Report on the

St. Clair County Commission

St. Clair County, Alabama

October 1, 2013 through September 30, 2014

Filed: December 11, 2015

Department of Examiners of Public Accounts

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Ronald L. Jones, Chief Examiner

15-556

State of Alabama
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Ronald L. Jones
Chief Examiner

Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-21, I submit this report on the results of the audit of the St. Clair County Commission, St. Clair County, Alabama, for the period October 1, 2013 through September 30, 2014.

Respectfully submitted,

BriAnna Upchurch

BriAnna Upchurch
Examiner of Public Accounts

Sworn to and subscribed before me this the 18th day of Nov., 2015.

Nina Q. Parton

Notary Public
My Commission Expires
August 31, 2016

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Examiners of Public Accounts

SUMMARY

St. Clair County Commission
October 1, 2013 through September 30, 2014

The St. Clair County Commission (the "Commission") is governed by a five-member body elected by the citizens of St. Clair County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 15. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of St. Clair County.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Commission complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the ***Code of Alabama 1975***, Section 41-5-14.

An unmodified opinion was issued on the basic financial statements, which means that the Commission's financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2014.

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

The following officials/employees were invited to an exit conference to discuss the contents of this report: Administrator of the County Commission: Kellie L. Graff; and County Commissioners: Paul Manning, Stanley D. Batemon, Jeff Brown, Kenneth L. Crowe, Tommy Bowers, and James S. Roberts. The following individuals attended the exit conference, held at the offices of the Commission: Administrator of the County Commission: Kellie L. Graff; and County Commissioners: Paul Manning and Jeff Brown. Representatives of the Department of Examiners of Public Accounts in attendance were Whitney Atchison, Audit Manager and BriAnna Upchurch, Examiner. An exit conference was held via telephone with Stanley D. Batemon.

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Independent Auditor's Report

Independent Auditor's Report

To: Members of the St. Clair County Commission and County Administrator

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clair County Commission, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the St. Clair County Commission as listed in the table of contents as Exhibits 1 through 8.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clair County Commission, as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during the fiscal year ended September 30, 2014, the St. Clair County Commission adopted Governmental Accounting Standards Board (GASB) Statement Number 65, ***Items Previously Reported as Assets and Liabilities***. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the Unites States of America require that the Management's Discussion and Analysis (MD&A), the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 11) and Schedules of Funding Progress (Exhibits 12 and 13) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The St. Clair County Commission has not presented a Management's Discussion and Analysis (MD&A) that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Clair County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 14), as required by U. S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards 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. Such 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 accompanying Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated November 10, 2015, on our consideration of the St. Clair County Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the St. Clair County Commission's internal control over financial reporting and compliance.

Ronald L. Jones
Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

November 10, 2015

Basic Financial Statements

Statement of Net Position
September 30, 2014

		Governmental Activities
Assets		
Cash and Cash Equivalents	$	10,126,214.85
Cash with Fiscal Agent		260,223.15
Accounts Receivable		71,738.03
Ad Valorem Taxes Receivable		7,267,046.31
Due From Other Governments		819,712.95
Sales Tax Receivable		597,939.09
Notes Receivable (Note 12)		5,648,327.35
Capital Assets (Note 4):		
Nondepreciable		2,545,787.57
Depreciable, Net		34,111,768.10
Total Assets		61,448,757.40
Deferred Outflow of Resources		
Deferred Loss on Refunding		80,129.55
Liabilities		
Accounts Payable		252,544.94
Unearned Revenue		222,006.08
Accrued Wages Payable		563,034.98
Accrued Interest Payable		235,059.94
Long-Term Liabilities:		
Portions Payable Within One Year:		
Warrants Payable		5,355,000.00
Deferred Charges - Unamortized Discount		(1,948.64)
Deferred Charges - Unamortized Premium		13,596.96
Obligation Under Funding Agreement		138,610.66
Portions Payable After One Year:		
Warrants Payable		26,845,000.00
Deferred Charges - Unamortized Discount		(9,776.62)
Deferred Charges - Unamortized Premium		191,212.59
Estimated Liability for Compensated Absences		2,820,668.99
Other Post Employment Benefit Obligation		3,186,832.24
Total Liabilities	$	39,811,842.12

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

	Governmental Activities
Deferred Inflows of Resources	
Unavailable Revenue Property Taxes	$ 7,130,087.70
Revenue Received in Advance - Motor Vehicle Taxes	498,651.84
Total Deferred Inflows of Resources	7,628,739.54
Net Position	
Net Investment in Capital Assets	21,697,471.63
Restricted for:	
Debt Service	25,163.21
Road Projects	637,800.08
Public Safety	1,437,870.55
Juvenile Services	498,237.44
Other Purposes	108,891.04
Unrestricted	(10,317,128.66)
Total Net Position	$ 14,088,305.29

Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government			
Governmental Activities			
General Government	$ 8,742,393.18	$ 2,460,222.76	$ 502,719.68
Public Safety	12,388,296.03	2,495,264.43	424,718.17
Highways and Roads	11,853,157.55	44,760.00	3,374,472.08
Sanitation	1,392,534.12	202,875.57	
Health	542,365.13		6,126.24
Welfare	77,661.00		
Culture/Recreation	248,394.08		
Education	178,205.86		
Interest on Long-Term Debt	1,325,235.86		
Intergovernmental	261,849.12		
Total Governmental Activities	$ 37,010,091.93	$ 5,203,122.76	$ 4,308,036.17

General Revenues:
Taxes:
Property Taxes for General Purposes
Property Taxes for Specific Purposes
County Sales and Use Taxes
Miscellaneous Taxes
Grants and Contributions Not Restricted to Specific Programs
Interest Earned
Miscellaneous
Gain on Disposition of Capital Assets
Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities
$	$ (5,779,450.74)
71,785.00	(9,396,528.43)
4,573,355.84	(3,860,569.63)
349,638.97	(840,019.58)
	(536,238.89)
	(77,661.00)
	(248,394.08)
	(178,205.86)
	(1,325,235.86)
	(261,849.12)
$ 4,994,779.81	(22,504,153.19)
	4,771,801.24
	3,531,591.92
	7,110,260.54
	1,027,124.80
	794,969.47
	15,608.07
	3,180,871.44
	208,402.79
	20,640,630.27
	(1,863,522.92)
	15,951,828.21
	$ 14,088,305.29

Balance Sheet
Governmental Funds
September 30, 2014

	General Fund		Gasoline Tax Fund
Assets			
Cash and Cash Equivalents	$	6,861,340.17	$ 459,723.63
Cash with Fiscal Agent			
Accounts Receivable		71,738.03	
Ad Valorem Taxes Receivable		6,040,250.61	
Sales Tax Receivable		597,939.09	
Interfund Receivables		117,204.65	
Due from Other Governments		317,577.71	198,797.63
Notes Receivable (Note 12)		8,000.00	
Total Assets		14,014,050.26	658,521.26
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts Payable		210,889.98	7,219.81
Interfund Payables		12.79	
Unearned Revenue			
Accrued Wages Payable		384,265.56	108,956.60
Total Liabilities		595,168.33	116,176.41
Deferred Inflows of Resources			
Unavailable Revenue Property Taxes		5,903,292.00	
Revenue Received in Advance - Motor Vehicle Taxes		498,651.84	
Total Deferred Inflows of Resources		6,401,943.84	
Fund Balances			
Restricted for:			
Juvenile Services			
Debt Services			
Highways and Roads			
Public Safety			
Other Purposes			
Assigned To:			
Highways and Roads			542,344.85
Other Purposes		76,142.42	
Unassigned		6,940,795.67	
Total Fund Balances		7,016,938.09	542,344.85
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$	14,014,050.26	$ 658,521.26

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

Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
$ 264,146.50	$ 2,541,004.55	$ 10,126,214.85
	260,223.15	260,223.15
		71,738.03
1,226,795.70		7,267,046.31
		597,939.09
12.79		117,217.44
	303,337.61	819,712.95
		8,000.00
1,490,954.99	3,104,565.31	19,268,091.82
2,099.54	32,335.61	252,544.94
512.86	116,691.79	117,217.44
222,006.08		222,006.08
39,540.81	30,272.01	563,034.98
264,159.29	179,299.41	1,154,803.44
1,226,795.70		7,130,087.70
		498,651.84
1,226,795.70		7,628,739.54
	498,237.44	498,237.44
	286,760.87	286,760.87
	586,547.49	586,547.49
	1,426,620.55	1,426,620.55
	107,984.04	107,984.04
		542,344.85
	19,115.51	95,257.93
		6,940,795.67
	2,925,265.90	10,484,548.84
$ 1,490,954.99	$ 3,104,565.31	$ 19,268,091.82

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Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2014

Total Fund Balances - Governmental Funds (Exhibit 3)			$ 10,484,548.84
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.			36,657,555.67
All notes receivables are not due and payable in the current period, and therefore are not reported as notes receivable in the funds.			5,640,327.35
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current-period expenditures, and therefore are deferred on the Statement of Net Position.			80,129.55
Certain liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year-end consist of:			
	Current Liabilities	Noncurrent Liabilities	
Warrants Payable	$ 5,355,000.00	$ 26,845,000.00	
Unamortized - Discounts	(1,948.64)	(9,776.62)	
Unamortized - Premiums	13,596.96	191,212.59	
Accrued Interest Payable	235,059.94		
Obligation Under Funding Agreement	138,610.66		
Other Post Employment Benefits Payable		3,186,832.24	
Compensated Absences		2,820,668.99	
Total Long-Term Liabilities	$ 5,740,318.92	$ 33,033,937.20	(38,774,256.12)
Total Net Position - Governmental Activities (Exhibit 1)			$ 14,088,305.29

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, 2014

	General Fund	Gasoline Tax Fund
Revenues		
Taxes	$ 15,158,441.43	$
Licenses and Permits	162,335.50	
Intergovernmental	576,842.43	6,430,159.99
Charges for Services	3,149,867.30	44,760.00
Miscellaneous	546,081.80	1,292,296.42
Total Revenues	19,593,568.46	7,767,216.41
Expenditures		
Current:		
General Government	5,582,746.26	
Public Safety	8,550,451.59	
Highways and Roads	1,014,689.68	8,431,009.11
Sanitation	952,110.84	
Health	254,080.92	
Welfare	77,661.00	
Culture/Recreation	236,651.42	
Education	178,205.86	
Capital Outlay	795,052.99	780,614.22
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges	2,002.19	
Intergovernmental	261,849.12	
Total Expenditures	17,905,501.87	9,211,623.33
Excess (Deficiency) of Revenues Over Expenditures	1,688,066.59	(1,444,406.92)
Other Financing Sources (Uses)		
Transfers In		1,250,000.00
Sale of Capital Assets	416,171.51	34,684.98
Issuance of Note Receivable	(100,389.97)	
Transfers Out	(3,237,981.05)	
Total Other Financing Sources (Uses)	(2,922,199.51)	1,284,684.98
Net Change in Fund Balances	(1,234,132.92)	(159,721.94)
Fund Balances - Beginning of Year	8,251,071.01	702,066.79
Fund Balances - End of Year	$ 7,016,938.09	$ 542,344.85

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

Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
$ 1,269,807.81	$ 12,529.26	$ 16,440,778.50
	300,687.50	463,023.00
	3,090,783.03	10,097,785.45
399.00	1,545,073.46	4,740,099.76
5,888.14	1,360,213.15	3,204,479.51
1,276,094.95	6,309,286.40	34,946,166.22
1,262,480.95	910,697.36	7,755,924.57
	2,940,257.95	11,490,709.54
	1,563,032.87	11,008,731.66
	391,929.95	1,344,040.79
		254,080.92
		77,661.00
	3,506.50	240,157.92
		178,205.86
13,614.00	243,867.52	1,833,148.73
	1,451,340.87	1,451,340.87
	1,331,678.74	1,333,680.93
		261,849.12
1,276,094.95	8,836,311.76	37,229,531.91
	(2,527,025.36)	(2,283,365.69)
	1,987,981.05	3,237,981.05
	10,820.00	461,676.49
		(100,389.97)
		(3,237,981.05)
	1,998,801.05	361,286.52
	(528,224.31)	(1,922,079.17)
	3,453,490.21	12,406,628.01
$	$ 2,925,265.90	$ 10,484,548.84

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, 2014

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)			$	(1,922,079.17)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:				
Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation ($1,821,308.10) differs from capital outlay ($1,833,148.73) in the current period.				11,840.63
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.				1,451,340.87
In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the changes in net position differs from the change in fund balance by the cost of the capital assets sold.				(253,273.70)
Some items reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds. These items consist of:				
Net Increase in Compensated Absences	$	(96,272.19)		
Amortization of Warrant Discounts/Premiums/Gain or Loss on Refunding		(596,392.26)		
Net Increase in Other Post Employment Benefits Payable		(567,775.52)		
Net Decrease in Accrued Interest Payable		16,698.45		
Total Additional Expenditures				(1,243,741.52)
In the Statement of Revenues, Expenditures and Changes in Fund Balance, revenues that are associated with Notes Receivable are recorded on the modified accrual basis of accounting when they are both measurable and available. In the Statement of Activities, revenues are recorded when earned based on the accrual basis using the economic resources measurement focus.				(8,000.00)
Issuance of Notes Receivable				100,389.97
Change in Net Position of Governmental Activities (Exhibit 2)			$	(1,863,522.92)

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

Statement of Fiduciary Net Position
September 30, 2014

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and Cash Equivalents	$ 2,366,752.92	$ 64,992.49
Due From Other Governments	4,589.64	63,017.23
Capital Assets, Net (Note 4)	18,502.15	
Total Assets	2,389,844.71	128,009.72
Liabilities		
Due to Original Property Owner	1,550,172.60	
Accounts Payable	6,656.59	167.78
Due to Other Governments		127,841.94
Total Liabilities	1,556,829.19	$ 128,009.72
Net Position		
Net Investment in Capital Assets	18,502.15	
Held in Trust for Other Purposes	814,513.37	
Total Net Position	$ 833,015.52	

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, 2014

		Private-Purpose Trust Funds
Additions		
Contributions from:		
State and Local Governments	$	62,903.12
Fees		340,568.79
Miscellaneous		131,167.88
Gain on Sale of Capital Assets		2,726.00
Total Additions		537,365.79
Deductions		
Administration Expense		482,844.62
Depreciation		5,960.50
Total Deductions		488,805.12
Changes in Net Position		48,560.67
Net Position - Beginning of Year		784,454.85
Net Position - End of Year	$	833,015.52

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

- ***General Fund*** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Employee dental insurance is also accounted for in the General Fund as well as the following sub-funds: Contingent and Operations Center Funds. This fund also is used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges.

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

- ***Reappraisal Fund*** – This fund is used to account for the expenditures of special county property taxes for the reappraisal of real property located in the County.

The Commission reports the following fund types in the Other Governmental Funds' column:

Governmental Fund Types

- ***Special Revenue Funds*** – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- ***Debt Service Funds*** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

- ***Private-Purpose Trust Funds*** – These funds are used to report all trust agreements under which principal and income benefit individuals, private organizations, or other governments.

- ***Agency Funds*** – These funds are used to report assets held by the Commission in a purely custodial capacity. The Commission collects these assets and transfers them to the proper individual, private organizations, or other government.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

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

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit.

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

2. Receivables

Sales tax receivables are based on the amounts collected within 60 days after year-end. 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 taxes are assessed for property 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.

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

Accounts receivable include fees from a privately owned landfill and from various telephone companies for E-911 services.

3. Restricted Assets

Certain general obligation and special revenue warrants as well as certain resources set aside for their repayment, are considered restricted assets because their use is limited by applicable debt covenants. Cash held by the fiscal agent is considered restricted.

4. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and Improvements	$ 50,000	20 – 50 years
Equipment and Furniture	$ 5,000	5 – 10 years
Infrastructure – Roads	$250,000	20 years
Infrastructure – Bridges	$ 50,000	40 years

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

5. Deferred Outflows of Resources

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

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond/Warrant premiums and discounts are deferred and amortized over the life of the debt. Bonds/Warrants payable are reported net of the applicable bond/warrant premium or discount. Bond/Warrant issuance costs are reported as an expense in the period incurred.

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

7. Compensated Absences

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

Annual Leave

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

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

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

Sick Leave

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

The Commission uses the termination method to accrue its sick leave liability. Under this method an accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

8. Deferred Inflows of Resources

Deferred inflows of resources are reported in the government-wide and fund financial statements. Deferred inflows of resources are defined as an acquisition of net position/fund balances by the government that is applicable to a future reporting period. Deferred inflows of resources decrease net position/fund balances, similar to liabilities.

9. Net Position/Fund Balances

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

- ***Net Investment in Capital Assets*** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. 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*** – is the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. Net position that 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. Fund balances of governmental funds are reported in classifications to indicate the level of constraint on the use of the fund balances. Those classifications and associated constraints are as follows:

- ***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 in-tact. 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 grantors, contributors or enabling legislation and are generally held in Special Revenue Funds.

- ***Committed*** – Committed fund balances consist of amounts that are subject to purpose constraint imposed by formal action of the Commission. Amendments or modifications of the committed fund balance must also be approved by formal action of the Commission.

- ***Assigned*** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission has delegated authority to the Chairman or County Administrator to make a determination of the assigned amounts of fund balance.

- ***Unassigned*** – Unassigned fund balances include all spendable amounts not contained in the other classifications. The unassigned balance may only be appropriated by resolution of the County Commission.

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

Note 2 – Stewardship, Compliance, and Accountability

Budgets

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

The present statutory basis for county budgeting operations is the County Financial Control Act of 1935, as amended by Act Number 2007-488, Acts of Alabama. According to the terms of the law, at some meeting in September of each year, but in any event not later than October 1, the Commission must estimate the anticipated revenues, estimated expenditures and appropriations for the respective amounts that are to be used for each of such purposes. The appropriations must not exceed the total revenues available for appropriation plus any balances on hand. Expenditures may not legally exceed appropriations.

Budgets may be adjusted during the fiscal year when approved by the County Commission. Any changes must be within the revenues and reserves estimated to be available.

Note 3 – Deposits and Investments

A. Deposits

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

B. Investments of the Fiscal Agent

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

As of September 30, 2014, the Commission's cash with fiscal agent was invested as follows:

Investment Type	Fair Value	Investment Maturity
Fidelity Institutional Treasury Only	$260,223.15	Varies
Totals	$260,223.15	

The investment policy approved by the Commission on February 14, 2006, applies primarily to non-fiscal agent deposits, all of which were properly categorized as cash or cash equivalents at September 30, 2014.

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

Credit Risk – State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. The Commission has no formal policy regarding credit risk. As of September 30, 2014, the Commission's investments in money market funds were rated "AAAm" by Standard & Poor's Corporation.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have a formal investment policy that limits the amount of securities that can be held by counterparties. However, the Commission's deposits with Fidelity Institutional Treasury Only Funds do not involve this type of risk as "counterparties" relate to "swap" transactions which are not allowable under the debt covenants.

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

Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance 10/01/2013	Additions	Deletions	Balance 09/30/2014
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 2,519,657.15	$ 26,130.42	$	$ 2,545,787.57
Construction in Progress				
Total Capital Assets, Not Being Depreciated	2,519,657.15	26,130.42		2,545,787.57
Capital Assets Being Depreciated:				
Buildings and Improvements	25,534,969.31			25,534,969.31
Construction Equipment	3,394,889.57	537,078.07	(181,806.25)	3,750,161.39
Equipment and Furniture	8,589,813.12	489,326.02	(1,077,746.39)	8,001,392.75
Infrastructure	12,120,853.42	780,614.22		12,901,467.64
Total Capital Assets, Being Depreciated	49,640,525.42	1,807,018.31	(1,259,552.64)	50,187,991.09
Less Accumulated Depreciation For:				
Buildings and Improvements	(5,740,220.20)	(634,750.01)		(6,374,970.21)
Construction Equipment	(1,720,902.03)	(298,657.58)	161,180.75	(1,858,378.86)
Equipment and Furniture	(5,749,286.80)	(801,960.17)	845,098.19	(5,706,148.78)
Infrastructure	(2,050,784.80)	(85,940.34)		(2,136,725.14)
Total Accumulated Depreciation	(15,261,193.83)	(1,821,308.10)	1,006,278.94	(16,076,222.99)
Total Capital Assets, Being Depreciated, Net	34,379,331.59	(14,289.79)	(253,273.70)	34,111,768.10
Total Governmental Activities Capital Assets, Net	$ 36,898,988.74	$ 11,840.63	$ (253,273.70)	$ 36,657,555.67

	Balance 10/01/2013	Additions	Deletions	Balance 09/30/2014
Fiduciary Funds:				
Capital Assets, Being Depreciated:				
Equipment and Furniture	$114,830.95	$	$(23,978.50)	$ 90,852.45
Total Capital Assets, Being Depreciated	114,830.95		(23,978.50)	90,852.45
Less Accumulated Depreciation For:				
Equipment and Furniture	(90,368.30)	(5,960.50)	23,978.50	(72,350.30)
Total Capital Assets, Being Depreciated, Net	24,462.65	(5,960.50)		18,502.15
Total Fiduciary Funds Capital Assets, Net	$ 24,462.65	$(5,960.50)	$	$ 18,502.15

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 497,215.29
Public Safety	602,622.56
Highway and Roads	662,530.77
Health	50,703.32
Culture/Recreation	8,236.16
Total Depreciation Expense – Governmental Activities	$1,821,308.10

	Current Year Depreciation Expense
Fiduciary Funds:	
Depreciation	$5,960.50

Note 5 – Defined Benefit Pension Plan

A. Plan Description

The Commission contributes to the Employees' Retirement System of Alabama, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the various state agencies and departments.

Substantially all employees of the Commission are members of the Employees' Retirement System of Alabama. Membership is mandatory for covered or eligible employees of the Commission. The provisions of Act Number 2012-377, Acts of Alabama, established a new defined benefit plan tier for employees (Tier 2). Tier 2 employees are those hired on or after January 1, 2013. Employees who were hired before January 1, 2013 are considered to be Tier 1 employees.

Vested Tier 1 employees may retire with full benefits at age 60 or after 25 years of service. Vested Tier 2 employees may retire after completing at least 10 years of service at the age of 62. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, or (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method Tier 1 retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service, whereas Tier 2 retirees are allowed 1.6500% of their average final salary (best five of the last ten years) for each year of service with a benefit cap of 80% of the average final salary. Retirees may also elect to receive a reduced retirement allowance (Special Privileges at Retirement) in order to provide an allowance to a designated beneficiary after the member's death. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

The Employees' Retirement System was established as of October 1, 1945, under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the ***Code of Alabama 1975***, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Commission authority to accept or reject various Cost-Of-Living-Adjustments (COLAs) granted to retirees.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 201 South Union Street, Montgomery, Alabama 36130-2150.

B. Funding Policy

Employees of the Commission, with the exception of full-time law enforcement officers, are required by new statute Act Number 2012-377. Acts of Alabama, which created a new benefit plan called Tier 2 for employees hired on or after January 1, 2013 to contribute 6 percent of their salary and employees previously hired before January 1, 2013, referred to as Tier 1 employees, to continue to contribute 5 percent to the Employees' Retirement System. As of January 1, 2001, full-time law enforcement officers are required by statute to contribute 6 percent of their salary under Tier 1 plan and 7 percent under Tier 2 to the Employees' Retirement System. The Commission is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. The contribution requirements of the Commission are established by the Employees' Retirement System based on annual actuarial valuations. The employer's contribution rate for the year ended September 30, 2014 was 11.31 for Tier 1 employees (employed before January 1, 2013) and 9.01 (employees hired after January 1, 2013) percent based on a letter dated June 24, 2013 from the Retirement Systems of Alabama.

C. Annual Pension Cost

For the year ended September 30, 2014, the Commission's annual pension cost of $1,048,420 was equal to the Commission's required and actual contribution. The required contribution was determined using the "entry age normal" method. The actuarial assumptions as of September 30, 2013, the latest actuarial valuation date, were: (a) 8 percent investment rate of return on present and future assets, and (b) projected salary increases ranging from 7.25 percent at age 20 to 3.75 percent at age 65. Both (a) and (b) include an inflation component of 3.0 percent. The actuarial value of assets was determined using implementation of Board Funding Policy and reflects the impact of Act Number 2011-676, Acts of Alabama. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of September 30, 2013 was 23 years.

The following is three-year trend information for the Commission:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2014	$1,048,420	100%	$0
09/30/2013	$ 960,511	100%	$0
09/30/2012	$ 945,292	100%	$0

D. Funded Status and Funding Progress

As of September 30, 2013, the most recent actuarial valuation date, the plan was 68.1 percent funded. The actuarial accrued liability for benefits was $30,133,940 and the actuarial value of assets was $20,508,215, resulting in an unfunded actuarial accrued liability (UAAL) of $9,625,725. The covered payroll (annual payroll of active employees covered by the plan) was $8,755,239, and the ratio of the UAAL to the covered payroll was 109.9 percent.

The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 6 – Other Postemployment Benefits (OPEB)

A. Plan Description

The St. Clair County Commission provides a single-employer defined benefit medical insurance plan for eligible retirees and their spouses. The medical insurance plan covers both active and retired members. The ***Code of Alabama 1975***, Sections 11-91-1 through 11-91-8, gives authority to the Commission to establish and amend benefit provisions. The plan does not issue a stand-alone financial report.

B. Funding Policy

The Commission's contributions were on a pay-as-you-go basis as of September 30, 2014. The Commission pays for continuing health benefits for eligible Commission employees under the Commission's health benefit plan. A retiree with 25 years of service will have health insurance paid by the Commission for 10 years or until age 65 whichever comes first. A retiree with 30 years of service will have health insurance provided until age 65. Eligible retirees will have 100% of their medical and prescription benefits paid for by the Commission. Medical, drug, and vision benefits are offered for pre-Medicare retirees. For fiscal year 2014, the Commission contributed $279,801.48 to cover approximately 23 participants.

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

C. Annual OPEB Cost

For fiscal year 2014, the Commission's annual other postemployment benefit (OPEB) cost (expense) for medical insurance was $847,577. The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2014	$847,577	33.01%	$3,186,832
09/30/2013	$847,577	46.40%	$2,619,057
09/30/2012	$765,285	41.20%	$2,013,488

D. Funded Status and Funding Progress

The funding status of the plan as of September 30, 2012, was as follows:

Actuarial Accrued Liability (AAL)	$8,665,796
Actuarial Value of Plan Assets	$0
Unfunded Actuarial Accrued Liability (UAAL)	$8,665,796
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Plan Members)	$8,207,196
UAAL as a Percentage of Covered Payroll	105.59%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, will in future years present multiyear trend information that will show whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used was the projected unit credit method. The actuarial assumptions included a 4.0 percent investment return assumption (or discount rate) and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after ten years. It was assumed that 100 percent of future retirees would elect medical insurance coverage and 75 percent of retirees electing coverage who have spouses would elect spousal coverage. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period. The unfunded actuarial accrued liability (UAAL) is being amortized over 30 years.

Note 7 – Contingent Liabilities

Under the provisions of Act Number 79-357, Acts of Alabama, a sheriff is eligible to become a supernumerary sheriff upon retirement after sixteen (16) years of service credit as a law enforcement officer, twelve (12) of which have been as a sheriff, and who has attained the age of fifty-five (55) years. The St. Clair County Sheriff, who has elected to participate in this retirement plan, makes monthly contributions out of his salary as required by law. The Commission has a responsibility to properly manage these funds in order to provide the necessary monthly payments to the Sheriff when he retires. Should the Sheriff decide to withdraw from the plan for whatever reason, the Commission is obligated to refund the Sheriff’s total contribution which at September 30, 2014 amounted to $66,997.71.

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

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

Note 8 – Long-Term Debt

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

In August 2006, the Commission issued General Obligation Warrants, Series 2006, in the amount of $3,090,000 to finance the Coosa Valley Water Supply District’s upgrades to water system facilities and to finance capital outlays of the county. The interest rate on these warrants is 4 percent.

In December 2007, the Commission issued General Obligation Refunding Issues, Series 2007-A, in the amount of $6,635,000 to refund General Obligation Warrants, Series 1998. The interest rates on these warrants range from 3.75 to 4 percent.

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

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

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

In July 2002, the East Central Alabama Industrial Development Authority issued bonds to provide funding for certain improvements to the Honda project site in Lincoln, Alabama. This funding agreement will be paid in full February 1, 2015. The Commission entered into a funding agreement with several other entities to provide a source of payment of the bonds at a 5 percent interest rate.

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2014:

	Debt Outstanding October 1, 2013	Issued/ Increased	Repaid/ Decreased	Debt Outstanding September 30, 2014	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
General Obligation Warrants	$31,595,000.00	$	$(1,075,000.00)	$30,520,000.00	$5,100,000.00
Gasoline Tax Warrants	1,925,000.00		(245,000.00)	1,680,000.00	255,000.00
Total Warrants Payable	33,520,000.00		(1,320,000.00)	32,200,000.00	5,355,000.00
Plus: Unamortized Premium	218,406.51		(13,596.96)	204,809.55	13,596.96
Less: Unamortized Discount	(13,673.90)		1,948.64	(11,725.26)	(1,948.64)
Warrants Payable, Net	33,724,732.61		(1,331,648.32)	32,393,084.29	5,366,648.32
Other Liabilities:					
Obligation Under Funding Agreement	269,951.53		(131,340.87)	138,610.66	138,610.66
Estimated Liability for Compensated Absences	2,724,396.80	96,272.19		2,820,668.99	
Estimated Liability for Other Postemployment Benefits	2,619,056.72	567,775.52		3,186,832.24	
Total Other Liabilities	5,613,405.05	664,047.71	(131,340.87)	6,146,111.89	138,610.66
Total Governmental Activities Long-Term Liabilities	$39,338,137.66	$664,047.71	$(1,462,989.19)	$38,539,196.18	$5,505,258.98

Payments on the General Obligation Warrants payable and the Funding Agreement are made by the General Fund and Debt Service Funds. The Gasoline Tax Anticipation Warrants are paid by RRR Gasoline Tax Fund. The Funding Agreement will be paid off February 1, 2015.

The compensated absences liability will be liquidated by various governmental funds. The current compensated absences liability will be mainly liquidated by the General Fund.

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

Fiscal Year Ending	General Obligation Warrants Payable Principal	General Obligation Warrants Payable Interest	Gasoline Tax Warrants Payable Principal	Gasoline Tax Warrants Payable Interest	Obligation Under Funding Agreement Principal	Obligation Under Funding Agreement Interest	Total Principal and Interest Requirements
September 30, 2015	$ 5,100,000.00	$ 1,213,244.72	$ 255,000.00	$ 59,081.25	$138,610.66	$7,484.98	$ 6,773,421.61
2016	1,285,000.00	1,050,091.25	265,000.00	49,912.50			2,650,003.75
2017	1,330,000.00	1,008,303.75	275,000.00	39,986.25			2,653,290.00
2018	1,380,000.00	960,262.50	285,000.00	29,415.00			2,654,677.50
2019	1,425,000.00	910,110.00	295,000.00	18,100.00			2,648,210.00
2020-2024	8,450,000.00	3,624,045.00	305,000.00	6,100.00			12,385,145.00
2025-2029	9,255,000.00	1,478,750.00					10,733,750.00
2030-2032	2,295,000.00	186,000.00					2,481,000.00
Totals	$30,520,000.00	$10,430,807.22	$1,680,000.00	$202,595.00	$138,610.66	$7,484.98	$42,979,497.86

Deferred Loss on Refunding, Discounts and Premiums

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

The Commission has premiums in connection with the issuance of its 2006 General Obligation Warrants which are being amortized using the straight-line method over a period of 15 years.

The Commission has premiums and deferred loss on refunding in connection with the issuance of its 2007-A General Obligation Refunding Warrants which are being amortized using the straight-line method over a period of 14 years and eight months.

The Commission has discounts in connection with the issuance of its 2008 General Obligation Warrants which are being amortized using the straight-line method over a period of 19 years.

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

	Deferred Loss on Refunding	Discount	Premium
Total Deferred Loss on Refunding, Discount and Premium at October 1	$ 238,936.24	$ 29,216.20	$267,791.80
Amount Amortized Prior Years	(138,904.99)	(15,542.30)	(49,385.29)
Balance, October 1, 2013	100,031.25	13,673.90	218,406.51
Current Year Amortized	(19,901.70)	(1,948.64)	(13,596.96)
Balance Deferred Loss on Refunding, Discount and Premium at September 30	$ 80,129.55	$ 11,725.26	$204,809.55

Pledged Revenues

The Commission issued Series 2005 Gasoline Tax Anticipation Refunding Warrants for the purpose of refunding the Series 1999 Gasoline Tax Anticipation Warrants and to obtain funds to be used for road resurfacing. The Commission pledged to repay the gasoline tax anticipation warrants from the County's portion of the proceeds of the four-cent gasoline tax levied by the State of Alabama. Future revenues of $1,882,595.00 are pledged to repay the principal and interest on the warrants as of September 30, 2014. Proceeds of the four-cent gasoline tax in the amount of $790,313.99 were received by the Commission during the fiscal year ended September 30, 2014, of which $313,408.75 was used to pay principal and interest on the warrants. The Series 2005 Gasoline Tax Anticipation Refunding warrants will mature in fiscal year 2020.

Note 9 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission's individual claims experience and the experience of the Fund as a whole. Coverage is provided up to $1,000,000 per claim for a maximum total coverage of $3,000,000 and unlimited defense costs. Employment-related practices damage protection is limited to $1,000,000 per incident with a $5,000 deductible and unlimited defense costs. County specific coverages and limits can be added by endorsement.

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

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

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

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2011-2012	$14,881.55	$136,226.92	$138,942.47	$12,166.00
2012-2013	$12,166.00	$145,397.01	$145,687.01	$11,876.00
2013-2014	$11,876.00	$156,771.11	$155,891.11	$12,756.00

Note 10 – Interfund Transactions

Interfund Receivables and Payables

The interfund receivables and payables at September 30, 2014, were as follows:

	Interfund Receivables		
	General Fund	Reappraisal Fund	Total
Interfund Payables:			
General Fund	$	$12.79	$ 12.79
Reappraisal Fund	512.86		512.86
Other Governmental Funds	116,691.79		116,691.79
Total	$117,204.65	$12.79	$117,217.44

Interfund Transfers

The amounts of interfund transfers during the fiscal year ending September 30, 2014, were as follows:

	Transfers Out General Fund
Transfers In:	
Gasoline Tax Fund	$1,250,000.00
Other Governmental Funds	1,987,981.05
Totals	$3,237,981.05

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

Note 11 – Related Organizations

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

Note 12 – Notes Receivable

The Commission has made loans to various governmental entities for the purposes of economic development, sewer/improvement projects, and other capital improvements. The majority of the loans are to be repaid after the sale of development property. The remaining loans are to be repaid over a three to ten year period. A total of $5,648,327.35 was outstanding at September 30, 2014. Of this amount, $8,000.00 is due and payable in the next year.

Note 13 – Subsequent Events

The Commission is in the process of an addition/renovation at the Administrative building in Ashville. The current building will be extended out 30 feet wide and 80 feet long. This will give new offices to the Reappraisal and Commission offices. The commission chambers will in a second phase be renovated to seat a larger capacity and the Probate Judge's office will be renovated and be given more room upstairs above the current Probate Office to have a second floor. The current bids for this construction improvement is at $895,155.00. Currently, with architect and construction manager payments of $86,046.86 the total as of to date is $981,201.86.

On September 30, 2015, the Commission issued $9,860,000 in General Obligation Warrants, Series 2015-A for the purpose of refunding certain outstanding debt of the County.

Note 14 – Reclassifications

During the fiscal year ended September 30, 2014, the St. Clair County Commission adopted the GASB Statement Number 65, ***Items Previously Reported as Assets and Liabilities*** (GASB 65). This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses/expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities. The implementation of GASB 65 resulted in the reclassification of certain items previously reported as assets and liabilities by the Commission.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	**Final**	**Budgetary Basis**
Revenues			
Taxes	$ 12,075,338.06	$ 12,075,338.06	$ 12,785,750.17
Licenses and Permits	133,795.00	133,795.00	162,335.50
Intergovernmental	550,039.00	553,039.00	552,120.35
Charges for Services	3,064,845.00	3,064,845.00	3,149,867.30
Miscellaneous	355,158.00	482,158.00	543,129.94
Total Revenues	16,179,175.06	16,309,175.06	17,193,203.26
Expenditures			
Current:			
General Government	5,961,368.90	6,091,441.11	5,582,746.26
Public Safety	9,296,219.02	9,445,369.26	8,550,451.59
Highways and Roads			
Sanitation	757,424.00	1,057,424.00	952,110.84
Health	261,828.37	276,498.84	254,080.92
Welfare	76,661.00	78,661.00	77,661.00
Culture and Recreation	125,324.91	203,549.91	236,651.42
Education	191,588.00	196,588.00	178,205.86
Capital Outlay	198,000.00	203,481.00	204,611.42
Intergovernmental	38,212.90	164,402.88	161,849.12
Debt Service:			
Interest and Fiscal Charges	1,960.00	1,960.00	2,002.19
Total Expenditures	16,908,587.10	17,719,376.00	16,200,370.62
Excess (Deficiency) of Revenues			
Over Expenditures	(729,412.04)	(1,410,200.94)	992,832.64
Other Financing Sources (Uses)			
Transfers In	1,212,120.82	1,212,188.32	
Issuance of Notes Receivable			(100,389.97)
Sale of Capital Assets			10,401.51
Transfers Out	(1,660,450.60)	(1,559,945.54)	(1,405,278.54)
Total Other Financing Sources (Uses)	(448,329.78)	(347,757.22)	(1,495,267.00)
Net Change in Fund Balances	(1,177,741.82)	(1,757,958.16)	(502,434.36)
Fund Balances - Beginning of Year	4,995,118.62	6,162,707.90	6,162,707.90
Fund Balances - End of Year	$ 3,817,376.80	$ 4,404,749.74	$ 5,660,273.54

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1) (2)	$ 2,372,691.26	$ 15,158,441.43
		162,335.50
(2)	24,722.08	576,842.43
		3,149,867.30
(2)	2,951.86	546,081.80
	2,400,365.20	19,593,568.46
		5,582,746.26
		8,550,451.59
(3)	(1,014,689.68)	1,014,689.68
		952,110.84
		254,080.92
		77,661.00
		236,651.42
		178,205.86
(3)	(590,441.57)	795,052.99
(3)	(100,000.00)	261,849.12
		2,002.19
	(1,705,131.25)	17,905,501.87
	695,233.95	1,688,066.59
		(100,389.97)
(4)	405,770.00	416,171.51
(4)	(1,832,702.51)	(3,237,981.05)
	(1,426,932.51)	(2,922,199.51)
	(731,698.56)	(1,234,132.92)
(5)	2,088,363.11	8,251,071.01
	$ 1,356,664.55	$ 7,016,938.09

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund For the Year Ended September 30, 2014

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

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

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

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

(2) Revenues:
Public Buildings, Roads and Bridges Fund - Taxes
Public Buildings, Roads and Bridges Fund - Motor Vehicle Ad Valorem Taxes
Public Buildings, Roads and Bridges Fund - Intergovernmental
Public Buildings, Roads and Bridges Fund - Miscellaneous

(3) Expenditures:
Public Buildings, Roads and Bridges Fund - Intergovernmental
Public Buildings, Roads and Bridges Fund - Highways and Roads
Public Buildings, Roads and Bridges Fund - Capital Outlay

(4) Other Financing Sources/(Uses), Net:
Public Buildings, Roads and Bridges Fund - Sale of Capital Assets
Public Buildings, Roads and Bridges Fund - Transfers Out

Net Decrease in Fund Balance - Budget to GAAP

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

$ (33,614.91)
2,422,676.69
(16,370.52)
24,722.08
2,951.86
(100,000.00)
(1,014,689.68)
(590,441.57)
405,770.00
(1,832,702.51)
$ (731,698.56)

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Gasoline Tax Fund For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Intergovernmental	$ 1,458,612.00	$ 1,458,612.00	$ 1,499,881.52
Charges for Services	15,500.00	15,500.00	44,760.00
Miscellaneous	650,913.95	650,913.95	1,292,224.04
Total Revenues	2,125,025.95	2,125,025.95	2,836,865.56
Expenditures			
Current:			
Highways and Roads	4,662,362.92	4,672,784.70	3,857,653.27
Capital Outlay			780,614.22
Total Expenditures	4,662,362.92	4,672,784.70	4,638,267.49
Excess (Deficiency) of Revenues Over Expenditures	(2,537,336.97)	(2,547,758.75)	(1,801,401.93)
Other Financing Sources (Uses)			
Transfers In	2,306,560.00	2,306,560.00	1,581,267.03
Sale of Capital Assets			34,684.98
Total Other Financing Sources (Uses)	2,306,560.00	2,306,560.00	1,615,952.01
Net Change in Fund Balances	(230,776.97)	(241,198.75)	(185,449.92)
Fund Balances - Beginning of Year	359,985.98	655,971.55	655,971.55
Fund Balances - End of Year	$ 129,209.01	$ 414,772.80	$ 470,521.63

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	$ 4,930,278.47	$ 6,430,159.99
		44,760.00
(1)	72.38	1,292,296.42
	4,930,350.85	7,767,216.41
(2)	(4,573,355.84)	8,431,009.11
		780,614.22
	(4,573,355.84)	9,211,623.33
	356,995.01	(1,444,406.92)
(3)	(331,267.03)	1,250,000.00
		34,684.98
	(331,267.03)	1,284,684.98
	25,727.98	(159,721.94)
(4)	46,095.24	702,066.79
	$ 71,823.22	$ 542,344.85

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2014

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

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

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

(1) Revenues:		
Gasoline Tax Fund - ATRIP	$	4,573,355.84
Public Highway and Traffic - Intergovernmental		299,130.79
Public Highway and Traffic - Miscellaneous		46.53
Severed Material Tax - Intergovernmental		57,791.84
Severed Material Tax - Miscellaneous		25.85
(2) Expenditures		
Gasoline Tax Fund - ATRIP		(4,573,355.84)
(3) Other Financing Sources (NET)		
Public Highway and Traffic		(284,000.00)
Severed Material Tax	$	(47,267.03)
Net Increase in Fund Balance - Budget to GAAP		

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

$	4,930,350.85
	(4,573,355.84)
	(331,267.03)
$	25,727.98

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 1,491,813.89	$ 1,491,813.89	$ 1,269,807.81
Charges for Services	800.00	800.00	399.00
Miscellaneous	4,450.00	4,450.00	5,888.14
Total Revenues	1,497,063.89	1,497,063.89	1,276,094.95
Expenditures			
Current:			
General Government	1,473,063.89	1,483,449.89	1,262,480.95
Capital Outlay	24,000.00	13,614.00	13,614.00
Total Expenditures	1,497,063.89	1,497,063.89	1,276,094.95
Excess (Deficiency) of Revenues Over Expenditures			
Fund Balances - Beginning of Year			
Fund Balances - End of Year	$	$	$

Budget to GAAP Differences	Actual Amounts GAAP Basis
$	$ 1,269,807.81
	399.00
	5,888.14
	1,276,094.95
	1,262,480.95
	13,614.00
	1,276,094.95
$	$

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Schedule of Funding Progress
Defined Benefit Pension Plan
For the Year Ended September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) Entry Age (b)[1]	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2013[4]	$20,508,215	$30,133,940	$ 9,625,725	68.10%	$8,755,239	109.90%
09/30/2012[3]	$18,947,358	$27,939,812	$ 8,992,454	67.80%	$8,514,089	105.60%
09/30/2011[2]	$18,615,086	$29,406,509	$10,791,423	63.30%	$9,023,926	119.60%

* Market Value of Assets as of September 30, 2013: $21,488,416.
[1] Reflects liability for cost of living benefit increases granted on or after October 1, 1978.
[2] Reflects changes in actuarial assumptions.
[3] Reflects changes to interest smoothing methodology.
[4] Reflects implementation of Board Funding Policy.

Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2012	$0	$8,665,796	$8,665,796	0%	$8,207,196	105.59%
09/30/2010	$0	$8,131,304	$8,131,304	0%	$8,214,746	98.98%
09/30/2008	$0	$8,132,269	$8,132,269	0%	$7,424,143	109.54%

Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
U. S. Department of Interior		
Direct Program		
Payments in Lieu of Taxes	15.226	N/A
U. S. Department of Transportation		
Passed Through Alabama Department of Transportation		
ARRA - Formula Grants for Rural Areas	20.509	N/A
Formula Grants for Rural Areas	20.509	N/A
Sub-Total Formula Grants for Other Than Urbanized Areas (M)		
State and Community Highway Safety	20.600	N/A
National Priority Safety Programs	20.616	N/A
Passed Through Alabama Department of Senior Services		
Job Access and Reverse Commute Program	20.516	N/A
Total U. S. Department of Transportation		
U. S. Department of Health and Human Services		
Passed Through the Alabama Department of Public Health		
Public Health Emergency Preparedness	93.069	CEP-19-PV4-14(C30117308)
U. S. Department of Environmental Protection Agency		
Direct Program		
Congressionally Mandated Projects (M)	66.202	XP95471911
U. S. Department of Homeland Security		
Passed Through Alabama Emergency Management Agency		
Hazard Mitigation Grant	97.039	HMGP DR-1971-550
Hazard Mitigation Grant	97.039	HMGP DR-1971-011
Sub-Total Hazard Mitigation Grant		
Homeland Security Grant Program	97.067	2FIL
Homeland Security Grant Program	97.067	2AMS
Homeland Security Grant Program	97.067	2ICL
Homeland Security Grant Program	97.067	2PER
Sub-Total Homeland Security Grant Program		
Emergency Management Performance Grants	97.042	3EMS
Emergency Management Performance Grants	97.042	3EMF
Sub-Total Emergency Management Performance Grants		
Total U. S. Department of Homeland Security		
Total Expenditures of Federal Awards		

(M) = Major Program
N/A = Not Applicable/Not Available

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

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
10/01/2013-09/30/2014	$ 206.00	$ 206.00	$ 206.00	$ 206.00
10/01/2013-09/30/2014	162,000.00	129,600.00	85,844.00	85,844.00
10/01/2013-09/30/2014	555,679.00	310,785.00	244,929.00	244,929.00
	717,679.00	440,385.00	330,773.00	330,773.00
10/01/2013-09/15/2014	6,250.00	6,250.00	5,124.45	5,124.45
04/01/2014-09/01/2014	11,111.00	11,111.00	11,037.99	11,037.99
10/01/2013-09/30/2014	20,788.00	10,394.00	2,590.00	2,590.00
	755,828.00	468,140.00	349,525.44	349,525.44
08/01/2013-04/30/2014	12,000.00	12,000.00	12,000.00	12,000.00
11/01/2011-12/13/2014	396,400.00	396,400.00	201,678.97	201,678.97
10/04/2012-10/03/2015	30,374.64	18,951.64	3,387.00	3,387.00
10/06/2011-10/05/2014	38,266.55	18,476.55	3,924.00	3,924.00
	68,641.19	37,428.19	7,311.00	7,311.00
02/10/2014-04/16/2014	35,000.00	35,000.00	34,954.50	34,954.50
04/01/2014-06/07/2014	19,000.00	19,000.00	18,970.60	18,970.60
01/01/2014-03/31/2014	15,000.00	15,000.00	14,931.36	14,931.36
05/01/2014-06/30/2014	19,200.00	19,200.00	19,177.28	19,177.28
	88,200.00	88,200.00	88,033.74	88,033.74
10/01/2012-12/31/2013	10,382.00	10,382.00	10,382.00	10,382.00
10/01/2012-12/31/2013	50,283.00	50,283.00	50,283.00	50,283.00
	60,665.00	60,665.00	60,665.00	60,665.00
	217,506.19	186,293.19	156,009.74	156,009.74
	$ 1,381,940.19	$ 1,063,039.19	$ 719,420.15	$ 719,420.15

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2014

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the St. Clair County Commission and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Additional Information

Commission Members and Administrative Personnel
October 1, 2013 through September 30, 2014

Commission Members		**Term Expires**
Hon. Stanley D. Batemon	Chairman	2014
Hon. Paul Manning	Member	2014
Hon. Jeff Brown	Member	2018
Hon. Kenneth L. Crowe	Member	2016
Hon. James S. (Jimmy) Roberts	Member	2016
Hon. Tommy Bowers	Member	2016

Administrative Personnel

Ms. Kellie L. Graff	Administrator/Treasurer

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

To: Members of the St. Clair County Commission and County Administrator

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clair County Commission, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the St. Clair County Commission's basic financial statements, and have issued our report thereon dated November 10, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Clair County Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

Purpose of this Report

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

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

November 10, 2015

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Independent Auditor's Report

To: Members of the St. Clair County Commission and County Administrator

Report on Compliance for Each Major Federal Program

We have audited the St. Clair County Commission's compliance with the types of compliance requirements described in the ***OMB Circular A-133 Compliance Supplement*** that could have a direct and material effect on each of the St. Clair County Commission's major federal programs for the year ended September 30, 2014. The St. Clair County Commission's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the St. Clair County Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the St. Clair County Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the St. Clair County Commission's compliance.

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Opinion on Each Major Federal Program

In our opinion, the St. Clair County Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the St. Clair County Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the St. Clair County Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the St. Clair County Commission's internal control over compliance.

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

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

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

November 10, 2015

Section I – Summary of Examiner's Results

Financial Statements

Type of opinion issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	X No

Federal Awards

Internal control over major 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 programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	______ Yes	X No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
20.509	Formula Grants for Rural Areas
66.202	Congressionally Mandated Projects

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000.00	
Auditee qualified as low-risk auditee?	______ Yes	X No

Section II – Financial Statement Findings (GAGAS)

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
		No matters were reportable.	

Section III – Federal Awards Findings and Questioned Costs

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
			No matters were reportable.	