tax assessed value was $1,281,900.

On April 28, 2025, the Commission approved a contract with Garner & Associates Engineering for stadium scoreboard improvements at Holtville High School, Elmore County High School and Tallassee High School in the amount of $897,000.

On May 12, 2025, the Commission authorized the Sheriff to order eight (8) Tahoes from Donahoo Chevrolet for receipt and payment in Fiscal Year 2026 on Bid Inquiry 2025-16 in the amount of $401,332.

On May 12, 2025, the Commission approved authorizing Chief Engineer or Deputy Chief Engineer to place orders for motor graders and heavy duty trucks/dumps as part of the County's equipment rotation program for the fiscal year 2026 budget cycle. The projected costs for the equipment was $3,541,635.

On May 12, 2025, the Commission approved the re-establishment of the Elmore County Public Building Authority and appointed new members to the board of directors. The purpose of the Public Building Authority (PBA) is to issue debt for the construction of a new County Jail.

On May 27, 2025, the Commission approved awarding Bid Inquiry 2025-PW10, Judicial Renovations and Administration Building, to the lowest bidder, Stone Building LLC. The original contract total was $13,597,103.

On June 23, 2025, the Commission approve awarding Bid Inquiry 2025-PW11, Wetumpka Sports Complex Field Improvements, to the lowest responsible bidder. The lowest bid was $5,808,590.

On June 23, 2025, the Commission approved Resolution Number 06232005, levying a Sales/Use and Rental Tax, Act 2025-128 (Levelized Sales Tax) and Act 2025-450 (Rental Tax) of the Alabama Legislature were passed by the Alabama Legislature and became law April 10, 2025, and May 21, 2025, respectively, and the act authorizes the Elmore County Commission (the "County Commission") to levy a county sales and use tax throughout the county to ensure the minimum sales and use tax rate is 9.5% in any unincorporated area, police jurisdiction or corporate limits of Elmore County; and Act 2025-450 authorizes the Elmore County Commission (the "County Commission") to levy a rental tax throughout the county to ensure the minimum tax rate is 9.5% in any unincorporated area, police jurisdiction or corporate limits of Elmore County; and these taxes shall be collected and distributed as set forth in as defined in the respective Acts. The County Commission hereby levies a sales and use tax as authorized and specified by Act Number 2025-128 with the levy of said tax beginning on September 1, 2025; and a rental tax as authorized and specified by Act Number 2025-450 with the levy of said tax beginning on September 1, 2025.

On July 7, 2025, the Commission approved awarding Bid Inquiry 2025-15 16 Foot Dump Body to the lowest responsible bidder, Ox Bodies, in the amount of $31,065.

On July 28, 2025, the Commission approved to issue 2025 General Obligation Warrants in the amount of $17,660,000 for the purpose of various capital improvement projects throughout the county.

On August 8, 2025, the Elmore County Public Building Authority issued General Obligation Warrants in the amount of $21,245,000 for the purpose of financing a new Jail Complex.

On August 20, 2025, General Obligation Warrants in the amount of $17,660,000 were issued by the Elmore County Commission for the purpose of financing certain capital improvements within the county.

Note 14 – Tax Abatements

The Commission and municipalities within Elmore County enters into property tax abatement agreements and other economic incentive agreements with local businesses under the authority of the State Tax Incentive Reform Act of 1992 (***Code of Alabama 1975***, Sections 40-9B-1 through 40-9B-13). According to the Act, localities may grant property taxes, all construction related transaction taxes, except those local construction taxes levied for educational purposes or for capital improvement for education, and/or all mortgage and recording taxes. Under the Act, localities may grant property tax abatements for up to 20 years, as well as other incentives for the purpose of attracting or retaining businesses within their jurisdictions. Typically, ad-valorem taxes are abated for ten years. Sales and use taxes are abated through exemptions granted on purchases for specified construction or equipment purchases. The abatements may be granted to any business located within or promising to relocate to Elmore County.

The following is a summary of the taxes that were abated for Elmore County during the fiscal year ended September 30, 2023:

Company	Granting Jurisdiction	Purpose	Property Tax Abated	Percentage of Abatements
Machining Plant	City of Wetumpka	Industrial Expansion	$ 369.58	1%
Heavy Construction	City of Wetumpka	Industrial Expansion	360.23	1%
Supplier	City of Tallassee	Industrial Expansion	167.11	1%
Supplier	City of Tallassee	Industrial Expansion	3,769.41	12%
Supplier	City of Tallassee	Industrial Expansion	2,853.96	9%
Manufacturer	City of Tallassee	Industrial Expansion	46.41	0%
Manufacturer	City of Tallassee	Industrial Expansion	2,511.92	8%
Manufacturer	City of Tallassee	Industrial Expansion	3,906.43	13%
Manufacturer	City of Tallassee	Industrial Expansion	6,639.35	22%
Manufacturer	Elmore County Commission	Industrial Expansion	53.04	0%
Manufacturer	Elmore County Commission	Industrial Expansion	398.14	1%
Manufacturer	Elmore County Commission	Industrial Expansion	9,108.43	30%
Total			$30,184.01	100%

Note 15 – Construction and Other Significant Commitments

As of September 30, 2023, the Commission was obligated under the following significant construction contracts:

	Remaining Balance
Clean and Sealcoat Courthouse Parking Lot	$ 11,879.00
Retainage on Paving Project 2023-PW2-3	5,674.73
Project-PW2-2 Paving Project	1,075,924.68
Hohenberg Field Improvements	1,232,973.96
Construction of 17 Springs Phase II	67,741,297.95
Improvements at Crenshaw Park and Recreation Center	53,401.31
Repairs to Roof at Judicial Complex	7,950.00
Retainage on Road Project 2021-PW4	3,738.70
Professional Services for the Marketplace at 17 Springs	13,995.00
Sewer Line Expansion for Town of Eclectic	283,442.44
Total	$70,430,277.77

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability
For the Year Ended September 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 963,784	$ 845,126	$ 765,369	$ 685,875	$ 707,050	$ 703,722	$ 712,200	$ 716,441	$ 679,026
Interest	2,175,223	2,123,187	1,878,639	1,785,862	1,731,110	1,648,688	1,559,295	1,411,051	1,318,346
Changes of benefit terms	22,468		524,970						
Differences between expected and actual experience	(822,906)	(1,079,035)	1,357,907	(50,986)	(634,285)	(313,013)	(271,145)	646,266	
Changes of assumptions		1,290,056			137,530		774,004		
Benefit payments, including refunds of employee contributions	(1,478,221)	(1,368,210)	(1,175,987)	(1,248,705)	(1,039,811)	(946,706)	(868,891)	(972,503)	(704,638)
Transfer among employers	(471,684)	(132,356)	(78,841)	(3,500)	58,952	17,375	(84,352)		
Net change in total pension liability	388,664	1,678,768	3,272,057	1,168,546	960,546	1,110,066	1,821,111	1,801,255	1,292,734
Total pension liability - beginning	29,936,732	28,257,964	24,985,907	23,817,361	22,856,815	21,746,749	19,925,638	18,124,383	16,831,649
Total pension liability - ending (a)	$ 30,325,396	$ 29,936,732	$ 28,257,964	$ 24,985,907	$ 23,817,361	$ 22,856,815	$ 21,746,749	$ 19,925,638	$ 18,124,383
Plan fiduciary net position									
Contributions - employer	$ 688,057	$ 515,905	$ 455,563	$ 513,842	$ 485,133	$ 477,398	$ 521,781	$ 509,915	$ 519,370
Contributions - employee	736,856	617,427	529,073	553,722	465,729	448,632	439,242	436,210	433,249
Net investment income	(3,560,803)	5,140,480	1,268,496	561,443	1,861,199	2,284,609	1,648,976	190,152	1,691,194
Benefit payments, including refunds of employee contributions	(1,478,221)	(1,368,210)	(1,175,987)	(1,248,705)	(1,039,811)	(946,706)	(868,891)	(972,503)	(704,638)
Other (Transfers among employers)	(471,684)	(132,356)	(78,841)	(3,500)	58,952	17,375	(84,352)	(34,378)	296,489
Net change in plan fiduciary net position	(4,085,795)	4,773,246	998,304	376,802	1,831,202	2,281,308	1,656,756	129,396	2,235,664
Plan fiduciary net position - beginning	28,105,344	23,332,098	22,333,794	21,956,992	20,125,790	17,844,482	16,187,726	16,058,330	13,822,666
Plan fiduciary net position - ending (b)	$ 24,019,549	$ 28,105,344	$ 23,332,098	$ 22,333,794	$ 21,956,992	$ 20,125,790	$ 17,844,482	$ 16,187,726	$ 16,058,330
County's net pension liability - ending (a) - (b)	$ 6,305,847	$ 1,831,388	$ 4,925,866	$ 2,652,113	$ 1,860,369	$ 2,731,025	$ 3,902,267	$ 3,737,912	$ 2,066,053
Plan fiduciary net position as a percentage of the total pension liability	79.21%	93.88%	82.57%	89.39%	92.19%	88.05%	82.06%	81.24%	88.60%
Covered payroll (*)	$ 11,696,296	$ 9,826,080	$ 8,660,743	$ 9,053,844	$ 8,423,220	$ 8,175,485	$ 8,052,831	$ 8,107,780	$ 8,147,430
Net pension liability (assets) as a percentage of covered payroll	53.91%	18.64%	56.88%	29.29%	22.09%	33.41%	48.46%	46.10%	25.36%

(*) Employer's covered payroll during the measurement period is the total covered payroll.
For fiscal year 2023, the measurement period is October 1, 2021 through September 30, 2022. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

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

Schedule of the Employer's Contributions - Pension
For the Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	$ 713,476	$ 688,057	$ 515,905	$ 455,563	$ 513,842	$ 485,133	$ 477,398	$ 521,781	$ 509,915	$ 519,370
Contributions in relation to the actuarially determined contribution (*)	$ 713,476	$ 688,057	$ 515,905	$ 455,563	$ 513,842	$ 485,133	$ 477,398	$ 521,781	$ 509,915	$ 519,370
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	$	$
Covered payroll (**)	$ 12,353,501	$ 11,696,296	$ 9,826,080	$ 8,660,743	$ 9,053,844	$ 8,423,220	$ 8,175,485	$ 8,052,831	$ 8,107,780	$ 8,147,430
Contributions as a percentage of covered payroll	5.78%	5.88%	5.25%	5.26%	5.68%	5.76%	5.84%	6.48%	6.29%	6.37%

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

(**) Employer's covered payroll for fiscal year 2023 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 2023 were based on the September 30, 2020, actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2022 to September 30, 2023:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	15.4 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25-5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

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Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number		Total Federal Expenditures
U. S. Department of the Interior				
Direct Program				
Payments in Lieu of Taxes	15.226	N.A.	$	3,261.00
U. S. Department of Justice				
Passed Through Alabama Department of Economic and Community Affairs				
Violence Against Women Formula Grants	16.588	22 WF-LE-185		12,076.79
Violence Against Women Formula Grants	16.588	22 WF-PR-118		15,122.98
Violence Against Women Formula Grants	16.588	23 WF-LE-98		40,333.30
Violence Against Women Formula Grants	16.588	23 WF-PR-86		66,152.95
Sub-Total Violence Against Women Formula Grants				133,686.02
Direct Program				
Equitable Sharing Program	16.922	N.A.		37,159.40
Total U. S. Department of Justice				170,845.42
U. S. Department of the Treasury				
Direct Program				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N.A.		4,823,851.26
Executive Office of the President				
Passed Through Alabama Law Enforcement Agency				
High Intensity Drug Trafficking Areas Program	95.001	G23GC000006A-HIDTA 7(3)HAS		21,033.71
U. S. Department of Homeland Security				
Passed Through Alabama Emergency Management Agency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4684-38-PA-AL		509,047.89
Emergency Management Performance Grants	97.042	22EMF		41,320.00
Emergency Management Performance Grants	97.042	22EMS		12,000.00
Emergency Management Performance Grants	97.042	21EMSP		2,574.00
Sub-Total Emergency Management Performance Grants				55,894.00
Passed Through Alabama Law Enforcement Agency				
Homeland Security Grant Program	97.067	2022-2LOC-IOC-70		63,650.00
Homeland Security Grant Program	97.067	2022-2LOC-CYB-250		61,183.92
Sub-Total Homeland Security Grant Program				124,833.92
Total U. S. Department of Homeland Security				689,775.81
Sub-Total Forward			$	5,708,767.20

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	**Federal Assistance Listing Number**	**Pass-Through Entity Identifying Number**		**Total Federal Expenditures**
Sub-Total Brought Forward			$	5,708,767.20
Other Federal Assistance				
U. S. Department of Justice				
Direct Program				
Organized Crime Drug Enforcement Task Force	N.A.	N.A.		2,930.96
Drug Enforcement Grants (DEA Overtime Reimbursement)	N.A.	N.A.		19,840.75
Total Other Federal Assistance				22,771.71
Total Expenditures of Federal Awards			$	5,731,538.91

N.A. = Not Applicable/Not Available

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

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Elmore County Commission under programs of the federal government for the year ended September 30, 2023. 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 Elmore County Commission, it is not intended to and does not present the financial position or changes in net position of the Elmore 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 Elmore County Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

Additional Information

Commission Members and Administrative Personnel
October 1, 2022 through September 30, 2023

Commission Members		Term Expires
Hon. Troy Stubbs	Member	November 2022
Hon. Bart Mercer	Chairman	November 2028
Hon. Mack Daugherty	Vice-Chairman	November 2024
Hon. Henry Hines	Member	November 2028
Hon. Dennis Hill	Member	November 2028
Hon. Desirae Lewis Jackson	Member	November 2028

Administrative Personnel

Walter R. Beyer, IV	Chief Operations Officer	July 2025

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 Elmore County Commission and Chief Operations Officer
Wetumpka, 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 Elmore County Commission (the "Commission"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated July 21, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2023-002 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elmore 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***. We noted a certain matter that we have reported to management of the Commission in the Schedule of State and Local Compliance and Other Findings.

Elmore County Commission's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Elmore County Commission's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Elmore County Commission's response to the findings identified in our audit are described in the accompanying Auditee Response/Corrective Action Plan. The Elmore County Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

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

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

July 21, 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 Elmore County Commission and Chief Operations Officer
Wetumpka, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Elmore 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 the Elmore County Commission's major federal program for the year ended September 30, 2023. The Elmore County Commission's major federal program is identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Elmore County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

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 Elmore 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Elmore County Commission's compliance with the compliance requirements referred to above.

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 Elmore 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 Elmore 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 Elmore County Commission's compliance with the requirements of its 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 Elmore 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 Elmore 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 Elmore County Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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 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 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 of 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

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

July 21, 2026

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?	X Yes	______ 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 Number	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000.00	
Auditee qualified as low-risk auditee?	______ Yes	X No

Section II – Financial Statement Findings (GAGAS)

Reference Number: 2023-002
Type of Finding: Internal Control
Internal Control Impact: Significant Deficiency
Compliance Impact: None

The Commission failed to perform a physical inventory of capital assets.

Finding

The Governmental Accounting Standards Board's ***Codification of Governmental Accounting and Financial Reporting Standards***, Section 1400 requires capital assets to be properly valued, depreciated and reported in the government-wide financial statements. To comply with this standard, policies and procedures should be in place to ensure periodic physical inventories of capital assets are performed and reconciled to the capital asset records. The Commission did not perform a physical inventory of capital assets during fiscal year 2023. The Commission did not ensure that periodic capital asset inventories were conducted. As a result, the Commission increased its exposure to risk of loss, misappropriation, or inaccuracies of capital assets due to the lack of periodic inventory procedures.

Recommendation

The Commission should implement procedures to perform periodic physical inventories of capital assets.

Views of Responsible Officials

The County performs an annual physical inventory of insurable assets as part of its insurance renewal process. This inventory includes all insurable property, which encompasses a broader population of assets than those meeting the County's capitalization threshold for financial reporting purposes. Conducting this inventory annually helps ensure that the County is not maintaining insurance coverage on assets that have been disposed of or are no longer in service, while also identifying newly acquired assets that should be included in the County's insurance coverage. Although the County has consistently performed these annual physical inventories, it was unable to provide formal documentation evidencing the dates, times, and signatures associated with the physical inspections conducted during the fiscal year. The absence of this documentation represented a deficiency in recordkeeping rather than an indication that the physical inventories were not performed.

Auditor's Response

We appreciate the Commission's response, however, it is the Commission's responsibility to ensure physical inventories of capital assets are performed and retain documentation of the procedures performed. Because documentation was not provided verifying the physical inventory procedures were performed, we reaffirm our finding.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.

Summary Schedule of Prior Audit Findings

Elmore County Commission

Henry Hines
District 1

Bart Mercer
Chairman, District 4

Dennis Hill
District 3

Brad Davis
District 2

Desirae Lewis Jackson
District 5

Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2023

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511, the Elmore County Commission has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2023.

Finding Ref. No.	Status of Prior Audit Finding
2022-002	Generally accepted accounting principles require all the financial activity to be properly recorded in the accounting records, financial statements to be based on these underlying accounting records, and any adjustments made to the financial statements to be adequately documented. Expenditures and transfers in and out reported in the financial statements did not agree with the general ledger or subsidiary records. The Commission failed to accurately record expenditures and transfers in for the Gasoline Tax Fund and expenditures and transfers out for the RRR Gasoline Tax Fund (Other Governmental Funds). This resulted in an overstatement of expenditures and transfers in in the Gasoline Tax Fund and an understatement of expenditures and overstatement of transfers out in the RRR Gasoline Tax Fund. Procedures were not in place to ensure all amounts reported in the financial statements were accurate. As a result, expenditures and transfers in were misstated in the Gasoline Tax Fund and expenditures and transfers out were misstated in the Other Governmental Funds. When this error was brought to the Commission's attention, the Commission made the appropriate adjustments to correct financial statements. ***Status of Corrective Action:*** An additional step has been put into place with regards to the final step in the financial statement preparation to ensure that all RRR expenditures have been properly recorded in both the RRR Gasoline Tax Fund and the Gasoline Tax Fund. **Corrective Action Was Taken.** ***Contact Person(s):*** Mike Knighten, Chief Financial Officer

Auditee Response/Corrective Action Plan

Elmore County Commission

Henry Hines
District 1

Bart Mercer
Chairman, District 4

Dennis Hill
District 3

Brad Davis
District 2

Desirae Lewis Jackson
District 5

Auditee Response/Corrective Action Plan

For the Year Ended September 30, 2023

As required by the ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards***, 2 CFR 200.511(c), the Elmore County Commission has prepared and hereby submits the following Corrective Action Plan for the findings which are included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2023.

Finding Ref. No.	**Corrective Action Plan Details**
2023-002	***Finding:*** The Governmental Accounting Standards Board's ***Codification of Governmental Accounting and Financial Reporting Standards***, Section 1400 requires capital assets to be properly valued, depreciated and reported in the government-wide financial statements. To comply with this standard, policies and procedures should be in place to ensure periodic physical inventories of capital assets are performed and reconciled to the capital asset records. The Commission did not perform a physical inventory of capital assets during fiscal year 2023. The Commission did not ensure that periodic capital asset inventories were conducted. As a result, the Commission increased its exposure to risk of loss, misappropriation, or inaccuracies of capital assets due to the lack of periodic inventory procedures. ***Recommendation:*** The Commission should implement procedures to perform periodic physical inventories of capital assets. ***Response/Views:*** The County performs an annual physical inventory of insurable assets as part of its insurance renewal process. This inventory includes all insurable property, which encompasses a broader population of assets than those meeting the County's capitalization threshold for financial reporting purposes. Conducting this inventory annually helps ensure that the County is not maintaining insurance coverage on

assets that have been disposed of or are no longer in service, while also identifying newly acquired assets that should be included in the County's insurance coverage. Although the County has consistently performed these annual physical inventories, it was unable to provide formal documentation evidencing the dates, times, and signatures associated with the physical inspections conducted during the fiscal year. The absence of this documentation represented a deficiency in recordkeeping rather than an indication that the physical inventories were not performed.

Corrective Action Planned:
The County has implemented formal procedures to document all physical inspections of capital assets. Capital asset documentation will record the date, time, location, and results of each physical inspection. This documentation will be reviewed and signed by both the County's Asset Manager and the Chief Financial Officer (CFO) or Chief Administrative Officer (CAO) to provide documented evidence that the inspections have been completed.
With the establishment of the Asset Manager position in FY2024, responsibility for conducting and documenting the annual capital asset review has been formally assigned, ensuring that the review is completed each fiscal year and that supporting documentation is maintained within the County's financial records. The results of the physical inventory will also be reconciled to the County's capital asset records, and any necessary adjustments will be made into the County's financial system.

Anticipated Completion Date:
This corrective action was implemented in FY2024 with the establishment of the Asset Manager position. Documentation procedures are now in place and will be followed for all annual physical inventories going forward. The County expects to maintain full compliance for all asset inspections conducted in subsequent fiscal years.

Contact Person(s): Mike Knighten, Chief Financial Officer

A matter came to our attention while performing our audit that is not included in the Schedule of Findings and Questioned Costs. This matter will be addressed in the Schedule of State and Local Compliance and Other findings and is included as a finding below.

Finding Ref. No.	Corrective Action Plan Details
2023-001	***Finding:*** The ***Code of Alabama 1975***, Section 11-8-3(b), requires the Commission to budget appropriations that are not in excess of the estimated total revenues available for appropriations. For fiscal year 2023, the Elmore County Commission (the "Commission") budgeted expenditures in excess of the estimated revenues available in the Reappraisal Fund. The Commission did not ensure budgeted appropriations did not exceed available revenues. As a result, the Commission adopted an annual budget containing a deficit balance. This finding was previously reported as Finding 2022-001 and 2021-001. ***Recommendation:*** The Commission should comply with the ***Code of Alabama 1975***, Section 11-8-3(b), and ensure that budgeted appropriations do not exceed available revenues. ***Response/Views:*** This is a carry-over finding from a previous audit and the Commission agreed with the finding. ***Corrective Action Planned:*** The corrective action was taken via a budget amendment that took place subsequent to this audit period. ***Reason for the Recurrence:*** The corrective action took place subsequent to the current audit period. ***Anticipated Completion Date:*** This has been completed. ***Contact Person(s):*** Mike Knighten, Chief Financial Officer

Chairman, Elmore County Commission